



Global
Metamorphosis



Global Metamorphosis

Sunway City Berhad ("SunCity") is positioned to innovate across borders as symbolised by a butterfly spreading its wings and metamorphosing into global markets.

WEBSITE ADDRESS

www.sunwaycity.com

INVESTOR RELATIONS

Enquiries may be sent to:
Email: irsuncity@sunway.com.my

FINANCIAL CALENDAR

- 27 NOVEMBER 2007**
Announcement of the unaudited consolidated results for the 1st quarter ended 30 September 2007
- 19 FEBRUARY 2008**
Announcement of the unaudited consolidated results for the 2nd quarter ended 31 December 2007
- 27 MAY 2008**
Announcement of the unaudited consolidated results for the 3rd quarter ended 31 March 2008
- 29 AUGUST 2008**
Announcement of the unaudited consolidated results for the 4th quarter ended 30 June 2008
- 17 NOVEMBER 2008**
Announcement of the notice of entitlement and payment of 5 sen Final Dividend less 25% income tax for the financial year ended 30 June 2008
- 18 NOVEMBER 2008**
Issuance of the notice of 25th Annual General Meeting and Annual Report for the financial year ended 30 June 2008
- 25 NOVEMBER 2008**
Announcement of the unaudited consolidated results for the 1st quarter ended 30 September 2008
- 12 DECEMBER 2008**
Date of 25th Annual General Meeting
- 12 FEBRUARY 2009**
Date of entitlement to 5 sen Final Dividend less 25% income tax for the financial year ended 30 June 2008
- 11 MARCH 2009**
Date of payment of 5 sen Final Dividend less 25% income tax for the financial year ended 30 June 2008

Vision

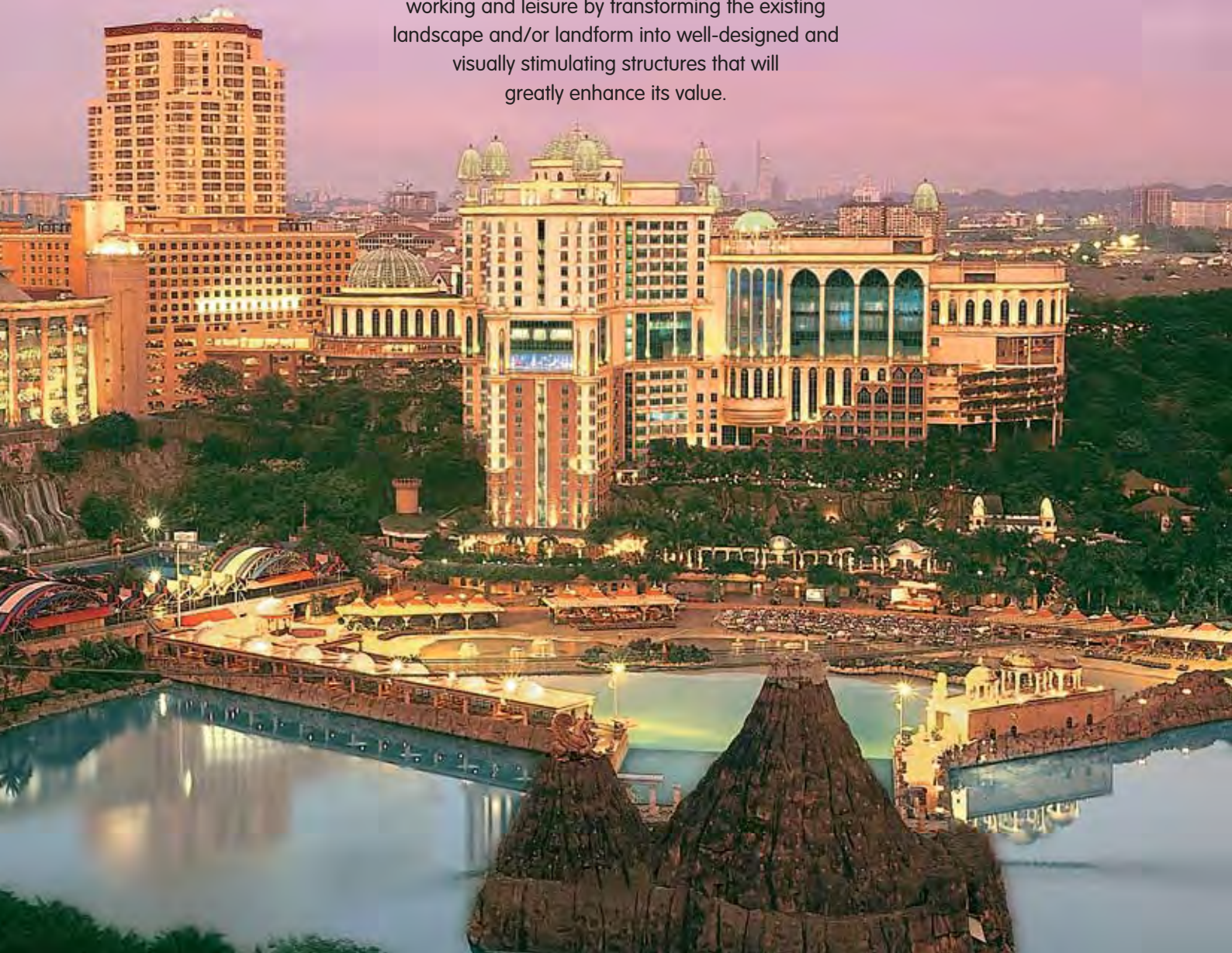
A premier property company focusing on quality real estate development and investing in properties with attractive yields that augment its township development to generate excellent returns that maximise shareholders' value.

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

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

Mission

To create a conducive environment for living, working and leisure by transforming the existing landscape and/or landform into well-designed and visually stimulating structures that will greatly enhance its value.



RESULTS HIGHLIGHT

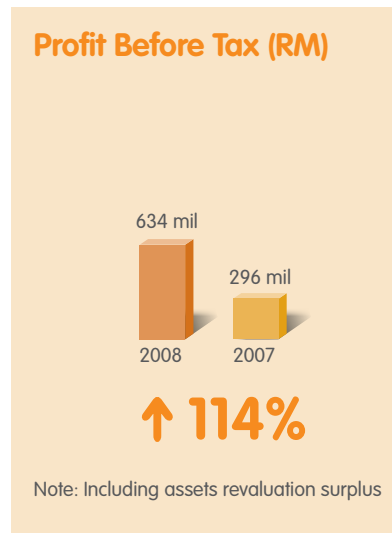
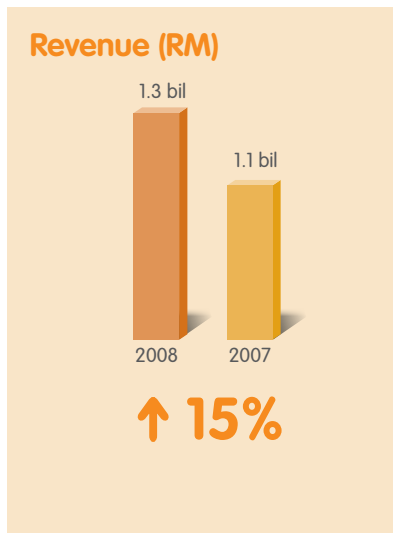


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CHAIRMAN'S STATEMENT



Dear Shareholders,

SunCity ended the financial year 2008 with good results across all divisions. Moving forward, financial year 2009 would be a very challenging year as the world economic environment continues to weaken amidst the deepening financial crisis in United States. As compared with the Asian Financial Crisis 10 years ago, I believe SunCity is in a better position now to weather the challenging economic conditions with the adaption of right strategies.

BEST OF BOTH WORLDS

SunCity has the best of both worlds – a good mix of high growth property development and high yield investment assets; 2 crucial elements in building and sustaining a healthy business momentum in the property market. Our property development segment enters new growth frontiers as we increasingly diversify into regional markets like China and India. On the investment end, we continue to leverage SunCity's professional property management skills coupled with its unique portfolio of high quality assets to achieve a sustainable income base.

FINANCIAL PERFORMANCE

SunCity has achieved a commendable performance in the financial year 2008 with an increase of 68% in profit after tax and minority interest ("PATMI"), from RM156 million to RM262 million. Excluding the revaluation surplus, core PATMI increased by 10% compared to the corresponding period last year, from RM126 million to RM138 million. In terms of shareholders' value, earnings per share for the year also increased by 59% to 55.87 sen from 35.19 sen in the financial year 2007.

This strong performance could not have been achieved without the successful implementation of our business strategies. During the year under review, we saw the completion of the expansion of Sunway Pyramid Mall which doubled its net lettable space, the opening of Sunway Carnival Mall in Penang and securing of 2 en-bloc sales of our condominiums in the Klang Valley with a total gross development value ("GDV") of RM440 million.

INVESTMENT ENHANCEMENT

29 September 2007 was a historical day for SunCity as it recorded another milestone with the property investment division opening its second phase of Sunway Pyramid Mall. This new experiential, multi-themed mall not only raises the bar in customer-oriented service in our country but more importantly, the Malaysian retail icon also redefines the proposition of the Sunway experience for residents and visitors alike.



BayRocks Garden Waterfront Villa @ Sunway South Quay



With the expansion, Sunway Pyramid now has an impressive built-up area of 4 million square feet with net lettable area of 1.7 million square feet and it has successfully attracted up to 2.5 million visitors per month.

CHAIRMAN'S STATEMENT

The presence of educational institutions is an important part of turning Bandar Sunway into a fully integrated resort city. Further raising the standards of tertiary education in our country is the recently established Monash University Sunway Campus. This brand new overseas branch campus of the internationally acclaimed university comes complete with a medical school that boasts state-of-the-art facilities and top-notch academicians and researchers. Along with Sunway University College, this new campus increases Bandar Sunway's total higher education student capacity from 10,000 to 20,000 students. Furthermore, the presence of Sunway International School within Bandar Sunway also places the township as the only one in Malaysia with 2 full-fledged universities and an international school within its boundaries.

Following the phenomenal success of the Group's venture into healthcare, SunCity has mandated the expansion of Sunway Medical Centre ("SunMed"). The availability and provision of world-class healthcare is an important deliverable for any urban township. This enhanced offering not only adds to Bandar Sunway's attraction as an integrated full-service township for its residents, but it will also play an important role in internationalising our nation's medical sector, which is in line with the current global trend for health-tourism services.



Monash University Sunway Campus



With the completion of SunMed's expansion in early 2009, SunMed would have 5 wings with a built-up area of 654,000 square feet. The total number of beds would also increase from 207 to 350.

GLOBAL METAMORPHOSIS

From Local Brand to International Brand

During the year under review, SunCity was rated as one of Malaysia's Most Valuable Brands and awarded The Brand Laureate – Corporate Award in 2008. SunCity also chalked up yet another accolade by winning The Edge's Top Property Developers Award, for 6 consecutive years in a row.

Undoubtedly, SunCity has come a long way and over the years has become a beloved Malaysian brand name. Years of experience, a proven track record and a strong consumer following have proven the strength and consistency of SunCity's delivery to its Malaysian market. Such maturity on our homeground now provides the underlying foundation for SunCity to reach a greater heights, enabling it to spread its wings and metamorphose to the global arena by taking its innovation across borders.



To build up our position as a global player in the international property scene, SunCity has begun to export its expertise overseas, namely in the field of property development, retail mall management and hotel management. We will continue this cross-border strategy in the coming years for our own ventures and investments, and provide consultancy and management services to hotels and shopping malls abroad. This will strengthen our branding in overseas markets and create additional value towards establishing presence and reputation amongst our international peers.

Apart from opening up opportunities in the global property arena, positioning SunCity as a strong international brand will also attract more foreign entities to our own home-grown investment opportunities, be it through individual units or successful en bloc sales of our local properties. We are confident that such foreign interest in our home offerings will be a continuing trend in the future.

GDV of RM2.35 billion from Overseas Expansion to India and China

As part of SunCity's global metamorphosis, we recently reinforced our entry into international property frontiers by successfully securing 2 more joint ventures in China and India – 2 emerging market giants that are currently an abundant source of global expansion opportunities, following our ventures to Australia and Cambodia.



In India, SunCity inked its second joint venture, securing the rights to develop a high rise residential development with a total GDV of RM380 million. With this joint venture, SunCity expects a total GDV of RM1.88 billion from India, a commendable undertaking for a relatively new player on the horizon.

Another remarkable milestone in SunCity's overseas expansion plans is its first foray into the China property market, through a joint venture with a local Chinese company to undertake a mixed development project with an estimated GDV of RM473 million in Jiangyin, an affluent city near Shanghai, China.

UNLOCKING VALUES

With a widely diverse range of assets in its property investment portfolio, SunCity is well-positioned to move up the value-chain in realising its full market capitalisation potential. To unlock the value of our portfolio, SunCity is looking into launching a real estate investment trust ("REIT").

To improve the growth and competitiveness of Malaysian REITs, we have observed positive changes in both policy and measures taken by the Securities Commission, and most recently through the 2009 National Budget provisions. SunCity views these moves positively in helping unlock its property investment portfolio through the REIT investment vehicle.



Tan Sri Dato' Seri Dr Cheah Fook Ling received Malaysia's Most Valuable Brands Award from YAB Datuk Seri Mohd Najib Tun Haji Abdul Razak.



Employees of SunCity at Training Session



Sunway Pyramid management team with Mr Ngeow Voon Yean standing proud for having won the Inaugural Asia Shopping Centre Award



SunCity's management team at The Edge's Top Property Developers Awards ceremony

TALENT MANAGEMENT PROGRAMME

Effective talent management has always been a top priority at SunCity, in our goal to employ, train and retain the best of human capital. In recognition of our efforts, the Sunway Group was ranked sixth in the Hewitt Associates' Top Companies for Leaders 2007 – Asia Pacific, making us the only Malaysian organisation to make it to the top 10 out of the 500 companies shortlisted from the wider Asian region. To carry out our ambition to internationalise – to go global – SunCity will continue to identify and train qualified employees to embark on assignments across the region to power our overseas expansion efforts. This will be achieved through our proven and effective talent management programmes which will also add value to our employees by propelling them into international cross-border careers.

Top Companies for
LEADERS
2007

GOOD CORPORATE CITIZENSHIP

Corporate Governance

SunCity has won the National Annual Corporate Report Awards (NACRA) in 2007 from Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and Malaysian Institute of Certified Public Accountants (MICPA) for our Annual Report 2007. SunCity is proud to be recognised as being best-in-class in terms of our corporate governance reporting, and is committed to maintaining international standards of accountability and transparency in compliance with our governing authorities and shareholders' expectations alike.

Corporate Responsibility ("CR")

Besides instituting best practices in corporate governance, SunCity continues to play a significant role in the proliferation of CR activities. In line with the Sunway Group's CR vision of harnessing the power of human capital, SunCity plays a crucial role in providing a safe and sustainable external environment within which our best assets, our people, may thrive to their full potential. We contribute to society's well being through the Sunway Safe City Initiative and also believe in a sustainable marriage between development and our green environment by establishing eco-friendly products. SunCity also supports other Sunway Group CR activities that focus on human capital excellence, by participating in educational, socio-economic, healthcare and community relations programme.

MARKET OUTLOOK

World economies and investor sentiments have been dampened as a result of the US financial crisis, coupled with the persistence of high inflation across the globe. Many countries in the region have been affected and Malaysia has not been spared by this downturn. However, despite these uncertainties, our country has become more resilient to external factors due to improved corporate governance, strong domestic demand and diversification of our export market.

Through this climate of economic uncertainty, SunCity is ever cognisant of the need for prudent management and has put in place all measures necessary to mitigate and minimise any substantial risks to its position. Despite these challenging times ahead, I also believe that there are still unique opportunities for SunCity to expand its wings and we will be ready to capitalise on these channels when the times are right.

DIVIDEND

Despite the challenging economic outlook, the Directors are pleased to propose a final dividend of 5 sen per ordinary share of RM1.00 each for the financial year ended 30 June 2008.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to the management and staff of SunCity for their commitment and contributions made throughout the years. It is your efforts that have made SunCity what it is today, and I am confident that you will remain an integral part of the success formula in our journey towards global metamorphosis. I would also like to extend my appreciation to our valued customers, business associates, bankers, government authorities and shareholders for your continuous support in SunCity.

Yours Sincerely,



Tan Sri Dato' Seri Dr Cheah Fook Ling, AO
Executive Chairman

16 October 2008

CALENDAR OF SIGNIFICANT EVENTS

10.07.08 >

YBhg Tan Sri Dato' Seri Dr Cheah Fook Ling, the Chancellor of Sunway University College was appointed as an Officer of the Order of Australia by the Prime Minister of Australia, Kevin Rudd, in recognition of his extraordinary and meritorious contribution to the advancement of education in Malaysia and for service to Australia-Malaysia bilateral relations.

The Officer of the Order of Australia is one of Australia's most prestigious and highly respected awards conferred to a non-citizen of Australia.



< 10.05.08

The Minister of Health, Dato' Liow Tiong Lai joined SunMed's staff, patients and guests to officially launch the SunMed's Specialist and Wellness Centre, the first Satellite Clinic at Wisma Perintis.

< 20.03.08

Daol Trust & Fund and SunCity forges strategic partnership to jointly explore various real estate investment and development opportunities in Asia and Europe.



27.06.08 >

Signing ceremony between Sunway Real Estate (China) Limited and Shanghai Guang Hao Real Estate Development Group Co. Ltd. to develop a RM473 million mixed development project in Jiangyin City, China.



< 25.02.08

Quiksilver Revolution 2.0 surf, skate and musical extravaganza held at Sunway Lagoon Theme Park saw 40,000 people who turned up at the land-locked surf beach for the one day event. It is the second time it has been held at the Sunway Lagoon Theme Park.

14.05.08 >

SunCity hands over the new Police Station in Kota Damansara as part of its commitment to the safety and the ongoing Corporate Responsibility efforts. The new Kota Damansara Police Station is in line with Bandar Sunway's "Safe City Initiative" which was launched in 2001.



< 22.12.07

YBhg Tan Sri Dato' Seri Dr Cheah Fook Ling received a prestigious award acknowledging Sunway Group as the sixth ranked on the Hewitt Associates' Top Companies for Leaders 2007 list from Hewitt Associates South East Asia Leader, Alan Parker.

13.12.07 >

Signing Ceremony between Sunway International Hotels & Resorts and Angkor Tourism Co Ltd. to manage 2 hotels in Cambodia - Allson Angkor Hotel and Allson Angkor Paradise Hotel located in the tourist city of Siem Reap.

**< 11.09.07**

10 deserving high-achieving graduates from University of Malaya were recently honoured with SunCity's Excellence Award 2007. The award was presented to reward and encourage leaders among the fresh graduates.

**30.11.07 >**

SunCity wins NACRA 2007 in the Properties, Hotels & Trusts Industry. This award reflects SunCity's unflagging zeal towards promoting excellence in annual corporate reporting, higher standards of corporate governance, transparency and timely disclosure of information.

**< 09.09.07**

It was the largest crowd that Sunway Lagoon Theme Park had ever seen as 50,000 Malaysians descended to celebrate 50 years of Merdeka. The birthday bash was spearheaded by the arrival of Jackie Chan, the face of California Fitness – Jackie Chan Sport Club.

**26.10.07 >**

YBhg Tan Sri Dato' Seri Dr Cheah Fook Ling was bestowed the Lifetime Achievement Award under the Property Development, Construction, Education and Humanitarianism category by Technology Business Review, recognising his tremendous contribution to the country and his extraordinary achievements in the past 3 decades.

**< 20.08.07**

SunCity inked its next step forward - its RM1.5 billion Sunway Opus Grand project.

**02.10.07 >**

Opening of Sunway Pyramid's new expansion. After undergoing a RM550 million expansion and remodelling exercise, Malaysia's only themed shopping mall, Sunway Pyramid's new wing is open to the public.



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

Non-Independent Executive Director
Dato' Ng Tiong Lip

Non-Independent Non-Executive Director
Lim Swe Guan

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

Independent Non-Executive Directors
Teo Tong How
Tan Siak Tee
Low Siew Moi

AUDIT COMMITTEE

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

EXECUTIVE COMMITTEE OF THE BOARD (EXCO)

Tan Sri Dato' Seri Dr Cheah Fook Ling, AO (Chairman)
Datuk Razman M Hashim (Alternate to Tan Sri Dato' Seri Dr Cheah Fook Ling)
Ngian Siew Siong
Ngeow Voon Year
Ong Pang Yen
Lim Swe Guan
Yau Kok Seng
Koong Wai Seng (Alternate to Yau Kok Seng)
Tan Poh Chan (Alternate to Ngian Siew Siong)

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Tan Sri Dato' Seri Dr Cheah Fook Ling, AO (Chairman)
Datuk Razman M Hashim
Ngian Siew Siong
Ngeow Voon Year

RISK MANAGEMENT COMMITTEE

Ngian Siew Siong (Chairman)
Ngeow Voon Year
Yuen Kam Wah
Lee Weng Keng
Tan Poh Chan

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITORS

Ernst & Young
Chartered Accountants

SOLICITORS

David Lingam & Co.
Mah-Kamariyah & Philip Koh

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
CIMB Investment Bank Berhad
Affin Bank Berhad
Public Bank Berhad
RHB Investment Bank Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

A high-angle, nighttime photograph of the Sunway Palazzo, a modern architectural complex. The image features two prominent curved towers with multiple levels of balconies, each illuminated from within, creating a warm glow. The balconies have glass railings and some are adorned with plants. The towers are set against a dramatic sky with a sunset or sunrise, showing vibrant orange and yellow hues near the horizon, transitioning into a deep blue at the top. In the foreground, a landscaped area with green grass, several palm trees, and a small, rectangular swimming pool is visible. The pool is also illuminated, reflecting the light from the buildings and the sky. The overall scene conveys a sense of luxury and modern living.

AN ICON . A LIFESTYLE .

Sunway Palazzo

CORPORATE PHILOSOPHY

Sunway City Berhad is committed to satisfying the expectations of its stakeholders.

CUSTOMERS

We aim to earn the loyalty of our customers by providing superior service and quality products. We constantly measure their satisfaction, seeking every opportunity to satisfy their changing and implied needs.

EMPLOYEES

We see people as our most valuable asset. We strive for total quality management encompassing customer focus, total involvement, and continuous improvement supported by an effective system and measure. We foster trust, initiative, creativity and mutual respect among employees, and provide opportunities for personal development through continuous training.

SUPPLIERS

Suppliers are a vital part of our property development chain. We develop and maintain mutually beneficial partnerships with suppliers who share our commitment to achieving ever-increasing levels of customer satisfaction through continuous improvements in quality, delivery and cost.

SHAREHOLDERS

We strive to perform all our economic functions in the most efficient and productive manner employing optimal use of current technology. We constantly improve on ways to prevent problems, examine processes for improvement, benchmark for best practice and set strategic objectives. We protect our shareholders' investments, provide them a long-term attractive return, and give them confidence in our corporate governance through transparency and accountability.

NATION AND COMMUNITY

We strive to return full value through our economic, intellectual and social contributions. We respect the environment and practise good citizenship.





Sunway City Berhad's corporate office majestically situated at Bandar Sunway

GROUP CORPORATE STRUCTURE

PROPERTY DEVELOPMENT

Sunway Damansara Sdn Bhd
 Sunway D'Mont Kiara Sdn Bhd
 Sunway Semenyih Sdn Bhd
 Sunway Monterez Sdn Bhd
 Sunway City (Ipoh) Sdn Bhd
 Sunway Rahman Putra Sdn Bhd
 Sunway City (Penang) Sdn Bhd
 Sunway Kinrara Sdn Bhd
 Sunway Tunas Sdn Bhd
 Sunway Townhouse Sdn Bhd
 Sunway Crest Sdn Bhd
 Sunway South Quay Sdn Bhd
 Sunway Bukit Gambier Sdn Bhd
 Sunway Grand Sdn Bhd
 Sunway City Properties Sdn Bhd
 Pena Enterprise Sdn Bhd
 Sunway Melawati Sdn Bhd
 Sunway City India Private Limited
 Sunway Opus International Private Limited *
 Sunway Cana City Development Ltd *
 Sunway SPK Homes Sdn Bhd *

PROPERTY INVESTMENT

Sunway Pyramid Sdn Bhd
 Sunway Carnival Sdn Bhd
 Peluang Klasik (M) Sdn Bhd
 Sunway Platinum Success Sdn Bhd
 Sunway Residence Sdn Bhd (Formerly known as Splendid Crest Sdn Bhd)
 Kinta Sunway Resort Sdn Bhd
 Sunway Hotel Services (Ipoh) Sdn Bhd
 Menara Sunway Sdn Bhd
 Stellar Destiny Sdn Bhd
 Sunway Tower 1 Sdn Bhd (Formerly known as Lavender Acres Sdn Bhd)
 Sunway Tower 2 Sdn Bhd (Formerly known as Lambang Mujur Sdn Bhd)

LEISURE

Sunway Lagoon Sdn Bhd
 Sunway Travel Sdn Bhd
 Sunway Lagoon Club Berhad
 Sunway International Vacation Club Berhad
 Sunway Healthy Lifestyle Sdn Bhd
 Sunway Lagoon Water Park Sdn Bhd
 Pyramid Bowl Sdn Bhd *

NOTES:

This Group Corporate Structure excludes dormant and non-operating companies.

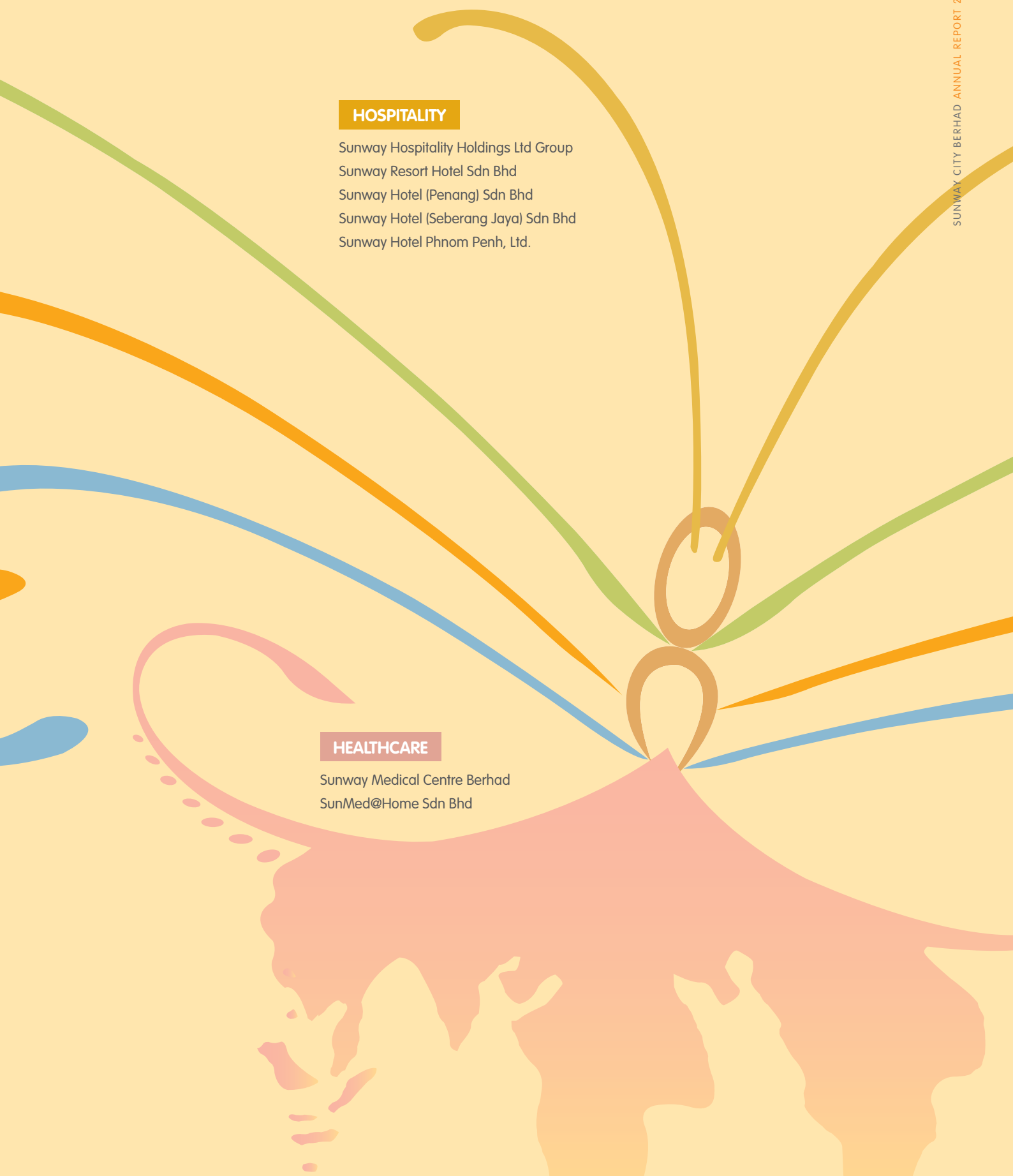
* Associated company

HOSPITALITY

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

HEALTHCARE

Sunway Medical Centre Berhad
SunMed@Home Sdn Bhd



AWARDS AND ACCOLADES



**Hewitt-Fortune-RBL
Top Companies for Leaders 2007**



**National Annual Corporate
Report Awards 2007**



**Malaysia's Most Valuable
Brands 2007 Award**



**The Edge Top Property
Developers Award 2008**

Oct 07

Sunway Group

**Won sixth in global of Top 10
Companies for Leaders 2007 -
Asia Pacific**

By Hewitt Associates with Fortune and
RBL Group

Sunway was the only Malaysian company
on the list. The survey conducted was
a recognition of Sunway's leadership
strategies, practices and processes.



Oct 07

SunCity

**Won the Excellence Award under
the Property Development for
Integrated Development Category**

By The Technology Business Review

Nov 07

Sunway Group

**Won Malaysia's Most Valuable
Brands 2007 Award**

By Association of Accredited Advertising
Agents Malaysia and sanctioned by
Interbrand, a world leader in brand
valuation

The Malaysia's Most Valuable Brands
recognise 30 most successful home grown
brands that, while having their roots in
Malaysia, have successfully extended their
reach to the regional and international
levels.



Nov 07

SunCity

**Won National Annual Corporate
Report Awards 2007 for
Industry Excellence Award in
the Properties, Hotels and Trusts
category**

By Bursa Malaysia Berhad, Malaysian
Institute of Accountants (MIA), Malaysian
Institute of Management (MIM) and The
Malaysian Institute of Certified Public
Accountants (MICPA)

The Award recognises transparent and
effective communication between the
organisation and its stakeholders through
the publication of timely, informative, factual
and reader-friendly annual report.

Nov 07

**Sunway Resort Hotel & Spa
Won Hospitality Asia Platinum
Awards 2007 / 2008**

By World Asia Publishing

Awards won :

- i. HAPA Luxury Hotel of the Year
- ii. HAPA Hotel Security Department of the Year
- iii. HAPA Hotel Purchasing Department of the Year
- iv. HAPA Marketing Communications Personality of the Year for Sunway Resort Hotel & Spa's Group Director of Marketing, Farizal Bin Jaafar



Dec 07

SunMed

**Won "Anugerah Industri
Selangor 2007" Quality
Management Excellence Award
By Selangor State Investment
Centre Berhad**

The Award recognises high-performing achievers from different industries in Selangor that have collectively contributed to the overall development of Selangor and have helped garnered national and international recognition.

The Award was received by Ms Ch'ng Lin Ling, the Chief Operating Officer of SunMed.

Jul 08

**Sunway Group
Won The Brand Laureate
Conglomerate Awards**

By Asia Pacific Brands Foundation

The Award recognises Sunway's successful branding which has contributed to Brand Malaysia's equity.



Jul 08

**Sunway Lagoon Theme Park
Won Asia's Best Attraction Award
2008 for the second year running
By International Association of
Amusement Parks and Attractions (IAAPA)**

The IAAPA Asian Attractions Awards recognise the best attractions and preferred destination throughout Asia. Sunway Lagoon Theme Park is proud to have received the award in Macau, China in the Medium Category (1 – 2 million visitors in attendance yearly) for the second consecutive year.

The Award was received by Mr Aaron Soo, the Chief Executive Officer of Sunway Lagoon Theme Park.

Aug 08

**SunCity
Won third placing in the Top
Property Developers Award 2008**

By The Edge

Having won this Award for 5 consecutive years and being in the Top 10 list, SunCity has moved up a notch to take third placing this year after being in the fourth place for 3 consecutive years. This is a reflection of SunCity's strength in providing innovative quality homes in high-end developments and high-growth markets.



Oct 08

**Sunway Pyramid
Won the Inaugural Asia Shopping
Centre Awards 2008: Silver
Award for Development and
Design category
By International Council of Shopping
Centers**

The Award was conceived to honour the shopping centre industry's most cutting-edge properties, innovative solutions and creative responses to market trends.

It also serves to acknowledge the trendsetters in design, development and operations of shopping centres.

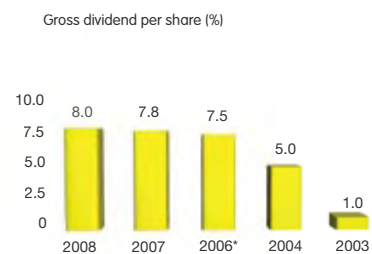
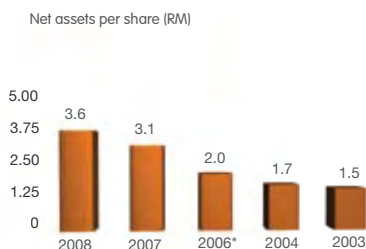
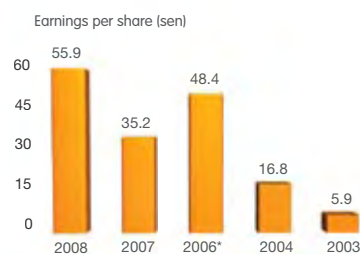




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FINANCIAL HIGHLIGHTS

	Year ended 30.06.08 RM'000	(Restated) Year ended 30.06.07 RM'000	(Restated) Period ended 30.06.06* RM'000	(Restated) Year ended 31.12.04 RM'000	(Restated) Year ended 31.12.03 RM'000
OPERATING RESULTS					
Revenue	1,314,556	1,142,566	1,574,400	992,481	728,640
Profit from ordinary activities before taxation	634,005	296,186	419,322	167,350	100,781
Taxation	175,685	69,104	81,874	42,640	35,440
Profit after taxation	458,320	227,082	337,448	124,710	65,341
Minority interest	(196,414)	(71,276)	(137,350)	(55,645)	(41,662)
Net profit for the financial year/period	261,906	155,806	200,098	69,065	23,679
KEY BALANCE SHEET DATA					
Property, plant and equipment	384,891	1,188,050	951,169	882,229	905,346
Investment properties	429,469	1,334,370	611,388	485,091	483,516
Land held for property development	399,239	251,008	367,040	357,325	345,812
Investment in Associates	15,533	12,420	12,993	12,502	1,597
Investment in Jointly Controlled Entity	68,823	47,532	40,822	13,540	10,836
Biological assets	763	437	-	-	-
Goodwill and deferred tax assets	36,166	31,958	41,965	26,033	19,875
Current assets	3,859,342	1,373,426	1,061,709	1,039,375	658,138
TOTAL ASSETS	5,194,226	4,239,201	3,087,086	2,816,095	2,425,120
Current liabilities	1,246,747	1,033,062	788,954	763,800	533,077
Non-current borrowings	954,775	734,774	705,879	631,760	460,502
Other non-current liabilities	365,733	366,897	381,461	450,277	584,464
Deferred tax liabilities	249,113	151,421	21,849	4,488	34
TOTAL LIABILITIES	2,816,368	2,286,154	1,898,143	1,850,325	1,578,077
TOTAL NET ASSETS	2,377,858	1,953,047	1,188,943	965,770	847,043
Minority interest	696,077	537,117	355,881	284,561	243,472
Shareholders' equity	1,681,781	1,415,930	833,062	681,209	603,571
FINANCIAL RATIOS					
Earnings per share (sen)	55.87	35.19	48.36	16.82	5.92
Net assets per share (RM)	3.58	3.06	2.01	1.66	1.51
Gross dividend per share (%)	8.00	7.80	7.50	5.00	1.00



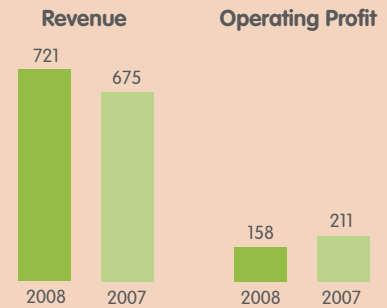
*The financial statements for the financial period 2006 cover an 18-month period.

SEGMENTAL PERFORMANCE

PROPERTY DEVELOPMENT



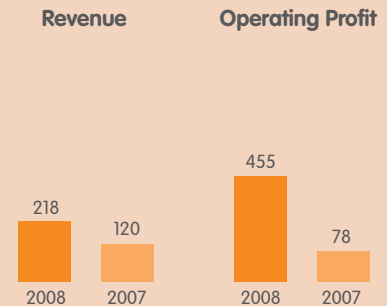
Revenue
RM721mil
Operating Profit
RM158mil



PROPERTY INVESTMENT



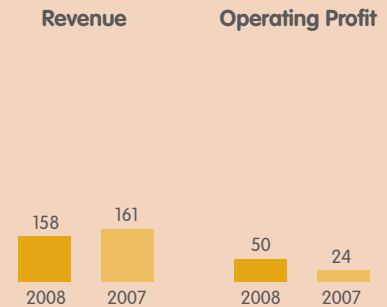
Revenue
RM218mil
Operating Profit*
RM455mil



HOSPITALITY



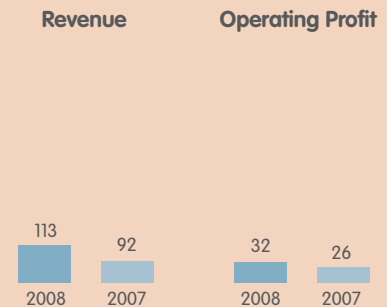
Revenue
RM158mil
Operating Profit
RM50mil



LEISURE



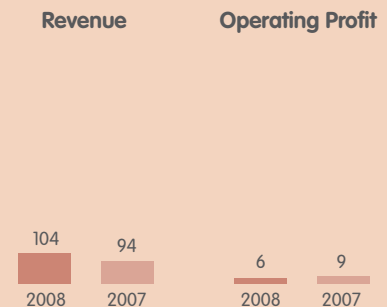
Revenue
RM113mil
Operating Profit**
RM32mil



HEALTHCARE



Revenue
RM104mil
Operating Profit
RM6mil



* Operating profit includes revaluation surplus of RM312 million for FY2008 and revaluation surplus of RM35 million for FY2007.

** Operating profit includes revaluation surplus of RM9 million for FY2007.

CHIEF FINANCIAL OFFICER'S REVIEW



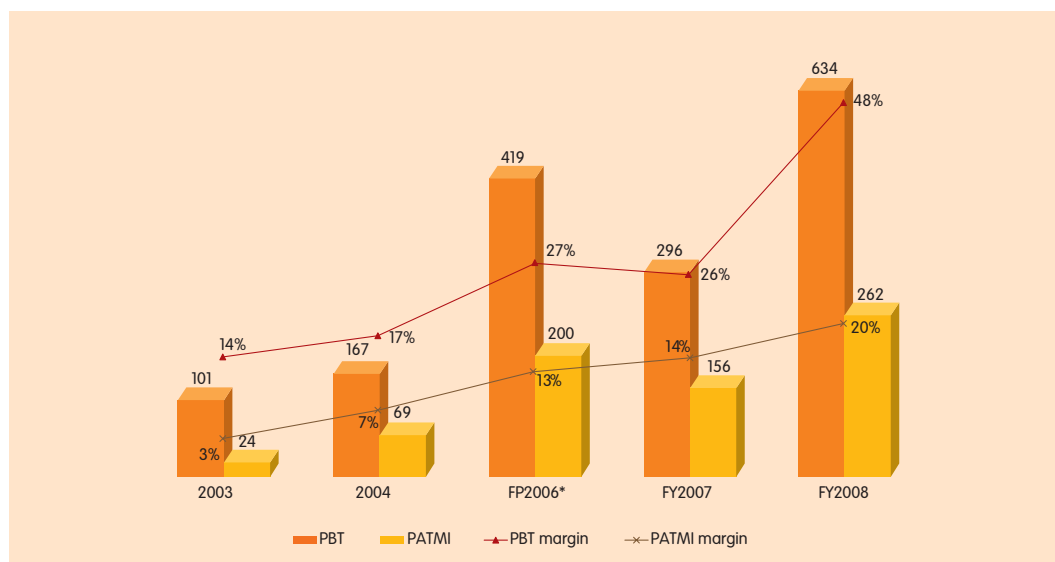
The financial year ("FY") 2008* had been an eventful year for SunCity both locally and internationally. Locally, we experienced good growth in the Malaysian economy for the first half of FY2008 but softened in the second half of FY2008 due to domestic political uncertainties and soaring inflation. On the international front, we saw the slow down in global economy and high commodity prices which resulted in high inflation in many Asian countries. All these factors have affected investors' sentiments in Malaysia.

Despite the above, SunCity's strategic positioning of the Best of Both Worlds, wherein the high growth Property Development division and stable income from the Property Investment division, had enabled SunCity to sustain its financial performance for the current year. As it can be visibly seen in our overseas expansion, SunCity is still committed to its mission of becoming an agile, high growth, global real estate player.

*FY2008 represents the financial year from 1 July 2007 to 30 June 2008

Consolidated Income Statement	FY2008 RM million	(Restated) FY2007 RM million	Increase
Revenue	1,315	1,143	15%
Profit before taxation ("PBT")	634	296	114%
Profit after taxation and minority interest ("PATMI")	262	156	68%
Basic EPS (sen)	55.87	35.19	59%
Dividend per share (sen)	8.00	7.80	3%
PBT margin	48%	26%	22%
PATMI margin	20%	14%	6%

5-Year Profit and Margin Trend



*The financial statements for the financial period 2006 cover an 18-month period.

FY2008 Financial Performance

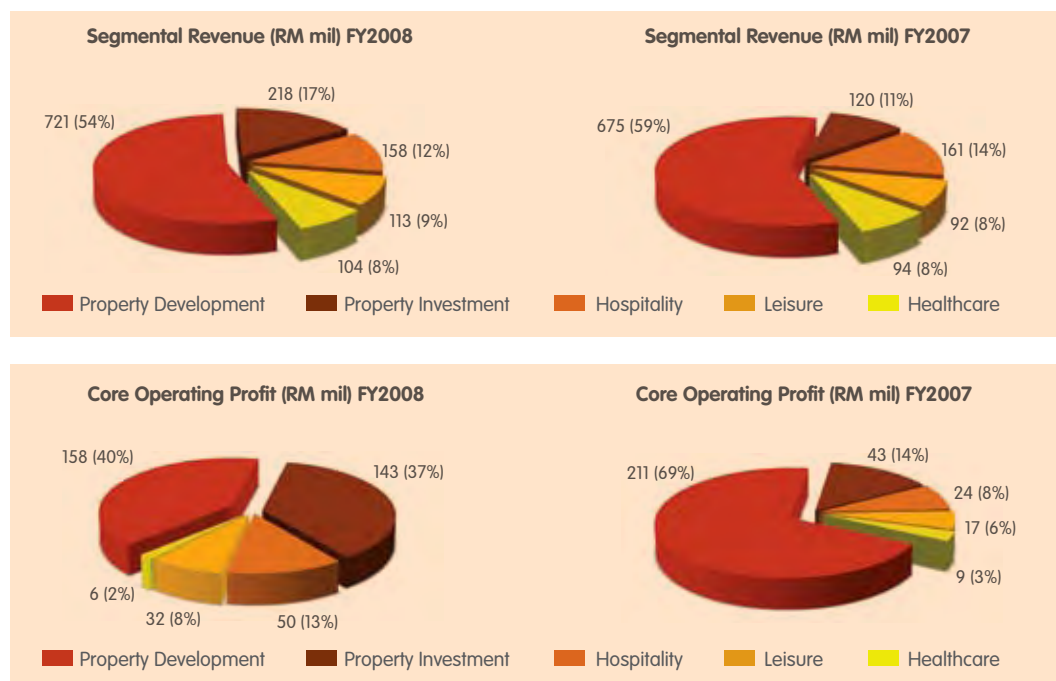
Core Operations*	FY2008 RM million	(Restated) FY2007 RM million
Turnover	1,315	1,143
Core Operating Profit	385	298
Core PATMI	138	126

* Reflect SunCity's operational performance excluding assets revaluations/impairments.

For FY2008, SunCity had achieved a Group turnover of RM1,315 million and core PATMI of RM138 million, which represent an increase of 15% and 10% respectively compared to the corresponding year.

The increase in revenue and core PATMI was attributable to improved performance from all divisions except for Property Development division. The revenue from the Property Investment division had almost doubled with an 82% growth to RM218 million from RM120 million in the previous year.

CHIEF FINANCIAL OFFICER'S REVIEW



The Group's core operating profit expanded by 29% from RM298 million to RM385 million. This growth was mainly contributed by the Property Investment division which jumped by more than triple from RM43 million to RM143 million, following the expansion of Sunway Pyramid Mall, opening of Sunway Carnival Mall and the new Monash University Sunway Campus.

The Hospitality division had also posted a remarkable growth of 108% in its core operating profit. The extension of Visit Malaysia Year 2007 into 2008, improvement in room rates and occupancy rates contributed to the division's better performance.

The Leisure division registered an improvement in core operating profit of 88% to RM32 million as a result from improved rates coupled with higher visitorship, higher group functions from corporate clients and outsourcing strategy of the food and beverages outlets at Sunway Lagoon Theme Park.

The operating profit and profit margin for the Property Development division suffered a decline in FY2008 as a result of escalation in prices of building materials. Nevertheless, the Property Development division retained its position as the key earnings driver which contributed 54% of the Group's total revenue and 40% to the core operating profit.

Returns to Shareholders

Basic earnings per share for FY2008 was 55.87 sen, an increase of 59% compared to last year of 35.19 sen. Despite challenging market outlook, SunCity has declared and paid an interim dividend of 3 sen in 1st Quarter FY2008 and also proposed a final dividend of 5 sen for FY2008. The cumulative average dividend growth per annum over the past 5 years was 40%.

Sustaining its Net Cash Flow

Consolidated Cash Flow Statement	FY2008 RM'000	(Restated) FY2007 RM'000	Increase/ (decrease)
Cash from operations	477,951	406,114	18%
Taxation	(79,619)	(81,451)	(2%)
Net cash flow from operating activities	398,332	324,663	23%
Net cash flow from investing activities	(582,340)	(454,827)	28%
Net cash flow from financing activities	206,264	293,175	(30%)
Increase in cash and cash equivalents	22,256	163,011	(86%)
Effects of foreign exchange rates changes	1,539	90	1,610%
Closing balance	552,455	528,660	5%

SunCity generated net cash flow from operating activities of RM398 million in FY2008, which was 23% higher than the previous year. This was mainly attributable to higher revenue generated in the financial year.

During the year, the Group invested about RM582 million mainly on Property Investment division namely the expansion of Sunway Pyramid Mall, Sunway Carnival Mall, Wisma Denmark and redemption of assets under an asset-backed securitisation ("ABS") exercise. It was substantially funded by net operational receipts with balance by credit financing.

SunCity's cash and cash equivalents as at 30 June 2008 was RM552 million, an increase of 5% from RM529 million as at 30 June 2007.

SunCity's net gearing ratio remains healthy at 0.6 times of shareholders' fund despite the increase in investments for the Property Investment division's expansion plan. To ensure SunCity's ability to meet its financial requirements, all borrowings are duly evaluated by their tenure against the nature of developments and investment horizons funded. SunCity is actively managing its funds from capital and debt market in order to achieve its optimal cost of capital.

In September 2008, Rating Agency Malaysia reaffirmed SunCity's short and long term ratings of P2 and A2 respectively, for the Commercial Papers/Medium Term Notes (CP/MTN).

Redemption of ABS Assets

With the RM250 million bonds with detachable warrants issued in August 2007, SunCity had fully redeemed the ABS assets initiated in 2002. The ABS assets involved amongst others, a few high yielding assets such as Menara Sunway, Sunway Resort Hotel & Spa and Sunway University College. The refinancing exercise had returned these investment properties to SunCity for the proposed REIT plan. The redemption of ABS assets was completed in October 2007.



Tan Poh Chan
Chief Financial Officer

VALUE ADDED STATEMENT

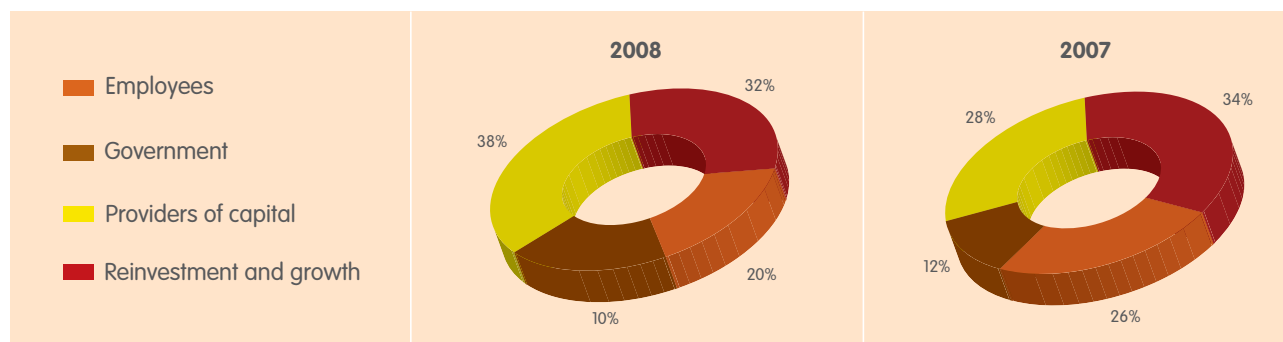
	Year ended 30.06.08 RM'000	(restated) Year ended 30.06.07 RM'000
Value Added		
Total turnover	1,314,556	1,142,566
Purchases of goods and services	(514,455)	(622,445)
Value Added by the Group	800,101	520,121
Share of profits of Associates	3,223	(573)
Share of profits of Jointly Controlled Entities	11,213	16,930
Total Value Added	814,537	536,478

Reconciliation:		
Profit for the year	261,906	147,150
Add: Depreciation and amortisation	34,174	48,608
Finance costs	76,632	57,703
Staff costs	163,210	137,729
Taxation	82,201	65,372
Minority interest	196,414	79,916
Total Value Added	814,537	536,478

Value Distributed

Employees		
Salaries and other staff costs	163,210	137,729
Government		
Corporate taxation	82,201	65,372
Providers of capital		
Dividends	37,189	11,961
Finance costs	76,632	57,703
Minority interest	196,414	79,916
Reinvestment and growth		
Depreciation and amortisation	34,174	48,608
Income retained by the Group	224,717	135,189
Total Distributed	814,537	536,478

Value Distributed



SHARE PERFORMANCE

27



2007/2008	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Closing Price (RM)	5.20	4.88	4.98	5.10	4.90	4.98	3.82	2.97	3.12	2.87	3.10	2.64
Volume ('000)	23,232	5,360	4,427	11,373	2,783	4,319	11,612	9,949	14,976	17,968	12,612	10,623
KLCI*	1,374	1,274	1,336	1,414	1,397	1,445	1,393	1,357	1,248	1,280	1,276	1,187

*Kuala Lumpur Composite Index





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PROFILE OF BOARD OF DIRECTORS



TAN SRI DATO' SERI DR CHEAH FOOK LING, AO
Executive Chairman,
Non-Independent Executive Director
Malaysian

Founder of the Sunway Group and also the Executive Chairman of Sunway Holdings Berhad (formerly known as Sunway Holdings Incorporated Berhad) ("Sunway") which is listed on the Main Board of Bursa Malaysia Securities Berhad.

Aged 63 and a Certified Practising Accountant by profession, he was appointed a Board Member of Financial Reporting Foundation by the Minister of Finance in July 1997. Sits on the Board of The National Kidney Foundation and the Board of Trustees of Malaysian Liver Foundation. In 1995, appointed a Member of Malaysian Business Council and in 1996, was honoured with the Chairmanship of Malaysian Industry-Government Group for High Technology (MIGHT) for Construction and Housing, besides the accolade of Property Man of the Year (Malaysia) in 1993 and CEO of the Year (Malaysia) in 1996. The Minister of Tourism Malaysia appointed him an EXCO Member to Malaysian Tourism Action Council. In recognition of his outstanding contribution to education, the Minister of Education appointed him to the Higher Education Council in 1998.

Was conferred Honorary Doctorates by 8 leading universities worldwide and in September 2006, was appointed as the Foundation Chancellor of Sunway University College by His Royal Highness Sultan of Selangor. In 2008, was conferred the Officer of the Order of Australia Award by the Prime Minister of Australia. In recognition of his meritorious contribution to Corporate Responsibility in the field of social safety and security, the Minister of Unity, Culture, Arts & Heritage appointed him as the Chairman of Malaysia Crime Prevention Foundation, Selangor in August 2008.

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

Current directorship in other public company includes Sunway.

Attended 6 out of the 7 Board Meetings held in the financial year.


DATUK RAZMAN M HASHIM

Deputy Executive Chairman,
Non-Independent Executive Director
Malaysian

Aged 69 and a Member of Australian Institute of Bankers with more than 37 years of experience in the banking industry. Joined Standard Chartered Bank Malaysia Berhad in 1964 and served in various capacities including secondments to the Bank's branches in London, Europe, Hong Kong and Singapore. In 1994, was appointed as Executive Director/Deputy Chief Executive of Standard Chartered Bank Malaysia Berhad until his retirement in June 1999. In the same month in 1999, was appointed as Chairman of MBf Finance Berhad by Bank Negara Malaysia as its nominee until January 2002 when the finance company was sold to Arab-Malaysian Group.

Appointed to the Board of SunCity on 28 March 1996 and also serves as a Member of the Employees' Share Option Scheme Committee as well as Alternate to Tan Sri Dato' Seri Dr Cheah Fook Ling in the Executive Committee of the Board.

Current directorships in other public companies include Sunway Medical Centre Berhad, Sunway International Vacation Club Berhad, Sunway Infrastructure Berhad, Ranhill Berhad, Multi-Purpose Holdings Berhad, Affin Bank Berhad, MAA Holdings Berhad, Malaysian Assurance Alliance Berhad, MAA Takaful Berhad and Berjaya Land Berhad.

Attended all of the 7 Board Meetings held in the financial year.


NGIAN SIEW SIONG

Managing Director - Property Development,
Non-Independent Executive Director
Malaysian

Aged 56 and attained a Bachelor of Science Degree (Honours) in Civil Engineering from University of Leeds, United Kingdom in 1976 with 27 years of experience in the property development industry.

Was the Regional Operations Manager of MBf Holdings Bhd before joining SunCity. Joined SunCity in 1985 as Project Manager and held various senior posts before being promoted to Executive Director in January 1996. Subsequently promoted to Deputy Managing Director and Managing Director - Property Development on 1 October 2001 and 26 August 2004 respectively.

Appointed to the Board of SunCity on 29 December 1994 and also serves as Chairman of the Risk Management Committee as well as a Member of the Executive Committee of the Board and Employees' Share Option Scheme Committee.

Has no directorships in other public companies.

Attended 6 out of the 7 Board Meetings held in the financial year.

PROFILE OF BOARD OF DIRECTORS



NGEOW VOON YEAN

Managing Director - Property Investment,
Non-Independent Executive Director
Malaysian

Aged 56 and holds a Bachelor of Commerce Degree majoring in Business Studies and Economics from University of Auckland, New Zealand. Is a Council Member of Malaysian Association of Hotel Owners (MAHO), a Member of International Council of Shopping Centers (ICSC) and a Member of ICSC Asia Pacific Advisory Committee.

Has 27 years of working experience in property development and investment, and management industry. Was the Founder President of Shopping and Highrise Buildings Association in both Malaysia and Singapore. Has wide experience in the development and management of mixed-use developments. Began his career with Landmarks Holdings Bhd, the developer owner of Sungei Wang Plaza, Regent Hotel and Metroplex Holdings Sdn Bhd, the developer of The Mall. Subsequently moved to Singapore to join Marina Centre Holdings Pte Ltd, the developer and manager of Marina square, a mixed-use waterfront development in Singapore. Later joined Suntec City Development Pte Ltd as the General Manager - Business Development/Retail, the developer and owner of Singapore's largest private mixed-use development comprising convention, exhibition, shopping and office.

Appointed to the Board of SunCity on 21 April 1997 and also serves as a Member of the Executive Committee of the Board, Risk Management Committee and Employees' Share Option Scheme Committee.

Has no directorships in other public companies.

Attended 6 out of the 7 Board Meetings held in the financial year.



DATO' NG TIONG LIP

Non-Independent Executive Director
Malaysian

Aged 52 and holds a Bachelor of Economics from Monash University, Melbourne, Australia. Is a Member of Institute of Chartered Accountants Australia, Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Has more than 26 years of extensive experience in finance, corporate planning and executive management in the property and hotel industry in Malaysia and Australia.

Currently, is the Immediate Past President and patron of Real Estate and Housing Developers Association (REHDA) and Immediate Past Chairman of REHDA Wilayah Persekutuan (KL) Branch. Was previously the President of REHDA, Vice-Chairman of Malaysia Australia Business Council (MABC), Board Member of Construction Industry Development Board (CIDB), Vice-President and Secretary-General of FIABCI Malaysian Chapter, Vice-President of Malaysian Association of Hotel Owners (MAHO) and Chapter Chairman of Young Presidents Organisation (YPO) Malaysia Chapter. Was the former Managing Director of Asia Pacific Land Berhad.

In 1999, was conferred a Fellowship by Malaysian Institute of Directors and accorded the "Entrepreneur of the Year" by MABC in 2003.

Appointed to the Board of SunCity on 3 March 2008.

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


LIM SWE GUAN

Non-Independent Non-Executive Director
Singaporean

Aged 54 and holds a Bachelor of Science (Estate Management) Second Class Honours Degree from University of Singapore and a Master of Business Administration from Darden School of Business, University of Virginia, United States of America.

Currently is the Managing Director of GIC Real Estate Pte Ltd, the real estate investment arm of Government of Singapore Investment Corporation Pte Ltd. Also a Chartered Financial Analyst (CFA) and a Member of CFA Institute. Among his achievements were the gold medals won from Singapore Institute of Valuers and Singapore Institute of Surveyors. Former Director of Jones Lang Wootton Australia from 1989 to 1995 and a Portfolio Manager, Property Division in Suncorp Investment Management before he joined GIC Real Estate Pte Ltd in 1997.

Appointed to the Board of SunCity on 6 March 2002 and also serves as a Member of the Executive Committee of the Board.

Has no directorships in other public companies.

Attended all of the 7 Board Meetings held in the financial year.


**TAN SRI DATO' IR TALHA BIN HAJI
MOHD HASHIM**

Senior Independent Non-Executive Director
Malaysian

Aged 73, a Civil Engineer by profession and graduated from Brighton Technical College, United Kingdom with a Diploma in Civil Engineering in 1959 and a Master in Management from Asian Institute of Management, Manila in 1976. A Professional Engineer registered with Board of Engineers, Malaysia since 1974; Fellow of Institution of Engineers, Malaysia since 1979; Chartered Engineer registered with Engineering Council, United Kingdom since 1989; Fellow of Institution of Civil Engineers, United Kingdom since 1989; Fellow of Institution of Highways and Transportation, United Kingdom since 1990 and a Member of Association of Consulting Engineers, Malaysia since 1990. Also a Member of Malaysian Institute of Management since 1976. Was conferred a Fellowship by Malaysian Institute of Directors in July 2007.

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

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

Current directorships in other public companies include Gamuda Berhad, SHL Consolidated Berhad, Sapura Technology Berhad, Hume Industries (M) Berhad, APP Industries Berhad, Phillip Mutual Berhad and Universal Trustee (Malaysia) Berhad.

Attended all of the 7 Board Meetings held in the financial year.

PROFILE OF BOARD OF DIRECTORS



TEO TONG HOW

Independent Non-Executive Director
Singaporean

Aged 65 and holds a Bachelor of Architecture (Honours) Degree from University of Melbourne, Australia. A Member of SIA, RIBA, FRAIA and APAM (Architectural Bodies), Associate Member of SIP and APA (Planning Bodies) and a Registered Property Manager of International Real Estate Institute. Presently is the Chairman and Managing Director of Tong Eng Group and Hong How Group of Companies. The businesses of these companies range from property development and investment holding in sectors such as commercial, residential, industrial and hospitality in Singapore, Malaysia, China, Australia, UK and Sweden.

Is a Director of Popular Land Pte Ltd, a subsidiary of Popular Holdings Limited which is a public listed company in Singapore. In August 2005, was appointed as a Member of National Heritage Board and also sits on the board of LTA's Architectural Design Panel on MRT stations and a Member of Arts in Transit by LTA.

Is the Vice Chairman of Tong Chai Medical Institute of Singapore, Director of Singapore Dance Theatre, Chairman of Singapore Philatelic Museum and a Member of Preservation of Monuments Board.

Appointed to the Board of SunCity on 18 April 2001 and also serves as a Member of the Audit, Nomination and Remuneration Committees.

Has no directorships in other public companies in Malaysia.

Attended all of the 7 Board Meetings held in the financial year.



TAN SIAK TEE

Independent Non-Executive Director
Malaysian

Aged 68 and holds a Bachelor of Commerce Degree from University of New South Wales, Australia. An Associate Member of Institute of Chartered Accountants, Australia, Associate Member of Institute of Chartered Secretaries & Administrators and a Member of Malaysian Institute of Certified Public Accountants.

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

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

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

Attended 6 out of the 7 Board Meetings held in the financial year.



LOW SIEW MOI

Independent Non-Executive Director
Malaysian

An accountant by profession and a Member of Malaysian Institute of Accountants. Aged 58 and holds a Bachelor of Economics (Accounting) and a Diploma in Accountancy (Post Graduate) from University of Malaya.

Has more than 34 years of experience in the areas of accounting, finance and administration. Started her working career with Perbadanan Kemajuan Negeri Selangor in 1973 and had since held various managerial positions. In 1990, was seconded to work with the private sector, IGB and IJM Group for 4 years and is currently the Deputy General Manager (Corporate Affairs) of Perbadanan Kemajuan Negeri Selangor.

Appointed to the Board of SunCity on 3 December 1999.

Current directorships in other public companies include PKNS Infra Berhad, PKNS Engineering & Construction Berhad and Worldwide Holdings Berhad.

Attended 6 out of the 7 Board Meetings held in the financial year.

NOTES:

1. Family Relationship with Director and/or Major Shareholder

None of the Directors has any family relationship with any director and/or major shareholder of SunCity.

2. Conflict of Interest

- (a) Tan Sri Dato' Seri Dr Cheah Fook Ling is a Director and Major Shareholder of Sunway. He has deemed interest in SunwayMas Sdn Bhd and its subsidiaries via Sunway, whose principal activity is similar to SunCity Group namely property development.
- (b) Datuk Razman M Hashim is a Director of Berjaya Land Berhad and its wholly-owned subsidiary, Selat Makmur Sdn Bhd, whose principal activities are similar to SunCity Group namely property development and investment. Datuk Razman M Hashim is also a Director of Absolute Prestige Sdn Bhd, a subsidiary of Berjaya Land Berhad, whose principal activities are similar to SunCity Group namely property investment and hotelier.
- (c) Dato' Ng Tiong Lip is the Managing Director and Major Shareholder of Urban Hallmark Properties Sdn Bhd, whose principal activity is similar to SunCity Group namely property development.
- (d) Lim Swe Guan is a Director of the following companies, whose principal activities are similar to SunCity Group namely property development:-
 - (i) RB Land Sdn Bhd, which is a subsidiary of RB Land Holdings Berhad. RB Land Holdings Berhad is a public listed company in Malaysia.
 - (ii) Fabulous Range Sdn Bhd, which is a joint venture between Reco Sungei Long (M) Sdn Bhd and Lum Chang Holdings Limited. Lum Chang Holdings Limited is a public listed company in Singapore.
 - (iii) Venus Capital Corporation Sdn Bhd, which is a joint venture between Reco Kemensah Pte Ltd and Lum Chang Holdings Limited.
- (e) Low Siew Moi is a Director of Worldwide Holdings Berhad, whose principal activity is similar to SunCity Group namely property development and investment.

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

3. Conviction for Offences

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

4. Attendance of Board Meetings

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

PROFILE OF MANAGEMENT TEAM

HENRY YUEN KAM WAH

Personal Assistant to Executive Chairman

Certified Accountant, MIA, CPA, MICPA and FCPA

Mr Henry Yuen is the Personal Assistant to the Executive Chairman of Sunway Group and is an Accountant by profession. He has more than 41 years of management experience and was formerly a Group Finance Director of a public listed company. He is a member of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA) and the Fellow Certified Practising Accountants of Australia (FCPA).

TAN POH CHAN

Chief Financial Officer

(Sunway City Berhad Group)

Bachelor of Accounting (Hons), University of Malaya

Certified Accountant, MIA

Ms Tan Poh Chan started her career at Ernst & Young in 1984 and is a member of the Malaysian Institute of Accountants (MIA). She has more than 20 years of financial management in various industries. After 5 years of working experience in audit, taxation and financial advisory, she joined SunCity as an accountant. During her tenure of service, she played a key role in the expansion of the Group from property development to property investment, leisure and hospitality, as well as the listing of the Group on the Main Board of Bursa Malaysia in 1996. In 1999, she was promoted to General Manager - Finance and transferred to Sunway Construction Berhad which was taken private 5 years later.

She was the Chief Financial Officer of the construction division of Sunway Holdings Berhad (formerly known as Sunway Holdings Incorporated Berhad) before assuming her current role with effective from 1 April 2008.

HO HON SANG

Chief Operating Officer – Property Development

(Sunway City Berhad)

Bachelor of Engineering (Hons), University of Malaya

Mr Ho Hon Sang started his professional career as an engineer with Esa Jurutera Perunding Sdn Bhd and was involved in the North South Highway project. In 1988, he joined United Engineers Malaysia Berhad as a Senior Manager till 1994. He has over 13 years of experience in the property development industry. He joined SunCity as an Assistant General Manager and was then appointed as the Unit Profit Centre Manager and also a member of the Board of Directors of Sunway Damansara Sdn Bhd. He assumed his current position in 2005. He has been a member of the Institute Engineers of Malaysia since 1988 and the Board of Engineers of Malaysia since 1989.

ONG PANG YEN

Senior General Manager – Project

(Sunway City Berhad)

B.Eng (Hons), LLB (Hons)

A graduate in Civil Engineering from University of Malaya, Mr Ong Pang Yen has served in the Public Works Department for 8 years before joining SunCity. Starting his career in the Group as a Resident Engineer in the Seberang Jaya Town Centre, he was soon after, deeply involved in the Group's pioneering overseas investment projects in Cambodia, Zimbabwe, South Africa and Australia. A qualified professional engineer, Mr Ong also has a Law Degree from University of London.

ONG GHEE BIN

Senior General Manager

(Sunway City Berhad)

B.Eng (Hons) in Civil Engineering, Certified Diploma in Accounting and Finance

Mr Ong Ghee Bin spent 4 years with a Civil & Structural Consultant Engineering firm prior to joining SunCity in 1989. Over the last 18 years with SunCity, he was involved in property development and property investment projects undertaken by the Group. Some of the projects he handled were the Bandar Sunway development, Sunway City Ipoh, Sunway Semenyih, Sunway Cheras, Menara Sunway HQ, Sunway College, Sunway Pyramid, Sunway South Quay, Monash University Sunway Campus and Sunway Pyramid Expansion. He is also involved in Sunway Velocity - a mixed commercial development in Cheras, Sunway Tower - Grade A Office Tower at Jalan Ampang, Sunway Corporate Precinct - Office Tower in Bandar Sunway and Office Suites Tower in Bandar Sunway.

CHAN HOI CHOY

Senior General Manager

(Sunway Pyramid Sdn Bhd)

Bachelor of Science (Honours) in Managerial and Administrative Studies, University of Aston, Birmingham, United Kingdom

Mr Chan Hoi Choy has with him more than 25 years of working experience in the shopping complex industry. He has held several senior positions in Berjaya Starcity (presently known as Times Square), Berjaya Megamall and Sungei Wang Plaza before joining SunCity. He has been an office-bearer for the last 15 years with Malaysian Association for Shopping and Highrise Complex Management (PPK). He is currently the Vice President for PPK.

JEAN JACQUES KIEFER**Group General Manager**

(Sunway Resort Hotel & Spa)
Professional Degree in Hotel & Restaurant Management,
Hotel School in Strasbourg, France

A French national, Mr Jean Jacques Kiefer has traversed the world as a top hotelier, including many years in Malaysia and Asia, bringing with him over 34 years of experience. In his role as Group General Manager, he oversees the 1,234-room property in Bandar Sunway. He is also active in a number of industry and community organisations. Fluent in French, English and German, he acquired several degrees and professional certificates from institutes in France, Canada and Cornell University in the United States.

HANLEY CHEW**Chief Executive Officer**

(Sunway International Hotels & Resorts)
Degree in Company Secretarial Practices and Financial Accounting, Institute of Chartered Secretaries & Administrators (ICSA), London

Mr Hanley Chew brings vast hotel and travel industry experience to SunCity, having spent 18 years in a number of key positions with international and local hotel chains. He last held the position of Vice President – Business Development, a role he took on in 2002 when he joined SunCity. He is responsible for the management of all hotels within the Sunway and Allson brands. He also has a key role in the development of new management contracts within the region. All global functions, regional heads and hotel general managers of the respective brands report to him.

CIRIOCO PUBLO RAJ**Chief Executive Officer**

(Sunway International Vacation Club Berhad)
PgDBA, MBA (Int'l Management) CFP, MMIM

Mr Cirioco Pablo Raj brings with him more than 21 years of extensive experience within a variety of industry sectors that include Insurance, Real Estate, and Travel and Tourism with specialisation in business consultancy, business development, and sales and marketing. He spent almost 10 years at Resort Condominiums International LLC (RCI), a leading timeshare exchange company in the world. He is a Certified Financial Planner, a member of the Financial Planning Association of Malaysia and a Member of the Malaysian Institute of Management (MIM). Mr Pablo is currently an EXCO member to the Malaysian Holiday Timeshare Developers Federation.

DR CHONG SU-LIN**Chief Executive Officer**

(Sunway Medical Centre Berhad)
MBBS London, MBA London

Dr Chong Su-Lin was a Medical Practitioner for 6 years at the National Health Service (NHS) UK before becoming a Management Consultant at Cambridge Pharmacy consultancy in England. She spent 4 years in Subang Medical Centre (SJMC) as the Director of Ancillary Services and 2 years as Project Director for the International Medical University (IMU). Dr Chong was the ex-Honorary Secretary to the Association of Private Hospitals of Malaysia (APHM). She currently sits on the APHM Board.

AARON SOO BOON CHOON**Chief Executive Officer**

(Sunway Lagoon Sdn Bhd)
Masters of Business Administration (MBA) from MIM – University of Bath, UK

Mr Aaron Soo first joined Sunway Group in 1996 and was the pre-opening General Manager of Sunway Hotel, Shenzhen, China in 1997 till 1998. He rejoined SunCity in 2002 to manage Sunway Hotels in Georgetown and Seberang Jaya, Penang, and had done tremendously well in improving the performance of the hotels. On 1 November 2005, he was promoted to Senior General Manager of the Leisure and Hospitality Division in SunCity. He now oversees Sunway Lagoon Theme Park and Lost World of Tambun, Ipoh.

JEREMIAH LIM**Chief Operating Officer**

(Sunway Travel Sdn Bhd)
Business Administration

A veteran in the industry with more than 30 years of experience. Before joining Sunway Travel Sdn Bhd, Mr Jeremiah Lim was the Manager - Branch Operations and Marketing of a subsidiary company to a leading Malaysia conglomerate. He has served as the Vice President for the Malaysia Association of Tourism and Travel Agents for 2 terms and continued to serve in various committees in the Association to actively bring progressive changes to the industry. He was instrumental in repositioning Sunway Travel as a key player in the local corporate travel business and expanding global networking through the alliance with GlobalStar Travel Management.





Key Business Segments

Property Development	40
Property Investment	46
Hospitality	50
Leisure	54
Healthcare	56

KEY BUSINESS SEGMENTS

PROPERTY DEVELOPMENT

Turnover
RM721mil

Operating Profit
RM158mil

Launches
RM1.7bil

Sales
RM1.3bil

Since SunCity's incorporation in 1982, the Company has since successfully delivered more than 20,000 properties, establishing its leadership through innovative products which continue to show value appreciation and exemplary customer service. The Company has grown stronger, pillar to pillar, with its successful business model and support base of strategically located landbanks with high development potentials. As at 1 October 2008, SunCity has an undeveloped landbank of 2,659 acres with an estimated gross development value ("GDV") of RM15 billion.

SunCity's flagship property is the multi-billion ringgit Sunway Integrated Resort City development, which encompasses 7 million square feet of the finest in retail, hospitality and convention, leisure and entertainment, healthcare and education facilities. No other destination in Malaysia can boast of providing such amenities and facilities within a stone's throw away.

The internationally-acclaimed Resort-Within-A-City will also see a strategic transformation with the development of SunCity's next iconic development, the RM5.2 billion project, Sunway South Quay, changing its landscape into an international lakeside metropolis.

Inspired by its success in Malaysia, SunCity has been exploring value-partnerships beyond the country with its strong credentials; while articulating its vision to be a regional and international player by 2010. SunCity, with its best-in-class industry practices has been able to establish its presence overseas in 4 countries, namely Australia, Cambodia, China and India.

SunCity's continuous commitment to value and innovation has made SunCity Malaysia's leader in property and resort township developments. The uncompromising aspiration to achieve the highest standards in quality and excellence in customer service has been the driving force behind all developments including the expansion overseas.

Most recently, the Property Development division found new ground in Malaysia with the launch of luxury projects such as Sunway Vivaldi and Sunway Palazzo, and in line with its focus on going green through sustainable development has also incorporated sustainable features in its key projects.

2008 MILESTONE:

Awards and Accolades

Known for its commitment to the industry and its achievements, SunCity has always been on the radar as a winning brand deserving recognition. SunCity is encouraged by its nomination and award at the recent Malaysia's Top Property Developers Awards 2008 conferred by Malaysia's leading publication, The Edge. SunCity has moved up in rankings this year and featured amongst Malaysia's top 3 property developers. This is a significant milestone in its continuing efforts to better our standards and also deliver greater value to its customers and key stakeholders.

The Company's top 10 position for the sixth consecutive year reflects its constant growth and evolution as a company which is always conscious of the specific needs of the industry and its people.

Record-Breaking Unbilled Revenue above RM1.2 billion and 2 En Bloc Sales

A condominium block in Sunway South Quay was sold en bloc to CI Korea Co. Ltd. in December 2007 for RM171 million. This condominium block known as Residential Condominium 4 (RC4), is situated on a 3.6-acre plot of land and will comprise 249 condominium units with various facilities. RC4 will be specially developed for the South Korean community.

At the same time, Sunway Palazzo Block B in Sri Hartamas was sold to Radiant Splendour Sdn Bhd for RM219 million in January 2008.

Both en bloc sales have enabled SunCity to achieve a record of unbilled sales of above RM1.2 billion in the first half of the financial year.



BayRocks Garden Waterfront Villa @ Sunway South Quay

KEY BUSINESS SEGMENTS

Key Launches in 2008

SUNWAY VIVALDI WITH A GDV OF RM735 MILLION

Sunway Vivaldi at Mont' Kiara is situated on 7.7 acres of elevated prime freehold land and comprises 228 condominium units. It achieved another benchmark price in the area with RM830 per square feet. Boasting an open layout concept of up to 4,000 square feet, this low-density development offers homeowners a resort-style living with ultra-modern facilities and convenience in a serene surrounding. It is inspired by the intrinsic beauty of music, conceived as the symbol of post-modern living and built to rigorous standards of sophistication.

VILLA MANJA @ SUNWAY SPK DAMANSARA WITH A GDV OF RM400 MILLION

Nestled within the affluent yet mature neighbourhoods of Taman Tun Dr Ismail, Bandar Utama and Mutiara Damansara, Villa Manja @ Sunway SPK Damansara offers 196 units of 2-storey semi-detached twin villas, complete with a central park beautified by a string of quality features. Expected to be completed by mid-2010, Villa Manja has an approximate GDV of RM400 million.

SUNWAY SURIAN AVENUE @ SUNWAY DAMANSARA WITH A GDV OF RM34 MILLION

Sunway Surian Avenue is located within the 400-acre of Sunway Damansara mixed development. It is well-served by a network of major highways such as the New Klang Valley Expressway ("NKVE") and SPRINT Highway. Strategically positioned within close proximity to the thriving neighbourhood of Mutiara Damansara, it is set to cater to the needs of the vicinity's ever growing population. Sunway Surian Avenue offers 23 limited units of 2-storey shop offices (22'x75') with high visibility and business exposure.



Villa Manja @ Sunway SPK Damansara



Artist's Impression of Sunway Vivaldi

Landbank Acquired in 2008

In 2008, SunCity has acquired landbanks worth a total of RM2.5 billion in GDV. SunCity's strategy of developing pockets of land in multiple locations continues to be a key strength. These landbanks were carefully selected after in-depth market research and have immediate development potential.

- Wisma Denmark, an existing Grade A office tower development along bustling Jalan Ampang in the KL Golden Triangle was acquired in May 2007. Comprising 2 office towers (Tower 1 and Tower 2), the development has been renamed Sunway Towers KL and will well-position SunCity to tap into the ever-increasing demand for office space within the KL city centre.
- Up north, SunCity recently acquired 28.6 acres of land in Penang with a total GDV of approximately RM194 million. These landbanks, located in Sungai Batu Dua, Sungai Ara and Batu Maung will primarily be dedicated to residential developments.
- On the overseas front, 2 landbanks have been acquired in Hyderabad, India and Jiangyin, China with GDV of RM380 million and RM473 million respectively.



BayRocks Garden Waterfront Villa @ Sunway South Quay

KEY BUSINESS SEGMENTS

Customer Satisfaction

The recently formed Customer Service Department under Customer Account Relations is setting the pace for SunCity to embrace a customer oriented culture among its staff and deliver excellent service to customers. This department is constantly on the alert, seeking for more meaningful and innovative community activities to delight customers and to help serve the community better.

The Customer Service Department has assisted the setting up of Residents Associations Committees in the residential townships developed by SunCity. The department also organises events for the residents to promote togetherness and improve the community's well being.

Focus group surveys involving the residents, developers, architects and consultants are also conducted to obtain feedback on the developments, in terms of the quality of the products and services rendered. The recently created Service Desk is another proactive move by senior management to reach out to residents. This move enables the management to rapidly assist residents on issues related to their new homes.



SunCity embraces customer oriental culture among its staff and deliver excellent service to customers.

Responsible Developer

As a responsible developer, SunCity has also initiated the establishment of Joint Management Bodies ("JMB") in SunCity's strata titled developments. SunCity goes a step further by demonstrating transparency, integrity and professionalism in complying with the new Building and Common Property (Maintenance and Management) Act 2007. Lawyers were engaged to conduct the nomination for the JMB and to field legal questions regarding the body while a professional accountant has been appointed to maintain the accounts and ensure a proper transfer of funds over to the JMB.

FUTURE PLANS:

- SunCity will continue to focus on the luxury segment with many new developments planned for launch, especially in Sunway South Quay. Our endeavour would be to create luxury spaces for both residential and commercial purposes; with international standards and global appeal.
- In line with its vision, SunCity will also continue to explore new frontiers and establish its foot-print beyond its current locations in India, China and Cambodia. Innovation and best-in-class practices will be the key to our success. Our regional credibility and joint venture partnerships in foreign markets will help us deliver real-value for our customers worldwide.



Sunway South Quay Lakeside Metropolis

KEY BUSINESS SEGMENTS

PROPERTY INVESTMENT

Turnover
RM218mil
 Operating Profit
RM455mil

Occupancy Rate
100% (Sunway Pyramid Mall)
92% (Sunway Carnival Mall)
 No. of Tenants
800 (Sunway Pyramid Mall)
161 (Sunway Carnival Mall)

SunCity has built a strong property investment division over the years, with assets including Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, Menara Sunway, Monash University Sunway Campus, Sunway University College and Wisma Denmark.



Sunway Pyramid Shopping Mall

After 10 years of success, Sunway Pyramid, the crown jewel of the Property Investment division has embarked on its next growth phase with the completion of its 1.5 million square feet gross built-up expansion in September 2007. Totalling 4 million square feet, the retail iconic landmark situated at Bandar Sunway echoed prevailing Egyptian architecture with contemporary interpretations making it the biggest thematic mall in the country. The Mall has increased its visitorship to about 2.5 million per month after the expansion.

The northern region saw the Group's newest mall, Sunway Carnival Mall, continue to add a whole new dimension of shopping experience. Located at Seberang Jaya in Penang, with a gross built-up area of 800,000 square feet, the stylish 4-storey Mall which houses 161 outlets with 8 cinemas remains a favourite destination for all.

Banking on its successful expertise in successfully managing 2 shopping malls, the Group had also exported its mall consultancy services to 2 emerging malls in Shenzhen and Chong Qing, China. The Holiday Plaza in Shenzhen was opened to public in September 2008.



Marrakesh at Sunway Pyramid Mall



Sunway Pyramid Mall's Oasis Boulevard

2008 MILESTONE:

- Sunway Carnival Mall opened in July 2007 offering a net lettable area ("NLA") of 500,000 square feet retail space in Seberang Jaya, Penang.
- Sunway Pyramid's expansion offering a total gross built-up of 4 million square feet was completed and opened to public in September 2007.
- Since January 2008, Sunway Pyramid installed Malaysia's first Carpark Guiding System that has an indication of red and green lights that allows motorists to locate vacant carpark bays with less hassle.
- The opening of 5 shopping precincts in the retail haven Sunway Pyramid – Fashion Central, Oasis Boulevard, Asian Avenue, Marrakesh and Kidz Zone for the ultimate shopping experience.
- Sunway Carnival completed a convention centre in the second half of 2008 to serve the growing Meetings, Incentives, Conventions, Exhibitions (MICE) needs of business travelers in the northern region.

FUTURE PLANS:

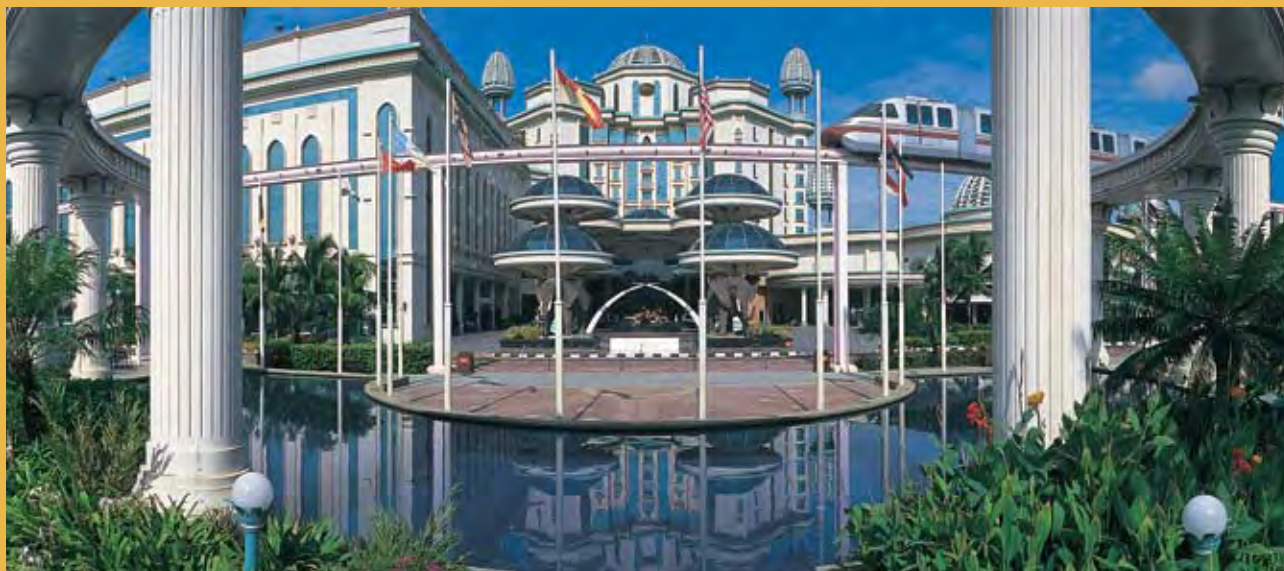
- To add a 28-storey block of small-office-home-office (SOHO) and commercial tower with NLA of 300,000 square feet adjoining to Sunway Pyramid Mall.
- Development of Sunway Corporate Precinct with NLA of 550,000 square feet adjoining to Menara Sunway.



Artist's Impression of Sunway SOHO Suite

KEY BUSINESS SEGMENTS

HOSPITALITY



Sunway International Hotels & Resorts manages a collection of 15 hotels and resorts under 2 hotel brand names namely Sunway Hotels & Resorts and Allson Hotels & Resorts in Cambodia, Indonesia, Malaysia, Singapore and Vietnam; representing up to 3,000 guestrooms. Its international portfolio of hospitality products and services ranges from 5-star hotels with world-class convention, meeting and exhibition facilities, luxurious villas, serviced apartments and suites, 4 and 3-star hotels to technical services, travel services, franchise management as well as hotel marketing affiliation services.

No. of guestrooms

1,234

Room occupancy

81%

Turnover

RM158mil

Operating Profit

RM50mil**2008 MILESTONE:**

- The Ministry of Sound London's first EUPHORIA branded nightclub opens next to the flagship 5-star Sunway Resort Hotel & Spa. A revolutionary brand that showcases the finest dance music entertainment for the 21st century; set to invigorate Kuala Lumpur's entertainment scene with a robust and compelling nightly entertainment line-up. EUPHORIA provides fans access to the Ministry of Sound's vast range of dance music, world class DJs, global tours, events and an international dance club experience that are enhanced by a world-class custom-designed sound system.
- The pillar free 25,000 square feet Sunway Carnival Convention Centre in Seberang Jaya, Penang opens on Level 4 of Sunway Carnival Shopping Mall. The 25,000 square feet convention centre features 3 separate halls making it ideal for banquet dinners, wedding receptions, exhibitions and/or conferences with a capacity of 30 to over 1,000 persons.
- New to the network of hotels are 2 properties in the historical city of Siem Reap, Cambodia, the 3-star 192-room Allson Angkor Hotel Siem Riep and the 4-star 169-room Allson Angkor Paradise Hotel Siem Reap.



Entrance of Ministry of Sound - Euphoria



Newly renovated room at Sunway Resort Hotel & Spa



Allson Angkor Hotel Siem Riep (Managed by Sunway International Hotels & Resorts)



FUTURE PLANS:

- An integrated wellness spa resort in Sunway City Ipoh is set to open in April 2009. Propelled by the growing wellness and spa trends and emphasising a higher level of natural wellness, nutrition, health and personal care, the 5-star luxury Rainforest Hot Springs Spa Resort is set to establish a new benchmark in the wellness industry in the region. The resort is situated on a 56-acre valley fringing a cluster of towering 400 million year old limestone hills, the resort's grounds feature an amalgamation of natural caves, pristine jungle, waterfalls and geothermal hot springs that combine to make it a self-contained sanctuary featuring 25 luxury villas and a holistic wellness spa.
- Having completed the upgrading of guestrooms, the Grand Lagoon Ballroom, Sunway Pyramid Convention Centre and all the function rooms in the hotel, the next phase of upgrades would see the Sunway Resort Hotel & Spa's food and beverage outlets with new concepts and brands introduced, focusing greatly on ambience, service and food quality as well as ensuring adherence to global quality standards. A refreshed hotel lobby will further present a new sense of arrival redefining the overall hotel experience.
- Sunway International Hotels & Resorts are working with several partners regionally in seeking hotel acquisition and management opportunities in Cambodia, China, India, Indonesia, Malaysia, Saudi Arabia, United Arab Emirates and Vietnam.



Grand Ballroom of Sunway Resort Hotel & Spa

KEY BUSINESS SEGMENTS

LEISURE



Surf Beach at Sunway Lagoon



Extreme Park at Sunway Lagoon



Cameroon Climb at Lost World of Tambun

Winner of Asia's Best Attraction Award for 2 consecutive years, Sunway Lagoon maintains international recognition as an award-winning tourist landmark and a venue for adventure and fun. Sunway Lagoon has progressed to be the biggest and most successful multi-attraction destination in Malaysia, with its 5 signature parks - Water Park, Amusement Park, Wildlife Park, Extreme Park and Scream Park.

Another leisure landmark is in Tambun, Ipoh called the Lost World of Tambun, a fully themed water park that appears to emerge from the surrounding limestone hills and vibrant jungle. What was once a valley of old has now exploded to life with the river of adventure, raging waterfalls, rushing rapids, majestic cliffs, magnificent tigers, ancient caves and hot springs with ancient therapeutic element.

Park Size
128 acres

Visitorship
1.6mil

Turnover
RM113mil

Operating Profit
RM32mil

2008 MILESTONE:

- The opening of another major attraction at Sunway Lagoon, Scream Park with "4 New Adventures in the Dark!" and featuring "Prison Break LIVE"! send chills down your spine with the heart pounding audio, hidden special effects, smoke, mirrors and scare chambers with live inmates and zombie ushers.
- Sunway Lagoon is the preferred venue for major events, annual dinners, family days and concerts held during the year. For example, the 50th Merdeka Big Splash with NSTP Group, Quiksilver Revolution Tour and TVB's Junior Idol Contest.
- At the Lost World of Tambun, a new attraction called the "Explorer" was added into the kiddie's pool in early 2008 while the Tiger Valley saw the birth of 3 new Siberian tiger female cubs which marks our third generation of Siberian tigers.

FUTURE PLANS:

- To further boost profits from the Leisure industry, focus will be placed on increasing revenue in the International and Tour markets, Events and Corporate functions.
- The Extreme Park will undergo future expansion through the inclusion of new attractions such as Bungee Jump, Multi Trampoline and Go-kart track.
- The first ever man-made sandy surf beach in Malaysia at Sunway Lagoon will be added with an exciting Audio Visual Laser Show to enhance its attraction for local and international events.



Wildlife Park at Sunway Lagoon



Scream Park at Sunway Lagoon



G-force at Sunway Lagoon

KEY BUSINESS SEGMENTS

HEALTHCARE



In line with SunMed's motto "Improving The Lives We Touch", SunMed offers a comprehensive range of acute, tertiary level medical services as well as preventive and wellness care. SunMed is an ISO 9001:2000, MS ISO 15189 and Malaysian Society for Quality in Health (MSQH) accredited private hospital. SunMed's expansion of the hospital will transform the existing 1 tower block to a fully built-up hospital with 5 wings - West Wing, Tower Block, East Wing, East Wing Link and a Multi-Storey Carpark Building.

Specialist Consultation Suites

59 clinics

Beds

207

Turnover

RM 104 mil

Operating Profit

RM 6 mil

2008 MILESTONE:

- The launch of SunMed's first 'satellite' clinic, the SunMed Specialist and Wellness Clinic in Wisma Perintis, Bukit Damansara was officiated by the Minister of Health on 10 May 2008.

FUTURE PLANS:

- The expansion of the hospital will increase inpatient bed strength from the current 207 beds to a total of 335 beds; from 59 specialist consultation suites to a total of 90 and from 6 Operating Theatres to a total of 12. Construction of the new blocks will be completed by December 2008 and internal renovations and refurbishments will be completed by June 2009. SunMed will celebrate its tenth anniversary in November 2009 in the newly completed building.
- An Integrated Learning & Resource Centre ("ILRC") will be set up on the upper floor of the new multi-storey car park building of SunMed. The ILRC will house a multi-purpose hall/auditorium with seating capacity for 250 people, with audio-visual links to the Operating Theatres to enable live-relay of surgeries.



Opening of SunMed Specialist and Wellness Clinic at Wisma Perintis by Datuk Low Tiong Lai





Excelling in Safety is Our Priority

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Quality Assurance in Our Deliverance

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Corporate Responsibility

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EXCELLING IN SAFETY IS OUR PRIORITY

SAFETY STATEMENT

SunCity is committed to providing a safe and healthy workplace to all employees as well as those involved in our daily business activities. In this regard, SunCity will strive towards ZERO life loss and is committed to complying with the provisions of the Occupational Safety & Health Act 1994, its regulations and all the approved codes of practice by:-

- Identifying all hazards, assessing the risk and controlling them.
- Ensuring that all heads of operating companies are committed to strive for continuous improvement as per Occupational Safety & Health standards in their respective organisations.
- Ensuring that all companies comply with the Occupational Safety & Health laws, its regulations and approved codes of practice.
- Maintaining all occupational safety and health documentations and conduct periodic reviews on its effectiveness.

SunCity shall continuously strive towards achieving the Occupational Safety & Health excellence through training, supervision and support to ensure a safe and healthy work environment.

SunCity puts safety first and prides itself on world class safety standards, creating and maintaining a safe and healthy working environment for all its employees. Whilst it is the responsibility of everyone to contribute to delivering excellence in operational and business performance, our fundamental is safety. The Occupational Safety & Health ("OSH") system implemented throughout SunCity Group focuses on safety and health policy, safety trainings for employees and conducting medical surveillance. Our OSH system integrates both hardware and software aspects within the workplace.

Safety performance encompasses the safety of our customers as well, ensuring that every component within the Group complies with all safety laws, regulations and standards to maintain high safety standards. All Health & Safety personnel are sent for trainings and seminars to be well equipped and up-to-date with the current changes in safety standards. In addition, regular checks and maintenance by authorised safety bodies on all safety gadgets, safety drills and briefings to all employees are also carried out to instill the importance of maintaining high standards on safety.

SunCity's focus and concentration on safety has been proven by the many OSH awards that have been won. Sunway Resort Hotel & Spa won the National Excellence OSH Award 2004 and 2006 for having achieved the highest score after undergoing several stringent process and audit exercise in the Hotel & Restaurant category. SunMed portrayed the same excellence in OSH by winning the Silver Award in the National Excellence OSH Award 2004 and 2006 in the Business Services category.

Safety in our workplace - our employees receive safety training in our facilities. They participate in safety drills and are constantly updated with new safety procedures. To contribute to organisation-wide safety improvement, we share best practices and lessons learned among our Group and industries. We emphasise the importance of strong safety leadership to our employees to further strengthen our safety culture.

QUALITY ASSURANCE IN OUR DELIVERANCE

Promoting, practising and maintaining high quality standard in whatever we do. With these as our principles, SunCity adopts the Total Quality Management System ("TQMS") in every industry and aspect of work. Continuous work process improvements are applied throughout the Group by way of planning, organising and empowering each individual in doing things right the first time every time. The TQMS in SunCity is organisation-wide and is steered by the senior management.

SunCity proves its excellence in quality through the ISO accreditations received. SunCity's Property Development division, well known to provide quality and aesthetic design developments, is accredited the MS ISO 9001:2000 Quality Management Systems – Requirements in the Development of Residential, Commercial and Industrial Properties. This certificate was accredited since 26 September 1997.

In the healthcare industry, services of high quality are very much sought after by society. With this in mind, the management team in SunMed constantly drives its employees to provide the best service and care to all its patients, and is well supported by the latest medical equipments. SunMed's diligence is awarded by being the first medical centre to be awarded the MS ISO 15189 for meeting and exceeding the requirements for "Fields of Medical Testing: Chemical Pathology, Haematology & Medical Microbiology" by the Department of Standards Malaysia. This certifies that SunMed's medical laboratory has quality management system, adheres to examination procedures and fulfills the accommodation and environment conditions that comply with Good Lab Practices requirements.

SunMed was accredited by the Malaysian Society for Quality & Health for having recognised the continuous quality improvement in health services provided and compliance with the Malaysian Hospital Accreditation Standards with respect to Organisation and Management, Human Resources Development and Management, Policies and Procedures, Facilities and Equipments, Quality Improvement Activities and Special Requirements.

Another accreditation for SunMed is the certification of ISO 9001:2000 for the Provision of Primary, Secondary and Tertiary Healthcare services. This certification by SGS United Kingdom and United Kingdom Accreditation Service was accredited since 11 April 2003.

This year, SunMed is proud to be a winner of the Anugerah Industri Selangor ("AIS") 2007 Quality Management Excellence Award organised by the Selangor State Investment Centre Berhad. This award recognises high-performing achievers from different industries in Selangor that have collectively contributed to the overall development of Selangor, and have helped garnered national and international recognition. AIS is an added incentive given by the Government to effectively spur these outstanding industries to upgrade their quality and services.

QUALITY STATEMENT

SunCity is committed to be a Customer Intimate Organisation by consistently providing positive customer experience through the support of competent employee, total involvement, operational excellence, continuous measurement and improvement.

The TQMS model is based on the 5 Pillars of Total Quality Management:

CUSTOMER FOCUS

(meeting requirement)

We satisfy the needs of our internal customers (Employees) in order to meet the requirements of external customers. We evaluate the feedback from our employees as well as our customers and seek opportunity for continuous improvement.

TOTAL INVOLVEMENT

(taking responsibility for quality)

The responsibility of every SunCity staff has been clearly defined. Everyone in SunCity is responsible for the quality of his output. Extensive time has been spent in cultivating the quality concept throughout the organisation through poster campaign, education, training and workshop at all levels.

SYSTEMATIC SUPPORT

(leading & reinforcing)

We plan, continuously provide and review all resources or infrastructure to support the quality effort. Chief of which is the Annual Business Planning, ISO Standard Operation Manual, Work Instruction and Knowledge Portal.

MEASUREMENT

(monitoring quality)

We measure our organisation and individual performance in relation to the company and quality objective.

CONTINUOUS IMPROVEMENT

(preventing & innovating)

We improve constantly on ways to prevent problems, to make improvement and to serve customers better.

CORPORATE RESPONSIBILITY

At SunCity, we continue to promote transparency and accountability through our reporting. SunCity takes interest in making a difference towards customers, shareholders, employees and other stakeholders through our Corporate Responsibility ("CR") initiatives. We are able to appreciate the benefits of practising and maintaining good CR reporting. We work together to help build stronger local communities, preserve our environment, create a great workplace, promote diversity and response to our customers' health and wellness needs.

Good CR practices attract quality investors and meet the challenges posed by increased competition for markets and capital. Therefore, our CR initiatives are driven by top management and supported by all components within the Group. SunCity also participates and supports the CR initiatives driven by the Sunway Group.



Preserving the Environment for Our Future

SunCity has not only shown strong financial performance for the year, but also strong environmental and social performance. A collection of recyclable materials was used to build the largest masterpiece of the Sunway logo to enter the Malaysian Book of Records.

The Sunway Group drives the green initiative to all its subsidiaries. Concerned about the climate change that has affected many countries in the world, SunCity plays its part in preserving the environment in any way possible. With this culture inhibited in all components within SunCity Group, many environmental activities and initiatives have been carried out. SunCity's Property Management division has been constantly maintaining Bandar Sunway Integrated Resort City surroundings having spent more than RM3.4 million from September 2005 to December 2007. Rectification works done include road repairs and maintenance, waste collection, replacement of street lights, cleaning and upgrading of signages. More than half of the expenditure has been spent on upgrading and maintaining the landscaping.

SunCity's other iconic developments not only feature modern architectural design, but also emphasise on continual product innovation with well-landscaped resort townships.

Sunway Pyramid, SunCity's first themed shopping mall, not only keeps up with the tide of trends hitting shopping malls these days, but is also complying with 'green' regulations - preserving our environment for a sustainable future. One of the steps taken was the placing of recycling bins around the mall. They come in "threes" (a bin each for paper, glass, plastic/aluminium) and are easily distinguished by their metallic silver, cylinder-shaped bins. On top of this, an Alam Flora Buy Back Centre has been set-up in the mall premises. This provides convenience to customers and tenants in bringing their recyclables to be recycled.

Besides having the Alam Flora Buy Back Centre at Sunway Pyramid, Kelab Sukan Sunway ("KSS") also organises monthly pick-up of recyclables at Menara Sunway. In promoting a sustainable green environment, recycling programmes have been a big hit with SunCity staff since it started in 2003. Temporary recycling facilities and centres are set up on a monthly basis, which now collects up to 300,000 kg of recyclable waste a year, a sizeable achievement to date relative to the collection of 56,056 kg in its first year of operation. Cash prizes are awarded for each month's highest contributor to encourage and instill the culture of recycling in all Sunway employees.



Cheer and Laughter in Our Hearts

Our commitment to community is to bring cheer and laughter to their hearts and contribute positively towards them. As a responsible corporate citizen, SunCity always seeks avenues in which it can contribute to the community through 4 areas – social responsibility programmes, nation-building activities, environmental conservation and community lifestyle enhancement. In kind or in strength, through grants or sponsorships, SunCity has always participated, supported and organised various community and charity programmes.

“Safe City Initiative”

The Bandar Sunway’s “Safe City Initiative” is aimed at making you feel safe in your neighborhood and community. The project started in 2001 and has today proven to be extremely effective. The partnership between the Royal Malaysian Police, Malaysia Crime Prevention Foundation, the Selangor State Government and the Sunway Group has not just reduced crime rate, but also infused the township with an ever-growing spirit of togetherness with safety at the heart of it all. This strategic alliance has reduced the incidence of crime in Sunway area.

Under this programme, the police and Sunway Group’s security personnel provide 24-hour joint patrols to safeguard the Bandar Sunway community. Residents and patrons of this township will be glad to know that of the 800 over security personnel employed, 83 of Sunway’s security personnel have been accorded full-fledged Auxiliary police status. The Auxiliary Police Unit of Sunway Group consists of civic minded officers who don virtually the same uniform as the Royal Malaysian Police Force in order to serve as “eyes and ears” for the police.

Sunway Damansara Sdn Bhd, a subsidiary of SunCity, reaffirms its commitment to the safety of the Kota Damansara community with the handover of a police station. The Kota Damansara Police Station will help facilitate a safer living environment for its 100,000 residents. The handover of the Kota Damansara Police Station symbolises SunCity’s unflinching commitment in advocating a crime-free community.

Community Health Awareness

In Healthcare, to educate the masses on serious health issues covering symptoms, diagnoses, prevention and cure, SunMed hosts free weekly forums to promote public awareness to address various health concerns in our society today. In hopes of inculcating awareness in the young, the hospital also has a special club for obese children.



SunMed has recently launched the LEAN Club (Life-changing Education through Activity & Nutrition) aimed at young children and teenagers who are overweight, in an effort to reduce the risk of obesity-related chronic states such as Diabetes Mellitus and Heart Disease. The LEAN approach is a multi-disciplinary, holistic and integrated one. It encourages healthy eating habits, healthy lifestyle changes and to have improved physical activity and a positive body image.

The LEAN Club believes in using an integrated approach combining professional intervention, fun physical activity, advice and follow-ups. The programme helps each family to identify simple changes that can be made from household nutrition to shopping habits. Children and teenagers are given proper coaching on sport activities. Families are also given cooking classes on how to prepare healthy meals and making the right choices of food through nutrition education.



Cheer and laughter in our hearts



Safe City Initiative



CORPORATE RESPONSIBILITY

In support of this initiative, the Sunway Group has contributed by allocating RM100,000 to sponsor 60 such children for a year-long programme.

The LEAN Club recently held its second Supermarket Challenge at Sunway Pyramid's Jusco Supermarket. The exercise presented 29 overweight youngsters and their families with the task of shopping their way to a healthier lifestyle. The LEAN Club Supermarket Challenge started off with a guided supermarket tour by SunMed's team of dietitians. Following that, the youngsters were given an hour to start stocking their shopping baskets while answering a short list of questions provided.

The winning team for this round of the LEAN Club Supermarket Challenge comprised Rachel, Terence, Mustafiq, Mohd Danial and Sydney from the BREAD group, who were selected for having the basket that best fulfils the main guidelines of a healthy diet – balance, moderation and variety.

A day of fun with children from Yayasan Salam Malaysia

65 children from Yayasan Salam Malaysia were treated to a day of fun and laughter at Sunway Integrated Resort City, organised by KSS during the festive season in December 2007. Yayasan Salam Malaysia is a home established to care for children from the streets of Chow Kit. About 30 volunteers from KSS were able to bring cheer on the children's faces and excitement for a day when they were treated to a movie at Tanjong Golden Village in Sunway Pyramid followed by a scrumptious dinner at the Pyramid Tower Hotel. To top it all, they went home with brand new school uniforms and school shoes for the 2008 school term among other Christmas goodies.

SunMed brought their care and love beyond the hospital premises through a surprise visit to the Yayasan Salam Malaysia centre located at Chow Kit road. Free health checks were given to 50 needy children who were at the centre. The children were surprised and knew that they weren't anticipating a party as SunMed's team of doctors, nurses and laboratory specialists came in with weighing scales, bottles and various boxes. Simple health checks which included height and weight checks, blood and urine tests were carried out and it was a much needed one for the children.

Sharing Festivals

Even with the expansion of the existing mall throughout the year, Sunway Pyramid Shopping Mall embarked on a series of charitable causes ranging from specialised outings, exclusive premiere shows and donations whenever possible. This is in line with the principle of giving back to society, especially those who are underprivileged and orphaned.

Among the non-governmental organisations the Mall worked with included:-

- Masjid Al-Husna
- Rumah Gembira
- Rumah Charis
- Praise Emmanuel
- Rumah Kanak-kanak Angel
- Rumah Shalom Puchong
- Bellevue Residential Home Care
- Wesley Home
- Children Wish Society of Malaysia

Most notable was its effort in organising an outing for orphans during the Hari Raya festival where the children were given a makeover of new clothes and hairdo while being entertained by Akademi Fantasia artistes. In another charitable course, underprivileged children were also treated to a Christmas outing in the Mall's Blue Concourse which hosted the first-ever Christmas celebration in the all-new Sunway Pyramid.



Supermarket challenge at Sunway Pyramid's Jusco Supermarket organised by the LEAN Club



Yayasan Salam Malaysia Dinner at Pyramid Tower Hotel

Through a meaningful collaboration with Children Wish Society of Malaysia ("CWS"), the wish of a 6 year old boy, Mohamad Nurazhar Mohamad Rusli who suffered from Acute Lymphoblastic Leukemia for a Play Station 2 was also fulfilled by the Mall in a special arrangement where the staff of Sunway Pyramid together with CWS Executive Director, Allan Hubbert paid a special surprise visit to present the gift to him. CWS is a registered national charity organisation with the objective to grant wishes to children afflicted with terminal diseases.

Job Placement Programme

Recognising that every person deserves a chance to feel a sense of belonging and purpose in society, the Sunway Group runs a Job Placement Programme endorsed by the Education Ministry of Malaysia. Special needs students from the Sunway-sponsored SMK Bandar Sunway are exposed to the real working environment with guidance and assistance from experienced personnel. The ultimate goal is to develop their full potential and achievements and attain basic work-related skills and ethics. Upon graduation, these students are placed out in jobs with various SunCity's subsidiaries, where they are able to progress as independent members of society's workforce.

The Sunway Group's Job Placement Programme has recently taken in the third batch of special students, comprising 12 students in April 2008 for a duration of 6 months. These students have been placed in various SunCity's subsidiaries to commence their job training in Sunway Resort Hotel & Spa ("SRHS"), SunMed, Sunway Pyramid and Sunway University College in Bandar Sunway.

2 students were placed in SRHS's Matahari Café where they are trained on various areas pertaining to the buffet line. This includes learning to set up the salad and dessert section, tagging of food items, keeping the buffet line clean, replenishing food, clean trays and cutleries, and many more.

Having taken 2 students each for the past 2 batches, Sunway Pyramid increased its commitment to the Job Placement Programme by taking in 4 special students from this 3rd batch. The students were given the "Cleanliness Ambassadors" designation as compared to the previous batches which saw the students being engaged in producing meticulously wrapped gift boxes. A team of 2 special students would walk around the Mall every hour wearing proper attire for identification and hygiene purposes ensuring the cleanliness of the Mall. Non-messy litters can be picked and disposed off by this mobile squad.

SunMed took under its wings in total another 4 students for their Food & Beverage Department and Housekeeping Department, 2 students each respectively. The students at the Food & Beverage Department are in charge of stewarding the cleanliness of the kitchen and assist in cleaning, cutting, portioning and storing raw materials. In the Housekeeping Department, students are exposed to the general knowledge on safety and hygiene, dirty linen segregation, folding clean linen, basic linen inventory and keeping the cleanliness of the housekeeping office.

The remaining 2 students underwent a 3-month training and practical at the School of Hospitality in Sunway University College, and another 3 months practical at SRHS's Pastry Kitchen. Besides learning the methods of cookery, appetizers, savories, soup, salad and baking skills, the course content also includes kitchen safety, stewarding, receiving and storing of raw materials.

This third batch special students will be completing their Job Placement Programme in November and a joint graduation ceremony with the second batch of students will be held. This day will mark yet another joyous occasion for the students and a success of the programme.



Job Placement Programme for special needs students



Sharing Festival: Outing for orphans during the Hari Raya Festival

CORPORATE RESPONSIBILITY

Bowling Tournament Practices

The Sunway Group extends their CR efforts by creating social opportunities for special children in the society to develop their social skills. The bowling Tournament Practices programme instills the sporting spirit and awareness of active lifestyle among teens with learning disabilities. This programme provides bowling practices to special students from SMK Bandar Sunway at the Pyramid Megalanes in Sunway Pyramid. The objective of this programme is to train special students with interest in bowling to qualify for Anugerah Remaja Perdana Rakan Muda and participate in the Special Olympics.

The programme, in its second year running, has taken in another 30 special students for this practice programme. The bowling practice duration is for 6 months where students are trained to qualify for Edinburgh Award. The Edinburgh Award is given to special students who have spent about 4 to 6 months on a selected sporting activity, charting the progress made during that time period and showing improvements in areas such as application, technique, skill, tactics, fitness, and knowledge on rules and safety.

FOSTERING TALENT IN OUR WORKPLACE

SunCity believes that human capital is an important and essential asset that powers the development and growth of our community and country. Embedded with this belief within the organisational fabric, SunCity continues to attract high potential professionals and foster new talent where its employees and leaders are treated as the Company's source of success, resilience, growth and inspiration.

The diversity of SunCity's industries results in a more specialised recruiting needs. However, creating a safe working environment, respecting human differences and promoting professionalism are all part of SunCity's focus in promoting a conducive work place in every industry. SunCity invests in its people in terms of providing training and development, supporting their health and well-being, and providing them a safe and secure environment.

TAKING THE LEAD WITH HUMAN CAPITAL DEVELOPMENT (Property Development)

Being one of the leading property development corporate entities in the region, SunCity's Property Development division ("PDD") has always been a strong supporter of its human capital. Constantly on the look out to attract, recruit and retain the right talent for the right job.

Talent Attraction and Acquisition: We are always searching for the right talent which will provide a right fit for the Company. One of the tools used in selecting the right talents is the Focus Behavioural Interview. This is a technique used to identify talents based on their competencies and behavioural traits which we believe are essential for success in a particular job. One successful way for attracting talents is through the participation in career fairs to recruit suitable, talented candidates who seek career development locally and internationally.

Talent Engagement: Work hard and play hard have always been part of SunCity's culture. Various Teambuilding, both departmental and inter-department have been organised to build and bond employees together.

The methodologies implemented to understand and gain information from the employees about how things can be improved is the "Stop Look Go". This new approach is used to identify what should we stop doing, what should we look into and what should we go on doing. Another approach is the Workout Great Place to Work ("GPTW"). GPTW approach is about:

1. Changing the work environment with ideas and solutions that will make employees want to willingly do their best.
2. Improving productivity, the simple premise is "Happy employee is a productive employee".
3. Employee Retention, if we don't reach out to our employees to align and cater to their values and interest, they are not going to stay with us.



Bowling Tournament Practices for special students from SMK Bandar Sunway at the Pyramid Megalanes in Sunway Pyramid



Career Fair

Talent Management: Electronically enabled Managing for Excellence ("eMFE") was introduced in SunCity's PDD in 2007 as one of the tools to measure employees' annual performance. eMFE is divided into 3 stages: 1) Pre-planning; 2) Mid Year Review; and 3) Final Year Review. eMFE is a structural performance review, incorporating the Balanced Scorecard concept to ensure that the annual performance review is conducted with objectivity and commitment in line with the Company's strategies and allows for 2-way communications.

Talent Development and Retention: SunCity's PDD Training Institute was launched on 29 February 2007. It is a commitment from the Company to individual, team and professional development. A regular, fortnightly sessions are scheduled on Fridays. It is used as a platform to dive "People and Processes Excellence" by creating alignment and readiness. The launch of this Institute is a testimony of SunCity's commitment to foster trust, initiative, creativity and mutual respect among employees and provide opportunities for personal development through continuous training.

The various talent development programmes used in developing its talent pool are Sunway Managerial Advancement Recruited Talents, Young Hi-Po Development Programme ("YHDP"), Management Development Programme ("MDP") and Hi-Po Development Programme ("HDP"). Succession Planning is of great importance in SunCity as we believe this ensures that an organisation has a strong talent pipeline to assume key leadership positions to meet current and future business needs.

QUEST FOR TALENTS

(Property Investment)

The pool for human capital is ever shrinking in Malaysia, more so talents within the pool. Faced with competition in the shopping mall industry as well as other industries, Sunway Pyramid is focusing its attention to strategies in attracting new as well as retaining its existing human capital.

Sunway Pyramid: Balancing Internal and External Human Capital

Finding the correct balance in both internal and external human capital is essential for Sunway Pyramid in sustaining the demands for human capital as the Company continues to grow commercially. The internal talents will contribute strongly in ensuring the Sunway Pyramid legacies are not lost, and at the same time external talents will contribute to every increasing innovation with the injection of new blood.

The Company constantly reviews its tactical approaches to ensure that there is alignment to the ever-changing face and demands of Malaysian human capital. For existing human capital, plans are in place to ensure human capital development continues to take top priority to ensure that everyone is kept abreast in both soft and functional skills related to the industry.

Today, to retain top talents requires the Company to look at making the work environment more lifestyle, and at the same time develop a more competitive remuneration package for talents. Focus is also given to identifying talents as well as executing the succession plans of the Company, as existing human capital grows with the Company.

Career opportunities as well as excellent human capital programmes have also been beefed up to ensure Sunway Pyramid continues to attract some of the best in Malaysia to work with the Company.

In aligning its human capital with the business, robust programmes have been developed to ensure that the face that represents the Company to the customers and tenants are professional in their business approach as well as highly service oriented.



SunCity's Teambuilding



SunCity's Training Session

CORPORATE RESPONSIBILITY

TEAM SPIRIT AND LEADERSHIP

(Hospitality)

In the Hospitality industry, SRHS's employees thrive in an exciting and enriching working environment that embraces innovation and sets the pace of change. Many initiatives in engaging with our employees were organised to obtain feedback, suggestions and address all their concerns and queries. These initiatives also serve as a platform for the management to update them on the current business trend, year to date business performance and the customer satisfaction matrix. Examples of the initiatives are Quarterly Staff Dialogue, Bi-weekly lunch with the Group General Manager & Resident Manager, Questionnaires / Queries which are sent via e-mail, Employee Community Portal and Monthly Birthday Bash.

SRHS's support learning as a continuous process of gathering knowledge, skill, attitude and values to contribute towards our strategic plan. As the demands for excellent hospitality service increases, we are committed towards developing talents and moulding our people to deliver the unique and inimitable Sunway's warmth to our guests. We have embarked on the "Service of Distinction" training to enable our employees to learn more about the Best Practices in providing first class, pleasantly impressive service to our guests. This training also equips them with the necessary knowledge on managing guests and handling challenges ahead.

SRHS has implemented "The Market Metrix" as a new strategic measurement tool to cultivate high performance culture. This is an electronic method to survey our customers on their experience and providing analysis. It has been designed to measure overall satisfaction from rooms, amenities, dining, emotion and customer problems and also capture service compliments. Our minimum target for customer satisfaction is 85% and it's 35% weightage in our annual Key Performance Indicator.

SRHS also has a Practical Training Programme which is designed to acquaint students with the dynamics of Hotel Management. The comprehensive and structured programme allows the hotel to identify and recognise the trainee's employment potential, which may lead to placement after graduation.

GROWING THROUGH LEARNING

(Healthcare)

The demand for quality healthcare services is rapidly rising. SunMed embraces this challenge by developing a learning approach and culture in cultivating its human resource development. "Learning" is in fact one of SunMed's 4 core values (the others being 'Integrity, Compassion and Respect'). SunMed holds monthly communication sessions with its employees in a forum called the "Employer Employee Communication Group" during the year to engage them in a dialogue with top management on areas ranging from customer feedback, inter-departmental workflows, patient safety practices to updates on company events and plans. Organisational climate surveys followed by focus group questionnaires are conducted across the board to gather feedback on areas of improvement in teamwork, leadership and management and ethical culture. SunMed has also adopted the Change Acceleration Process ("CAP") workout, learnt from General Electric. CAP workouts are run by SunMed's own managers and senior managers to enable accelerated change processes within the organisation.

Employees are actively encouraged to continuously upgrade their technical, clinical and managerial competencies through attendance at Continuing Medical & Professional Development programmes to ensure human capital competitiveness. In addition, SunMed also provides sponsorships to fresh school leavers for Diploma in Nursing courses and financial assistance to existing employees to upgrade their profession to Degree holders.

Having implemented a profiling and Behavioural Event Interview technique for managers and above, SunMed is able to refine the selection process of key leadership positions to match the desired competencies required. The performance and reward system take into account both achievement of key result areas and demonstration of behavioural competencies.



"Service of Distinction" Training

ONE FAMILY IN LEISURE

(Leisure)

The Leisure industry entails fun, excitement and most importantly, excellence in customer service. Every employee is important and contributes equally to the success of the theme parks. This success has been proven, having won the IAAPA Asia's Best Attraction Award for the second year.

"Customer Service Excellence" was chosen as the in-house training theme for this year. 4 programmes were developed to facilitate and enhance the training and development provided to all employees. The programmes developed are: -

1. Staff Induction Programme and Refresher Programme
2. Skill Training – Train the Trainer
3. Telephone Communication Skills
4. Be My Guest

These programmes were developed to further enhance the skills and knowledge of employees to deliver excellent customer service. The induction programme was crafted for new staff and the refresher programme for current staff; both programmes include detailed company information. The programme "Skill Training – Train the Trainer" was designed to train supervisors from various departments for them to better lead and train staff under their charge.

For the programmes "Telephone Communication Skills" and "Be My Guest", operational staffs improved on and developed skills and knowledge necessary to provide exceptional customer service. "Be My Guest" is an interactive programme that helps operation staff develop knowledge on customer handling and to ensure customers are satisfied with the level of service delivered. The objective of the programme is to educate the staff on how to focus on the guest. They are taught about the need to provide efficient service, determine customer needs, build and maintain good rapport, provide clear information and better explanation on theme park services.

THE SUNWAY GROUP HUMAN RESOURCES DEPARTMENT

The Group Human Resources ("GHR") is committed to equal opportunity in engaging, developing and training, promoting and rewarding employees. The GHR department has implemented a group-wide human capital development programme that offers professional and personal growth. 2 talent management programmes were introduced; MDP and YHPD. These 2 programmes are designed to develop and equip Senior Executives with skills for middle management positions.

In addition to these programmes, all managerial level executives within the Sunway Group attend the yearly Sunway Managers' Conference organised by the GHR. The recent conference was held on 27 October 2007, which provided an insight of the Sunway Group's strategic objectives. The theme this year, Expanding Frontiers, focused on globalisation and expanding horizons of current business interests across industries and presence in multiple countries. As emphasised by our Chairman, Tan Sri Dato Seri Dr Cheah Fook Ling, he envisioned to achieve a 40% turnover from overseas investments by 2010.

Among the highlights of the event, SunCity's Chief Financial Officer proudly presented the financial results as well as the future plans drawn out for SunCity. Adopting a progressive approach, the Organising Committee for the conference managed to secure a guest speaker, Dr Wee Chow Hou, a Professor and Head of the Division of Strategy, Management & Organisation at the Nanyang Business School, Nanyang Technological University. Dr Wee provided insights on strategic thinking in intensely competitive environment as well as strategies in engagement through the perspective of Su Zi's Art of War.



Sunway Managers' Conference 2007

CORPORATE RESPONSIBILITY

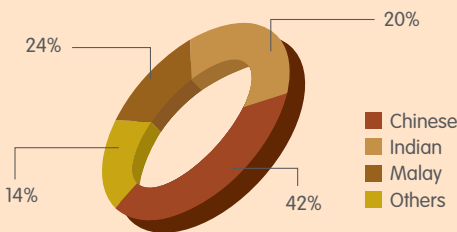


Hewitt-Fortune-RBL, Top Companies for Leaders 2007

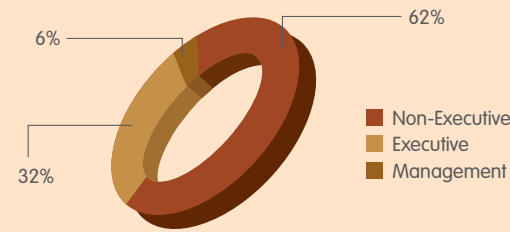
Awards accredited to SunCity Group

1. Sunway Group ranked sixth on the Hewitt Associates' Top Companies for Leaders 2007 list for demonstrating a world class attitude around Leadership Development which is essential for companies who want to be global majors in their own right. Sponsored by global human resources services company Hewitt Associates, in partnership with The RBL Group, a firm dedicated to helping clients increase quality of leadership and deliver the strategic Human Resources agenda, and FORTUNE magazine, the Global Top Companies for Leaders, Sunway is the only Malaysian company from a list of 560 global organisations assessed to have made it to the rankings.

Employees by Race 2008



Employees by Classification 2008



2. SunMed's Management Team took third placing in the Malaysian Emerging Knowledge Management ("MEKO") Award 2007, organised by JT Frank Academy. SunMed was required to present their Practice of Knowledge Management roadmap and share their Knowledge Management journey within their organisation.

The same award was won by SunCity's Key Management & Executive Community in second placing during the MEKO Award 2005. This award is a powerful corporate branding strategy that has strategically positioned SunCity as an innovative Company that leverages on innovative knowledge professionals to increase operational efficiency, enhances customer responsiveness and accelerates innovation intensity.

Sunway Group was also accorded "Hall of Fame" Award by JT Frank Academy commending the achievement of 3 of its companies who were the proud winners of MEKO Award for 3 consecutive years, from 2005 to 2007.



SunMed's Management Team at the Malaysian Emerging Knowledge Management Award 2007 - organised by JT Frank Academy



Sunway Family Day

BALANCED SCORECARD JOURNEY

SunCity adopts the Balanced Scorecard ("BSC") method as a key instrument in identifying goals, measuring and monitoring financial and non-financial performances and ultimately, reporting achievements that relate to shareholder interests. By refining the BSC, SunCity is able to create innovative ideas that result in new improvements and greater achievements.

SunCity's BSC is a strong performance driver. It communicates SunCity's strategic directions and goals, cascades down and makes them assessable to all employees. This will promote employees' focus on SunCity's core value proposition and deliver results accordingly.

The BSC:

- Identifies key performance attributes that SunCity must succeed in to achieve its goals.
- Allows monitoring of ongoing performance through a range of key measures which recognises achievements and identifies weaknesses that are translated into opportunities to improve performance.
- Communicates performance results across the whole organisation to support ongoing planning.

Since its implementation, SunCity Group has strengthened its reporting of accomplishments and shortfalls and identification of areas requiring improvements. This objective and balanced approach to performance management and reporting enables SunCity to learn from its success and shortcomings to further enhance its performance.

SunCity's PDD, SRHS and SunMed have all seen quality improvements after implementing the BSC methodology in their performance appraisals. The BSC appraisal approach is able to define initiatives that help close performance gap and provide a meaningful and measurable tool by which employees are appraised at year end. Through the BSC, SunCity is also able to achieve a better and clearer rolling down of corporate objectives to departmental and individual scorecards to all its employees.

KELAB SUKAN SUNWAY ("KSS")

KSS was set up by the Sunway Group in its effort to strengthen the bond and instill a sense of belonging to the "Sunway Family" among all employees. The KSS organises many activities and outings to promote team spirit, interaction and a time for relaxation. Activities such as sports carnival, family day, annual dinner, trips to local and overseas destinations and many more, all for fun and excitement. The sports club also strongly participates and organises charity outings and donation drives to help the less fortunate. KSS also promotes healthy living through health awareness campaigns, health talks during lunch hour, health screening sessions and circulation of articles via emails.





Corporate Governance

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CORPORATE GOVERNANCE STATEMENT

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

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

A. DIRECTORS

THE BOARD AND ITS RESPONSIBILITIES

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

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

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

BOARD COMPOSITION

During the year under review, the Board consists of 10 members, 3 or 1/3 are Independent Non-Executive Directors. The Board composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified

and experienced professionals in the fields of accountancy, banking and finance, architecture, civil engineering, real estate development and property management. This combination of different professions and skills working together enables the Board to effectively lead and control the Company. The Board composition also fairly reflects the investment in the Company by shareholders other than the significant shareholder.

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

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

A brief profile of each Director is presented on pages 30 to 35 of the Annual Report.

MEETINGS AND SUPPLY OF INFORMATION

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

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

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

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

The Board met 7 times during the financial year ended 30 June 2008 and the details of attendance of the Directors are as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Seri Dr Cheah Fook Ling	6/7	86
Datuk Razman M Hashim	7/7	100
Ngian Siew Siong	6/7	86
Ngeow Voon Yean	6/7	86
Lim Swe Guan	7/7	100
Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim	7/7	100
Teo Tong How	7/7	100
Tan Siak Tee	6/7	86
Low Siew Moi	6/7	86
Dato' Ng Tiong Lip	1/1*	100

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

DIRECTORS' TRAINING

During the financial year, all the Directors had attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, risk management, financial reporting, property market and tax planning.

Training Programmes, Seminars and Workshops attended by Directors

Course Title / Organiser	Date
The 2007 National Property and Housing Summit – Creating New Blue Oceans for the Property Sector (Asian Strategy & Leadership Institute)	17-18 September 2007
Malaysia Property (Asia Business Forum Sdn Bhd)	26-27 September 2007
How to Lead and Manage in Challenging Times (Sunway University College)	29 November 2007
5th National Audit Committee Conference (Smart Business Consulting)	10-11 December 2007

CORPORATE GOVERNANCE STATEMENT

Course Title / Organiser	Date
Listing Requirements – Key Corporate Disclosure, Transactions and Corporate Governance Obligations; Amendments to the Companies Act, 1965 and Directors' Duties in light of the Amendments to the Companies Act, 1965 (The Lion Group)	3 January 2008
The Boardroom Affairs and its Functions (Bursatra Sdn Bhd)	13 February 2008
Duties and Liabilities of Company Directors – Impact of Companies (Amendment) Act 2007 (MEF Academy Sdn Bhd)	12 March 2008
The Blue Ocean Strategy (Perbadanan Kemajuan Negeri Selangor)	26 March 2008
APREA Property Leaders Forum 2008 (Asian Public Real Estate Association)	1-3 April 2008
Updates on Corporate Governance Regulatory Framework and Current Issues – “Effective Governance The Way Forward” (Malaysian Institute of Corporate Governance)	2-3 April 2008
Governance and Board Effectiveness (Malaysian Institute of Corporate Governance)	14 April 2008
Malaysia Property Market 2008 (Asia Business Forum Sdn Bhd)	21-22 April 2008
Impact of Financial Reporting Standards on Taxation (The Malaysian Institute of Certified Public Accountants)	8 May 2008
Economic and Market Outlook for the Second Quarter 2008 (Trace Management Services Sdn Bhd and RHB Research Institute Sdn Bhd)	9 May 2008
Malaysian Boardroom Challenges : Companies (Amendment) Act and Capital Markets & Services Act that impacts board decisions (Mah-Kamariyah & Philip Koh)	10 June 2008
Risk Management (The Malaysian Institute of Certified Public Accountants)	12 June 2008
Tax Planning and Strategies for Cross Border Transactions (The Malaysian Institute of Certified Public Accountants)	16 June 2008

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

RE-APPOINTMENT, RETIREMENT BY ROTATION AND RE-ELECTION

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

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall retire at every Annual General Meeting of the Company and subject to approval being obtained from the shareholders, may offer themselves for re-appointment to hold office until the next Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965. Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim is subject to such retirement and is eligible for re-appointment at the forthcoming Annual General Meeting of the Company.

To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of each Director standing for re-election are disclosed in the Statement Accompanying Notice of 25th Annual General Meeting.

BOARD COMMITTEES

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

1. Audit Committee

The Audit Committee comprising Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim as Chairman, Teo Tong How and Tan Siak Tee, is set up to play an active role in assisting the Board in discharging its governance responsibilities. The composition of the Audit Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 89 to 92 of the Annual Report.

2. Executive Committee of the Board ("EXCO")

The EXCO comprises 6 members headed by the Executive Chairman and its primary role is to assist the Board in overseeing the financial and business affairs of the Group. The terms of reference of the EXCO are set out on pages 81 to 83 of the Annual Report.

During the financial year, the EXCO met 5 times. All deliberations and recommendations of the EXCO were reported to the Board for approval.

3. Nomination Committee

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

The Nomination Committee is responsible for identifying and making recommendations for any appointments and re-election of Board members. The Committee also assesses the effectiveness of the Board as a whole as well as the performance of each Director. The terms of reference of the Nomination Committee are set out on page 84 of the Annual Report.

During the financial year, 4 meetings were held for the following purposes:-

- (a) to consider the appointment of Tan Sri Dato' Seri Dr Cheah Fook Ling as Chairman of the EXCO in place of Dato' Wong Choon Kee;
- (b) to consider the appointment of Datuk Razman M Hashim as Alternate to Tan Sri Dato' Seri Dr Cheah Fook Ling in the EXCO;
- (c) to consider the appointment of Ngian Siew Siong as Chairman of the Risk Management Committee in place of Dato' Wong Choon Kee;
- (d) to consider the appointment of Ngian Siew Siong and Ngeow Voon Yean as members of the Employees' Share Option Scheme Committee in place of Dato' Wong Choon Kee;
- (e) to endorse the re-appointment of Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim who is over the age of 70 years, as a Director of the Company pursuant to Section 129 of the Companies Act, 1965 subject to the approval of shareholders at the Company's Annual General Meeting and at the Nomination Committee Meeting, Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim abstained from deliberating and voting on his re-appointment;
- (f) to endorse the re-election of Directors retiring by rotation at the Company's Annual General Meeting, subject to the approval of shareholders;
- (g) to consider the appointment of Dato' Ng Tiong Lip as Executive Director of the Company;
- (h) to consider the appointment of Tan Poh Chan as a member of the Risk Management Committee in place of Koong Wai Seng and a member of the EXCO as Alternate to Ngian Siew Siong;
- (i) to discuss the results of the evaluation on Board effectiveness;
- (j) to approve the Evaluation Forms on the effectiveness of the Nomination, Remuneration, Employees' Share Option Scheme and Risk Management Committees; and
- (k) to approve the Evaluation Form for the assessment and evaluation of Independent Non-Executive Directors.

CORPORATE GOVERNANCE STATEMENT

4. Remuneration Committee

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

The Remuneration Committee recommends to the Board the proposed remuneration for Directors and the renewal of the terms of Employment Contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully. The terms of reference of the Remuneration Committee are set out on page 85 of the Annual Report.

During the financial year, 3 meetings were held for the following purposes:-

- (a) to evaluate the performance of the Executive Directors and to determine their annual increments and bonuses;
- (b) to consider the renewal of Employment Contracts for the Deputy Executive Chairman and Managing Directors; and
- (c) to consider the remuneration package of the new Executive Director.

The Executive Director and Senior Manager of Group Human Resources attended the said meetings on the invitation of the Committee.

5. Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee comprising Tan Sri Dato' Seri Dr Cheah Fook Ling as Chairman, Datuk Razman M Hashim, Ngian Siew Siong and Ngeow Voon Yean, is responsible for implementing, allocating and administering the ESOS in accordance with such powers and duties conferred upon it under the Bye-Laws of the ESOS. The terms of reference of the ESOS Committee are set out on pages 86 and 87 of the Annual Report.

During the financial year, 4 meetings were held for the following purposes:-

- (a) to consider the adjustments to the number of the unexercised options and/or the option price pursuant to the bonds with warrants issue undertaken by the Company;
- (b) to consider and approve the allocation of options to the Non-Executive Directors of the Company;
- (c) to consider and approve the allocation of options to the eligible employees of the Group; and

- (d) to consider and approve the application made by an employee to continue holding his options due to transfer to a company which is outside the Group.

6. Risk Management Committee ("RMC")

The RMC comprises Ngian Siew Siong as Chairman, Ngeow Voon Yean, Yuen Kam Wah, Lee Weng Keng and Tan Poh Chan.

The RMC is tasked with the responsibility to oversee the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organisation as well as identification and management of strategic business risks of the Group. The terms of reference of the RMC are set out on page 88 of the Annual Report.

During the financial year, 4 meetings were held for the following purposes:-

- (a) to review the enterprise risk profile and divisional risk scorecard for effectiveness of risk management;
- (b) to review the status of implementation of action plans to manage and mitigate the identified risks;
- (c) to discuss the key changes in the business environment and key risk management issues/strategic business risks;
- (d) to discuss and report on any irregularities and proposed key recommendations to mitigate the risks; and
- (e) to deliberate on key enterprise-wide risks and the Governance Scorecard.

The RMC reports directly to the Board on a quarterly basis on its deliberations and recommendations.

B. DIRECTORS' REMUNERATION

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

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

The details of the Directors' remuneration during the financial year are as follows:-

	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	-	102,000.00	102,000.00
Other Emoluments	-	34,500.00	34,500.00
Salaries and other Remuneration	3,785,626.78	-	3,785,626.78
Bonus	1,720,220.00	-	1,720,220.00
Benefits-in-kind	317,376.55	-	317,376.55
Total:	5,823,223.33	136,500.00	5,959,723.33

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

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	5	5
RM150,001 to RM200,000	2	-	2
RM400,001 to RM450,000	1	-	1
RM800,001 to RM850,000	2	-	2
RM3,400,001 to RM3,450,000	1	-	1
Total:	6*	5	11

* Include Director's Remuneration in respect of the Senior Managing Director who resigned on 30 August 2007.

The details of the Directors' options over ordinary shares pursuant to the Company's ESOS for the financial year ended 30 June 2008 are set out on page 104 of the Annual Report.

C. SHAREHOLDERS

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

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

During the financial year, the Company had conducted quarterly press and analysts briefings and held 90 meetings with investors and research analysts. The Company had also participated in domestic and overseas roadshows, and investor conferences in Singapore and Hong Kong.

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

The Company also provides a separate executive summary together with its Annual Report, highlighting key financial information to facilitate shareholders' easy access to such key information.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. To achieve this, the Board had approved and adopted a Corporate Disclosure Policy which outlines the Company's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, response to market rumours and restrictions on insider trading. This Policy also provides guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, media and the investing public.

CORPORATE GOVERNANCE STATEMENT

ANNUAL GENERAL MEETING

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

D. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

INTERNAL CONTROL

The Statement on Internal Control set out on pages 93 and 94 of the Annual Report provides an overview of the state of internal controls within the Group.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the External Auditors. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 89 to 92 of the Annual Report.

In addition, the External Auditors are invited to attend the Company's Annual General Meeting and are available to answer any questions from shareholders on the Annual Audited Financial Statements.

E. DIRECTORS' RESPONSIBILITY STATEMENT ON ANNUAL AUDITED FINANCIAL STATEMENTS

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

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

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

F. COMPLIANCE WITH THE CODE

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

This Corporate Governance Statement was approved by the Board of Directors on 29 August 2008.



Tan Sri Dato' Seri Dr Cheah Fook Ling, AO
Executive Chairman

TERMS OF REFERENCE OF EXECUTIVE COMMITTEE OF THE BOARD

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

1. The EXCO shall consist of 6 members, with 1 member designated by the Government of Singapore Investment Corporation Pte Ltd ("GIC").
2. The EXCO will establish a regular meeting schedule and will use its best efforts to meet at least once every quarter. All members of the EXCO shall use their best efforts to attend every meeting in person.
3. Each member of the EXCO will be provided with a regular report pertaining to the status of financial and business affairs of the Company and its subsidiaries. The regular report on the Company as well as each of the Company's subsidiaries shall be in a format accepted by the EXCO, and shall be provided at least on a monthly basis. The report shall capture all material or substantial transactions which took place within the quarterly period (or other prescribed period as the EXCO shall request) and shall be received by the EXCO within 30 days from the end of such period. The financial statements shall be given to the EXCO within 7 days after the financial statements have been submitted to Bursa Malaysia Securities Berhad. The EXCO may also, at any time, request for a report on any transaction and the Company shall provide such a report within a reasonable period after such request.
4. Any member of the EXCO may at any time call a meeting of the EXCO by giving at least 7 days prior written notice or such shorter notice period as may be mutually agreed. The notice shall be accompanied by (i) a proposed agenda or statement of purpose; and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.
5. A quorum shall exist when a majority of the members of the EXCO are present in person or represented by proxy, provided that GIC shall be present in person or represented by proxy at that meeting. Where quorum is not satisfied, the meeting shall be adjourned to a later date ("adjourned meeting"). Notice of the adjourned meeting shall be given to all members in writing at least 2 working days before the date of the adjourned meeting. Should a quorum not be satisfied at the adjourned meeting, any member attending may declare a "deadlock" which shall be dealt with under Clause 9 below. In the event where GIC fails to attend in person or by proxy at the first meeting of the EXCO or at the adjourned meeting thereof, GIC's right to be considered in determining the quorum for the said EXCO meeting shall be forfeited and the said meeting shall proceed without GIC.
6. All decisions and/or actions by the EXCO shall require a simple majority vote of all members who attended and voted at the meeting, but must include GIC in the said majority, unless GIC abstains from voting. Where (i) a simple majority as provided herein is not achieved, (ii) GIC voted against the majority, or (iii) the member's votes are evenly divided, any member present at the meeting may declare a "deadlock", which shall be dealt with under Clause 9 below.
7. The EXCO will cause minutes of all meetings to be prepared, circulated and signed by all members of the EXCO within 10 days of the date of the meeting.
8. A resolution in writing signed by all the members of the EXCO shall be as valid and effective as a resolution passed at a meeting of the EXCO duly convened and held. Any such resolution in writing may consist of several documents in like form each signed by one or more of the members. The expressions 'in writing' and 'signed' include approval by telefax or telex by any such members, which approval shall be confirmed in writing by such member thereafter. The duly signed resolution shall be placed in the minute book of the EXCO.
9. In the event of a deadlock among the members of the EXCO, any member may refer the matter in question to the Board for decision.
10. Any of the following matters shall require the approval of the EXCO in accordance with Clause 6 above:-
 - (a) Entry into any joint venture, partnership or profit sharing agreement by the Company.
 - (b) The approval of the annual operating and capital budget ("Annual Budget") or the Business Plan for the Company and its related corporations as defined in the Companies Act, 1965 (hereinafter referred to as "Group Company/Group Companies") for each financial year of the Group Company (including any amendments, modifications, addendum or additions thereto).
 - (c) Acquisition and/or disposal of, or investment in any undertaking, asset or share by a Group Company, accepting any form of additional liability and/or entering into any contract other than in the ordinary course of business, except as contemplated herein.
 - (d) Entering into any contract (or series of contracts), or any amendment to an existing contract involving payments by or to the Company or any shareholder over the life of the contract or amendment in excess of RM1,000,000 (or its equivalent in another currency), except as provided in the Annual Budget or Business Plan of the Company.

TERMS OF REFERENCE OF EXECUTIVE COMMITTEE OF THE BOARD

- (e) Increasing or reducing the authorised or issued share capital of a Group Company (other than permitted in an Annual Budget approved in accordance with paragraph (b) above) or the issue or grant of any option over the unissued share capital of a Group Company or the issue of any new class of shares in the capital of a Group Company.
- (f) The creation of any mortgage, charge or other encumbrance over each Group Company's property or assets.
- (g) The exercise of each Group Company's powers to provide guarantees or indemnities.
- (h) In respect of each Group Company, the acquisition or disposal, or the agreement to acquire or dispose of any interest in any land or real property wheresoever situated and of whatsoever description, or the acquisition, incorporation or establishment of any corporation having an interest in land or real property by a Group Company other than in the ordinary course of business.
- (i) Any amalgamation or reconstruction of a Group Company, or any merger of a Group Company with any corporation, firm or other body.
- (j) The dissolution, liquidation or winding-up of a Group Company.
- (k) The declaration or payment of any dividends or other distribution of profits of each Group Company (whether in cash or specie).
- (l) The adoption of, or any significant change in the accounting policies of each Group Company, other than as required by law or accounting policies generally accepted in the jurisdiction applicable to such Group Company from time to time.
- (m) Granting any rights by the Company to subscribe for or to convert shares, debentures or other securities into share capital, ranking in priority to or pari passu with the Preference Shares as regards participation in assets of the Company or being capable of being redeemed while any of the Preference Shares are in issue or the variation of the rights of any class of shares other than the issue and allotment of any such shares for the purpose of applying the proceeds thereof in or towards converting the Preference Shares in accordance with the Share Subscription Agreement dated 13 October 1999 between the Company and Reco Loop Pte Ltd.
- (n) Issuing any Ordinary Shares by the Company or granting any rights by the Company to subscribe for or to convert shares, debentures or other securities into Ordinary Shares.
- (o) Repaying all or any part of the capital paid-up on any share in the capital of the Company (other than a payment in the course of a winding-up of the Company) including the share premium account and the capital redemption reserve of the Company.
- (p) Reducing all or any part of the share capital of the Company or any uncalled liability in respect thereof or any share premium account or capital redemption reserve of the Company if the reduction involves either the diminution of liability in respect of unpaid share capital or the repayment to any member of any paid-up share capital.
- (q) Adding to, deleting, varying or amending its Memorandum and Articles of Association in any manner which would be inconsistent with the rights of the holders of the Preference Shares.
- (r) Modifying, varying or abrogating the rights attached to the Preference Shares and/or Ordinary Shares.
- (s) Creating, incurring, assuming or suffering to exist any indebtedness due or owing or to be owing to the shareholders or subsidiaries of the Company.
- (t) Making or permitting (whether by inaction or otherwise) any of its subsidiaries to make any new investments, or acquiring or permitting (whether by inaction or otherwise) any of its subsidiaries to acquire any asset in one transaction or a series of transactions for an aggregate amount exceeding RM5,000,000 in any year.
- (u) Issuing or providing or permitting (whether by inaction or otherwise) any of its subsidiaries to issue or provide any form of guarantee, indemnity or other financial or non-financial support which may result in the Company or any of its subsidiaries incurring any liability in connection with any loans, credit facilities or any other financing required by any associate or subsidiary of the Company.

- (v) Conveying, selling, leasing, transferring or otherwise disposing or permitting (whether by inaction or otherwise) any of its subsidiaries to convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its or their business or assets whether now owned or hereafter acquired for any aggregate amount exceeding RM1,000,000 in any year except for the sale of assets by its wholly-owned subsidiaries at arm's length on commercial terms in the ordinary course of business where the proceeds of sale are to be paid by that subsidiary to the Company whether by way of dividend or a long-term loan or loans to be extended by that subsidiary to the Company in terms that all interest, principal and all other payments are to be subordinated in priority of payment to the conversion of all the Preference Shares.
 - (w) Releasing, surrendering, reducing, waiving, amending or varying or permitting (whether by inaction or otherwise) any of its subsidiaries to release, surrender, reduce, waive, amend or vary any amount of indebtedness other than such indebtedness not exceeding RM500,000 in any one year subject to an aggregate overall limit not exceeding RM1,000,000 at any time owed to it or them by any person or the terms upon which the same is outstanding and in particular, agreeing to or permitting (whether by inaction or otherwise) any of its subsidiaries to agree to the capitalisation of any such indebtedness, whether by conversion or exchange of the same or any part thereof into or for share capital in the company which owes the same or otherwise.
 - (x) Changing or threatening to change or permitting (whether by inaction or otherwise) any of its subsidiaries to change or threaten to change the nature or scope of its or their business operations which it or its subsidiaries conduct as at the Issue Date or permit (whether by inaction or otherwise) any of its subsidiaries to suspend or threaten to suspend a substantial part of the business operations which it or its subsidiaries conduct directly or indirectly as at the Issue Date.
11. The rights of GIC shall be automatically extinguished at any time when GIC's aggregate shareholding (including Preference Shares) is reduced to the extent that it is less than 10% of the then issued and paid-up share capital in the Company (including the Preference Shares as if such Preference Shares have been converted to Ordinary Shares in accordance with the Share Subscription Agreement and/or the Articles of Association).

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. MEMBERSHIP

- (a) The Nomination Committee shall be appointed by the Board from among their number and shall comprise not fewer than 3 in number.
- (b) The majority of the members of the Committee shall be independent non-executive Directors.
- (c) The members of the Committee shall elect a Chairman from among their number who is not an Executive Director of the Company.
- (d) In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall, within 3 months fill the vacancy.

2. AUTHORITY

- (a) The Nomination Committee is entrusted with the task of proposing new nominees for the Board and for assessing existing Directors on an on-going basis.
- (b) The ultimate decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of such a Committee.

3. FUNCTIONS

- (a) To determine the core competencies and skills required of Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- (b) To review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent.
- (c) To recommend to the Board on the appropriate number of Directors to comprise the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement.
- (d) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.

- (e) To consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- (f) To recommend to the Board, Directors or officers of the Company to fill the seats on Board Committees.
- (g) To undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this in the Annual Report.
- (h) To assist the Board to implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contributions and performance of Directors and Board of Committee members.
- (i) To introduce such regulations or guidelines, procedures to function effectively and fulfill the Committee's objective.

4. MEETINGS

- (a) The Committee shall meet at least once a year. However, additional meetings may be called at any time at the Nomination Committee Chairman's discretion.
- (b) The quorum for the meeting shall be 2 members.

5. REPORTING

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

6. SECRETARY

The Secretary to the Committee shall be the Company Secretary.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. OBJECTIVES

The Remuneration Committee shall:-

- (a) Ensure that the Company's Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain Directors to run the Company successfully.
- (b) Demonstrate to all stakeholders in the business that the remuneration of the Executive Directors of the Company is set by a Committee of Board members who have no personal interest in the outcome of their decisions and who will give due regard to the interests of the stakeholders and to the financial and commercial health of the Company.

2. MEMBERSHIP

- (a) The Committee shall be appointed by the Board from among their number and shall be composed of not fewer than 3 in number.
- (b) The majority of the members comprising the Committee shall be:-
 - (i) Non-Executive Directors of the Company; or
 - (ii) any person not having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Remuneration Committee.
- (c) The members of the Committee shall elect a Chairman from among their number who is not an Executive Director of the Company.
- (d) In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall, within 3 months fill the vacancy.

3. FUNCTIONS

- (a) To recommend to the Board the remuneration of the Executive Chairman, Chief Executive Officer and Executive Directors.
- (b) Assume responsibility for all elements of Executive Directors' remuneration eg:

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

- (c) Ensure that a fair differential between the remuneration of Board members and other levels of management is maintained.
- (d) Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance.
- (e) Obtain the advice and information from external source, if necessary, to compare the remuneration currently earned by the Executive Directors and those paid to Executive Directors of other companies of a similar size in a comparable industry sector.
- (f) To ensure that the base salary element is competitive but fair.
- (g) To advise on and monitor, a suitable performance related formula ie. whether the formula is based on individual performance, company profit performance, earnings per share, etc.
- (h) To provide an objective and independent assessment of the benefits granted to Executive Directors.
- (i) To introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- (j) To furnish a report to the Board of any findings of the Committee.

4. MEETINGS

- (a) The Committee shall meet at least once per year. However, additional meetings may be called at any time at the Remuneration Committee Chairman's discretion.
- (b) The quorum of each meeting shall be 2 members.

5. SECRETARY

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

TERMS OF REFERENCE OF EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

1. MEMBERSHIP

- (a) The Committee shall be appointed by the Board from among their number and shall be composed of not fewer than 3 in number.
- (b) The members of the Committee shall elect a Chairman from among their number.
- (c) In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall, within 3 months fill the vacancy.
- (d) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.

2. FUNCTIONS

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

- (a) Subject to the provisions of the ESOS, to construe and interpret the ESOS and option(s) granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration. The Committee in the exercise of this power may correct any defect, supply any omission or reconcile any inconsistency in the ESOS or in any agreement providing for an option(s) in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective.
- (b) To determine all questions of policy and expediency that may arise in the administration of the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

3. POWERS AND AUTHORITY

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

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

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

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

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

- (a) prejudice the rights then accrued to any Option Holder who has accepted an option without his prior consent; or
- (b) without the prior approval of the shareholders of the Company in general meeting alter the Bye-Laws to the advantage of any Option Holder or group of Option Holders or all Option Holders.

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

4. MEETINGS

- (a) Meetings of the Committee may be called at any time by the Committee Chairman.
- (b) The quorum for the meeting shall be 2 members.
- (c) Where necessary and appropriate, any decision of the Committee can be made by a majority of the members via a Circular Resolution.

5. REPORTING

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

6. SECRETARY

The Secretary to the Committee shall be the Company Secretary.

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1. MEMBERSHIP

- (a) The Risk Management Committee ("RMC") shall be appointed by the Board and shall comprise not fewer than 5 in number.
- (b) The members of the RMC shall elect a Chairman from among their number.
- (c) In the event of any vacancy in the RMC resulting in the number of members being reduced to below 5, the Board shall, within 3 months fill the vacancy.
- (d) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the RMC.

2. ROLES AND FUNCTIONS

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

- (a) To champion and promote the Enterprise Risk Management (i.e. risk awareness and training) and to ensure that the risk management process and culture are embedded throughout the Group.
- (b) To ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.
- (c) To provide routine quarterly reporting and update the Board on key risks together with their mitigation plan as well as ad hoc reporting and evaluation on investment proposals.
- (d) To work with the Group Financial Controller and Group Internal Audit Department in the preparation of the Statement on Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Audit Committee and Board.

The Risk Working Committee ("RWC") and the Group Risk Management Division will assist the RMC by identifying and managing operational risks within the organisation.

The RWC provides updates on key risks together with their mitigation plan to the RMC through quarterly reporting.

2.1 Routine Roles and Responsibilities

- (a) Review the effectiveness of overall risk management at the enterprise level.
- (b) Evaluate new risks identified by the RWC on the divisional level.
- (c) Follow-up on management action plans based on the status of implementation compiled by the RWC.
- (d) Identify new strategic risks including corporate matters e.g. regulatory, business development, etc.
- (e) Review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

2.2 Ad Hoc Roles and Responsibilities

- (a) Propose to the Board, the monetary threshold and nature of proposed investments that require the RMC's evaluation and endorsement before submission to the Board.
- (b) Review proposals/feasibility studies prepared by project sponsor which meet the requisite threshold before recommending to the Board for final decision.

3. MEETINGS

- (a) The RMC shall meet at least quarterly in a year. However, additional meetings may be called at any time at the RMC Chairman's discretion.
- (b) The quorum for the meeting shall be 3 members.

4. REPORTING

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

5. SECRETARY

The Secretary to the RMC shall be the Company Secretary.

AUDIT COMMITTEE REPORT

FORMATION

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

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

COMPOSITION

The members of the Audit Committee during the financial year ended 30 June 2008 were as follows:-

1. Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim - Chairman
(Senior Independent Non-Executive Director)
2. Teo Tong How
(Independent Non-Executive Director)
3. Tan Siak Tee
(Independent Non-Executive Director)
4. Ngian Siew Siong
(Managing Director - Property Development,
Non-Independent Executive Director)
(Resigned on 10 October 2007)

MEETINGS AND ATTENDANCE

The Audit Committee held 5 meetings during the financial year and the details of attendance of the Committee Members are as follows:-

Name of Committee Member	Number of Meetings Attended
Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim	5/5
Teo Tong How	5/5
Tan Siak Tee	5/5
Ngian Siew Siong	2/2*

* Reflects the number of Audit Committee Meetings attended during the time the Director held office.

The Company Secretary, Chief Financial Officer and Internal Auditors were present at all the meetings held. At 3 of the meetings, the External Auditors were present.

TERMS OF REFERENCE

1. Membership

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

- 1.2 All members of the Committee must be non-executive Directors, a majority of whom are Independent Directors as defined in Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

- 1.3 The members of the Committee should be financially literate and shall include at least 1 person:-

- (a) who is a member of the Malaysian Institute of Accountants; or
- (b) who must have at least 3 years' working experience and:-
 - (i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) is a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (c) who must have at least 3 years' post qualification experience in accounting or finance and:-
 - (i) has a degree/masters/doctorate in accounting or finance; or
 - (ii) is a member of one of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or
- (d) who must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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

- 1.5 The members of the Committee shall elect a Chairman from amongst their number, who shall be an Independent Director.

- 1.6 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 1.1, 1.2 or 1.3 above, the Board must fill the vacancy within 3 months.

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

AUDIT COMMITTEE REPORT

2. Meetings

- 2.1 The quorum for a Committee Meeting shall be at least 2 members, the majority present must be Independent Directors.
- 2.2 The Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide.
- 2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 2.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.
- 2.5 The non-member Directors and employees of the Company and of the Group shall normally attend the meetings at the Committee's invitation, to assist in its deliberations and resolutions of matters raised. However, at least twice a year, the Committee should meet with the External Auditors without the presence of the executive board members.
- 2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.
- 2.7 The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- 2.8 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.
- 2.9 In addition to the availability of detailed minutes of the Committee Meetings to all Board members, the Committee at each Board Meeting, will report a summary of significant matters and resolutions.

3. Rights And Authority

The Committee is authorised to:-

- 3.1 Investigate any matter within its terms of reference.
- 3.2 Have adequate resources required to perform its duties.
- 3.3 Have full and unrestricted access to information, records and documents relevant to its activities.

- 3.4 Have direct communication channels with the External and Internal Auditors.
- 3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.
- 3.6 Convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. Functions and Duties

- 4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
- 4.2 To review the following and report to the Board:-
 - (a) With the External Auditors:-
 - (i) the audit plan and audit report and the extent of assistance rendered by employees of the Auditee;
 - (ii) their evaluation of the system of internal controls;
 - (iii) the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors;
 - (iv) the management letter and management's response; and
 - (v) issues and reservations arising from audits.
 - (b) With the Internal Audit Department:-
 - (i) the adequacy and relevance of the scope, functions, competency and resources of Internal Audit and the necessary authority to carry out its work;
 - (ii) the audit plan of work programme and results of internal audit processes including recommendations and actions taken;
 - (iii) the extent of cooperation and assistance rendered by employees of Auditee; and
 - (iv) the appraisal of the performance of the internal audit including that of the senior staff and any matter concerning their appointment and termination.

- (c) The quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:-
 - (i) changes and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
- (d) The major findings of investigations and management response.
- (e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

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

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

- (a) the composition of the Committee including the name, designation and directorship of the members;
- (b) the terms of reference of the Committee;
- (c) the number of meetings held and details of attendance of each member;
- (d) a summary of the activities of the Committee in the discharge of its functions and duties; and
- (e) a summary of the activities of the internal audit function.

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

- (a) the disclosure statement of the Board on:-
 - (i) the Company's applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and
 - (ii) the extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.

- (b) the statement on the Board's responsibility for the preparation of the annual audited financial statements.
- (c) the disclosure statement on the state of the internal controls system of the Company and of the Group.
- (d) the statement by the Audit Committee on the verification of allocation of share options to the Group's eligible employees in compliance with the criteria set out in the Bye-Laws of the Company's Employees' Share Option Scheme, at the end of each financial year.
- (e) other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of the Listing Requirements of Bursa Securities.

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

5. Internal Audit Department

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

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee for the financial year ended 30 June 2008 included the following:-

- (a) Reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audit processes with the Internal Audit Department.
- (b) Reviewed the audit activities carried out by the Internal Audit Department and the audit reports to ensure corrective actions were taken in addressing the risk issues reported.
- (c) Reviewed with the assistance of the Internal Audit Department and management, the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.

AUDIT COMMITTEE REPORT

- (d) Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.
- (e) Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the External Auditors without the presence of management staff and the executive board member.
- (f) Reviewed the financial statements, the audit report, issues and reservations arising from statutory audit with the External Auditors.
- (g) Reviewed and discussed the Management Accounts with management.
- (h) Reviewed the quarterly results and financial statements for the financial year ended 30 June 2008 with management and the External Auditors for recommendation to the Board of Directors for approval and release to Bursa Securities.
- (i) Reviewed all recurrent related party transactions entered into by the Company and the Group at the Committee's quarterly meetings to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- (j) Reviewed and approved the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and the proposed authority for the purchase of own shares by the Company as well as the statements by the Audit Committee in respect of the proposed shareholders' mandate for recurrent related party transactions.
- (k) Reviewed any conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (l) Discussed the implications of any latest changes and pronouncements on the Company and the Group, issued by the statutory and regulatory bodies.
- (m) Reported to the Board on significant issues and concerns discussed during the Committee's meetings together with applicable recommendations. Minutes of meetings were tabled, discussed and noted by all Board members.
- (n) Reviewed and approved the Audit Committee Report for inclusion in the Company's 2007 Annual Report.
- (o) Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance and the state on internal controls as well as the Directors'

Responsibility Statement on the annual audited financial statements for inclusion in the Company's 2007 Annual Report.

- (p) Reviewed and endorsed the revised terms of reference of the Audit Committee which were made in line with the revised Malaysian Code on Corporate Governance issued by the Securities Commission on 1 October 2007.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The internal audit function is performed in-house and undertaken by the Group's Internal Audit Department. During the financial year ended 30 June 2008, the Internal Audit Department carried out the following activities:-

- (a) Prepared the annual audit plan for the approval of the Audit Committee.
- (b) Regularly performed risk based audits on strategic business units of the Company and of the Group, which covered reviews of the internal control system, accounting and management information system and risk management.
- (c) Issued audit reports to the Committee and management identifying weaknesses and issues as well as highlighting recommendations for improvements.
- (d) Acted on suggestions made by the Committee and/or senior management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.
- (e) Followed up on management corrective actions on audit issues raised by the External Auditors.
- (f) Reported to the Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.
- (g) Reviewed on the appropriateness of the disclosure statements in regard to compliance with the Malaysian Code on Corporate Governance and the state on internal controls as well as the Audit Committee Report.
- (h) Attended Committee's meetings to table and discuss the audit reports and followed up on matters raised.
- (i) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

The costs incurred for the internal audit function in respect of the financial year ended 30 June 2008 amounted to RM817,688.20.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

THE BOARD'S RESPONSIBILITY

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

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

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

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

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

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

Enterprise Risk Management

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

The details on Enterprise Risk Management are set out on pages 95 and 96 of the Annual Report.

Key Elements of the Group's System of Internal Control

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

- Clear Group vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- An effective Board which retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.
- Board approved annual budgets and management plans prepared by each subsidiary during the Business Plan exercise to consider the relevant strengths, weaknesses, opportunities and threats including competitor, market and broader environmental analysis.
- Relevant Board Committees with formal terms of references clearly outlining their functions and duties delegated by the Board.
- Comprehensive policies and procedures manuals for all major operating units that provide guidelines on, and authority limits over various operating, financial, human resources and health and safety matters.
- The use of the intranet as an effective means of communication and knowledge sharing.
- Regular divisional management meetings involving the review of the Group's operations, financial performance, human resources matters and business plan.
- Communication of policies and guidelines in relation to human resources matters to all employees through a staff handbook which is also available on the intranet.

STATEMENT ON INTERNAL CONTROL

- A systematic performance appraisal system for all levels of staff.
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.
- Continuous quality improvement initiatives such as ISO 9001:2000 certification.
- An internal audit function which carries out internal audits based on an annual risk-based audit plan approved by the Audit Committee ("AC").

Assurance Mechanisms

The AC is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. In carrying out its responsibilities, the AC relies significantly on the support of the Group Internal Audit Department ("GIAD") which carries out internal audits on various operating units within the Group based on a risk-based audit plan approved annually by the AC.

Based on these audits, the GIAD provides the AC with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control. In addition, the AC also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

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

The AC Report is set out on pages 89 to 92 of the Annual Report.

THE BOARD'S COMMITMENT

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

THE BOARD'S CONCLUSION

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

This Statement on Internal Control was approved by the Board of Directors on 29 August 2008.



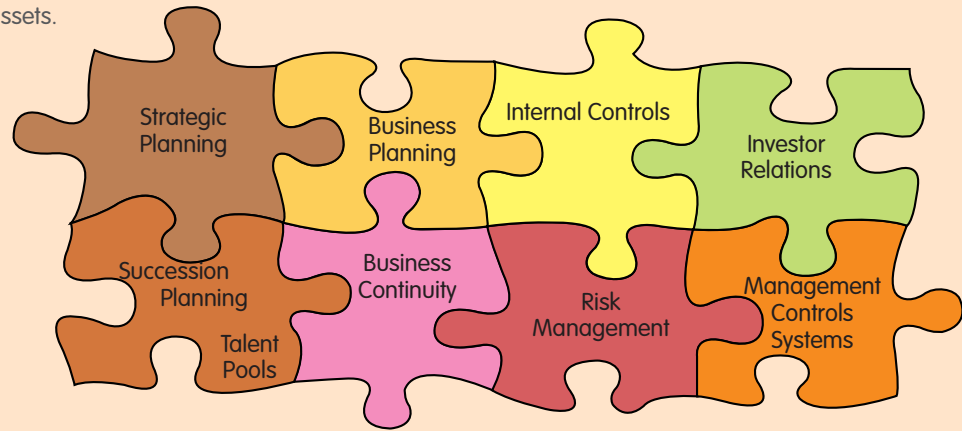
Tan Sri Dato' Seri Dr Cheah Fook Ling, AO
Executive Chairman

ENTERPRISE RISK MANAGEMENT

In SunCity and its group of companies ("SunCity Group" or "the Group") Enterprise Risk Management ("ERM") is viewed as a discipline and process established by the Board of Directors and senior management for planning, organising, leading and controlling the activities and objectives of the Group.

ERM is a practical tool and an on-going process in the Group and is primarily used to add value and assist the growth of businesses by attaining competitive advantages. ERM works hand-in-hand with other facets of business processes and complements the processes within the Group.

The Board of Directors endorses ERM as an integral part of the Group's practices, planning and operations which is ultimately utilised in the decision-making process in order to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

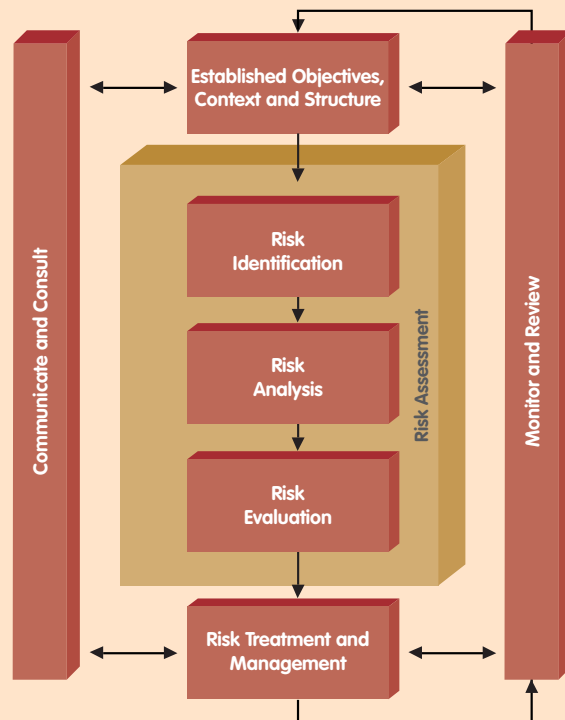


RISK MANAGEMENT FRAMEWORK AND PROCESS

A proper risk management framework and process has been established in SunCity Group to ensure risks are identified, assessed, evaluated, managed and monitored on a regular basis as represented by the diagram on the right.

The risk management framework and process operates in line with the corporate strategies and objectives of the Group. This framework operates across all businesses within the Group to ensure that the evolution of risks faced by the Group is properly mitigated on a timely basis.

These risks are closely integrated with opportunities and returns to ensure that the Group is able to achieve its corporate strategies and objectives. The ultimate purpose of this framework is to manage rather than to eliminate the risks faced by the Group.



(Adapted from AS/NZS 4360:2004 Risk Management)

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT STRUCTURE

In order to ensure proper implementation of the risk management framework and process within the Group, the Group Risk Management Division ("GRMD") was established in 2008; headed by the Group Chief Risk Officer. The responsibilities of the GRMD amongst others, would include:-

- Ensure timely updating of risk profiles by the respective business units.
- Ensure adequate actions are implemented on a timely basis to mitigate those risks.
- Suggest risk mitigation methods to be implemented Group-wide.
- Provide quarterly updates on consolidated risks faced by the respective business units risk profiles into the Group's risk profile.
- Highlight key risk areas to the Group Internal Audit Department to ensure proper controls are in place to mitigate those risks.
- Promote the risk management culture within the Group.

In SunCity Group, risk management is performed through a centralised reporting and managing structure in specific levels to promote accountability and responsibility of managing risks within the Group. Each level in the risk management structure will be facilitated by the GRMD. The formal risk management structure implemented in SunCity Group is as follows:-



Risk Working Committees ("RWCs")

The RWCs consist of operational and financial representatives from the respective divisions of each business unit. Each business unit forms a RWC individually and meets quarterly with the GRMD. This is the operational level in the risk management structure within the Group.

The members of RWCs identify and plan mitigation actions for risks within their businesses from the operational level to the strategic level. The RWCs are responsible to ensure all risks at the business unit level are adequately identified and appropriate mitigating actions and controls are in place.

Risk Management Committee ("RMC")

The RMC will discuss and deliberate on the key risks identified by the business units and highlighted in the respective RWCs. The RMC's primary responsibility is to evaluate key risks that could have a significant impact on the Group's business strategies and objectives. The RMC is viewed as the management level in the risk management structure within the Group and also meets at least once on a quarterly basis.

The presentation of key risks at the RMC level will be on a consolidated basis so that the members are able to obtain an overall understanding of the risks faced by each individual business unit. In the quarterly meetings, the RMC will decide on the key risks that will be escalated to the Board of Directors for the Directors' attention and further deliberation. Some of the key responsibilities of the RMC are to update the Board of Directors on significant risk management issues, reporting on the evaluation of investment appraisals and other ad hoc reporting of significant matters.

Board of Directors ("BOD")

The BOD provides an oversight to the risk management structure by providing insight, advice and direction to senior management on identifying and mitigating key risks within the Group.

The BOD's involvement in the risk management process provides recognition of the importance of ERM within the Group which is in accordance with the Malaysian Code on Corporate Governance.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:-

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

(a) On 20 November 2006, the Company had announced a proposal to establish a 15-year Islamic medium term notes programme of up to RM500 million in nominal value and a 7-year Islamic commercial papers programme of up to RM100 million in nominal value, both under the Islamic principle of Murabahah ("Proposed Programmes"). The Proposed Programmes were approved by the Securities Commission via its letter dated 13 December 2006 and documentation in respect of the Proposed Programmes were signed on 5 June 2007 and 13 June 2007. The Company has fulfilled all conditions precedent pursuant to the Proposed Programmes. As at 30 June 2008, the Company had drawdown RM215 million medium term notes.

(b) On 22 August 2007, the Company had issued RM250 million nominal value of up to 3-year 2% redeemable bank guaranteed serial bonds with up to 155,932,500 detachable provisional rights to allotment of warrants to RHB Investment Bank Berhad, RHB Bank Berhad and OCBC Bank (Malaysia) Berhad, being the primary subscribers on a 'bought deal' basis ("Bonds with Warrants Issue").

On 5 October 2007, the Company had issued 155,805,276 new warrants to the existing shareholders of the Company on a renounceable rights basis of 1 warrant for every 3 existing ordinary shares of RM1.00 each held in the Company at an issue price of RM0.15 per warrant ("Offer for Sale").

[The Bonds with Warrants Issue and Offer for Sale are hereinafter collectively referred to as the "Proposals".]

The gross proceeds raised from the Proposals were utilised to part finance the buyback of assets under an asset-backed securitisation programme, for working capital and to defray expenses incurred in relation to the Proposals.

2. SHARE BUY-BACK

The Company has not purchased any of its own shares during the financial year ended 30 June 2008.

3. OPTIONS OVER ORDINARY SHARES, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

During the financial year ended 30 June 2008, a total of 3,998,000 options over ordinary shares were exercised pursuant to the Company's Employees' Share Option Scheme ("ESOS") and a total of 2,477,032 warrants were exercised pursuant to the Company's Warrants 2007/2017.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 June 2008.

5. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 30 June 2008.

6. NON-AUDIT FEES

The non-audit fees paid/payable to the External Auditors of the Company and its subsidiaries for the financial year ended 30 June 2008 amounted to RM717,015.

7. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 30 June 2008 and the unaudited results previously announced by the Company.

The Company did not release any profit estimate, forecast or projection for the financial year.

8. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 30 June 2008.

ADDITIONAL COMPLIANCE INFORMATION

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 30 June 2008:-

- (a) Shareholders Agreement dated 27 June 2008 between the Company and SunwayMas Sdn Bhd ("SunwayMas"), a wholly-owned subsidiary of Sunway Holdings Berhad (formerly known as Sunway Holdings Incorporated Berhad) ("Sunway") for the purpose of recording the understanding of the co-operation and joint venture of the parties via Sunway Real Estate (China) Limited, a joint venture company registered in Hong Kong Special Administrative Region, to undertake a property development project on a piece of land located in Jiangyin, China and other projects in future.

Relationship of Related Party for item (a) above

Tan Sri Dato' Seri Dr Cheah Fook Ling is a Director and Major Shareholder of the Company and Sunway. He has deemed interest in SunwayMas via Sunway.

10. REVALUATION POLICY ON LANDED PROPERTIES

Details on the revaluation of Investment Properties are disclosed under Note 2.2(g) of the Notes to the Financial Statements.

All other landed properties of the Group are stated at cost less accumulated depreciation and/or accumulated impairment losses, where applicable.

11. STATEMENT BY AUDIT COMMITTEE IN RELATION TO THE ALLOCATION OF OPTIONS OVER ORDINARY SHARES PURSUANT TO THE COMPANY'S ESOS

In accordance with Bye-Law 4.6 of the ESOS Bye-Laws, the Company had appointed the Group Internal Audit to verify the allocation of options over ordinary shares to the Group's eligible employees in compliance with the criteria set out in the ESOS Bye-Laws, as part of the Company's annual audit.

With the assistance of Group Internal Audit's audit verification, the Audit Committee is satisfied that the allocation of options over ordinary shares pursuant to the Company's ESOS during the financial year ended 30 June 2008, has complied with the criteria set out in the ESOS Bye-Laws.

INVESTOR RELATIONS

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SunCity believes in accountability, openness and transparent communication as it assists its investors in making informed and accurate decision on their investment in the Company. SunCity has kept its investors through domestic and international conferences or meeting with analysts, fund managers and investors; annual reports and press releases; quarterly reports, website and email.

Annual report is an important source of information for investors and analysts to be updated and informed on the Company's performance for the financial year. Our effort to promote openness and transparent communication through annual report has been well received with the recognition and award by the National Annual Corporate Report Awards (NACRA)¹ 2007 in Properties, Hotels & Trusts Category.



SunCity is now a member of Malaysia Investor Relations Association (MIRA) organised by Bursa Malaysia Berhad which aims to provide guidelines on investor communication against the international standard. SunCity is also honoured to be selected as one of the companies to participate in the Investor Relations Incentive Programme (IRIP). The IRIP has helped SunCity to gain better and wider coverage through both hard and soft communication channel like MalaysiaPLC.com and INVEST Magazine.



SunCity has participated in domestic and international roadshows and investor conferences both in Singapore and Hong Kong, including Invest Malaysia 2008, where SunCity was again selected amongst the many to give corporate presentation.

With the effective investor relations communication, SunCity has received wide analyst coverage from local and overseas institutional brokerages. These enhanced the accessibility of the local and foreign investors as well as potential investors to SunCity's up-to-date corporate information.

SunCity will continue its effort to provide transparent communication to the investing community and increase investor awareness in the future through SunCity's Investor Relations Programme.



¹NACRA is a collaboration of the 4 organising bodies – Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and The Malaysian Institute of Certified Public Accountants (MICPA) to promote the highest standards in corporate reporting. The aim is to promote more effective communication between the organisation and its stakeholders through the publication of timely, informative, factual and reader-friendly annual reports.





Financial Statements

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2008.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are:

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

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

RESULTS	Group RM'000	Company RM'000
Profit for the year	458,320	20,792
Attributable to:		
Equity holders of the Company	261,906	20,792
Minority interests	196,414	-
	458,320	20,792

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

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

The dividends paid by the Company since 30 June 2007 were as follows:

	RM'000
In respect of the financial year ended 30 June 2007 as reported in the directors' report of that year:	
Final dividend of 7.8% less 27% taxation, on 469,910,199 ordinary shares, declared on 16 November 2007 and paid on 28 January 2008	26,757
In respect of the financial year ended 30 June 2008:	
Interim dividend of 3.0% less 26% taxation, on 469,910,199 ordinary shares, declared on 27 November 2007 and paid on 28 January 2008	10,432
	37,189

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008, of 5.0% less 25% taxation on ordinary shares in issue on the date of entitlement, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2009.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Dr. Cheah Fook Ling
 Datuk Razman M Hashim
 Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim
 Ngian Siew Siong
 Ngeow Voon Yean
 Low Siew Moi
 Teo Tong How
 Tan Siak Tee
 Lim Swe Guan
 Dato' Ng Tiong Lip (appointed on 3 March 2008)

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

In accordance with Article 77(2) of the Company's Articles of Association, Dato' Ng Tiong Lip retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim, being seventy three years of age, retires at the forthcoming Annual General Meeting in accordance with Section 129 of the Companies Act, 1965 ("the Act") and offers himself for re-appointment in accordance with Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted under the Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for Tan Sri Dato' Seri Dr. Cheah Fook Ling and Datuk Razman M Hashim who may be deemed to derive benefits by virtue of those transactions, products, parts and other properties or any interest in any properties; and/or for the provision of services including but not limited to management and consultancy services, and/or provision of construction contracts, leases and tenancy; and/or the provision of treasury functions, advances and conduct of normal trading and/or other businesses and construction contracts between the Company and its related corporations and corporations in which Tan Sri Dato' Seri Dr. Cheah Fook Ling and Datuk Razman M Hashim are deemed to have an interest.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1.7.2007	Acquired	Sold	30.6.2008
The Company				
Direct:				
Tan Sri Dato' Seri Dr. Cheah Fook Ling	11,403,251	1,420,000	-	12,823,251
Datuk Razman M Hashim	30,000	350,000	-	380,000
Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim	10,000	-	-	10,000
Ngian Siew Siong	320,000	-	(300,000)	20,000
Ngeow Voon Yean	500,000	-	(200,000)	300,000

	Number of Ordinary Shares of RM1 Each			
	1.7.2007	Acquired	Sold	30.6.2008
The Company				
Indirect:				
Tan Sri Dato' Seri Dr. Cheah Fook Ling	175,325,917	8,148,165	(8,148,165)	175,325,917
Ngian Siew Siong	10,000	10,000	(10,000)	10,000

	Number of Options over Ordinary Shares of RM1 Each			
	1.7.2007	Granted	Exercised	30.6.2008
The Company				
Tan Sri Dato' Seri Dr. Cheah Fook Ling	1,000,000	-	(1,000,000)	-
Datuk Razman M Hashim	350,000	-	(350,000)	-
Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim	-	50,000	-	50,000
Low Siew Moi	-	50,000	-	50,000
Teo Tong How	-	50,000	-	50,000
Tan Siak Tee	-	50,000	-	50,000

Directors' interests (contd.)

	Number of Warrants 2007/2017			30.6.2008
	1.7.2007	Acquired	Sold	
The Company				
Direct:				
Tan Sri Dato' Seri Dr. Cheah Fook Ling	-	5,817,591	-	5,817,591
Datuk Razman M Hashim	-	131,096	-	131,096
Ngian Siew Siong	-	6,676	-	6,676
Ngeow Voon Year	-	100,000	-	100,000
Indirect:				
Tan Sri Dato' Seri Dr. Cheah Fook Ling	-	63,685,639	-	63,685,639
Ngian Siew Siong	-	3,343	-	3,343

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

Tan Sri Dato' Seri Dr. Cheah Fook Ling by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interests in shares, options over ordinary shares and warrants in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM463,443,500 to RM469,918,532 by way of the issuance of:

- (i) 2,573,000, 1,420,000 and 5,000 new ordinary shares of RM1 each issued to eligible employees of the Group under the Employees' Share Option Scheme at an exercise price of RM1.00, RM1.15 and RM1.86 per ordinary share respectively for cash; and
- (ii) 2,477,032 new ordinary shares of RM1 each pursuant to the exercise of warrants at an exercise price of RM4.87 per ordinary share for cash.

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

DIRECTORS' REPORT

WARRANTS

On 5 October 2007, the Company issued 155,805,276 warrants at an issue price of RM0.15 per warrant for cash on the basis of one (1) warrant for every three (3) ordinary shares of RM1.00 each held in the Company.

The warrants entitle the registered holder, at any time within a period of 10 years commencing on and including the issue date and expiring on 4 October 2017, to subscribe for 1 new ordinary share of RM1.00 each in the Company at an exercise price of RM4.87 per ordinary share for every warrant held.

During the financial year, 2,477,032 new ordinary shares of RM1 each were subscribed pursuant to the exercise of warrants for the equivalent number by the registered holders.

EMPLOYEES' SHARE OPTION SCHEME

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

The main features of the Scheme are:

- (a) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time) at the time of the offer of options under the Scheme;
- (b) Only Directors and eligible employees of the Company and of the Group will be eligible to participate in the Scheme;
- (c) The price payable upon exercise of an option granted under the Scheme will be based on the five-day weighted average market price of the Company's shares at the time the offer is granted with a discount of not more than 10% if deemed appropriate or the par value of the Company's shares, whichever is higher;
- (d) The duration of the Scheme is ten (10) years from the date of its commencement;
- (e) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on seniority, performance and length of service and the offer shall be valid for acceptance by an employee for a period of thirty days from the date of offer; and
- (f) The options granted may be exercised in the following manner:

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

* 40% or 20,000 options, whichever is higher

30% or the remaining number of options unexercised

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

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

	Number of Ordinary Shares under Option
At 1 July 2007	4,157,000
Movement during the financial year:	
- granted	2,987,250
- forfeited	(176,000)
- exercised	(3,998,000)
At 30 June 2008	2,970,250

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

	Number of Ordinary Shares of RM1 Each	Option Price RM
First offer	98,000	1.00
Second offer	-	1.15
Third offer	-	1.86
Fourth offer	2,836,000	4.82
Fifth offer	36,250	3.00
	2,970,250	

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings except for those holders who have options of 150,000 ordinary shares and above, which are as follows:

	Number of Options over Ordinary Shares of RM1 Each			
	1.7.2007	Granted	Exercised	30.6.2008
Koong Wai Seng	60,000	150,000	(60,000)	150,000

Details of options granted to Executive Directors are disclosed in the section on Directors' Interests in this report.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 53 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 October 2008.



Tan Sri Dato' Seri Dr. Cheah Fook Ling



Ngeow Voon Yean

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Seri Dr. Cheah Fook Ling and Ngeow Voon Yean, being two of the directors of Sunway City Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 113 to 227 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 October 2008.

Tan Sri Dato' Seri Dr. Cheah Fook Ling

Ngeow Voon Yean

STATUTORY DECLARATION

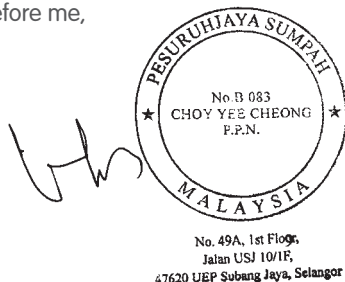
Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Poh Chan, being the Officer primarily responsible for the financial management of Sunway City Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 113 to 227 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Tan Poh Chan
at Petaling Jaya in the State of Selangor
Darul Ehsan on 16 October 2008

Tan Poh Chan

Before me,



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY CITY BERHAD

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Sunway City Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 113 to 227.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY CITY BERHAD (Incorporated in Malaysia) (contd.)

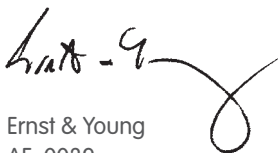
Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 50 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

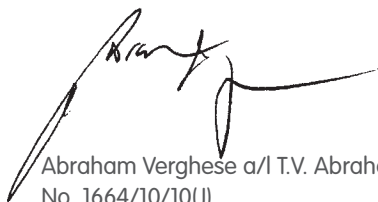
Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
16 October 2008



Abraham Vergheese a/l T.V. Abraham
No. 1664/10/10(J)
Chartered Accountant

INCOME STATEMENTS

For the year ended 30 June 2008

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SUNWAY CITY BERHAD ANNUAL REPORT 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000 (restated)	2008 RM'000	2007 RM'000 (restated)
Revenue	3	1,314,556	1,142,566	144,478	78,049
Cost of sales	4	(629,357)	(563,797)	(29,240)	(6,571)
Gross profit		685,199	578,769	115,238	71,478
Other income	5	374,937	96,443	29,213	59,509
Administrative expenses		(149,349)	(112,436)	(23,341)	(91,341)
Selling and marketing expenses		(45,915)	(34,709)	(4,073)	(3,025)
Other expenses		(168,671)	(190,535)	(31,156)	(27,673)
Operating profit		696,201	337,532	85,881	8,948
Finance costs	6	(76,632)	(57,703)	(43,703)	(29,612)
Share of profit/(loss) of associates		3,223	(573)	-	-
Share of profit of jointly controlled entities		11,213	16,930	-	-
Profit/(loss) before tax	7	634,005	296,186	42,178	(20,664)
Income tax expense	10	(175,685)	(69,104)	(21,386)	(12,060)
Profit/(loss) for the year		458,320	227,082	20,792	(32,724)
Attributable to:					
Equity holders of the Company		261,906	155,806	20,792	(32,724)
Minority interests		196,414	71,276	-	-
		458,320	227,082	20,792	(32,724)
Earnings per share attributable to equity holders of the Company (sen):					
Basic	11	55.87	35.19		
Diluted	11	55.81	34.93		

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

BALANCE SHEETS as at 30 June 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000 (restated)	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	363,926	1,166,683	7,915	6,897
Biological assets	15	763	437	-	-
Investment properties	16	429,469	1,334,370	82,088	81,408
Prepaid land lease payments	17	20,965	21,367	-	-
Land held for property development	18	399,239	251,008	7,065	2,299
Investments in subsidiaries	19	-	-	525,388	500,621
Amounts due from subsidiaries	20	-	-	1,182,129	831,771
Investments in associates	21	15,533	12,420	11,265	11,265
Investments in jointly controlled entities	22	68,823	47,532	13,456	13,456
Goodwill	23	23,027	23,027	-	-
Deferred tax assets	37	13,139	8,931	-	-
		1,334,884	2,865,775	1,829,306	1,447,717
Current assets					
Property development costs	24	356,449	497,001	58,031	36,294
Inventories	25	52,320	34,243	12,171	11,691
Trade receivables	26	209,463	129,273	3,194	2,373
Other receivables	27	96,436	131,205	64,705	61,599
Amounts due from associates	28	-	3	6	-
Amount due from jointly controlled entity	29	7,880	173	7,249	173
Tax recoverable		41,879	32,817	13,436	8,214
Cash and bank balances	30	557,557	531,416	88,930	35,767
		1,321,984	1,356,131	247,722	156,111
Non-current assets classified as held for sale	31	2,537,358	17,295	-	-
		3,859,342	1,373,426	247,722	156,111
TOTAL ASSETS		5,194,226	4,239,201	2,077,028	1,603,828

BALANCE SHEETS as at 30 June 2008 (contd.)

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SUNWAY CITY BERHAD ANNUAL REPORT 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000 (restated)	2008 RM'000	2007 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	40	469,919	463,444	469,919	463,444
Warrants	41	23,000	-	23,000	-
Share premium	42	308,733	298,559	308,733	298,559
Reserves	43	880,129	653,927	243,264	256,303
		1,681,781	1,415,930	1,044,916	1,018,306
Minority interests	44	696,077	537,117	-	-
Total equity		2,377,858	1,953,047	1,044,916	1,018,306
Non-current liabilities					
Borrowings	32	954,775	734,774	534,519	251,433
Long term liabilities	33	63,678	75,679	-	-
Advances by minority shareholders of subsidiaries	34	296,076	285,387	-	-
Amounts due to subsidiaries	35	-	-	153,748	150,837
Hire purchase and finance lease liabilities	36	5,979	5,831	700	1,075
Deferred tax liabilities	37	249,113	151,421	10,139	5,069
		1,569,621	1,253,092	699,106	408,414
Current liabilities					
Trade payables	38	248,239	222,067	14,212	11,692
Other payables	39	384,764	326,372	44,568	26,761
Amounts due to associates	28	19,741	12,584	19,741	12,584
Borrowings	32	567,464	457,990	253,993	125,634
Hire purchase and finance lease liabilities	36	3,980	3,134	492	437
Current tax payable		22,559	10,915	-	-
		1,246,747	1,033,062	333,006	177,108
Total liabilities		2,816,368	2,286,154	1,032,112	585,522
TOTAL EQUITY AND LIABILITIES		5,194,226	4,239,201	2,077,028	1,603,828

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2008

Group	Attributable to Equity Holders of the Company										Minority Interests	Total Equity
	Note	Share Capital (Note 40) RM'000	Warrants (Note 41) RM'000	Share Premium (Note 42) RM'000	Non-Distributable		Distributable					
					Share Option Reserve (Note 43) RM'000	Capital Reserve (Note 43) RM'000	Foreign Currency Translation Reserve (Note 43) RM'000	Retained Profits (Note 43) RM'000	Total RM'000			
At 1 July 2006												
As previously stated		414,942	-	158,406	-	24,536	12,893	244,924	855,701	363,265	1,218,966	
Prior year adjustments	55	-	-	-	-	-	-	(22,639)	(22,639)	(7,384)	(30,023)	
At 1 July 2006 (restated)		414,942	-	158,406	-	24,536	12,893	222,285	833,062	355,881	1,188,943	
Effects of adopting:												
- FRS 3		-	-	-	-	-	-	7,717	7,717	-	7,717	
- FRS 140		-	-	-	-	-	-	241,968	241,968	131,329	373,297	
		414,942	-	158,406	-	24,536	12,893	471,970	1,082,747	487,210	1,569,957	
Foreign currency translation		-	-	-	-	-	683	-	683	(226)	457	
Transfer to/(from) reserves		-	-	-	-	1,187	-	(1,187)	-	-	-	
Net income/(expenses) recognised directly in equity		-	-	-	-	1,187	683	(1,187)	683	(226)	457	
Profit for the year		-	-	-	-	-	-	155,806	155,806	71,276	227,082	
Loss for the year recognised directly in advances by minority shareholders of a subsidiary		-	-	-	-	-	-	-	-	345	345	
Total recognised income and expense for the year		-	-	-	-	1,187	683	154,619	156,489	71,395	227,884	
Dividend	12	-	-	-	-	-	-	(11,961)	(11,961)	-	(11,961)	
Issue of ordinary shares:												
- pursuant to ESOS		6,464	-	-	-	-	-	-	6,464	-	6,464	
- pursuant to private placement		42,038	-	142,927	-	-	-	-	184,965	-	184,965	
Transactions costs		-	-	(2,774)	-	-	-	-	(2,774)	-	(2,774)	
Acquisition of additional equity interest in a subsidiary		-	-	-	-	-	-	-	-	(416)	(416)	
Issue of ordinary shares by subsidiary		-	-	-	-	-	-	-	-	1,284	1,284	
Dividends paid by subsidiaries		-	-	-	-	-	-	-	-	(22,356)	(22,356)	
At 30 June 2007		463,444	-	298,559	-	25,723	13,576	614,628	1,415,930	537,117	1,953,047	

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2008 (contd.)

	Note	Attributable to Equity Holders of the Company								Minority Interests	Total Equity
		Non-Distributable					Distributable				
		Share Capital (Note 40) RM'000	Warrants (Note 41) RM'000	Share Premium (Note 42) RM'000	Share Option Reserve (Note 43) RM'000	Capital Reserve (Note 43) RM'000	Foreign Currency Translation Reserve (Note 43) RM'000	Retained Profits (Note 43) RM'000	Total RM'000		
Group (contd.)											
At 1 July 2007											
As previously stated		463,444	-	298,559	-	25,723	13,576	628,611	1,429,913	553,141	1,983,054
Prior year adjustments	55	-	-	-	-	-	-	(13,983)	(13,983)	(16,024)	(30,007)
At 1 July 2007 (Restated)		463,444	-	298,559	-	25,723	13,576	614,628	1,415,930	537,117	1,953,047
Foreign currency translation											
Transfer to/(from) reserves		-	-	-	-	-	(1,873)	-	(1,873)	(866)	(2,739)
Net income recognised directly in equity		-	-	-	-	1,195	-	(1,195)	-	-	-
Profit for the year		-	-	-	-	1,195	(1,873)	(1,195)	(1,873)	(866)	(2,739)
Profit for the year recognised directly in advances by minority shareholders of a subsidiary		-	-	-	-	-	-	261,906	261,906	196,414	458,320
Total recognised income and expense for the year		-	-	-	-	1,195	(1,873)	260,711	260,033	194,730	454,763
Dividend	12	-	-	-	-	-	-	(37,189)	(37,189)	-	(37,189)
Issue of warrants		-	23,371	-	-	-	-	-	23,371	-	23,371
Issue of ordinary shares:											
- pursuant to ESOS		3,998	-	217	-	-	-	-	4,215	-	4,215
- pursuant to exercise of warrants		2,477	(371)	9,957	-	-	-	-	12,063	-	12,063
Share options granted under ESOS		-	-	-	3,358	-	-	-	3,358	-	3,358
Dividends paid by subsidiaries		-	-	-	-	-	-	-	-	(35,770)	(35,770)
At 30 June 2008		469,919	23,000	308,733	3,358	26,918	11,703	838,150	1,681,781	696,077	2,377,858

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2008 (contd.)

Company	Note	Non-Distributable				Distributable	
		Share Capital (Note 40) RM'000	Warrants (Note 41) RM'000	Share Premium (Note 42) RM'000	Share Option Reserve (Note 43) RM'000	Retained Profits (Note 43) RM'000	Total RM'000
At 1 July 2006		414,942	-	158,406	-	276,911	850,259
Effects of adopting FRS 140		-	-	-	-	24,077	24,077
Issue of ordinary shares		414,942	-	158,406	-	300,988	874,336
- pursuant to ESOS		6,464	-	-	-	-	6,464
- pursuant to private placement		42,038	-	142,927	-	-	184,965
Transaction costs		-	-	(2,774)	-	-	(2,774)
Net loss for the year, representing total recognised income and expense for the year		-	-	-	-	(32,724)	(32,724)
Dividend	12	-	-	-	-	(11,961)	(11,961)
At 30 June 2007		463,444	-	298,559	-	256,303	1,018,306
Issue of warrants		-	23,371	-	-	-	23,371
Issue of ordinary shares:							
- pursuant to ESOS		3,998	-	217	-	-	4,215
- pursuant to exercise of warrants		2,477	(371)	9,957	-	-	12,063
Share options granted under ESOS		-	-	-	3,358	-	3,358
Net profit for the year, representing total recognised income and expense for the year		-	-	-	-	20,792	20,792
Dividends	12	-	-	-	-	(37,189)	(37,189)
At 30 June 2008		469,919	23,000	308,733	3,358	239,906	1,044,916

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

CASH FLOW STATEMENTS

For the year ended 30 June 2008

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SUNWAY CITY BERHAD ANNUAL REPORT 2008

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	1,271,221	1,137,942	45,147	67,597
Payment to suppliers and contractors	(531,910)	(532,628)	(53,223)	(21,235)
Payment of operating expenses	(295,832)	(221,712)	(31,974)	(82,095)
Interest received				
- subsidiaries	-	-	26,653	15,125
- others	14,470	12,292	2,342	1,097
Dividends received				
- subsidiaries	-	-	53,799	30,635
- jointly controlled entity	20,002	10,220	20,002	10,220
Cash generated from operations	477,951	406,114	62,746	21,344
Taxes refunded	2,500	1,261	2,500	1,261
Taxes paid	(82,119)	(82,712)	-	(442)
Net cash generated from operating activities	398,332	324,663	65,246	22,163
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of land held for property development	-	8,800	-	-
Proceeds from disposal of property, plant and equipment	1,072	292	69	16
Deposits paid on acquisition of land	-	(7,700)	-	-
Deposit paid on acquisition of investment property	-	(28,800)	-	-
Acquisition of land	(19,297)	-	-	-
Acquisition of property, plant and equipment (a)	(224,867)	(395,396)	(2,119)	(1,660)
Acquisition of biological assets	(388)	(447)	-	-
Acquisition of subsidiaries 19	-	1	-	-
Acquisition and subsequent expenditure of investment properties	(114,240)	(46)	(680)	-

CASH FLOW STATEMENTS

For the year ended 30 June 2008 (contd.)

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (contd.)				
Partial repayment of balance consideration for the acquisition of land in previous financial period	(72,538)	(10,876)	-	-
Full repayment of balance consideration for the acquisition of investment properties in previous financial period	(119,918)	-	-	-
Additional investment in ordinary shares issued by subsidiaries	-	-	(348)	(50)
Investment in preference shares issued by a subsidiary	-	-	(34,191)	-
Investment in a jointly controlled entity	(30,080)	-	-	-
Investment in a newly incorporated subsidiary	-	-	-	(8)
Redemption of preference shares in a subsidiary	-	-	8,624	-
Advances to subsidiaries	-	-	(354,558)	(137,091)
Repayment from subsidiaries	-	-	2,911	-
Advances from associates	7,160	10,104	7,151	10,101
Advances to joint venture partners	(1,537)	(31,113)	(1,537)	(44,817)
(Advances to)/repayment from jointly controlled entity	(7,707)	354	(7,076)	324
Net cash used in investing activities	(582,340)	(454,827)	(381,754)	(173,185)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loans	275,498	497,026	5,998	105,000
Drawdown of revolving credits	98,000	-	98,000	-
Drawdown of bonds	235,963	-	235,963	-
Repayment of term loans	(82,684)	(129,539)	-	(1,395)
Repayment of revolving credits	(60,000)	(120,900)	(60,000)	(120,900)

CASH FLOW STATEMENTS

For the year ended 30 June 2008 (contd.)

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SUNWAY CITY BERHAD ANNUAL REPORT 2008

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES (contd.)				
Issuance of commercial papers and medium term notes	240,000	18,000	240,000	18,000
Repayment of commercial papers and medium term notes	(110,000)	-	(110,000)	-
Repayment of hire purchase and lease financing	(4,042)	(3,656)	(531)	(445)
Interest paid	(80,681)	(55,482)	(42,219)	(31,662)
Advances from/(repayment to) minority shareholders of subsidiaries	10,689	(6,941)	-	-
Redemption of preference shares held by minority shareholders of subsidiaries	(15,988)	(15,905)	-	-
Redemption of Secured Class A, B, C1 and C2 Notes ("Senior Notes") issued by a subsidiary	(271,132)	(43,502)	-	-
Issuance of warrants	23,371	-	23,371	-
Issuance of ordinary shares to minority shareholders of subsidiaries	-	1,284	-	-
Issuance of ordinary shares pursuant to Employees' Share Option Scheme	4,215	6,464	4,215	6,464
Issuance of ordinary shares pursuant to private placement	-	184,965	-	184,965
Issuance of ordinary shares pursuant to exercise of warrants	12,063	-	12,063	-
Share issue costs	-	(2,774)	-	(2,774)
Dividends paid to shareholders of the Company	(37,189)	(11,961)	(37,189)	(11,961)
Dividends paid to minority shareholders of subsidiaries	(31,819)	(23,904)	-	-
Net cash generated from financing activities	206,264	293,175	369,671	145,292

CASH FLOW STATEMENTS

For the year ended 30 June 2008 (contd.)

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net increase/(decrease) in cash and cash equivalents		22,256	163,011	53,163	(5,730)
Effects of foreign exchange rates changes		1,539	90	-	-
Cash and cash equivalents at beginning of year		528,660	365,559	35,767	41,497
Cash and cash equivalents at end of year	30	552,455	528,660	88,930	35,767
(a)					
Additions of property, plant and equipment		259,028	472,958	2,330	1,713
Additions via hire purchase and finance lease arrangements		(5,036)	(1,142)	(211)	(53)
Additions via deferred payment		(79,350)	(84,247)	-	-
Additions via cash		174,642	387,569	2,119	1,660
Payment for property, plant and equipment acquired via deferred payment in prior period/years		50,225	7,827	-	-
Cash outflow for acquisition of property, plant and equipment		224,867	395,396	2,119	1,660

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

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SUNWAY CITY BERHAD ANNUAL REPORT 2008

1. CORPORATE INFORMATION

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

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

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

The principal activities of the subsidiaries are:

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 October 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical basis, except for investment properties that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiary and basis of consolidation

(i) Subsidiary

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(a) Subsidiary and basis of consolidation (contd.)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary or an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(b) Associates (contd.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Jointly controlled entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(d) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(e) Property, plant and equipment and depreciation (contd.)

Freehold land is stated at cost less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(f) Biological assets

All items of biological assets are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All upkeep and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, biological assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of biological assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated biological life, at an annual rate of 20%.

The residual values, biological life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of biological asset.

An item of biological asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(g) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(h) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(h) Land held for property development and property development costs (contd.)

(ii) Property development costs

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

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

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

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

(i) Impairment of non-financial assets

The carrying amounts of assets, other than investment property, property development costs, inventories, deferred tax assets and non-current assets held for sale are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.2 Summary of significant accounting policies (contd.)****(j) Inventories**

Property stocks are stated at lower of cost and net realisable value. Cost comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Trading inventories, food and beverages and consumables are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined using the weighted average method. Cost comprises costs of purchase.

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

(k) Financial instruments

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

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

(i) Cash and cash equivalents

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

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. Impairment losses are recognised for all declines in value other than temporary. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

(iii) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade payables

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

(v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(k) Financial instruments (contd.)

(vi) Equity instruments

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

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

Preference shares are classified as equity if there is no fixed term for redemption and dividends are at option of the issuer. Dividends on equity instruments are recognised in equity in the period in which they are declared.

Preference shares are classified as liability if it is redeemable on a specific date or at the option of the shareholders and confer on the shareholders the right to a cumulative preference dividends. The corresponding dividends on those shares are recognised as interest expense as and when they are incurred in the income statement.

(l) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All other leases are classified as operating leases.

(i) Finance leases

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(e).

(ii) Operating leases

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

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.2 Summary of significant accounting policies (contd.)****(n) Income tax**

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(o) Provisions for liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(p) Employee benefits**(i) Short term benefits**

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(p) Employee benefits (contd.)

(iii) Share-based compensation

The Sunway City Berhad Employees' Share Option Scheme, an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

For share options granted after 1 January 2005 but before 31 December 2005 and not yet vested by 1 January 2006 and share options granted after 1 January 2006, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

(q) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(q) Foreign currencies (contd.)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of properties under development, land and property inventories

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(h)(ii).

Revenue from sale of land and property inventories is recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of property inventories.

(ii) Rental income

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

(iii) Investment income

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

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

(iv) Sale of goods, services and rights of enjoyment

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

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

(v) Club subscription fees

Club subscription fees are recognised on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.2 Summary of significant accounting policies (contd.)

(r) Revenue recognition (contd.)

(vi) Time share revenue

70% of the enrolment fees from members are recognised as income upon the execution of the membership agreements and the remaining 30% is treated as deferred membership fees which are recognised over the membership period.

Annual maintenance fees are recognised on the accrual basis based on fees chargeable to members upon execution and renewal of the membership agreements.

(s) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

The MASB has issued a number of new and revised FRSs and Interpretations that are effective for financial periods beginning on or after 1 July 2007.

Except for the effects as discussed below, the new and revised FRSs and Interpretations did not have any other significant impact on the financial statements of the Group and of the Company.

(a) FRS 117: Leases

Prior to 1 July 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(b), certain comparatives have been restated. There were no effects on the Group's and the Company's income statements for the year ended 30 June 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (contd.)****(b) Restatement of comparatives**

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously Stated	Increase/ (Decrease) FRS 117 Note 2.3(a)	Restated
	RM'000	RM'000	RM'000
At 30 June 2007			
Group			
Property, plant and equipment	1,188,050	(21,367)	1,166,683
Prepaid land lease payments	-	21,367	21,367

2.4 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following FRS was issued but not yet effective and have not been applied by the Group and the Company:

		Effective for financial periods beginning on or after
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant accounting estimates and judgements**(a) Critical judgements made in applying accounting policies**

The following is the judgement made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.5 Significant accounting estimates and judgements (contd.)

(a) Critical judgements made in applying accounting policies (contd.)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 30 June 2008 was RM23,027,000 (2007: RM23,027,000). Further details are disclosed in Note 23.

(ii) Depreciation of property, plant and equipment

The cost of hotel properties is depreciated on a straight-line basis over its remaining useful lives. Management estimates the useful lives of these hotel properties to be 50 years from the date of completion or from the date of acquisition, based on common life expectancies applied in the hotel industry. The remaining useful lives of the Group's hotel properties are between 40 years to 48 years.

The useful lives and residual values of other components of property, plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

(iii) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

2. SIGNIFICANT ACCOUNTING POLICIES (contd.)**2.5 Significant accounting estimates and judgements (contd.)****(b) Key sources of estimation uncertainty (contd.)****(iv) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM90,688,000 (2007: RM83,688,000) and the unrecognised tax losses and capital allowances of the Group was RM196,353,000 (2007: RM194,718,000).

(v) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of trade receivables and other receivables of the Group as at 30 June 2008 were RM209,463,000 (2007: RM129,273,000) and RM96,436,000 (2007: RM131,205,000) respectively.

3. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of properties under development	693,884	651,916	40,576	12,268
Sale of property stocks	6,713	22,688	-	-
Rental income	200,882	102,940	5,382	4,926
Sale of goods and services	390,959	345,176	-	-
Subscription fees and others	7,163	5,952	-	-
Time sharing fees	14,955	13,894	-	-
Dividend income from subsidiaries	-	-	71,120	46,855
Dividend income from jointly controlled entity	-	-	27,400	14,000
	1,314,556	1,142,566	144,478	78,049

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

4. COST OF SALES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property development costs (Note 24)				
- current year	460,146	399,678	28,124	6,485
- under recognised in prior year	249	-	203	-
Cost of property stocks sold	3,519	14,816	-	-
Cost of goods and services sold				
- cost of services rendered	8,532	8,497	913	86
- cost of theme park operations	7,208	6,246	-	-
- cost of hotel operations	69,545	64,269	-	-
- cost of healthcare operations	41,632	36,340	-	-
- cost of travel and tour business operations	32,404	27,733	-	-
Cost of time sharing business operations	6,122	6,218	-	-
	629,357	563,797	29,240	6,571

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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5. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fair value adjustments of investment properties (Note 16)	311,816	43,745	-	30,285
Gain on disposal of property, plant and equipment	117	70	1	6
Gain on disposal of land held for property development	-	1,391	-	-
Interest income				
- from subsidiaries	-	-	26,653	15,125
- others	14,470	12,292	2,342	1,097
Liquidated damages receivable	222	2,350	-	-
Negative goodwill recognised (Note 23)	-	785	-	-
Rental income				
- equipment	5,486	5,199	-	-
- others	7,239	6,405	-	-
Realised foreign exchange gain	-	110	-	-
Write-back of allowance for doubtful debts no longer required				
- others	3,504	-	217	-
Write-back of impairment losses				
- land held for property development (Note 18)	-	1,159	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

6. FINANCE COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Dividends on cumulative redeemable preference shares payable to minority shareholders of subsidiaries	60	207	-	-
Interest expense:				
- hire purchase and finance lease arrangements	784	819	86	114
- inter-company balances	-	-	4,144	6,006
- related party balances	374	1,349	336	1,021
- bank overdrafts	391	512	-	-
- revolving credits	2,413	3,880	2,413	3,880
- commercial papers and medium term notes	19,033	14,637	19,033	14,637
- term loans	35,767	16,004	6,786	3,954
- bonds	9,124	-	9,124	-
- Senior Notes	5,559	18,898	-	-
Amortisation of discount on				
- bonds	1,781	-	1,781	-
- Senior Notes	1,346	1,397	-	-
	76,632	57,703	43,703	29,612

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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7. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Employee benefits expense (Note 8)	163,073	137,597	29,961	21,698
Non-executive directors' remuneration (Note 9)	137	132	137	132
Auditors' remuneration:				
- statutory audits	713	674	138	125
- underprovision in prior year	39	59	-	-
- other services	717	66	-	-
Amortisation of prepaid land lease payments (Note 17)	402	391	-	-
Allowance for doubtful debts				
- due from subsidiaries	-	-	4,200	68,571
- others	4,056	1,092	10	77
Bad debts written off	212	15	-	-
Depreciation of				
- property, plant and equipment (Note 14)	34,099	48,598	1,244	3,584
- biological assets (Note 15)	75	10	-	-
Impairment losses on				
- property, plant and equipment (Note 14)	-	29,381	-	5,447
- investments in subsidiaries (Note 19)	-	-	1,148	4,494
- goodwill (Note 23)	-	1,609	-	-
- inventories	518	-	-	-
Liquidated damages payable	499	1,376	-	-
Loss on disposal of an associate	59	-	-	-
Property, plant and equipment written off	35	1,374	-	-
Biological assets written off	111	-	-	-
Rental expense				
- land and buildings	740	507	1,432	1,190
- equipment, plant and machinery	839	509	265	122
- others	181	106	-	-
Write off of land held for property development (Note 18)	-	136	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Wages and salaries	97,203	87,913	15,472	12,467
Social security contributions	1,350	1,207	147	116
Contributions to defined contribution plan	12,825	11,107	2,643	2,092
Share options granted under ESOS (Note 43)	3,358	-	3,358	-
Other benefits	48,337	37,370	8,341	7,023
	163,073	137,597	29,961	21,698

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM8,355,000 (2007: RM7,615,000) and RM5,506,000 (2007: RM5,307,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive directors' remuneration (Note 8):				
Other emoluments	8,355	7,615	5,506	5,307
Non-executive directors' remuneration (Note 7):				
Fees	102	102	102	102
Other emoluments	35	30	35	30
	137	132	137	132
Total directors' remuneration	8,492	7,747	5,643	5,439
Estimated money value of benefits-in-kind	413	716	317	617
Total directors' remuneration including benefits-in-kind	8,905	8,463	5,960	6,056

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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9. DIRECTORS' REMUNERATION (contd.)

The details of remuneration receivable by directors of the Company during the financial year are as follows:

	Group/Company	
	2008 RM'000	2007 RM'000
Executive:		
Salaries and other emoluments	3,216	3,190
Bonus	1,720	1,627
Defined contribution plan	570	490
Estimated money value of benefits-in-kind	317	617
	5,823	5,924
Non-executive:		
Fees	102	102
Other emoluments	35	30
	5,960	6,056

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive directors:		
Below RM350,000	2	-
RM350,001 - RM400,000	-	1
RM400,001 - RM450,000	1	-
RM800,001 - RM850,000	2	3
RM3,050,001 - RM3,100,000	-	1
RM3,400,001 - RM3,500,000	1	-
Non-executive directors:		
Below RM50,000	5	5

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

10. INCOME TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current income tax:				
Malaysian income tax	54,661	66,372	19,474	13,330
Foreign tax	-	13	-	-
	54,661	66,385	19,474	13,330
Under/(over)provision in prior years:				
Malaysian income tax	1,260	(1,119)	(3,158)	(829)
Foreign tax	26,280	-	-	-
	27,540	(1,119)	(3,158)	(829)
Deferred tax (Note 37):				
Relating to origination and reversal of temporary differences	89,308	11,557	(5,625)	1,088
Relating to changes in tax rates	(8,779)	(5,543)	(625)	(349)
Under/(over)provision in prior years:	12,955	(2,282)	11,320	(1,180)
	93,484	3,732	5,070	(441)
Real property gains tax	-	106	-	-
Total income tax expense	175,685	69,104	21,386	12,060

Included in the Group's underprovision for foreign income tax is an amount pertaining to additional tax provided in a foreign subsidiary as a result of change in treatment for utilisation of tax relief.

Domestic current income tax is calculated at the statutory tax rate for years of assessment 2007 and 2008 of 27% and 26% respectively of the estimated assessable profit for the year except for the tax incentive of 7% and 6% respectively exempted by the Inland Revenue Board for the first RM500,000 (2007: RM500,000) taxable profit of certain subsidiaries. The domestic statutory tax rate will be reduced to 25% effective year of assessment 2009. The computation of deferred tax as at 30 June 2008 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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10. INCOME TAX EXPENSE (contd.)

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

	2008 RM'000	2007 RM'000
Group		
Profit before tax	634,005	296,186
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	164,841	79,970
Effect of income subject to tax rate of 20% (2007: 20%)	(677)	(533)
Different tax rates in other countries	36	240
Effect of changes in tax rates on opening balance of deferred tax	-	(643)
Deferred tax recognised at different tax rates	(8,779)	(4,900)
Income not subject to tax	(7,858)	(2,893)
Expenses not deductible for tax purposes	14,216	16,820
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(2,219)	(12,250)
Deferred tax assets not recognised in respect of current year/period's tax losses, unabsorbed capital allowances and other deductible temporary differences	4,178	1,854
Deferred tax assets recognised on previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	-	(2,386)
Income in year of assessment 2006 subject to tax rate of 28%	-	1,536
Effect of share of (profit)/loss of associates	(838)	155
Effect of share of profit of jointly controlled entities	(2,915)	(4,571)
Real property gains tax	-	106
Permanent differences arising from the buyback of assets pursuant to the Group's corporate exercise (Note (a))	(24,795)	-
Under/(over)provision of income tax in prior years	27,540	(1,119)
Under/(over)provision of deferred tax in prior year	12,955	(2,282)
Income tax expense for the year	175,685	69,104

- (a) This represents the permanent difference arising from the increase in tax base of the restated assets as disclosed in Note 55(a), as the result of the buyback during the year as disclosed in Note 53(a)(iii). The increase in tax base represents the amount that the Inland Revenue Board will permit as a deduction in future periods.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

10. INCOME TAX EXPENSE (contd.)

	2008 RM'000	2007 RM'000
Company		
Profit/(loss) before tax	42,178	(20,664)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	10,966	(5,580)
Deferred tax recognised at different tax rates	(625)	(195)
Effect of changes in tax rates on opening balance of deferred tax	-	(154)
Income not subject to tax	(1,986)	-
Expenses not deductible for tax purposes	4,869	19,653
Income in year of assessment 2006 subject to tax rate of 28%	-	345
Overprovision of income tax in prior year	(3,158)	(829)
Under/(over)provision of deferred tax in prior year	11,320	(1,180)
Income tax expense for the year	21,386	12,060

Tax savings during the financial year arising from:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Utilisation of current year tax losses	28,167	12,789	27,735	12,789
Utilisation of previously unrecognised tax losses	6,614	22	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2008	2007 (restated)
Profit attributable to ordinary equity holders of the Company (RM'000)	261,906	155,806
Weighted average number of ordinary shares in issue ('000)	468,792	442,785
Basic earnings per share (sen)	55.87	35.19

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees and warrants.

	2008 RM'000	2007 RM'000 (restated)
Profit attributable to ordinary equity holders of the Company (RM '000)	261,906	155,806
Weighted average number of ordinary shares in issue ('000)	468,792	442,785
Effect of dilution of share options ('000)	487	3,321
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	469,279	446,106
Diluted earnings per share (sen)	55.81	34.93

The comparative basic and diluted earnings per share have been restated to take into account of the effects of the prior year adjustments on profits for that year as disclosed in Note 55.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

12. DIVIDENDS

	Dividends in respect of Year/Period			Dividends Recognised in Year	
	1.7.2007 to 30.6.2008 RM'000	1.7.2006 to 30.6.2007 RM'000	1.1.2005 to 30.6.2006 RM'000	1.7.2007 to 30.6.2008 RM'000	1.7.2006 to 30.6.2007 RM'000
Recognised during the year:					
Second interim dividend for 2006: 4.0% less 28% taxation, on 415,298,000 ordinary shares (2.88 sen per share)	-	-	11,961	-	11,961
Final dividend for 2007: 7.8% less 27% taxation, on 469,910,199 ordinary shares (5.694 sen per share)	-	26,757	-	26,757	-
First interim dividend for 2008: 3.0% less 26% taxation, on 469,910,199 ordinary shares (2.22 sen per share)	10,432	-	-	10,432	-
	10,432	26,757	11,961	37,189	11,961

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008, of 5% less 25% taxation on ordinary shares in issue on the date of entitlement, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2009.

13. JOINTLY CONTROLLED OPERATIONS

- (i) Joint venture arrangements have been established by the Company to undertake property development activities with joint venture partners as follows:

Name of joint venture partners	Participation Interest	
	2008 %	2007 %
Medallion Development Sdn. Bhd.	50	50
Fawanis Sdn. Bhd.	50	50

The contribution and share of assets, liabilities, income and expenses of the Group and of the Company in the jointly controlled operations have been accounted for separately in the financial statements as follows:

	Group/Company	
	2008 RM'000	2007 RM'000
Contribution/share of:		
Land held for property development	4,766	-
Property development costs:		
- freehold land and development costs	20,841	20,012
- leasehold land and development costs	3,016	750
Other receivables	74	621
Cash and bank balances	8,526	5,412
Trade payables	(2,036)	(3,418)
Other payables	(865)	(242)
Borrowings - term loans	(45,605)	(39,605)
Other income	(181)	(13)
Expenses	2,645	1,180

- (ii) The Company is also involved in a joint venture arrangement with Sunway Construction Sdn. Bhd. ("Suncon"), a subsidiary of a related party, Sunway Holdings Berhad Group (formerly known as Sunway Holdings Incorporated Berhad Group) to undertake property development activities. The relationship with the related party is as disclosed in Note 49. Under the joint venture arrangement, the Company is entitled to a 50% share of the net profit arising from the jointly controlled operations while Suncon will undertake all the assets, liabilities and losses of the jointly controlled operations.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2008 (contd.)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Hotel Properties RM'000	Freehold Land RM'000	Buildings RM'000	Renovations RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Equipment, Furniture and Fittings RM'000	Capital Work-in-Progress RM'000	Total RM'000
At 30 June 2008									
Cost									
At 1 July 2007	-	5,164	625,923	3,655	265,553	8,774	300,818	487,928	1,697,815
Additions	-	85	6,421	544	1,863	958	36,415	212,742	259,028
Disposals/write-offs	-	-	-	(50)	(247)	(402)	(1,154)	-	(1,853)
Reclassifications	-	-	5,999	-	75	-	(27)	(6,047)	-
Transfer from property development costs (Note 24)	-	-	-	-	-	-	-	9	9
Transfer to investment properties (Note 16)	-	-	-	-	-	-	-	(570,545)	(570,545)
Transfer to non-current assets classified as held for sale (Note 31)	-	(480)	(328,402)	(1,212)	(74,944)	(1,708)	(190,427)	(35,588)	(632,761)
Exchange differences	-	-	(1,376)	(24)	(322)	(7)	(744)	-	(2,473)
At 30 June 2008	-	4,769	308,565	2,913	191,978	7,615	144,881	88,499	749,220
Accumulated depreciation and impairment									
At 1 July 2007	-	943	99,229	1,850	187,481	5,103	230,772	5,754	531,132
Depreciation charge for the year (Note 7)	-	-	9,181	369	6,484	1,080	16,985	-	34,099
Disposals/write-offs	-	-	-	(26)	(6)	(339)	(492)	-	(863)
Transfer to non-current assets classified as held for sale (Note 31)	-	-	(9,814)	(707)	(26,447)	(1,182)	(140,017)	-	(178,167)
Exchange differences	-	-	(111)	(11)	(159)	(1)	(625)	-	(907)
At 30 June 2008	-	943	98,485	1,475	167,353	4,661	106,623	5,754	385,294
Net carrying amount	-	3,826	210,080	1,438	24,625	2,954	38,258	82,745	363,926

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

14. PROPERTY, PLANT AND EQUIPMENT (contd.)

	Hotel Properties RM'000	Freehold Land RM'000	Buildings RM'000	Renovations RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Equipment, Furniture and Fittings RM'000	Capital Work-in- Progress RM'000	Total RM'000
Group (contd.)									
At 30 June 2007									
Cost									
At 1 July 2006	420,572	943	188,139	3,491	252,017	8,261	287,517	213,680	1,374,620
Additions	-	750	3,820	205	2,507	1,254	14,856	449,566	472,958
Disposals/write-offs	-	-	-	(13)	(595)	(738)	(3,301)	-	(4,647)
Adjustments	(4,620)	3,471	13,219	-	-	-	-	-	12,070
Reclassifications	(415,952)	-	422,489	-	12,001	-	2,565	(21,103)	-
Transfer to investment properties (Note 16)	-	-	-	-	-	-	-	(154,219)	(154,219)
Exchange differences	-	-	(1,744)	(28)	(377)	(3)	(819)	4	(2,967)
At 30 June 2007	-	5,164	625,923	3,655	265,553	8,774	300,818	487,928	1,697,815
Accumulated depreciation and impairment									
At 1 July 2006	-	-	64,169	1,500	170,639	4,681	210,543	5,747	457,279
Depreciation charge for the year (Note 7)	-	-	12,301	360	12,158	1,073	22,706	-	48,598
Disposals/write-offs	-	-	-	-	(595)	(651)	(1,805)	-	(3,051)
Impairment losses (Note 7)	-	943	22,991	-	5,447	-	-	-	29,381
Exchange differences	-	-	(232)	(10)	(168)	-	(672)	7	(1,075)
At 30 June 2007	-	943	99,229	1,850	187,481	5,103	230,772	5,754	531,132
Net carrying amount	-	4,221	526,694	1,805	78,072	3,671	70,046	482,174	1,166,683

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

14. PROPERTY, PLANT AND EQUIPMENT (contd.)

	Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Equipment, Furniture and Fittings RM'000	Total RM'000
Company					
At 30 June 2008					
Cost					
At 1 July 2007	4,185	51,739	3,316	4,943	64,183
Additions	241	-	441	1,648	2,330
Disposals	-	-	(139)	(18)	(157)
At 30 June 2008	4,426	51,739	3,618	6,573	66,356
Accumulated depreciation and impairment					
At 1 July 2007	906	51,541	1,197	3,642	57,286
Depreciation charge for the year (Note 7)	86	10	663	485	1,244
Disposals	-	-	(77)	(12)	(89)
At 30 June 2008	992	51,551	1,783	4,115	58,441
Net carrying amount	3,434	188	1,835	2,458	7,915

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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14. PROPERTY, PLANT AND EQUIPMENT (contd.)

	Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Equipment, Furniture and Fittings RM'000	Total RM'000
Company (contd.)					
At 30 June 2007					
Cost					
At 1 July 2006	3,075	51,739	3,097	4,663	62,574
Additions	1,110	-	300	303	1,713
Disposals	-	-	(81)	(23)	(104)
At 30 June 2007	4,185	51,739	3,316	4,943	64,183
Accumulated depreciation and impairment					
At 1 July 2006	838	43,596	667	3,248	48,349
Depreciation charge for the year (Note 7)	68	2,498	601	417	3,584
Impairment loss (Note 7)	-	5,447	-	-	5,447
Disposals	-	-	(71)	(23)	(94)
At 30 June 2007	906	51,541	1,197	3,642	57,286
Net carrying amount	3,279	198	2,119	1,301	6,897

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

14. PROPERTY, PLANT AND EQUIPMENT (contd.)

- (a) The net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements is as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Motor vehicles	1,516	2,135	1,340	1,755
Equipment, furniture and fittings	7,940	9,447	-	-
	9,456	11,582	1,340	1,755

- (b) The net carrying amount of property, plant and equipment pledged to financial institutions as securities for borrowings as disclosed in Note 32 is as follows:

	Group	
	2008 RM'000	2007 RM'000
Buildings	80,689	388,574
Renovations	-	998
Plant and machinery	4,621	44,396
Equipment, furniture and fittings	2,260	12,033
Capital work-in-progress	-	459,409
	87,570	905,410

- (c) Interest expense capitalised during the financial year under capital work-in-progress of the Group amounted to RM872,000 (2007: RM4,685,000).
- (d) In the previous financial year, the Group and the Company carried out a review of the recoverable amount of:
- the Company's monorail included within the property investment segment, because it had ceased operations in a previous financial year and was deemed to no longer have any recoverable amount. The review led to the recognition of further impairment loss of RM5,447,000.
 - Sunway Hotel Phnom Penh Ltd.'s long term leasehold hotel building included within the hospitality segment, because its hotel operations had been loss-making since its commencement of business and management did not expect a turnaround in the foreseeable future. The review led to the recognition of an impairment loss of RM18,817,000. The recoverable amount was based on value-in-use and was determined at the cash-generating unit (CGU) which consists of the Cambodian-based assets of Sunway Hotel Phnom Penh Ltd. In determining value-in-use for the CGU, the cash flows were discounted at a rate of 7.00% on a pre-tax basis.

14. PROPERTY, PLANT AND EQUIPMENT (contd.)

- (d) (iii) Sunway Semenyih Sdn. Bhd.'s freehold clubhouse land and building included within the leisure segment because its club operations had been loss-making since its commencement of business and management did not expect a turnaround in the foreseeable future. The review led to the recognition of an impairment loss of RM3,402,000. The recoverable amount was based on value-in-use and was determined at the CGU whereby the cash flows were discounted at a rate of 7.00% on a pre-tax basis.
- (iv) Splendid Crest Sdn. Bhd.'s long term leasehold building included within the property investment segment because its expected recoverable amount was lower than its carrying amount. The recoverable amount was based on valuation performed by an independent qualified professional valuer. The review led to the recognition of an impairment loss of RM1,715,000.

15. BIOLOGICAL ASSETS

	Group	
	2008 RM'000	2007 RM'000
Cost		
At 1 July	447	-
Additions	512	447
Write-off	(124)	-
At 30 June	835	447
Accumulated depreciation		
At 1 July	10	-
Depreciation charge for the year (Note 7)	75	10
Write-off	(13)	-
At 30 June	72	10
Net carrying amount	763	437

Biological assets consist of animals used in a petting zoo operated by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

16. INVESTMENT PROPERTIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At valuation				
At 1 July	1,334,370	611,388	81,408	15,415
Effect of adopting FRS 140	-	518,476	-	33,473
	1,334,370	1,129,864	81,408	48,888
Additions from acquisition	151,418	1,750	680	1,750
Additions from subsequent expenditure	111,540	46	-	-
Transfers from:				
- property, plant and equipment (Note 14)	570,545	154,219	-	-
- land held for property development (Note 18)	-	485	-	485
- property development costs (Note 24)	-	4,261	-	-
- non-current assets classified as held for sale (Note 31)	(2,050,220)	-	-	-
Fair value adjustments (Note 5)	311,816	43,745	-	30,285
At 30 June	429,469	1,334,370	82,088	81,408

The investment properties under lease terms are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Long term leasehold land	37,577	272,359	48,008	48,008
Buildings	391,892	1,062,011	34,080	33,400
	429,469	1,334,370	82,088	81,408

Investment properties of the Group with an aggregate carrying value of RM357,628,000 (2007: RM1,234,158,000) are pledged as securities for borrowings as disclosed in Note 32.

One of the investment properties of the Group has been valued based on prior year's valuation, which the directors deemed still applicable based on an overall assessment of the current property market condition for the location where the said property is situated.

Investment properties comprise a number of commercial properties leased to third and related parties.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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17. PREPAID LAND LEASE PAYMENTS

	Group	
	2008 RM'000	2007 RM'000
At cost		
At 1 July	21,367	21,758
Amortisation for the year (Note 7)	(402)	(391)
At 30 June	20,965	21,367

The unexpired portion of the leasehold land as of 30 June 2008 are within the range of 82.5 years to 90.5 years (2007: 83.5 years to 91.5 years).

Leasehold land with an aggregate carrying value of RM15,321,000 (2007: RM21,907,000) are pledged as securities for borrowings as disclosed in Note 32.

18. LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost				
At 1 July:				
Freehold land	141,471	176,538	-	-
Long term leasehold land	6,983	81,974	1,020	1,020
Development costs	102,554	112,417	1,279	1,764
	251,008	370,929	2,299	2,784
Exchange difference:				
Freehold land	404	381	-	-
Additions:				
Freehold land	48,377	-	-	-
Long term leasehold land	28,161	-	-	-
	76,538	-	-	-
Reversal of overaccrued cost:				
Development costs	(212)	-	-	-
Disposal:				
Freehold land	-	(10,139)	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

18. LAND HELD FOR PROPERTY DEVELOPMENT (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Reclassified as held for sale (Note 31)	(15,249)	(17,295)	-	-
Transfers (to)/from:				
- investment properties (Note 16)	-	(485)	-	(485)
- property development costs (Note 24)	86,750	(92,247)	4,766	-
	86,750	(92,732)	4,766	(485)
Write-off:				
Development costs (Note 7)	-	(136)	-	-
At 30 June	399,239	251,008	7,065	2,299
Accumulated impairment losses				
Freehold land:				
At 1 July	-	(3,889)	-	-
Write-back (Note 5)	-	1,159	-	-
Disposal	-	2,730	-	-
At 30 June	-	-	-	-
Carrying amount at 30 June	399,239	251,008	7,065	2,299

Interest expense capitalised during the financial year under development costs of the Group amounted to RM1,816,000 (2007: RM707,000).

Freehold land and related development costs of the Group costing RM35,196,000 (2007: RM35,654,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 32.

Long term leasehold land and related development costs of the Group and of the Company costing RM4,766,000 (2007: RMNil) and RM4,766,000 (2007: RMNil) respectively are pledged to financial institutions as securities for borrowings as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
At cost		
Unquoted ordinary shares	214,832	214,484
Less: Accumulated impairment losses	(7,854)	(7,854)
	206,978	206,630
Unquoted preference shares	328,182	293,991
Less: Impairment loss for the year (Note 7)	(1,148)	-
Less: Redeemed during the year	(8,624)	-
	318,410	293,991
Net carrying amount at 30 June	525,388	500,621

Details of the subsidiaries are as disclosed in Note 50.

The incorporation of Sunway REIT Management Sdn. Bhd. by the Company during the financial year does not have any material effect on the financial results and financial position of the Group.

During the financial year, the Company acquired 100% equity interest in Spring Ambience Sdn. Bhd. The cost of acquisition of RM2 was satisfied by cash.

During the financial year, the Company subscribed to additional shares in Stellar Destiny Sdn. Bhd. and Sunway Tower 2 Sdn. Bhd. (formerly known as Lambang Mujur Sdn. Bhd.), both wholly owned subsidiaries. The additional subscription of Stellar Destiny Sdn. Bhd. and Sunway Tower 2 Sdn. Bhd. (formerly known as Lambang Mujur Sdn. Bhd.) amounting to RM98,000 and RM250,000 respectively were satisfied by cash.

During the financial year, the Group acquired 100% equity interest in Essential Outlook Sdn. Bhd. The cost of acquisition of RM2 was satisfied by cash.

The acquired subsidiaries do not have any material effect on the financial results and financial position of the Group.

Pursuant to the ABS exercise as disclosed in Note 32(e), the Company had on 29 May 2007 executed the Notice of Exercise of Option to exercise its option to purchase the redeemable preference shares in Sunway Pyramid Sdn. Bhd. from ABS Real Estate Berhad for a total cash consideration of RM34,191,000. The whole exercise was completed during the current financial year as disclosed in Note 53(a)(iii).

There are no acquisitions subsequent to 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS

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20. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Interest bearing amounts	687,747	637,994
Non-interest bearing amounts	638,918	334,113
	1,326,665	972,107
Less: Allowance for doubtful debts	(144,536)	(140,336)
	1,182,129	831,771

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. The interest bearing amounts bear interest at rates ranging from 3.00% to 7.75% (2007: 1.00% to 8.25%) per annum.

21. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares at cost	15,538	15,797	13,265	13,265
Share of post-acquisition reserves	(5)	(3,377)	-	-
	15,533	12,420	13,265	13,265
Less: Accumulated impairment losses	-	-	(2,000)	(2,000)
	15,533	12,420	11,265	11,265

Details of the associates are as disclosed in Note 50.

The financial statements of the associates are coterminous with those of the Group, except for Sunway Cana City Development Ltd. and Pyramid Bowl Sdn. Bhd. which have a financial year end of 31 December and 31 March respectively, to conform with their respective holding company's financial year end. For the purpose of applying the equity method of accounting, the unaudited financial statements of these associates as at 30 June 2008 have been used as there are no significant transactions between the balance sheet dates of their last audited financial statements and 30 June 2008.

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30 June 2008 (contd.)

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21. INVESTMENTS IN ASSOCIATES (contd.)

The summarised financial information of the associates are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	36,431	35,086
Non-current assets	461	2,215
Total assets	36,892	37,301
Current liabilities	(7,040)	(12,070)
Non-current liabilities	(5)	-
Total liabilities	(7,045)	(12,070)
	2008 RM'000	2007 RM'000
Results		
Revenue	33,470	32,723
Profit/(loss) for the year	6,858	(526)

The Group has discontinued the recognition of its share of losses of OSC First Holidays Co. Ltd. in the previous financial year because the share of losses of this associate had exceeded the Group's interest in the associate. The Group's unrecognised share of losses of this associate cumulatively is RM2,000 in the previous financial year. The Group's share of profit of this associate in the previous financial year of RM18,000 was unrecognised as it had been set-off against past losses not recognised. During the financial year, the Group disposed of this associate for a total cash consideration of USD18,000 (approximately RM57,000) and resulted in a loss on disposal of RM59,000.

During the financial year, the Company acquired 50% equity interest in Glitter Performance Sdn. Bhd. for a cash consideration of RM1.

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30 June 2008 (contd.)

22. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares at cost	43,536	13,456	13,456	13,456
Share of post-acquisition reserves	25,287	34,076	-	-
	68,823	47,532	13,456	13,456

Details of the jointly controlled entity are as follows:

Name of Jointly Controlled Entities	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			2008 %	2007 %
Sunway SPK Homes Sdn. Bhd.	Malaysia	Property development	50	50
Sunway Real Estate (China) Limited	Hong Kong	Property development	60	-
Sunway Opus International Private Limited	India	Property development	50	-

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entity is as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	86,863	61,717
Non-current assets	4,937	9,934
Total assets	91,800	71,651
Current liabilities	(31,970)	(11,154)
Non-current liabilities	(1,728)	(12,965)
Total liabilities	(33,698)	(24,119)
Results		
Revenue	39,856	56,523
Expenses, including finance costs and taxation	(28,643)	(39,593)

22. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (contd.)

The details of goodwill included within the Group's carrying amount of investment in a jointly controlled is as follows:

	2008 RM'000	2007 RM'000
Cost		
Arising from investment in a jointly controlled entity and as at 30 June	10,721	-

Included in the Group's investments in jointly controlled entities is an investment of RM3,456,000 (2007: RM3,456,000) in the form of cumulative redeemable preference shares in the said entity, of which corresponding investment from the other joint venturer is not required, as specified in the Joint Venture Agreement between both parties. The said shares carry no voting rights.

During the financial year, the Group acquired 50% equity interest in Sunway Opus International Private Limited for a total cash consideration of INR350,000,000 (approximately RM30,079,398).

On 4 June 2008, the Company acquired 60% equity interest in Sunway Real Estate (China) Limited ("Sunway Real Estate") for a total cash consideration of HK\$3.00.

On 27 June 2008, the Company had entered into a Shareholders Agreement with SunwayMas Sdn. Bhd. ("SunwayMas") for the purpose of recording the understanding of the co-operation and joint venture of the parties via Sunway Real Estate, a joint venture company registered in Hong Kong Special Administrative Region, to undertake a property development project ("the Project") on a piece of land located in Jiangyin, China and other projects in future.

On even date, Sunway Real Estate had also entered into the following agreements to undertake the Project with Shanghai Guang Hao Real Estate Development Group Co. Ltd. ("Shanghai Guanghao") through a joint venture company, Jiangyin Guang Hao Real Estate Development Co. Ltd. ("Jiangyin Guanghao"):

- (a) Master Agreement with Shanghai Guanghao;
- (b) Equity Joint Venture Agreement with Shanghai Guanghao;
- (c) Share Capital Subscription Agreement with Shanghai Guanghao and Jiangyin Guanghao; and
- (d) Articles of Association of Jiangyin Guanghao with Shanghai Guanghao.

Sunway Real Estate will subscribe for new shares in Jiangyin Guanghao representing 65% of the enlarged share capital of Jiangyin Guanghao. Shanghai Guanghao will hold the remaining 35% equity interest in Jiangyin Guanghao.

Furtherance to the Shareholders Agreement, the Company had on 11 July 2008, entered into a Subscription Agreement with SunwayMas and Sunway Real Estate for the proposed subscription of 9,995 new ordinary shares of HK\$1.00 each and 148,000,000 new redeemable preference shares of HK\$0.01 each at an issue price of HK\$1.00 each in Sunway Real Estate. As a result, the Company will have a 60% shareholding in Sunway Real Estate and the remaining 40% will be held by SunwayMas.

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30 June 2008 (contd.)

23. GOODWILL

	Goodwill RM'000	Negative Goodwill RM'000	Total RM'000
Group			
Cost			
At 1 July 2006	29,491	(7,717)	21,774
Prior year adjustment (Note 55)	(848)	-	(848)
At 1 July 2006 (restated)	28,643	(7,717)	20,926
Effect of adopting FRS 3	-	7,717	7,717
Acquisition of remaining equity interest in an associate, thereby making it a subsidiary	-	(785)	(785)
Acquisition of additional equity interest in a subsidiary	3,224	-	3,224
Recognised in profit or loss (Note 5)	-	785	785
At 30 June 2007 and 30 June 2008	31,867	-	31,867
Accumulated amortisation and impairment			
At 1 July 2006	7,254	-	7,254
Prior year adjustment (Note 55)	(23)	-	(23)
At 1 July 2006 (restated)	7,231	-	7,231
Impairment loss (Note 7)	1,609	-	1,609
At 30 June 2007 and 30 June 2008	8,840	-	8,840
Net carrying amount			
At 30 June 2007 and 30 June 2008	23,027	-	23,027

Impairment test for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs, all operating in Malaysia, according to business segments as follows:

	2008 RM'000	2007 RM'000
Property investment	6,159	6,159
Hospitality	11,997	11,997
Healthcare	4,871	4,871
	23,027	23,027

23. GOODWILL (contd.)**Key assumptions used in value-in-use calculations**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Property Development %	Property Investment %	Leisure %	Hospitality %	Healthcare %
At 30 June 2008					
Gross margin	31.6	67.3	24.2	39.4	17.5
Growth rate	22.5	5.7	12.5	6.1	16.8
Discount rate	8.0	8.0	8.0	8.0	8.0
At 30 June 2007					
Gross margin	26.8	68.7	23.7	29.9	19.1
Growth rate	30.4	23.2	11.4	7.3	19.6
Discount rate	7.0	7.0	7.0	7.0	7.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- (i) Budgeted gross margin
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.
- (ii) Growth rate
The weighted average growth rates used are consistent with the long-term average growth rate for the industry.
- (iii) Discount rate
The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of each of the business segments, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

24. PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cumulative property development costs				
At 1 July:				
Freehold land	231,794	273,750	-	-
Long term leasehold land	253,301	146,955	18,345	18,345
Development costs	1,504,401	1,307,317	107,137	89,647
	1,989,496	1,728,022	125,482	107,992
Costs incurred during the year:				
Freehold land	15,703	9,878	-	-
Long term leasehold land	3,594	-	-	-
Development costs	410,905	343,841	54,627	17,490
	430,202	353,719	54,627	17,490
Reversal of overaccrued cost:				
Freehold land	(2,712)	-	-	-
Long term leasehold land	-	(195)	-	-
	(2,712)	(195)	-	-
Transfers (to)/from:				
- property, plant and equipment (Note 14)	(9)	-	-	-
- investment properties (Note 16)	-	(4,261)	-	-
- land held for property development (Note 18)	(86,750)	92,247	(4,766)	-
- inventories	(21,137)	(6,465)	-	-
	(107,896)	81,521	(4,766)	-
Reversal of completed projects	(168,080)	(173,571)	-	-
At 30 June	2,141,010	1,989,496	175,343	125,482
Accumulated impairment losses				
At 1 July and as at 30 June				
Development costs	(1,577)	(1,577)	-	-
Cumulative costs recognised in income statement				
At 1 July:	(1,490,918)	(1,264,811)	(89,188)	(82,703)
Recognised during the year (Note 4)	(460,146)	(399,678)	(28,124)	(6,485)
Reversal of completed projects	168,080	173,571	-	-
At 30 June	(1,782,984)	(1,490,918)	(117,312)	(89,188)

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30 June 2008 (contd.)

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24. PROPERTY DEVELOPMENT COSTS (contd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property development costs at 30 June	356,449	497,001	58,031	36,294

Interest expense capitalised during the financial year under development costs of the Group amounted to RM931,000 (2007: RM560,000).

Freehold land of the Group and of the Company costing RM87,633,000 (2007: RM201,238,000) and RM20,841,000 (2007: RM20,012,000) respectively are pledged to financial institutions as securities for borrowings as disclosed in Note 32.

Long term leasehold land of the Group and of the Company costing RM9,597,000 (2007: RM6,133,000) and RM3,016,000 (2007: RM750,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 32.

25. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost				
Properties held for sale	14,690	16,481	12,171	11,691
Trading inventories	4,654	4,778	-	-
Food and beverages	2,073	1,223	-	-
Consumables	1,999	2,228	-	-
	23,416	24,710	12,171	11,691
Net realisable value				
Properties held for sale	28,904	9,533	-	-
	52,320	34,243	12,171	11,691

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

26. TRADE RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	216,773	135,068	3,670	2,859
Accrued billings in respect of property development costs	1,845	2,770	-	-
	218,618	137,838	3,670	2,859
Less: Allowance for doubtful debts	(9,155)	(8,565)	(476)	(486)
	209,463	129,273	3,194	2,373

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sunway Holdings Berhad Group (formerly (known as Sunway Holdings Incorporated Berhad Group) ("Sunway Group")	2,486	2,113	39	536
Sunway Technology Sdn. Bhd. Group ("STSB Group")	80	18	-	-
Sunway College Sdn. Bhd. Group ("SCSB Group")	1,663	353	-	-
Dekon Sdn. Bhd. Group ("DSB Group")	172	33	-	-

The amounts due from related parties are unsecured and non-interest bearing. The relationship with the related parties is as disclosed in Note 49.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 14 days to 30 days (2007: 14 days to 30 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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27. OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits	9,838	51,073	980	1,540
Prepayments	7,456	5,132	418	498
Sundry receivables	83,163	79,059	67,129	63,590
	100,457	135,264	68,527	65,628
Less: Allowance for doubtful debts	(4,021)	(4,059)	(3,822)	(4,029)
	96,436	131,205	64,705	61,599

Included in sundry receivables are the following:

(a) amounts due from related parties, as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sunway Holdings Berhad Group (formerly known as Sunway Holdings Incorporated Berhad Group) ("Sunway Group")	2,486	2,126	32	1,217
PRK Builders Sdn. Bhd. ("PRK")	-	-	79	-
Sunway College Sdn. Bhd. ("SCSB Group")	439	174	-	170
Dekon Sdn. Bhd. Group ("DSB Group")	7	8	1	2

The amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment except for RM302,000 (2007: RM302,000) due from Sunway Group to the Group and the Company which bears interest at 8.5% (2007: 8.5%) per annum, in respect of a joint venture arrangement undertaken with Suncon. Details of the joint venture arrangement are as disclosed in Note 13. The relationship with the above related parties is as disclosed in Note 49.

(b) advances to joint venture partners of RM46,487,000 (2007: RM44,950,000) which are unsecured, non-interest bearing and have no fixed terms of repayment. Details of the joint venture arrangements are as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

27. OTHER RECEIVABLES (contd.)

Deposits of the Group include deposits paid amounting to RM275,000 (2007: RM9,200,000) for the acquisition of land. In previous financial year, RM28,800,000 was paid for the acquisition of investment property by a subsidiary.

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

28. AMOUNTS DUE FROM/(TO) ASSOCIATES

The amounts due from/(to) associates of the Group and of the Company are unsecured, non-interest bearing and have no fixed terms of repayment.

29. AMOUNT DUE FROM JOINTLY CONTROLLED ENTITY

The amount due from jointly controlled entity of the Group and of the Company is unsecured, non-interest bearing and has no fixed term of repayment.

30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash on hand and at banks	385,463	302,383	61,389	32,963
Deposits with:				
Licensed banks	134,594	229,033	27,541	2,804
Other financial institutions	37,500	-	-	-
Cash and bank balances	557,557	531,416	88,930	35,767

Included in cash at banks of the Group and of the Company are amounts of RM253,640,000 (2007: RM220,082,000) and RM29,591,000 (2007: RM22,654,000) respectively held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

The weighted average effective interest rate of deposits with licensed banks and other financial institutions of the Group and of the Company at the balance sheet date was 3.25% (2007: 3.25%).

The range of maturities of deposits with licensed banks and other financial institutions of the Group and of the Company was 1 day to 30 days (2007: 1 day to 30 days).

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30. CASH AND CASH EQUIVALENTS (contd.)

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	557,557	531,416	88,930	35,767
Bank overdrafts (Note 32)	(5,102)	(2,756)	-	-
Total cash and cash equivalents	552,455	528,660	88,930	35,767

31. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2008 RM'000	2007 RM'000
At 1 July	17,295	-
Reclassified from:		
Land held for property development (Note 18)		
- freehold land	15,249	16,734
- development cost	-	561
Investment properties (Note 16)	2,050,220	-
Property, plant and equipment (Note 14)	454,594	-
At 30 June	2,537,358	17,295

Interest expense capitalised during the financial year under investment properties of the Group amounted to RM1,914,000 (2007: RMNil).

Non-current assets held for sale with an aggregate carrying amount of RM1,797,851,000 (2007: RM17,295,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 32.

Non-current assets held for sale with an aggregate carrying amount of RM2,535,000,000 (2007: RM Nil) are in relation to the proposed initial public offering of the Company's Real Estate Investment Trust as disclosed in Note 53(b).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

32. BORROWINGS

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term borrowings					
Secured:					
Bank overdrafts		2,388	1,812	-	
Term loans		322,303	63,410	13,934	7,706
Senior Notes		-	271,132	-	-
		324,691	336,354	13,934	7,706
Unsecured:					
Bank overdrafts		2,714	944	-	-
Revolving credits		38,000	-	38,000	-
Term loans		38,000	40,764	38,000	38,000
Bonds		49,124	-	49,124	-
Medium term notes		114,935	79,928	114,935	79,928
		242,773	121,636	240,059	117,928
		567,464	457,990	253,993	125,634
Long term borrowings					
Secured:					
Term loans		451,926	513,586	31,670	31,900
Unsecured:					
Term loans		75,000	76,655	75,000	75,000
Bonds		188,620	-	188,620	-
Medium term notes		239,229	144,533	239,229	144,533
		502,849	221,188	502,849	219,533
		954,775	734,774	534,519	251,433
Total borrowings					
Bank overdrafts	30	5,102	2,756	-	-
Revolving credits	(a)	38,000	-	38,000	-
Term loans	(b)	887,229	694,415	158,604	152,606
Medium term notes	(c)	354,164	224,461	354,164	224,461
Bonds	(d)	237,744	-	237,744	-
Senior Notes	(e)	-	271,132	-	-
		1,522,239	1,192,764	788,512	377,067

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32. BORROWINGS (contd.)

(a) The revolving credits bear a weighted average effective interest rate of 5.06% (2007: 6.08%) per annum. Revolving credits in the previous financial year which were due to be repaid within the next twelve (12) months but were rolled over subsequent to the financial year end were treated as short term borrowings.

(b) Details of the term loans are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Type 1	34,604	28,606	34,604	28,606
Type 2	15,397	26,311	-	-
Type 3	30,881	-	-	-
Type 4	7,200	7,200	-	-
Type 5	132,000	116,805	-	-
Type 6	30,000	35,000	-	-
Type 7	22,961	25,650	-	-
Type 8	3,566	7,976	-	-
Type 9	33,432	15,203	-	-
Type 10	-	26,334	-	-
Type 11	11,000	11,000	11,000	11,000
Type 12	14,425	15,250	-	-
Type 13	116,880	98,136	-	-
Type 14	266,100	139,600	-	-
Type 15	26,248	13,311	-	-
Type 16	7,500	10,500	-	-
Type 17	25,000	25,000	25,000	25,000
Type 18	-	4,419	-	-
Type 19	30,000	30,000	30,000	30,000
Type 20	38,000	38,000	38,000	38,000
Type 21	-	114	-	-
Type 22	20,000	20,000	20,000	20,000
Type 23	2,035	-	-	-
Type 24	20,000	-	-	-
	887,229	694,415	158,604	152,606

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30 June 2008 (contd.)

32. BORROWINGS (contd.)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Not later than 1 year	360,303	104,174	51,934	45,706
Later than 1 year and not later than 2 years	109,763	52,860	35,969	3,295
Later than 2 years and not later than 3 years	61,073	165,397	40,701	48,605
Later than 3 years and not later than 4 years	49,537	40,296	30,000	25,000
Later than 4 years and not later than 5 years	18,026	43,270	-	30,000
Later than 5 years	288,527	288,418	-	-
	887,229	694,415	158,604	152,606

Details of the terms of repayment and weighted average effective interest rates of the term loans are as follows:

Loan	Name of companies	Weighted average effective interest rate 2008 / 2007 (%)	Repayment terms	Commencement of repayment
Type 1	Sunway City Berhad	5.70 / 5.50	Bullet repayment	May 2010
Type 2	Sunway Medical Centre Berhad	5.39 / 5.80	5 years	January 2007
Type 3	Sunway Medical Centre Berhad	5.39 / -	5 years	November 2008
Type 4	Sunway Grand Sdn. Bhd.	5.70 / 5.70	2 years	July 2009
Type 5	Sunway Platinum Success Sdn. Bhd.	5.19 / 5.48	Bullet repayment	June 2009
Type 6	Sunway Resort Hotel Sdn. Bhd.	3.75 / 3.75	7 years	April 2007
Type 7	Sunway Lagoon Water Park Sdn. Bhd.	3.75 / 3.75	10 years	February 2007
Type 8	Sunway D'Mont Kiara Sdn. Bhd.	7.50 / 7.50	2 years - by way of redemption	August 2008

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30 June 2008 (contd.)

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32. BORROWINGS (contd.)

- (b) Details of the terms of repayment and weighted average effective interest rates of the term loans are as follows (contd.):

Loan	Name of companies	Weighted average effective interest rate 2008 / 2007 (%)	Repayment terms	Commencement of repayment
Type 9	Sunway South Quay Sdn. Bhd.	5.45 / 5.50	12 quarterly repayment	April 2008
Type 10	Sunway Bukit Gambier Sdn. Bhd.	7.25 / 7.25	*	-
Type 11	Sunway City Berhad	8.75 / 6.65	13 months or by way of redemption	July 2008
Type 12	Peluang Klasik (M) Sdn. Bhd.	5.61 / 6.00	10 years	May 2006
Type 13	Sunway Carnival Sdn. Bhd.	5.59 / 5.69	Bullet repayment	June 2009
Type 14	Sunway Pyramid Sdn. Bhd.	5.10 / 5.10	Bullet repayment	April 2016
Type 15	Sunway Melawati Sdn. Bhd.	8.00 / 8.00	10 months	December 2008
Type 16	Sunway Crest Sdn. Bhd.	7.75 / 5.29	3 quarterly repayments or bullet repayment	July 2008
Type 17	Sunway City Berhad	5.27 / 5.29	Bullet repayment	February 2011
Type 18	Sunway Hotel Phnom Penh Ltd.	2.72 / 2.72	*	-
Type 19	Sunway City Berhad	5.27 / 5.29	Bullet repayment	February 2012
Type 20	Sunway City Berhad	6.65 / 6.65	Bullet repayment	May 2009
Type 21	Sunway Lagoon Water Park Sdn. Bhd.	9.00 / 9.00	*	-
Type 22	Sunway City Berhad	5.27 / 5.31	Bullet repayment	January 2010
Type 23	Sunway International Vacation Club Bhd.	8.50 / -	5 years	October 2007
Type 24	Sunway Tower 2 Sdn. Bhd. (formerly known as Lambang Mujur Sdn. Bhd.)	4.70 / -	37 quarterly repayments	March 2009

* Fully repaid during the current financial year

The unsecured term loan of Sunway Lagoon Water Park Sdn. Bhd. is obtained from a subsidiary of Sunway Group, Sunway Credit & Leasing Sdn. Bhd. The relationship with the related party is as disclosed in Note 49.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

32. BORROWINGS (contd.)

- (c) (i) **RM70 million nominal value unsecured commercial paper ("CP") and RM180 million nominal value unsecured medium term notes (MTNs") Programme ("collectively, the "Notes")**

The unsecured CP had been fully converted to unsecured MTNs in the previous financial year.

The unsecured MTNs bear interest at rates ranging from 5.75% to 7.00% (2007: 5.75% to 6.95%) per annum and have maturity periods ranging from one (1) to two (2) years.

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

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

- (ii) **RM100 million nominal value unsecured murabahah commercial paper ("MCP") and RM500 million nominal value unsecured murabahah medium term notes ("MMTNs") (collectively, the "Islamic Notes")**

There is no MCP issued by the Company for the current financial year.

During the financial year, the Company has issued unsecured MMTNs which bear interest rates ranging from 5.30% to 5.75% (2007: Nil) and have maturity periods ranging from two (2) to three (3) years.

The tenure of the MCP is for a period of seven (7) years from the date of first issue and MMTNs is for a period of fifteen (15) years from the date of first issue, that is, 8 October 2007. The Company may issue MCPs with tenors of minimum of one (1) month to a maximum of twelve (12) months, any number of months in between, and MMTNs with tenors minimum of one (1) year to a maximum of ten (10) year, any number of years in between, with face amount not less than RM10,000,000, in multiple of RM1,000,000, provided that such Islamic Notes shall not mature beyond the tenure of the Islamic Notes Programme. The Islamic Notes may be issued at par or at a discount to or premium over par. In the case where MMTNs are issued on an interest-bearing basis, such MMTNs will have attached to them the Islamic Coupons. The Islamic Coupons are payable monthly, quarterly, semi-annually or annually in arrears. The Islamic Coupons may (but need not) be detached and traded independently of the MMTNs.

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

Details of the outstanding MTNs and MMTNs are as follows:

	Group/Company	
	2008 RM'000	2007 RM'000
MTNs - unsecured:		
Par value issued	140,000	225,000
Less: Discount on issuance, net of amortisation	(141)	(539)
	139,859	224,461
MMTNs - unsecured:		
Par value issued	215,000	-
Less: Discount on issuance, net of amortisation	(695)	-
	214,305	-
Total	354,164	224,461

32. BORROWINGS (contd.)

- (d) During the financial year, the Company has issued RM250 million nominal value of up to 3 years 2.00% redeemable bank guaranteed serial bonds ("Bonds") with up to 155,932,500 detachable provisional rights to allotment of warrants as disclosed in Note 41.

Details of outstanding Bonds are as follows:

	Group/Company 2008 RM'000
Par value issued	250,000
Less: Discount on issuance, net of amortisation	(12,256)
	237,744

- (e) Pursuant to the Asset-Backed Securitisation exercise ("ABS exercise") as disclosed in the Note 55(a), ABS Real Estate Berhad ("AREB"), had issued Senior Notes to investors in the domestic debt capital markets.

The terms of the Senior Notes are as follows:

- (i) The Senior Notes are subject to redemption in part semi-annually and the balance not redeemed will be mandatorily redeemed in full, together with all then accrued but unpaid interest on 30 October 2008.
- (ii) The Senior Notes bear the following interest per annum payable half-yearly in arrears on 30 April and 30 October in each year:

	Interest rate per annum %
Secured Class A Senior Notes	5.250
Secured Class B Senior Notes	5.750
Secured Class C1 Senior Notes	8.000
Secured Class C2 Senior Notes	7.875

The Senior Notes are secured against the following:

- (i) A fixed and floating charge over all of the assets and property, real and personal, tangible and intangible, present or future, of AREB pursuant to the Note and Security Trust Deed.
- (ii) The Associated Security documents;

in favour of the Trustee (the charges being "Security" and the property charged under them the "Secured Property"). The Security is a first ranking security in respect of the Secured Property.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

32. BORROWINGS (contd.)

- (e) The Senior Notes are issued at a discount and amortised on a straight-line basis over the tenure of the Senior Notes of 6 years as follows:

	Group	
	2008 RM'000	2007 RM'000
Discount upon issuance of Senior Notes	10,000	10,000
Less: Amortisation	(10,000)	(8,654)
Unamortised discount	-	1,346
Secured Senior Notes	-	272,478
Unamortised discount	-	(1,346)
	-	271,132

The maturity of the Senior Notes are as follows:

	Group	
	2008 RM'000	2007 RM'000
Not later than 1 year	-	271,132

The implicit rate of return for the Senior Notes throughout the tenure of 6 years are as follows:

	Implicit rate of return per annum %
Secured Class A Senior Notes	5.681
Secured Class B Senior Notes	6.277
Secured Class C1 Senior Notes	8.611
Secured Class C2 Senior Notes	8.313

The Senior Notes have been fully repaid during the current financial year pursuant to the Group's corporate exercise as disclosed in Note 53(a)(iii).

The secured borrowings of the Group and of the Company are secured by legal charges on land as well as fixed and floating charges on assets of the Group and of the Company amounting to RM2,485,226,000 (2007: RM2,421,255,000) and RM28,623,000 (2007: RM20,762,000) respectively as disclosed in Notes 14, 16, 17, 18, 24 and 31.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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33. LONG TERM LIABILITIES

	Note	Group	
		2008 RM'000	2007 RM'000 (Restated)
Redeemable preference shares issued by a subsidiary:	(a)		
At 30 June		22,664	38,652
Redeemable within 1 year	39	(16,071)	(15,988)
Redeemable after 1 year		6,593	22,664
Deferred income:	(b)		
At 30 June		15,756	7,622
To be recognised within 1 year	39(b)	(4,337)	(263)
To be recognised after 1 year		11,419	7,359
Refundable deposits	(c)	16,692	16,682
Liability portion of the redeemable preference shares held by minority shareholders	(d)	28,974	28,974
		63,678	75,679

- (a) Redeemable preference shares issued by a subsidiary, Sunway Pyramid Sdn. Bhd., comprise 20% Cumulative Redeemable Preference Shares ("CRPS") of RM0.10 each issued to its minority shareholder. The CRPS are to be mandatorily redeemed semi-annually at RM2.79 per share over a period of seven (7) years commencing April 2003 and bear an effective interest rate of 0.72% (2007: 0.72%) per annum. The redemption schedule of the CRPS is as follows:

	Group	
	2008 RM'000	2007 RM'000
Not later than 1 year	16,071	15,988
Later than 1 year and not later than 2 years	6,593	16,071
Later than 2 years and not later than 3 years	-	6,593
	22,664	38,652

- (b) Deferred income represents deferred timeshare membership fees which are to be recognised over the membership period.
- (c) Refundable deposits are in respect of deposits received by subsidiaries for tenancy contracts for a tenure of two (2) to three (3) years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

33. LONG TERM LIABILITIES (contd.)

(d)

	Note	Group	
		2008 RM'000	2007 RM'000 (Restated)
5% Cumulative Redeemable Preference Shares A	(i)	21,831	21,831
5% Redeemable Convertible Preference Shares	(ii)	7,143	7,143
		28,974	28,974

- (i) 5% Cumulative Redeemable Preference Shares A issued by Sunway Damansara Sdn. Bhd. confer on the holders the right to cumulative preferential dividends of 5% which rank in priority to ordinary dividends. These shares are redeemable in cash at par at the option of the Company after 15 May 1999, provided always that neither the whole nor part of these shares may be redeemed until and unless all 5% Cumulative Preference Shares B have been redeemed.
- (ii) 5% Redeemable Convertible Preference Shares issued by Sunway Tunas Sdn. Bhd. confer on the holders the right to cumulative preference dividends of 5% which rank in priority to ordinary dividends. These shares are redeemable in cash at par at the option of the Company or convertible to ordinary shares on the basis of one convertible preference shares of RM1 each any time after 16 May 1999.

34. ADVANCES BY MINORITY SHAREHOLDERS OF SUBSIDIARIES

Included in advances by minority shareholders of subsidiaries is contribution of RM127,502,000 (2007: RM127,502,000) by minority shareholders of a subsidiary, Sunway South Quay Sdn. Bhd. ("SSQSB") pursuant to a Musyarakah Shareholders' Agreement entered into with its shareholders.

Under the Musyarakah Shareholders' Agreement, Musyarakah Profit equivalent to shareholders profit yield of not less than 5.50% (2007: 5.50%) per annum shall be paid from the Distributable Profits of SSQSB to the extent practicable.

The contribution shall be repaid from Distributable Profits of SSQSB commencing from 31 December 2007 over a period of six (6) years as and when any cash surplus is available.

The other advances by minority shareholders of subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. These advances are stated net of certain minority shareholders' share of losses and exchange reserve in a subsidiary of RM5,298,000 (2007: RM4,934,000).

35. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, have no fixed terms of repayment and bear interest at rates ranging from 3.35% to 7.25% (2007: 3.35% to 7.25%) per annum except for RM76,689,000 (2007: RM85,149,000) which is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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36. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Future minimum lease payments:				
Not later than 1 year	4,582	3,696	556	521
Later than 1 year and not later than 2 years	3,411	3,120	455	509
Later than 2 years and not later than 3 years	1,848	2,172	282	413
Later than 3 years and not later than 4 years	867	985	3	236
Later than 4 years and not later than 5 years	333	55	-	4
Later than 5 years	23	-	-	-
Total future minimum lease payments	11,064	10,028	1,296	1,683
Less: Future finance charges	(1,105)	(1,063)	(104)	(171)
Present value of finance lease liabilities	9,959	8,965	1,192	1,512
Analysis of present value of finance lease liabilities:				
Not later than 1 year	3,980	3,134	492	437
Later than 1 year and not later than 2 years	3,101	2,795	423	455
Later than 2 years and not later than 3 years	1,713	2,026	274	387
Later than 3 years and not later than 4 years	816	956	3	230
Later than 4 years and not later than 5 years	327	54	-	3
Later than 5 years	22	-	-	-
	9,959	8,965	1,192	1,512
Less: Amount due within 12 months	(3,980)	(3,134)	(492)	(437)
Amount due after 12 months	5,979	5,831	700	1,075

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

36. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (contd.)

The Group has finance leases and hire purchase contracts for various items of property, plant and equipment as disclosed in Note 14. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

RM10,116,000 (2007: RM9,176,000) and RM1,163,000 (2007: RM955,000) of the gross amounts of the hire purchase and finance lease liabilities of the Group and of the Company respectively are due to a subsidiary of Sunway Group, Sunway Credit & Leasing Sdn. Bhd. The relationship with the related party is as disclosed in Note 49.

The hire purchase and finance lease liabilities of the Group and of the Company attracted interest at rates ranging from 2.40% to 5.50% (2007: 3.30% to 6.29%) and 3.30% to 4.0% (2007: 3.30% to 4.00%) respectively.

37. DEFERRED TAX

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 July	142,282	(6,645)	5,069	5,510
Prior year adjustment (Note 55)	208	224	-	-
As restated	142,490	(6,421)	5,069	5,510
Effects of adopting FRS 140	-	145,179	-	-
	142,490	138,758	5,069	5,510
Recognised in income statement (Note 10)	93,484	3,732	5,070	(441)
At 30 June	235,974	142,490	10,139	5,069
Presented after appropriate offsetting as follows:				
Deferred tax assets	(13,139)	(8,931)	-	-
Deferred tax liabilities	249,113	151,421	10,139	5,069
	235,974	142,490	10,139	5,069

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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37. DEFERRED TAX (contd.)

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
At 1 July 2007	91,900	146,177	-	238,077
Prior year adjustments	-	208	-	208
	91,900	146,385	-	238,285
Recognised in income statement	(54,455)	87,979	487	34,011
At 30 June 2008	37,445	234,364	487	272,296
At 1 July 2006	78,512	-	-	78,512
Prior year adjustments	-	224	-	224
At 1 July 2006 (restated)	78,512	224	-	78,736
Effect of adopting FRS 140	-	145,179	-	145,179
	78,512	145,403	-	223,915
Recognised in income statement	13,388	982	-	14,370
At 30 June 2007	91,900	146,385	-	238,285

Deferred tax assets of the Group:

	Progress billings RM'000	Tax losses and unabsorbed capital allowances RM'000	Unrealised profit RM'000	Accumulated impairment losses RM'000	Others RM'000	Total RM'000
At 1 July 2007	(1,337)	(21,759)	(16,734)	(31)	(55,934)	(95,795)
Recognised in income statement	673	(913)	27	(1,036)	60,722	59,473
At 30 June 2008	(664)	(22,672)	(16,707)	(1,067)	4,788	(36,322)
At 1 July 2006	(3,577)	(18,680)	(17,992)	(101)	(44,807)	(85,157)
Recognised in income statement	2,240	(3,079)	1,258	70	(11,127)	(10,638)
At 30 June 2007	(1,337)	(21,759)	(16,734)	(31)	(55,934)	(95,795)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

37. DEFERRED TAX (contd.)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000	Investment properties RM'000	Total RM'000
At 1 July 2006	2,599	-	2,599
Effect of adopting FRS 140	-	9,396	9,396
Recognised in income statement	(2,227)	7,181	4,954
At 1 July 2007	372	16,577	16,949
Recognised in income statement	(14)	(637)	(651)
At 30 June 2008	358	15,940	16,298

Deferred tax assets of the Company:

	At 1 July 2006 RM'000	Recognised in income statement RM'000	At 1 July 2007 RM'000	Recognised in income statement RM'000	At 30 June 2008 RM'000
Unused tax loss	-	-	-	(5,457)	(5,457)
Unabsorbed capital allowances	-	(161)	(161)	(229)	(390)
Receivables/payables	(6,485)	(5,234)	(11,719)	11,407	(312)
	(6,485)	(5,395)	(11,880)	5,721	(6,159)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unused tax losses	72,341	78,688	-	-
Unabsorbed capital allowances	124,012	116,030	-	-
Other deductible temporary differences	437,696	431,797	-	-
	634,049	626,515	-	-

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries and the Company in which those items arose is subject to no substantial changes in shareholdings of the respective companies under Section 44(5A) and 5(B) of the Income Tax Act, 1967. Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

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30 June 2008 (contd.)

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38. TRADE PAYABLES

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sunway Holdings Berhad Group (formerly known as Sunway Holdings Incorporated Berhad Group) ("Sunway Group")	28,853	17,675	1,892	412
Sunway Technology Sdn. Bhd. Group ("STSB Group")	1	76	-	-
Perbadanan Kemajuan Negeri Selangor Group ("PKNS Group")	1,262	1,032	-	-
Sunway College Sdn. Bhd. ("SCSB Group")	36	30	-	-
Dekon Sdn. Bhd. Group ("DSB Group")	27,271	26,369	365	47

The amounts due to related parties are unsecured and non-interest bearing except for RMNil (2007: RM274,000) and RMNil (2007: RM274,000) due to Sunway Group by the Group and the Company respectively which bear interest at Nil (2007: 8.5%) per annum.

The relationship with the above related parties is as disclosed in Note 49.

The normal trade credit terms granted to the Group and the Company range from 15 days to 90 days (2007: 15 days to 90 days) and 30 days (2007: 30 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

39. OTHER PAYABLES

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sundry payables	(a)	97,680	74,299	10,012	12,165
Amounts due to contractors and consultants	(a)	4,869	57,585	705	4,523
Cumulative redeemable preference shares issued by a subsidiary	33	16,071	15,988	-	-
Accruals		180,311	107,366	19,528	6,054
Refundable deposits		61,249	40,435	912	729
Progress billings in respect of property development costs		13,411	8,952	13,411	3,290
Dividends payable to minority shareholders of subsidiaries		5,707	1,756	-	-
Deferred income	(b)	4,337	4,207	-	-
Balance consideration for acquisition of land		1,129	12,936	-	-
Interest payable on Senior Notes		-	2,848	-	-
		384,764	326,372	44,568	26,761

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sunway Holdings Berhad Group (formerly known as Sunway Holdings Incorporated Berhad Group) ("Sunway Group")	30,121	60,293	2,868	8,132
Sunway Technology Sdn. Bhd. Group ("STSB Group")	423	1,518	-	-
Sunway College Sdn. Bhd. Group ("SCSB Group")	6,191	6,193	-	29
Dekon Sdn. Bhd. Group ("DSB Group")	2,882	1,466	289	791

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30 June 2008 (contd.)

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39. OTHER PAYABLES (contd.)

- (a) The amounts due to contractors and consultants are unsecured and non-interest bearing except for RMNil (2007: RM78,000) due to Sunway Group by the Group which bears interest at Nil (2007: 7.0% to 8.5%) per annum.

The relationship with the above related parties is as disclosed in Note 49.

- (b) Included in deferred income of the Group are:

	Group	
	2008 RM'000	2007 RM'000
Unbilled sale of property under development	-	3,944
Deferred timeshare membership fees (Note 33)	4,337	263

40. SHARE CAPITAL

		Group/Company Number of Shares of RM1 each		Group/Company Amount	
	Note	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised					
Ordinary shares of RM1 each		800,000	800,000	800,000	800,000
6.6% Cumulative Convertible Preference Shares of RM1 each		200,000	200,000	200,000	200,000
		1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid					
Ordinary shares of RM1 each:					
At 1 July		463,444	414,942	463,444	414,942
Issued during the year pursuant to ESOS	(a), (b)	3,998	6,464	3,998	6,464
Issued during the year pursuant to private placement		-	42,038	-	42,038
Issued during the year pursuant to exercise of warrants	(a), 41	2,477	-	2,477	-
At 30 June		469,919	463,444	469,919	463,444

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30 June 2008 (contd.)

40. SHARE CAPITAL (contd.)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM463,443,500 to RM469,918,532 by way of the issuance of:
 - (i) 2,573,000, 1,420,000 and 5,000 new ordinary shares of RM1 each issued to eligible employees of the Group under the Employees' Share Option Scheme at an exercise price of RM1.00, RM1.15 and RM1.86 per ordinary share respectively for cash; and
 - (ii) 2,477,032 new ordinary shares of RM1 each pursuant to the exercise of warrants at an exercise price of RM4.87 per ordinary share for cash.

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

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

The main features of the Scheme are:

- (i) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time) at the time of the offer of options under the Scheme;
- (ii) Only Directors and eligible employees of the Company and of the Group will be eligible to participate in the Scheme;
- (iii) The price payable upon exercise of an option granted under the Scheme will be based on the five-day weighted average market price of the Company's shares at the time the offer is granted with a discount of not more than 10% if deemed appropriate or the par value of the Company's shares, whichever is higher;
- (iv) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on seniority, performance and length of service and the offer shall be valid for acceptance by an employee for a period of thirty days from the date of offer; and

40. SHARE CAPITAL (contd.)

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

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

* 40% or 20,000 options, whichever is higher

30% or the remaining number of options unexercised

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

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year:

	Outstanding at 1 July '000	Granted '000	Exercised '000	Forfeited '000	Outstanding at 30 June '000	Exercisable at 30 June '000
2008						
First offer	2,732	-	(2,573)	(61)	98	98
Second offer	1,420	-	(1,420)	-	-	-
Third offer	5	-	(5)	-	-	-
Fourth offer	-	2,951	-	(115)	2,836	2,836
Fifth offer	-	36	-	-	36	36
	4,157	2,987	(3,998)	(176)	2,970	2,970
WAEP (RM)	1.05	4.80	1.05	3.50	4.67	4.67
2007						
First offer	9,671	-	(6,464)	(475)	2,732	2,732
Second offer	1,420	-	-	-	1,420	1,420
Third offer	5	-	-	-	5	5
	11,096	-	(6,464)	(475)	4,157	4,157
WAEP (RM)	1.02	-	1.00	1.00	1.05	1.05

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

40. SHARE CAPITAL (contd.)

(b) Details of share options outstanding at the end of the year:

30 June 2008/30 June 2007	WAEP RM	Exercise Period
First offer	1.00	22.9.2003 to 21.9.2013
Second offer	1.15	31.1.2004 to 21.9.2013
Third offer	1.86	14.5.2004 to 21.9.2013
Fourth offer	4.82	24.12.2007 to 21.9.2013
Fifth offer	3.00	21.5.2008 to 21.9.2013

Share options exercised during the financial year resulted in the issuance of 3,998,000 (2007: 6,464,500) ordinary shares at an average price of RM1.05 (2007: RM1.00) each. The related weighted average share price at the date of exercise was RM4.36 (2007: RM2.76).

The fair value of share options granted during the year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	ESOS - 30.6.2008	
	Fifth offer	Fourth Offer
Option price (RM)	3.00	4.82
Fair value of share options at the following grant date:		
- 24 December 2007 (RM)	-	4.02
- 21 May 2008 (RM)	3.08	-
Weighted average share price (RM)	4.26	4.99
Expected volatility (%)	46.27%	42.11%
Expected life (years)	5	5
Risk free rate (%)	3.46%	3.46%
Expected dividend yield (%)	2.7%	2.7%

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30 June 2008 (contd.)

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40. SHARE CAPITAL (contd.)

- (b) The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

41. WARRANTS

On 5 October 2007, the Company issued 155,805,276 warrants at an issue price of RM0.15 per warrant for cash on the basis of one (1) warrant for every three (3) ordinary shares of RM1.00 each held in the Company.

The warrants entitle the registered holder, at any time within a period of 10 years commencing on and including the issue date and expiring on 4 October 2017, to subscribe for 1 new ordinary share of RM1.00 each in the Company at an exercise price of RM4.87 per ordinary share for every warrant held.

During the financial year, the movements in the Company's warrants are as follows:

Note	Group/Company Number of Warrants 2007/2017		Group/Company Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
At 1 July	-	-	-	-
Issued during the year	155,805	-	23,371	-
Exercised during the year (Note 40) / (Note 42)	(2,477)	-	(371)	-
At 30 June	153,328	-	23,000	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

42. SHARE PREMIUM

	Group/Company	
	2008 RM'000	2007 RM'000
At 1 July	298,559	158,406
Arising from issuance of new ordinary shares pursuant to private placement	-	142,927
Arising from issuance of new ordinary shares pursuant to ESOS	217	-
Arising from issuance of new ordinary shares pursuant to exercise of warrants	9,586	-
Transfer from warrants (Note 41)	371	-
Transaction costs	-	(2,774)
At 30 June	308,733	298,559

43. RESERVES

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable reserves:					
Capital reserve	(a)	26,918	25,723	-	-
Share option reserve	8, (b)	3,358	-	3,358	-
Foreign currency translation reserve	(c)	11,703	13,576	-	-
Total non-distributable reserves		41,979	39,299	3,358	-
Distributable reserve:					
Retained profits	(d)	838,150	614,628	239,906	256,303
Total reserves		880,129	653,927	243,264	256,303

The movement in each category of reserves is disclosed in the statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

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

43. RESERVES (contd.)**(b) Share option reserve**

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) Retained profits

Presently, Malaysian companies adopt the full imputation system. In the Budget 2008, the Government announced the proposal to introduce the single tier tax system for companies effective from the year of assessment 2008. Under the proposed single tier system, the Company shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends paid, credited or distributed by the Company will be exempted from tax in the hands of the shareholders. However, there will be a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the tax credit balance under Section 108 of the Income Tax Act, 1967 and opt to pay dividends under the single tier system. This proposed change in the tax law also provides for the Section 108 balance to be locked in as at 31 December 2007.

During the transitional period, the Company can utilise the tax credit balance in the Section 108 account as at 30 June 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Bill, 2007.

As at 30 June 2008, the Company has tax exempt profits available for distribution of approximately RM143,231,000 (2007: RM143,231,000), subject to the agreement of the Inland Revenue Board.

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credit under Section 108 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

44. MINORITY INTERESTS

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

- (a) The equity portion of the 5% cumulative redeemable preference shares "A" issued to minority shareholders of Sunway Damansara Sdn. Bhd. amounting to RM24,014,000 (2007: RM24,014,000). These shares confer on its holders cumulative preferential dividends of 5% per annum which rank in priority to ordinary dividends. These shares are redeemable at par and in cash at any time after 16 May 1999.
- (b) The equity portion of the 5% cumulative redeemable convertible preference shares issued to minority shareholders of Sunway Tunas Sdn. Bhd. amounting to RM7,857,000 (2007: RM7,857,000). These shares confer on its holders cumulative preferential dividends of 5% per annum which rank in priority to ordinary dividends. These shares are redeemable at par and in cash or convertible into ordinary shares on the basis of one convertible preference share of RM1 each for one ordinary share of RM1 each at any time after 16 May 1999.
- (c) Redeemable convertible preference shares issued to minority shareholders of Sunway Resort Hotel Sdn. Bhd. amounting to RM566,000 (2007: RM566,000). These shares rank in priority to ordinary shares and are redeemable at a premium of RM0.99 per share or convertible into ordinary shares at the option of the subsidiary at any time.

45. OPERATING LEASE AGREEMENTS

- (a) The Company as lessee

The Company has entered into a non-cancellable operating lease agreement with a subsidiary for the use of a piece of leasehold land. The lease with the subsidiary has a remaining non-cancellable lease term of between 1 to 2 years.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Company	
	2008 RM'000	2007 RM'000
Not later than 1 year	78	78
Later than 1 year and not later than 5 years	52	130
	130	208

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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45. OPERATING LEASE AGREEMENTS (contd.)

(b) The Group and the Company as lessors

The Group has entered into a non-cancellable operating lease agreements on properties with Sunway College Sdn. Bhd. Group ("SCSB Group"), a related party and a third party. The relationship with the related party is as disclosed in Note 49. The lease with SCSB Group and a third party have a remaining non-cancellable lease term of between 1 to 2 years.

The Company has entered into a non-cancellable operating lease agreements on a leasehold property with a subsidiary company. The lease with the subsidiary company has a remaining non-cancellable lease term of between 1 to 2 years.

The future minimum lease payments receivable under the above non-cancellable operating leases and other non-cancellable operating leases of the Group and the Company contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Not later than 1 year	28,938	17,718	312	312
Later than 1 year and not later than 5 years	31,618	22,500	208	520
	60,556	40,218	520	832

Rental income recognised in profit or loss during the financial year is disclosed in Note 3 and Note 5.

46. CAPITAL COMMITMENTS

	Group	
	2008 RM'000	2007 RM'000
Capital expenditure		
Approved and contracted for		
Freehold land	2,472	38,550
Leasehold land	-	20,800
Property, plant and equipment and investment properties	84,499	486,762
	86,971	546,112
Approved but not contracted for		
Property, plant and equipment and investment properties	6,843	14,121
	93,814	560,233

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

47. CONTINGENT LIABILITIES

	Group	
	2008 RM'000	2007 RM'000
Unsecured:		
Guarantees given to licensed financial institutions for banking facilities granted to subsidiaries	399,858	536,369

48. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	Note	Company	
		2008 RM'000	2007 RM'000 (Restated)
Dividends receivable from subsidiaries		(71,120)	(46,855)
Dividend receivable from jointly controlled entity		(27,400)	(14,000)
Interest receivable from subsidiaries	(i)	(26,653)	(15,125)
Rental receivable from subsidiaries	(ii)	(2,718)	(1,555)
Accounting services fees payable to a subsidiary		627	1,235
Interest payable to subsidiaries	(iii)	4,144	6,006
Purchase of property stocks from a subsidiary		480	1,094
Rental payable to subsidiaries	(iv)	703	931

- (i) The interest receivable arose from the amounts due from subsidiaries. Further details are disclosed in Note 20.
- (ii) The rental receivable from subsidiaries arose from rental of premises to subsidiaries at prevailing market prices and conditions similar to those offered to major customers of the Company and the Group.
- (iii) The interest payable arose from the amounts due to subsidiaries. Further details are disclosed in Note 35.
- (iv) The rental payable to subsidiaries arose from rental of premises from subsidiaries at prevailing market prices at terms similar to those offered to major customers of the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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49. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Name of companies	Nature of transactions	Group	
		2008 RM'000	2007 RM'000
(a) Sunway Holdings Berhad Group (formerly known as Sunway Holdings Incorporated Berhad Group) ("Sunway Group")	Construction costs	252,511	445,451
	Interest expense	-	1,349
	Management fees	1,593	1,123
	Insurance premium	6,062	5,360
	Lease rental	4,377	1,682
	Purchase of building materials	24,900	1,144
	Rental of construction machineries	341	11
	Hiring of machinery	6	-
	Rental income	(5,714)	(5,102)
	Hotel and related services	(1,912)	(1,803)
	Recreational services	(107)	(605)
	Ticketing and tour sales	(2,570)	(2,800)
	Medical services	(171)	(469)
	Property management services	(721)	(429)
(b) Koperasi Tunas Muda Sungai Ara Berhad Group ("KTM Group")	Construction costs	-	1,319
(c) Sunway Technology Sdn. Bhd. Group ("STSB Group")	Information systems products and consultancy fees	1,026	2,391
	Hotel and related services	(18)	(7)
	Ticketing and tour sales	(38)	(60)
	Medical services	(11)	(18)
	Rental income	(379)	(310)
	Recreational services	1	(10)
	Property management services	(68)	(47)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

49. SIGNIFICANT RELATED PARTY TRANSACTIONS (contd.)

Name of companies	Nature of transactions	Group	
		2008 RM'000	2007 RM'000
(d) Perbadanan Kemajuan Selangor Group ("PKNS Group")	Construction costs	3,753	5,864
(e) Adasia (M) Sdn. Bhd. ("Adasia")	Advertising fees	1,580	969
	Medical services	(2)	(3)
	Recreational services	-	(3)
	Rental income	(101)	-
(f) Sunway College Sdn. Bhd. Group ("SCSB Group")	Conference and seminar	30	45
	Rental income	(28,564)	(17,548)
	Recreational services	(22)	(120)
	Hotel and related services	(518)	(704)
	Ticketing and tour sales	(1,606)	(1,359)
	Medical services	(68)	(212)
(g) Asian Strategy & Leadership Incorporated Sdn. Bhd. ("ASLI")	Ticketing and tour sales	(12)	(5)
	Medical services	(6)	(10)
	Recreational services	(1)	(3)
	Rental income	(1)	(1)
(h) Dekon Sdn. Bhd. Group ("DSB Group")	Construction costs	112,830	104,115
	Landscaping services	3,016	7,541
	Interior design works	9,518	2,742
	Renovation works	20,229	-
	Ticketing and tour sales	(23)	(20)
	Medical services	(31)	(12)
	Recreational services	(1)	(17)
	Rental income	(657)	(497)
	Hotel and related services	(124)	(37)
	Property management services	(108)	(161)

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30 June 2008 (contd.)

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49. SIGNIFICANT RELATED PARTY TRANSACTIONS (contd.)

Name of companies	Nature of transactions	Group	
		2008 RM'000	2007 RM'000
(i) Akitek Akiprima Sdn. Bhd. ("AASB")	Architectural consultancy	1,012	2,215
(j) Jef-San Enterprise Sdn. Bhd. ("Jef-San")	Medical services	(6)	(9)

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

- Sunway Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's common directorship and interests in Sunway Group and the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Cheah Fook Ling, is a director of Sunway Lagoon Club Berhad, 83.5% owned subsidiary of the Company and is a director of Sunway Manangement Sdn. Bhd., a wholly owned subsidiary of Sunway. She has interests in Sunway Group and the Company. Sarena Cheah Yean Tih, being the child of Tan Sri Dato' Seri Dr. Cheah Fook Ling is a director of several subsidiaries of the Company and she has interests in Sunway Group and the Company. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr. Cheah Fook Ling, is the alternate director to Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng in Sunway Lagoon Club Berhad as well as an alternate director in several subsidiaries of Sunway and he has interest in Sunway Group.
- KTM Group is deemed related to the Group by virtue of its substantial shareholding in Sunway Tunas Sdn. Bhd., a 70% owned subsidiary of the Company.
- STSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in STSB Group and interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng being the spouse of Tan Sri Dato' Seri Dr. Cheah Fook Ling also has deemed interest in STSB Group. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of STSB Group.
- PKNS Group is deemed related to the Group by virtue of its substantial shareholding in Sunway Damansara Sdn. Bhd., a 60% owned subsidiary of the Company.
- Adasia is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in Adasia and interest in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin, being the spouse and children of Tan Sri Dato' Seri Dr. Cheah Fook Ling respectively also have deemed interests in Adasia. Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of Adasia.
- SCSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's and Datuk Razman M Hashim's common directorships and deemed interests in SCSB Group via Sunway Education Trust and interests in the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih, being the spouse and child of Tan Sri Dato' Seri Dr. Cheah Fook Ling respectively are directors of SCSB Group.
- ASLI is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's common directorship and interests in ASLI and the Company. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng, being the spouse of Tan Sri Dato' Seri Dr. Cheah Fook Ling is a director and she has deemed interest in ASLI.
- DSB Group is deemed related to the Group by virtue of Datuk Razman M Hashim's deemed interest in DSB Group and interest in the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

49. SIGNIFICANT RELATED PARTY TRANSACTIONS (contd.)

- (i) AASB is deemed related to the Group by virtue of Cheah Teik Jin's directorship and substantial shareholding in AASB. Cheah Teik Jin is the brother of Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng who is the spouse of Tan Sri Dato' Seri Dr. Cheah Fook Ling.
- (j) Jef-San is deemed related to the Group by virtue of Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng's and Sarena Cheah Yean Tih's directorships in Jef-San. Tan Sri Dato' Seri Dr. Cheah Fook Ling and Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng are substantial shareholders of Jef-San. Puan Sri Datin Seri (Dr.) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are the spouse and child of Tan Sri Dato' Seri Dr. Cheah Fook Ling respectively.

These transactions were undertaken at mutually agreed terms between the companies in the normal course of business.

Information regarding outstanding balances arising from related party transactions as at 30 June 2008 are disclosed in Notes 26, 27, 38 and 39.

- (ii) The remuneration of directors and other members of key management during the year was as follows:

	Group/Company	
	2008 RM'000	2007 RM'000
Short-term employee benefits	6,001	6,038
Post-employment benefits:		
Defined contribution plan	647	565
Share-based payment	9	115
	6,657	6,718

Included in the total key management personnel are:

	Group/Company	
	2008 RM'000	2007 RM'000
Directors' remuneration	5,342	5,307

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group/Company	
	2008 RM'000	2007 RM'000
At 1 July	1,510	4,000
Granted	150	-
Exercised	(1,510)	(2,490)
At 30 June	150	1,510

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

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30 June 2008 (contd.)

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50. SUBSIDIARIES AND ASSOCIATES

Details of the subsidiaries and associates are as follows:

Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
(a) Subsidiaries of Sunway City Berhad				
Bintutara Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Sunway Kinrara Sdn. Bhd.	Malaysia	Property development	100	100
Sunway Hotel (Penang) Sdn. Bhd.	Malaysia	Hotel business	100	100
Sunway City (Penang) Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Konsep Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	70	70
Sunway Pyramid Sdn. Bhd.	Malaysia	Shopping mall operator	52	52
Sunway City Properties Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Sunway Lagoon Sdn. Bhd.	Malaysia	Theme park operator	51	51
Sunway Resort Hotel Sdn. Bhd.	Malaysia	Hotel business and property development	52	52

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

50. SUBSIDIARIES AND ASSOCIATES (contd.)

Name of companies		Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(a)	Subsidiaries of Sunway City Berhad (contd.)				
	Sunway Lagoon Club Berhad	Malaysia	Recreational club facilities	83.5	83.6
	Sunway Travel Sdn. Bhd.	Malaysia	Travel and tour agent	100	100
	Sunway Hospitality Holdings Ltd.	British Virgin Islands	Hotel management	100	100
	Emerald Tycoon Sdn. Bhd.	Malaysia	Investment holding	100	100
	Ekuiti Meranti (M) Sdn. Bhd.	Malaysia	Investment holding	100	100
	Sunway Monorail Sdn. Bhd.	Malaysia	Monorail operator	100	100
	Sunway Grand Sdn. Bhd.	Malaysia	Property development	100	100
	Pembinaan Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	100	100
	Sunway Medical Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
	Suncity SSC Sdn. Bhd.	Malaysia	Provision of shared services	100	100
	Sunway City (Cambodia) Sdn. Bhd.	Malaysia	Investment holding	76	76
	Sunway City (Ipoh) Sdn. Bhd.	Malaysia	Property development and investment holding	65	65

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50. SUBSIDIARIES AND ASSOCIATES (contd.)

Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
(a) Subsidiaries of Sunway City Berhad (contd.)				
Sunway Damansara Sdn. Bhd.	Malaysia	Property development and investment holding	60	60
Sunway Semenyih Sdn. Bhd.	Malaysia	Property development	70	70
Sunway Tunas Sdn. Bhd.	Malaysia	Property development	70	70
TAH Properties Sdn. Bhd.	Malaysia	Dormant	70	70
Area Star Sdn. Bhd.	Malaysia	Property development	100	100
Falcrest Sdn. Bhd.	Malaysia	Dormant	70	70
# Sunway City (S'pore) Pte. Ltd.	Singapore	Promotion and marketing services and investment holding	100	100
Sunway Resort Hotel Land Sdn. Bhd.	Malaysia	Dormant	100	100
Stellar Destiny Sdn. Bhd.	Malaysia	Property investment	100	100
Sunway Facility Management Sdn. Bhd.	Malaysia	Building facilities management	100	100
Sunway IFM Sdn. Bhd. (formerly known as Sunway SLR Facility Management Sdn. Bhd.)	Malaysia	Building facilities management	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

50. SUBSIDIARIES AND ASSOCIATES (contd.)

Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
(a) Subsidiaries of Sunway City Berhad (contd.)				
Sunway Melawati Sdn. Bhd.	Malaysia	Property development	100	100
Sunway Bukit Gambier Sdn. Bhd.	Malaysia	Property development	100	100
Menara Sunway Sdn. Bhd.	Malaysia	Property investment	100	100
Sunway Crest Sdn. Bhd.	Malaysia	Property development	100	100
Sunway International Vacation Club Berhad	Malaysia	Time sharing businesses	100	100
Sunway Tower 2 Sdn. Bhd. (formerly known as Lambang Mujur Sdn. Bhd.)	Malaysia	Property investment	100	100
Sunway Platinum Success Sdn. Bhd.	Malaysia	Property investment	100	100
Sunway Healthy Lifestyle Sdn. Bhd.	Malaysia	Medical tourism	100	100
Splendid Crest Sdn. Bhd.	Malaysia	Property investment	100	100
Sunway Security Services Sdn. Bhd.	Malaysia	Dormant	100	100
ABS Real Estate Berhad	Malaysia	Implementation of securitisation transactions	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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50. SUBSIDIARIES AND ASSOCIATES (contd.)

	Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(a)	Subsidiaries of Sunway City Berhad (contd.)				
	Sunway Homes (MM2H) Sdn. Bhd.	Malaysia	Dormant	100	100
	Sunway Tower 1 Sdn. Bhd. (formerly known as Lavender Acres Sdn. Bhd.)	Malaysia	Investment holding	100	100
#	Sunway Shopping Centre Management Private Limited	Hong Kong	Provision of shopping centre and facilities management services	100	100
#	Sunway City India Private Limited	India	Property development and investment holding	99.99	99.99
	Sunway REIT Management Sdn. Bhd.	Malaysia	Dormant	100	-
	Spring Ambience Sdn. Bhd.	Malaysia	Property investment	100	-
(b)	Subsidiaries of Sunway City (Penang) Sdn. Bhd.				
	Fame Parade Sdn. Bhd.	Malaysia	Dormant	100	100
	Era Primision Sdn. Bhd.	Malaysia	Dormant	100	100
	Commercial Parade Sdn. Bhd.	Malaysia	Dormant	100	100
	Sunway Hotel (Seberang Jaya) Sdn. Bhd.	Malaysia	Hotel business	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

50. SUBSIDIARIES AND ASSOCIATES (contd.)

	Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(b)	Subsidiaries of Sunway City (Penang) Sdn. Bhd. (contd.)				
	Sunway Carnival Sdn. Bhd.	Malaysia	Property investment	100	100
	Prime Delight Sdn. Bhd.	Malaysia	Dormant	100	100
	Sejati Pesona Sdn. Bhd.	Malaysia	Dormant	100	100
	Associated Circle Sdn. Bhd.	Malaysia	Dormant	100	100
	Alliance Parade Sdn. Bhd.	Malaysia	Dormant	100	100
(c)	Subsidiary of Konsep Objektif (M) Sdn. Bhd.				
#	Sunway Hotel Phnom Penh Ltd.	Cambodia	Hotel business	75	75
(d)	Subsidiaries of Sunway Pyramid Sdn. Bhd.				
	Sunway Parking Management Sdn. Bhd.	Malaysia	Car park operator	100	100
	Essential Outlook Sdn. Bhd.	Malaysia	Dormant	100	-
(e)	Subsidiaries of Sunway City Properties Sdn. Bhd.				
	Pena Enterprise Sdn. Bhd.	Malaysia	Property development	100	100
#	Sunway City India Private Limited	India	Property development and investment holding	0.01	0.01

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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50. SUBSIDIARIES AND ASSOCIATES (contd.)

	Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(f)	Subsidiaries of Sunway Lagoon Sdn. Bhd.				
	Sunway Wildlife Sdn. Bhd.	Malaysia	Dormant	100	100
	Eastern Glory Enterprises Limited	British Virgin Islands	Investment holding	60	60
#	Commercial Highlight Sdn. Bhd.	Malaysia	In creditors' voluntary liquidation	55	55
	Sunway Townhouse Sdn. Bhd.	Malaysia	Property development	100	100
	Sunway South Quay Sdn. Bhd.	Malaysia	Property development	60	60
	Frontier Acres Sdn. Bhd.	Malaysia	Investment holding	100	100
	Sunway Lagoon Management Sdn. Bhd.	Malaysia	Dormant	100	100
(g)	Subsidiaries of Sunway Hospitality Holdings Ltd.				
	Allson International Hotels & Resorts (B.V.I.) Limited	British Virgin Islands	Hotel management	100	100
	Allson International Management Limited	British Virgin Islands	Hotel management	100	100
	Sunway International Hotels & Resorts Sdn. Bhd.	Malaysia	Hotel management	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

50. SUBSIDIARIES AND ASSOCIATES (contd.)

Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
(h) Subsidiaries of Emerald Tycoon Sdn. Bhd.				
Sunway Rahman Putra Sdn. Bhd.	Malaysia	Property development	100	100
Sunway D'Mont Kiara Sdn. Bhd.	Malaysia	Property development	70	70
(i) Subsidiaries of Sunway Medical Holdings Sdn. Bhd.				
Sunway Medical Centre Berhad	Malaysia	Operator of a medical centre	72.8	72.8
Sunway Gamma Knife Centre (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
(j) Subsidiary of Sunway City (Cambodia) Sdn. Bhd.				
# Sunway City Cambodia Limited	Cambodia	Dormant	80	80
(k) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd.				
Kinta Sunway Resort Sdn. Bhd.	Malaysia	Dormant	100	100
Objektif Ekuiti (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Peluang Klasik (M) Sdn. Bhd.	Malaysia	Property investment	100	100
Sunway Lagoon Water Park Sdn. Bhd.	Malaysia	Theme park operator	100	100
Lagoon Fantasy Sdn. Bhd.	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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SUNWAY CITY BERHAD ANNUAL REPORT 2008

50. SUBSIDIARIES AND ASSOCIATES (contd.)

	Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(k)	Subsidiaries of Sunway City (Ipoh) Sdn. Bhd. (contd.)				
	Semangat Kancil (M) Sdn. Bhd.	Malaysia	Dormant	100	100
	Ganda Antik Sdn. Bhd.	Malaysia	Dormant	100	100
	Sunway Hotel Services (Ipoh) Sdn. Bhd.	Malaysia	Property investment	100	100
#	Permata Aktiviti (M) Sdn. Bhd.	Malaysia	In members' voluntary liquidation	100	100
(l)	Subsidiaries of Sunway Damansara Sdn. Bhd.				
	Imbasan Intisari Sdn. Bhd.	Malaysia	Dormant	100	100
	Tidal Elegance Sdn. Bhd.	Malaysia	Dormant	100	100
	Park Symphony Sdn. Bhd.	Malaysia	Dormant	100	100
	Pan Unicreation Sdn. Bhd.	Malaysia	Dormant	100	100
	Winning Excellence Sdn. Bhd.	Malaysia	Dormant	100	100
	Laudable Generations Sdn. Bhd.	Malaysia	Dormant	100	100
	Contemporary Deal Sdn. Bhd.	Malaysia	Dormant	100	100
	Contemporary Factor Sdn. Bhd.	Malaysia	Dormant	100	100
	Petikan Tropika Sdn. Bhd.	Malaysia	Dormant	100	100
	Cahaya Jejaka Sdn. Bhd.	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

50. SUBSIDIARIES AND ASSOCIATES (contd.)

Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
(l) Subsidiaries of Sunway Damansara Sdn. Bhd. (contd.)				
Seruan Istilah Sdn. Bhd.	Malaysia	Dormant	100	100
Sumber Dorongan Sdn. Bhd.	Malaysia	Dormant	100	100
Anggaran Salju Sdn. Bhd.	Malaysia	Dormant	100	100
Bisikan Seni Sdn. Bhd.	Malaysia	Dormant	100	100
Emerald Freight Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Monterez Sdn. Bhd.	Malaysia	Property development	100	100
(m) Subsidiary of Menara Sunway Sdn. Bhd.				
MSW Parking Sdn. Bhd.	Malaysia	Car park management	100	100
(n) Subsidiary of Sunway IFM Sdn. Bhd. (formerly known as Sunway SLR Facility Management Sdn. Bhd.)				
Sunway Parking Services Sdn. Bhd. (formerly known as Sunway Galaxy Management Sdn. Bhd.)	Malaysia	Dormant	100	100
(o) Subsidiary of Pena Enterprise Sdn. Bhd.				
Logic Square Sdn. Bhd.	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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50. SUBSIDIARIES AND ASSOCIATES (contd.)

	Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(p)	Subsidiaries of Eastern Glory Enterprises Limited				
	Estonia Enterprises Limited	British Virgin Islands	Investment holding	100	100
	Hartford Lane Pty. Ltd.	Australia	Trustee	100	100
(q)	Subsidiaries of Estonia Enterprises Limited				
	International Theme Park Pty. Ltd.	Australia	Dormant	100	100
	Sunway Australia Unit Trust	Australia	Unit trust	100	100
(r)	Subsidiary of International Theme Park Pty. Ltd.				
	Sydney Theme Park Pty. Limited	Australia	Theme park licence holder	100	100
(s)	Subsidiary of Sunway Medical Centre Berhad				
	Sunmed@Home Sdn. Bhd.	Malaysia	Nursing care and allied healthcare services	51	51
(t)	Associates of Sunway City Berhad				
	Aktif-Sunway Sdn. Bhd.	Malaysia	Retailer	20	20
#	Sunway Cana City Development Ltd.	Cambodia	Property development	49	49
	Glitter Performance Sdn. Bhd.	Malaysia	Dormant	50	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

50. SUBSIDIARIES AND ASSOCIATES (contd.)

	Name of companies	Country of incorporation	Principal activities	Proportion of ownership interest	
				2008 %	2007 %
(u)	Associate of Sunway Lagoon Sdn. Bhd.				
#	Sunway Sayang Restaurant Sdn. Bhd.	Malaysia	In creditors' voluntary liquidation	-	50
(v)	Associate of Sunway Travel Sdn. Bhd.				
#	OSC First Holidays Co. Ltd.	Socialist Republic of Vietnam	Travel and tour agent	-	20
(w)	Associate of Sunway Damansara Sdn. Bhd.				
	Sunway D'Mont Kiara Sdn. Bhd.	Malaysia	Property development	30	30
(x)	Associate of Sunway Pyramid Sdn. Bhd.				
#	Pyramid Bowl Sdn. Bhd.	Malaysia	Bowling alley operator	40	40

Audited by firms of auditors other than Ernst & Young

51. FINANCIAL INSTRUMENTS**(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by monitoring a mix of fixed and floating rate borrowings.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign currency risk

The Group is not significantly exposed to foreign currency risk as majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily United States Dollar, Australian Dollar, Hong Kong Dollar, Singapore Dollar and Indian Rupees. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

51. FINANCIAL INSTRUMENTS (contd.)

(c) Foreign currency risk (contd.)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of Group Companies	Net financial assets/liabilities held in non-functional currencies		
	Cash and Bank Balances RM'000	Receivables RM'000	Payables RM'000
At 30 June 2008			
Australian Dollar	532	3,430	18,360
Hong Kong Dollar	4,959	805	2,700
Indian Rupee	4,087	116	23
Singapore Dollar	1,475	24	121
United States Dollar	2,441	1,019	2,554
	13,494	5,394	23,758
At 30 June 2007			
Australian Dollar	2,826	3,137	6,606
Hong Kong Dollar	3,437	1,106	2,014
Indian Rupee	4,626	34	25
Singapore Dollar	840	24	85
United States Dollar	4,488	826	2,566
	16,217	5,127	11,296

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and tax recoverable, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

51. FINANCIAL INSTRUMENTS (contd.)

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

The carrying value of the CP, MTNs and Bonds which are variable rate borrowings, is considered to be a reasonable estimate of the fair value as the CP, MTNs and Bonds will be repriced immediately upon maturity and their interest rates approximate those financial instruments of similar risk profile.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, tax recoverable and payable and other short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It is not practical to determine the fair values of:

- (i) non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.
- (ii) amounts due from/(to) subsidiaries, associates and jointly controlled entity, amounts due to contractors and consultants and advances by minority shareholders of subsidiaries due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.
- (iii) redeemable preference shares issued by a subsidiary because of a lack of available market information in respect of similar financing arrangement and the inability to estimate fair value without incurring excessive costs.

52. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

52. SEGMENT INFORMATION (contd.)

(b) Business segments

The Group comprises the following main major business segments:

- (i) Property development - development of residential and commercial properties;
- (ii) Property investment - management and operation of shopping malls and letting of properties;
- (iii) Leisure - operation of theme parks, rendering recreational club facilities, travel agent and time sharing businesses;
- (iv) Hospitality - management and operations of hotels; and
- (v) Healthcare - management and operation of a medical centre.

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in three main geographical areas:

- (i) Malaysia - the operations in this area are principally property development, property investment, leisure, hospitality and healthcare;
- (ii) Asia (excluding Malaysia) - the operations in this area are principally hospitality; and
- (iii) Australia - the operations in this area which were principally leisure had ceased in the previous financial year.

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

52. SEGMENT INFORMATION (contd.)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property Development		Property Investment		Leisure		Hospitality		Healthcare		Eliminations		Total	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue														
Sales to external customers	720,913	674,530	218,238	120,129	113,154	92,438	158,080	161,046	104,171	94,423	-	-	1,314,556	1,142,566
Inter-segment sales	4,459	3,770	5,167	3,420	78	-	1,509	1,049	40	58	(11,253)	(8,297)	-	-
Total revenue	725,372	678,300	223,405	123,549	113,232	92,438	159,589	162,095	104,211	94,481	(11,253)	(8,297)	1,314,556	1,142,566
Results														
Segment results	158,126	210,961	454,679	77,680	32,078	26,300	50,255	23,596	5,605	9,036	(4,145)	(6,033)	696,598	341,540
Unallocated expenses													(397)	(4,008)
Operating profit													696,201	337,532
Finance costs													(76,632)	(57,703)
Share of profit/(loss) of associates	3,128	(192)	(21)	-	116	(381)	-	-	-	-	-	-	3,223	(573)
Share of profit of jointly controlled entity	11,213	16,930	-	-	-	-	-	-	-	-	-	-	11,213	16,930
Profit before tax													634,005	296,186
Income tax expense													(175,685)	(69,104)
Net profit for the year													458,320	227,082

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

52. SEGMENT INFORMATION (contd.)

Business segments (contd.)

	Property Development			Property Investment			Leisure			Hospitality			Healthcare			Eliminations			Total		
	2008	2007		2008	2007		2008	2007		2008	2007		2008	2007		2008	2007		2008	2007	
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000	
ASSETS																					
Segment assets	1,651,922	1,518,756		2,691,414	1,935,532		181,925	127,872		588,167	590,496		157,378	120,330		5,054,846	4,138,330				
Investments in associates	14,351	11,223	-	-	-		1,182	1,197		-	-		-	-		15,533	12,420				
Investment in jointly controlled entity																					
Unallocated assets	68,823	47,532	-	-	-		-	-		-	-		-	-		68,823	47,532				
Total assets																55,024	40,919				
																5,194,226	4,239,201				
LIABILITIES																					
Segment liabilities	1,040,937	781,228		484,222	728,200		85,465	50,593		393,507	328,196		88,498	80,061		692,720	991,253				
Unallocated liabilities																2,123,648	1,294,901				
Total liabilities																2,816,368	2,286,154				
	2008	2007		2008	2007		2008	2007		2008	2007		2008	2007		2008	2007		2008	2007	
	RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000	RM'000	
OTHER SEGMENT INFORMATION																					
Capital expenditure	3,021	3,184		423,397	424,980		8,747	7,183		36,728	20,396		50,093	19,011		521,986	474,754				
Depreciation	1,808	1,471		3,920	7,512		7,896	9,628		13,520	23,914		7,432	6,474		34,576	48,999				
Impairment losses	518	1,609		-	7,162		-	3,402		-	18,817		-	-		518	30,990				
Write-back of impairment losses	-	(1,159)		-	-		-	-		-	-		-	-		-	(1,159)				
Other significant non-cash expenses/(income)	1,592	(14,575)		1,599	(12,307)		1,083	(10,972)		332	(1,910)		-	(2,013)		4,606	(41,777)				

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

52. SEGMENT INFORMATION (contd.)

Geographical segments

The following table provides an analysis of the Group's revenue, results, capital expenditure and assets by geographical segment:

	Malaysia		Asia (excluding Malaysia)		Australia		Total	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	1,300,052	1,130,254	14,504	12,312	-	-	1,314,556	1,142,566
Segment results	698,722	366,934	(3,921)	(23,664)	1,797	(1,730)	696,598	341,540
Capital expenditure	520,998	473,729	988	1,025	-	-	521,986	474,754
Segment assets	5,018,667	4,096,406	26,319	30,404	9,860	11,520	5,054,846	4,138,330

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Completed events

(i) Proposed bonds with warrants issue and proposed offer for sale

On 21 June 2007, the Securities Commission had approved the proposed issuance and offer for sale of warrants up to 155,932,500 warrants pursuant to the issuance of RM250,000,000 nominal value of 2.00% redeemable bank guaranteed bonds (collectively referred to as "the Proposed Bonds with warrants issue and Proposed offer for sale").

The Proposed Bonds with warrants issue and proposed offer for sale were approved by the shareholders at the Company's Extraordinary General Meeting on 8 August 2007.

On even date, the Company announced the offer price of the warrants at RM0.15 per warrant with an exercise price of RM 4.87 per ordinary share.

On 5 October 2007, the Company issued 155,805,276 warrants at an issue price of RM0.15 per warrant for cash on the basis of one (1) warrant for every three (3) ordinary shares of RM1.00 each held in the Company.

The warrants entitle the registered holder, at any time within a period of 10 years commencing on and including the issue date and expiring on 4 October 2017, to subscribe for 1 new ordinary share of RM1.00 each in the Company at an exercise price of RM4.87 per ordinary share for every warrant held.

During the financial year, 2,477,032 new ordinary shares were subscribed pursuant to the exercise of rights by the registered holders for the equivalent number of warrants at an exercise price of RM4.87 per ordinary share.

(ii) Proposed acquisition of building and land

On 21 March 2007, the Company announced a proposal to acquire an office block known as Wisma Denmark, comprising a 30-storey office building with 1 mezzanine floor, 2 floors of penthouse inclusive of 6 levels of elevated car park and 2 floors of basement car park ("Wisma Denmark") as well as several parcels of adjoining vacant land ("the Lands") located at Jalan Ampang, Kuala Lumpur ("the Assets") for a total cash consideration of RM170 million ("the Acquisition").

The Company had on 18 May 2007, entered into a Sale and Purchase Agreement ("SPA") with Wisma Denmark Sdn. Bhd. ("WDSB") for the Acquisition.

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd.)

(a) Completed events (contd.)

(ii) Proposed acquisition of building and land (contd.)

Pursuant to the SPA, the Company had nominated the following wholly-owned subsidiaries to acquire the Assets from WDSB:

- (a) Sunway Tower 2 Sdn. Bhd. (formerly known as Lambang Mujur Sdn. Bhd.) to acquire Wisma Denmark at a purchase consideration of RM144,000,000; and
- (b) Sunway Tower 1 Sdn. Bhd. (formerly known as Lavender Acres Sdn. Bhd.) to acquire the Lands at a purchase consideration of RM26,000,000.

The mode of payment of the total purchase consideration of RM170,000,000 is as follows:

- (a) RM3,400,000 earnest deposit paid before the signing of the SPA;
- (b) RM13,600,000 being the balance of 10% deposit paid upon execution of the SPA;
- (c) RM17,000,000 representing another 10% to be paid within 3 business days after fulfillment of all conditions precedent under the SPA or expiry of 1 month from the date of SPA, whichever is the later; and
- (d) the balance of RM136,000,000 to be paid within 6 months from the date of SPA.

The Securities Commission had vide its letter dated 4 July 2007 approved the proposed utilisation of proceeds from the Private Placement which was completed on 11 May 2007 to finance the Acquisition.

As at 30 June 2007, cash consideration amounting to RM34,000,000 representing 20% of the total purchase consideration has been paid in relation to the Acquisition.

The Acquisition had been completed on 19 November 2007 upon payment of the balance of purchase consideration of RM136,000,000 and fulfillment of all conditions precedent under the SPA.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd.)

(a) Completed events (contd.)

(iii) Proposed acquisitions of properties, plant and machinery and lease rights ("Properties") and redeemable preference shares from AREB ("Proposed Acquisitions")

Pursuant to the ABS exercise as disclosed in Note 32(e), the Company had on 29 May 2007, executed the following notices:

- (A) Notice of Exercise of Option to exercise its option to purchase the Properties with details as set out in the Table below. In the said Notice, the Company had nominated the following subsidiaries ("Purchasers") to purchase the Properties from AREB pursuant to the respective Lease Agreements for a total cash consideration of RM733,500,000:

Name of Subsidiaries	Properties	Purchase Consideration RM
Stellar Destiny Sdn. Bhd.	All those parcels of leasehold land held under the titles HS(D) 118325 PT 1904 and HS(D) 118332 PT28, Bandar Sunway, Daerah Petaling ("Sunway University College") together with all buildings, fixtures and movable assets located therein.	135,000,000
Sunway Hotel (Seberang Jaya) Sdn. Bhd.	All that leasehold land held under the title HS(D) 25324 Lot 5785, Mukim 1 (formerly HS(D) 5593 Lot 5785, Mukim 1), Daerah Seberang Perai Tengah, Pulau Pinang ("Sunway Hotel Seberang Jaya") together with all buildings, fixtures and movable assets located therein.	42,000,000
Sunway Hotel (Penang) Sdn. Bhd.	All that freehold land held under the title Geran No. 63519, Lot 2220 (formerly Geran No. 57404, Lot 2203) Seksyen 12, Daerah Timur Laut, Bandar Georgetown, Negeri Pulau Pinang ("Sunway Hotel Penang") together with all buildings, fixtures and movable assets located therein.	40,000,000
Sunway Resort Sdn. Bhd.	All those parcels of leasehold land held under the titles PN 9498 Lot 51173 and PN 9492 Lot 35, Bandar Sunway, District of Petaling ("Sunway Resort Hotel & Spa") together with all buildings, fixtures and movable assets located therein.	343,000,000

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd.)

(a) Completed events (contd.)

(iii) Proposed acquisitions of properties, plant and machinery and lease rights ("Properties") and redeemable preference shares from AREB ("Proposed Acquisitions") (contd.)

(A)

Name of Subsidiaries	Properties	Purchase Consideration RM
Sunway Lagoon Sdn. Bhd.	All plant and equipment which are installed and/or used in connection with the Sunway Lagoon Theme Park including all the plant and equipment described in the valuation report of C H Williams Talhar & Wong dated 20 March 2002 excluding: (a) the themed and landscaped esplanade with 12 life-sized elephant structures, aquarium, waterfall, fountain and orchid garden situated on part of the land bearing the title HS(D) 98453 PT 15753 known as "the Elephant Walk"; and (b) the open air entertainment centre that can accommodate up to 5,000 people situated on land bearing the title PN 9493 Lot 37 known as "the Amphitheatre".	46,500,000
Menara Sunway Sdn. Bhd.	All that leasehold land held under the title PN 17105 Lot 61760 (formerly HS(D) 174432 PT 639 which was formerly PN 9496 Lot 42), Bandar Sunway, District of Petaling ("Menara Sunway") together with all buildings, fixtures and movable assets located therein.	127,000,000
Total		733,500,000

(B) Notice of Exercise of Option to exercise its option to purchase the redeemable preference shares in Sunway Pyramid Sdn. Bhd. from AREB for a total cash consideration of RM34,191,316.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd.)

(a) Completed events (contd.)

(iii) Proposed acquisitions of properties, plant and machinery and lease rights ("Properties") and redeemable preference shares from AREB ("Proposed Acquisitions") (contd.)

Concurrently, the Company has executed the following agreements:

- (a) 6 Sale and Purchase under Option Agreements with AREB and the Purchasers to acquire the Properties; and
- (b) a Share Purchase under Option Agreement with AREB to acquire the redeemable preference shares.

The Company, AREB and the Purchasers had on 8 October 2007, entered into 6 Supplemental Cum Set-Off Agreements ("Set-Off Agreements") to settle the purchase consideration of the Properties partly by cash payment and partly by setting off against the principal and interest (accrued up to 30 October 2007) payable under the Subordinated Class D Notes held by each of the relevant Purchasers. Pursuant to the Set-Off Agreements, the Purchasers had consented that the payment for the Subordinated Class D Notes shall be deemed paid in accordance with the Set-Off Agreements on 12 October 2007 (instead of 30 October 2007). The Set-Off Agreements are subject to the redemption of all Senior Notes which had occurred on 11 October 2007.

AREB had on 10 October 2007, received payment in cash of RM244,918,798 from the Company and the Purchasers for the Proposed Acquisitions.

The Set-Off Agreements also brought forward the completion date of the Proposed Acquisitions from 16 October 2007 to 12 October 2007.

As mentioned in Note 55 to the financial statements, the Group had critically reassessed the originating entries of the abovementioned transaction at the date of its disposal and the requirements under FRS 118: Revenue in the current financial year and concluded that the nature of the transaction was that of a financing scheme rather than an actual sale transaction. Accordingly, the purchase consideration paid for the Proposed Acquisition during the year had been accounted for as settlement of advances from AREB.

(b) Event pending completion/completed subsequent to year end

Proposed Real Estate Investment Trust ("REIT")

On 17 January 2008, the Board of Directors announced that the Company had appointed RHB Investment Bank Berhad ("RHB Investment Bank"), Goldman Sachs (Singapore) Pte ("Goldman Sachs"), UBS Investment Bank and CIMB Investment Bank Berhad as joint lead managers and joint bookrunners for the proposed initial public offering of the Company's REIT ("Proposed REIT"). The Company has further appointed RHB Investment Bank and Goldman Sachs as joint global coordinators, as well as RHB Investment Bank as financial adviser for the proposed REIT.

As at the date of this report, there is no further update on the proposed REIT.

54. COMPARATIVES

Certain comparative amounts have been restated to conform with current year's presentation as disclosed in Note 2.3(b) and Note 55.

55. PRIOR YEAR ADJUSTMENTS**(a) ABS restatement**

On 16 May 2002, the following subsidiaries ("the sellers") had entered into a series of Sales and Purchase Agreements with ABS Real Estate Berhad ("AREB"), also a subsidiary of the Group, for the sale of the following Leased Properties (which includes all fixtures and movable assets located in the buildings or on the lands other than specified exclusions) pursuant to the implementation of a securitisation transactions, which involves the acquisition of properties, and investments, letting out of properties and issuance of notes to investors:

Leased Property	Seller
Sunway College	Stellar Destiny Sdn. Bhd.
Sunway Lagoon Resort Hotel (building)	Sunway Resort Hotel Sdn. Bhd.
Sunway Lagoon Resort Hotel (land)	Sunway Resort Hotel Land Sdn. Bhd.
Sunway Hotel Penang	Sunway Hotel (Penang) Sdn. Bhd.
Sunway Hotel Seberang Jaya	Sunway Hotel (Seberang Jaya) Sdn. Bhd.
Menara Sunway	Menara Sunway Sdn. Bhd.
The rights under the lease in respect of part of the land on which the Sunway Lagoon Theme Park is situated	Sunway Lagoon Sdn. Bhd.
Certain plant and equipment of the Sunway Lagoon Theme Park	Sunway Lagoon Sdn. Bhd.

On even date, Ekuiti Meranti (M) Sdn. Bhd., a subsidiary company of the Group has also sold, pursuant to a Sale and Purchase Agreement, 42,320,000 redeemable preference shares issued by Sunway Pyramid Sdn. Bhd. ("Pyramid Preference Shares") to AREB.

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

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

Note Issue

AREB funded the purchase of the Leased Properties and the Pyramid Preference Shares by utilisation of the proceeds from the issuance of secured fixed rate notes, which consist of Class A Notes, Class B Notes, Class C1 Notes and Class C2 Notes due in 2008 (collectively the "Senior Notes") with an aggregate principal amount of RM450,000,000, and the subordinated unrated Class D Notes due in 2008 with an aggregate principal amount of RM446,203,000. The Senior Notes and the subordinated notes are constituted pursuant to a Note and Security Trust Deed entered into by the Company, Mayban Trustees Berhad as the trustee and transaction administrator, and Deutsche Bank (Malaysia) Berhad as the lead arranger. The obligations of AREB under the Notes will be secured by the Note and Security Trust Deed, charges over immovable property executed in accordance with the provisions of the National Land Code 1965 and a charge and assignment of the Company rights, title and interest under the Sublease Agreement and the Subleases Collection Account.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

55. PRIOR YEAR ADJUSTMENTS (contd.)

(a) ABS restatement (contd.)

AREB had since the completion of the abovementioned transaction recorded the properties and shares purchased, and all the notes issued as assets and liabilities respectively in its financial statements.

The Group, has however, critically reassessed the abovementioned transaction and the requirements under FRS 118: Revenue in the current financial year and concluded that the nature of the above transaction was that of a financing scheme rather than an actual sale transaction. Accordingly, this has resulted in the restatement of the assets, shares sold and the Sub D Notes subscribed, as well as adjustments to the income and expense items relating to the current and prior years to reflect the change in the nature of the above transaction.

(b) Restatement of cumulative redeemable preference shares ("CRPS")

During the financial year, the Group revisited the salient terms and conditions of the CRPS issued by certain subsidiaries, and arising therefrom, CRPS with a total amount of RM28,974,000 has been reclassified from minority interests to long term liabilities.

The change in classification was effected retrospectively and consequently resulted in a reclassification of minority interests to long term liabilities for the comparative year in order to conform with the current year's presentation.

As a result of the effects of this prior year adjustment certain comparative amounts have been restated as follows:

	As previously stated RM'000	Increase/ (Decrease)		As restated RM'000
		FRS 118 RM'000 Note 55(b)	FRS 132 RM'000 Note 55(a)	
At 1 July 2006				
Group				
Balance Sheet				
Goodwill	23,852	(825)	-	23,027
Deferred tax liabilities	21,625	224	-	21,849
Retained profits	244,924	(22,639)	-	222,285
Minority interest	363,265	21,590	(28,974)	355,881

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008 (contd.)

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55. PRIOR YEAR ADJUSTMENTS (contd.)

	As previously stated RM'000	Increase/ (Decrease)		As restated RM'000
		FRS 118 RM'000 Note 55(b)	FRS 132 RM'000 Note 55(a)	
At 30 June 2007				
Group				
Balance Sheet				
Goodwill	23,852	(825)	-	23,027
Long term liabilities	46,705	-	28,974	75,679
Deferred tax liabilities	151,213	208	-	151,421
Retained profits	628,611	(13,983)	-	614,628
Minority interests	553,141	12,950	(28,974)	537,117
For the year ended 30 June 2007				
Group				
Income Statement				
Income tax expense	69,120	-	(16)	69,104
Earnings per share (sen):				
- Basic	33.23	-	1.96	35.19
- Diluted	32.99	-	1.94	34.93
Company				
Income Statement				
Revenue	124,849	-	(46,800)	78,049
Cost of sales	53,371	-	(46,800)	6,571

LIST OF PROPERTIES

AS AT 30 JUNE 2008

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Investment Properties								
PN 12547 PT 38158	4.075 / 43,917	Sunway	Sunway	15	Leasehold	9,794	1986	2008
PN 12548 PT 43		City	Lagoon		expiring			
Bandar Sunway		(Land)	Club		01.04.2097	8,840	1993	2008
Daerah Petaling		Sunway						
Selangor		Lagoon Club						
		(Building)						
PN 9490 Lot 34	59.893 /	Sunway	Sunway	16	Leasehold	11,647	1986	2008
PN 9493 Lot 37	728,326	City	Lagoon		expiring			
PT 15753 HS(D) 98453		(Land)	Theme Park,		01.04.2097			
Bandar Sunway			Amphitheatre,		&			
Daerah Petaling		Sunway	Wavepool &		19.06.2094	53,095	1992	-
Selangor		Lagoon	Elephant Walk					
		(Building)						
PT 1706 HS(D) 118324	0.499 / 21,482	Sunway City	Food Court	13	Leasehold	3,400	1986 / 1994	2008
Bandar Sunway			Phase (10)		expiring			
Daerah Petaling					01.04.2097			
Selangor								
PT 1406 HS(D) 118322	0.370 / 6,143	Sunway City	Food Court	14	Leasehold	2,000	1986 / 1992	2008
Bandar Sunway			Phase (6A)		expiring			
Daerah Petaling					01.04.2097			
Selangor								
PT 892 HS(M) 7031	4.330 / 221,000	Sunway City	Apartments	12	Leasehold	22,000	1986 / 1995	2008
Bandar Sunway			Phase (8C)		expiring			
MK Damansara					11.04.2093			
Selangor Darul Ehsan					&			
PN 8622-23					01.12.2097			
Lot 49359-60								
Bandar Sunway								
Daerah Petaling								
Selangor								
PT 37 HS(D) 118341	4.496 / 755,940	Sunway	Sunway	9	Leasehold	47,387	1986 / 1999	-
PT 1489 HS(D) 118318		Medical	Medical Centre		expiring	56,082		
Bandar Sunway		Centre	Sunway		01.04.2097			
Daerah Petaling			Medical Centre					
Selangor			(Under					
			construction)					
PT 199440 HS(D)JKA	39.820	Sunway	Water Theme	4	Leasehold	31,892	1994 / 2004	-
134496		Lagoon	Park		expiring			
Jalan Tambun		Water Park			27.10.2097			
MK Ulu Kinta								
Daerah Kinta								
Perak Darul Ridzuan								

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Investment Properties								
PN 11816 Lot 61771 Bandar Sunway Daerah Petaling Selangor	2.980 / 129,809	Splendid Crest	Sun-U Residence Block B (124 units)	4	Leasehold expiring 01.01.2097	48,000	1986 / 2004	2008
			Block C (12 units)			7,052	1986 / 2004	2007
PT 3 HS(D) 114889 Bandar Sunway Daerah Petaling Selangor	0.390 / 44,867	Sunway Townhouse	2 Storey Townhouse (20 units)	3	Leasehold expiring 14.11.2096	3,676	2001 / 2004	2008
PN 17415 PT 62060 Bandar Sunway Daerah Petaling Selangor	1.898 / 16,891	Sunway International Vacation Club	Resort Suites (33 units)	4	Leasehold expiring 21.02.2102	5,618	2004	-
PT 302 HS(D) 15354 Daerah Port Dickson Negeri Sembilan	10.000 / 6,456	Sunway International Vacation Club	Legend Water Chalets (8 units Service suites and 2 units Chalets)	2	Freehold	2,171	2007	-
PT 894 HSD(T) 238253 PT 907 HSD(T) 238960 Bandar Sunway Daerah Petaling Selangor	11.950 / 850,853	Sunway City (Land) Sunway Lagoon (Land) Sunway Platinum Success (Building)	Monash University Campus	2	Leasehold	5,558	1986 / 2007	2008
						8,945		
						156,683		
Lots 303220, 303221 303222 and 303223 Mukim of Hulu Kinta District of Kinta	0.417 / 15,246	Sunway Hotel Services (lpoh)	Budget Hotel Shops	4	Leasehold 27.10.2097	1,530	2005	2008
PT 1490 HS(D) 115836 Bandar Sunway Daerah Petaling Selangor	1.537 / 34,329	Sunway City	Office Warehouse	2	Leasehold expiring 28.12.2096	6,533	1986 / 2006	2008
PN 11815/M1-A/9/55, Lot 61770 (A-09-04 Lagoonview Resort Condominium) PN 11815/M1-B/6/160, Lot 61770 (B-06-05 Lagoonview Resort Condominium) Jalan Universiti Bandar Sunway Daerah Petaling Selangor	2,780	Sunway City	Lagoonview (2 units)	9	Leasehold expiring 01.04.2097	680	2007	-

LIST OF PROPERTIES

AS AT 30 JUNE 2008

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Investment Properties								
Lagoonview Condominium:- A-22-03, A-01-04, A-13-04, A-13-05, A-05-05, A-07-06, A-08-04, A-07-05, B-18-04, B-21-03, B-10-05, B-03-04	42,961	Spring Ambience	Lagoonview (12 units)	9	Leasehold expiring 01.04.2097	2,020	2007	-
Monash Condominium:- A-11-03, A-16-03, A-10-01, A-19-05, A-18-03A, A-11-06, A-21-01, A-13-02 A-20-01, A-05-01, A-12-06, A-05-03A A-13-05, A-11-01, A-12-02, A-05-05, A-06-03, A-12-01			Monash Condominium (18 units)	8				
Lot 55 GRN 45110 Jalan Ampang Wilayah Persekutuan	0.594 / 488,273	Sunway Tower 2	Commercial	12	Freehold	144,000	2007	2008
PT 146130 HS(D) 72911 Jalan Tambun MK Ulu Kinta Daerah Kinta Perak Darul Ridzuan	0.510 / 17,631	Kinta Sunway Resort	Bar & Restaurant	2	Leasehold expiring 27.10.2097	3,980	1994	2008
Lot 2220 Section 12 Town of Georgetown North East District Penang	0.631 / 220,097	Sunway Hotel (Penang)	Sunway Hotel Georgetown	15	Freehold	24,243	1989 / 1993	2007
Lot 5785 Mukim 1 Seberang Perai Tengah Penang	1.061 / 167,622	Sunway Hotel (Seberang Jaya)	Sunway Hotel Seberang Jaya	11	Leasehold expiring 21.10.2092	22,996	1992 / 1997	2007
Assets Held for Sale								
PT 28 HS(D) 118332 PT 1904 HS(D) 118325 Bandar Sunway Daerah Petaling Selangor	12.433 / 615,983	Stellar Destiny	Sun-U Campus	15	Leasehold expiring 01.04.2097	135,000	2007	2007
PN 17414 Lot 62059 PN 9495 Lot 32 PN 9500 Lot 51175 PT 891 HSD 233143 Bandar Sunway Daerah Petaling Selangor	18.827 / 4,363,967	Sunway Pyramid	Sunway Pyramid Shopping Mall 1 Cum Car Park	10	Leasehold expiring 21.02.2102 & 01.04.2097 & 14.08.2105	1,558,220	1986 / 1997	2007
			Sunway Pyramid Shopping Mall 2	1			1986 / 2007	2007

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Assets Held for Sale								
Lot 61760 PN 17105 Bandar Sunway Daerah Petaling Selangor	4.440 / 654,783	Menara Sunway	Commercial	15	Leasehold expiring 01.04.2097	127,000	2007	2007
Lot 5497-5499 HS (D) 1816-1818 Daerah Seberang Perai Tengah, Penang	7.999 / 968,030	Sunway Carnival	Sunway Carnival Shopping Mall	1	Leasehold 21.10.2092	190,000	1992 / 2007	2008
Lot No. 331232 PN 258216 Jalan Tambun MK Ulu Kinta Daerah Kinta Perak Darul Ridzuan	7.800 / 192,335	Peluang Klasik	Hypermarket	3	Leasehold expiring 27.10.2097	40,000	1994 / 2005	2006
Lot 14432 GM No. 1497 Lot 14433 GM No. 1498 Lot 1310 GM No. 816 Lot 1142 GM No. 803 Mukim 12 Daerah Barat Daya Penang	12.617	Sunway Crest	Vacant		Freehold	17,295	2005 / -	-
PT 123177 HS(D) 126416 Mukim Klang Selangor	0.615	Sunway Rahman Putra	Vacant		Freehold	6,507	2006	-
PT 123176 HS(D) 126415 Mukim Klang Selangor	0.803	Logic Square	Vacant		Freehold	8,742	2006	-
Lot 35 & 51173 PN 9492 & PN 9498 PT 162 HS(D) 182799 Bandar Sunway Daerah Petaling Selangor	10.536 / 1,600,390	Sunway Resort Hotel	Sunway Resort Hotel & Spa 3 units of Villa Pavillion Pyramid Tower Hotel	1 4	Leasehold expiring 01.04.2097 & 21.02.2102	434,153	1986 / 1996 2003 / 2004	- -
Properties Under Development and Land Held for Development								
Lot 41 PN 9497 Lot 51172 PN 9501 PT 638 HS(D) 174431 PT 1408 HS(D) 118321 Bandar Sunway Daerah Petaling Selangor	12.940	Sunway City	Vacant		Leasehold expiring 01.04.2097	798	1986 / -	-
PT 9315 HS(D) 56708 MK Damansara Daerah Petaling Selangor	5.051	Sunway City	Vacant		Leasehold expiring 19.04.2086	559	1986 / -	-

LIST OF PROPERTIES

AS AT 30 JUNE 2008

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Properties Under Development and Land Held for Development								
Lot 17 GRN 12371 Lot 38 GRN 27736 Kuala Lumpur Lot 39 GRN 27733 Lot 41 GRN 4488 Lot 42 GRN 9940 Jalan Ampang Wilayah Persekutuan	0.942	Sunway Tower 1	Vacant land		Freehold	28,327	2007	2008
PT 14438 HS(M) 5491 Mukim Damansara Daerah Petaling Selangor	1.315	Sunway Pyramid	Vacant		Leasehold expiring 14.03.2090	11,692	2001 / -	2008
PN 11404-11417 Lot 17-31 Bandar Sunway Daerah Petaling Selangor	2.750	Frontier Acres	Vacant		Leasehold expiring 14.11.2096	1,977	2004	-
Lot 1754 Seksyen 12 Daerah Timur Laut Penang	0.14	Sunway Hotel (Penang)	Vacant		Freehold	766.5	2008	-
Lot 5781-83 PN 2546-48 Lot 5493 PN 1814 Lot 5646 PN 1822 Lot 5647 PN 1823 Lot 5648 PN 1824 Daerah Seberang Perai Tengah Penang	13.900	Sunway City (Penang) Group	Vacant		Leasehold expiring 21.10.2092	15,429	1992 / -	-
PT 155845 HS(D) 72921 PT 144881-897 HS(D) 72888-72908 PT 146129 HS(D) 72910 PT 146131-139 HS(D) 72912-72920 Jalan Tambun Mukim Ulu Kinta Daerah Kinta Perak Darul Ridzuan	1,121.850	Sunway City (Ipoh) Group	Mixed Development under Construction		Leasehold expiring 27.10.2097	31,064	1994 / -	-
PT 220409 HS(D) 174259 Mukim Hulu Kinta Daerah Kinta Perak Darul Ridzuan	16.193	Sunway City (Ipoh) Group	Hot Spring Resort (under construction)		Leasehold expiring 06.07.2107	8,648	2008	-
Lot 1668 GRN 51217 Mukim Cheras Selangor Darul Ehsan	3.406	Sunway City Properties	Residential Development Under Construction		Freehold	8,287	2003 / -	-

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Properties Under Development and Land Held for Development								
PT 44856 HS(D) 129563 PT 44856 HS(D) 129565 PT 44860 HS(D) 129567 PT 44862 HS(D) 129569 PT 44868 HS(D) 129575 PT 44870 HS(D) 129577 PT 44872 HS(D) 129579 PT 44875-44878 HS(D) 129582-129585 PT 44886 HS(D) 129593 PT 44880-44882 HS(D) 129587-129589 PT 44898-44907 HS(D) 129605-129614 PT 44910-44922 HS(D) 129617-129629	6.468	Sunway City Properties	Residential Development Under Construction		Freehold	16,532	2003 / -	-
PT 5013 HS(D) 118683 Bandar Petaling Jaya Selatan Daerah Petaling Selangor Darul Ehsan	1.777	Sunway City Properties	Vacant		Leasehold expiring 25.05.2097	289	1998 / -	-
PT 4023 HS(D) 28648 PT 4025-26 HS(D) 28650-51 PT 4028 HS(D) 28653 PT 1696-97 HS(D) 39673-74 PT 14527 HS(D) 67894 Lot 238 HS(D) 3477 Lot 896 GRN 17426 MK Semenyih Daerah Ulu Langat Selangor Darul Ehsan	563.515	Sunway Semenyih	Mixed Development under Construction		Freehold	131,806	1996 / - & 2000 / -	-
PTD No. 5283-5401 HS(D) 219240-219358 Mukim Bukit Raja Daerah Petaling Selangor Darul Ehsan	13.190	Sunway Monterez	Residential development under construction		Leasehold expiring 13.12.2091	15,038	2001 / -	-
Lot No 14698-14724, 14725, 14736 & 14737 Mukim Bukit Raja Daerah Petaling Selangor Darul Ehsan	8.060	Sunway Monterez	Vacant		Leasehold expiring 13.12.2091	14,084	2001 / -	-

LIST OF PROPERTIES

AS AT 30 JUNE 2008

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Properties Under Development and Land Held for Development								
PTD No. 5402 HS(D) 219359	4.046 / 176,008	Sunway Monterez	Residential Development	3	Leasehold expiring 13.12.2091	10,555	2001 / 2005	-
PTD No. 5403 HS(D) 219360			Low cost flat (2 units)					
PTD No. 5264 HS(D) 219221			2 Sty link house					
PTD No. 5263 HS(D) 219220			(34 units)					
PTD No. 5132 HS(D) 219089								
PTD No. 5076 HS(D) 219033								
PTD No. 5036-5039 HS(D) 218993-218996								
PTD No. 5034 HS(D) 218991								
PTD No. 5030 HS(D) 218988								
PTD No. 5031 HS(D) 218987								
PTD No. 5023-5028 HS(D) 218980-218985								
PTD No. 5018-5019 HS(D) 218975-218976								
PTD No. 5015 HS(D) 218972								
PTD No. 5008-5012 HS(D) 218965-218969								
PTD No. 5004-5005 HS(D) 218961-218962								
PTD No. 5001-5002 HS(D) 218958-218959								
PTD No. 4999 HS(D) 218956								
PTD No. 4994-4995 HS(D) 218951-218952								
PTD No. 14738 HS(D) 24692								
Mukim Bukit Raja Daerah Petaling Selangor Darul Ehsan								
PT 6595 HS(D) 103603 PT 6594 HS(D) 103602	31.480	Sunway D'Mont Kiara	Residential Development Under Construction		Freehold	53,946	2001 / -	-
Mukim of Kuala Lumpur								
PT 33491-33494 HS(D) 103054-103057	103.440	Sunway Damansara	Mixed Development Under Construction		Leasehold expiring 13.05.2095	71,335	1995 / -	-
PT 371-376 HS(D) 145186-145191								
MK Sungei Buloh Daerah Petaling Selangor Darul Ehsan								
Lot 6175 GM 2507 Mukim & Daerah Kuala Lumpur Wilayah Persekutuan	3.133	Sunway Damansara	Vacant (Taman Duta land)		Freehold	28,490	2007 / -	-

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Properties Under Development and Land Held for Development								
Lot 947 GM No. 251 Lot 1146 GM No. 805 Lot 1812 GM No. 922 Daerah Barat Daya Penang	8.946	Sunway Grand	Vacant		Freehold	11,377	2005 / -	-
Lot 5827 GM No. 955 Daerah Barat Daya Penang	3.434	Sunway Grand	Vacant		Freehold	11,863	2007 / -	-
Lot 337 GM No. 545 Lot 1515 GM No. 710 Lot 1473 GM No. 893 Lot 1476 GM No. 896 Lot 1478 GM No. 898 Lot 1517 GM No. 711 PT 6384 HS(M) 2541 Mukim 12, Daerah Barat Daya, Penang	23.203	Sunway Grand	Vacant		Freehold	39,062	2007 / -	-
Lot 736 GM No. 430 Lot 945 GM No. 250 Lot 946 GM No. 659 Mukim 11, Daerah Barat Daya, Penang	3.453	Sunway Grand	Vacant		Freehold	5,198	2007 / -	-
Lot 1479 GM No. 367 Mukim 12 Tempat Ptg. Damar Laut Daerah Barat Daya Penang	1.847	Sunway Grand	Vacant		Freehold	2,066	2008 / -	-
No. GM 442, Lot 1289 No. GRN 3889, Lot 1799 No. GM 1989, Lot 6633 No. GM 2046, Lot 6634 Mukim 13, Tempat Sungai Dua Daerah Timur Laut Penang	23.509	Sunway Bukit Gambier	Residential Development Under Construction		Freehold	15,388	2004 / -	-
Lot 2172 GM No. 1037 MK 9 Daerah Barat Daya Penang	0.553	Sunway Tunas	Vacant		Freehold	433	2000 / -	-
PT 908 - 923 HS(D) 238961 - 238976 PT 892 HS(D) 238251 PT 895 HS(D) 238254 PT 885 HS(D) 222682 PT 887 HS(D) 222684 Bandar Sunway Selangor	95.693	Sunway South Quay	Mixed Development Under Construction		Leasehold expiring 15.05.2106 & 02.04.2106 & 05.07.2104	140,838	2004 / - 2005 / - 2006 / -	-
GRN 30967 Lot 25059 & HS(D) 104424 PT No 7685 & Lot 26925 Lot 1265 Mukim Setapak Daerah Kuala Lumpur	56.590	Sunway Melawati	Vacant		Freehold	49,676	2005 / -	-

LIST OF PROPERTIES

AS AT 30 JUNE 2008

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
Completed Properties for Sale								
PN 11815 PT 61770 Bandar Sunway Daerah Petaling Selangor	5.134 / 14,587	Sunway City	Lagoonview (5 units)	9	Leasehold expiring 01.04.2097	2,288	1986 / 1998	-
PT 17230 HS(D) 9296 PT 1384 HS(D) 8437	0.098 / 3,516	Sunway City	Residential (2 units)	14 - 18	Leasehold expiring 11.03.2095 & 30.10.2093	220	1986 / 1989 - 1993	-
PN 11814 PT 61769 Bandar Sunway Daerah Petaling Selangor	6.783 / 4,999	Sunway City	Palmville Condominium (3 units)	12	Leasehold expiring 01.04.2097	664	1986 / 1995	-
Pajakan Negeri 6890 Lot 93 Sek 20 Bandar Petaling Jaya Selangor	6.316 / 2,592	Sunway City	Flatted Industrial Factory (1 unit)	12	Leasehold expiring 24.10.2067	480	2008	-
PN 17415 PT 62060 Bandar Sunway Daerah Petaling Selangor	1.898 / 1,507	Sunway City	Resort Suites (2 units)	4	Leasehold 21.02.2102	1,094	2004	-
PT 34 HS(D) 118338 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	0.044 / 1,904	Sunway City	Sun U Residence Block A (2 units)	6	Leasehold expiring 01.01.2097	1,674	1986 / 2001	-
PT 45 HS(D) 118349 Mukim Damansara Daerah Petaling Selangor	0.404 / 22,324	Sunway City	Mentari Business Park (25 units)	3	Leasehold expiring 01.04.2097	5,749	2005	-
PT 3682 HS(D) 5163 Daerah Seberang Perai Tengah Pulau Pinang	1.005 / 43,773	Sunway City (Penang)	Business Park (50 units)	9	Leasehold expiring 21.10.2092	6,975	1992 / 2000	-
PT 144596 HS(D) 72607 PT 144598 HS(D) 72609 PT 144615 HS(D) 72626 PT 144564 HS(D) 72575 PT 144570 HS(D) 72581 PT 144572 HS(D) 72583 PT 171417 HS(D) 92949 PT 144661-144671 HS(D) 72672-72682 PT 144693-144696 HS(D) 72704-72707 PT 144723-144724 HS(D) 72734-72735 PT 144728-144732 HS(D) 72739-72743 Jalan Tambun MK Ulu Kinta Daerah Kinta, Perak	1.350 / 79,051	Sunway City (Ipoh)	Commercial & Industrial (28 units)	7	Leasehold expiring 27.10.2097	1,653	1994 / 2000	-

Location Address	Land Area (acre)/built up area (sq ft)	Owned by	Existing Use	Age of building (years)	Tenure	Carrying amount/ Market Value RM'000	Year of Acquisition of Land/ Building	Year of Revaluation
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Completed Properties for Sale

Lot 14987 GM No. 2160 Mukim 12, Tempat Batu Maung Daerah Barat Daya Penang	0.112 / 2,397	Sunway Grand	2 Storey Semi- Detached House (1 unit)	1	Freehold	310	2004 / 2008	-
PT 12520 Lot 013850S PT 12523 Lot 013853S Daerah Kinta Bandar Ipoh Perak	0.575 / 25,028	Area Star	Shop Offices (2 units)	2	Freehold	2,029	1996	-
PT 1468 HS(D) 145633 Mukim Sungei Buloh Daerah Petaling Selangor Darul Ehsan	0.020 / 879	Sunway Damansara	Cita Damansara Condominium (1 unit)	4	Leasehold expiring 13.05.2095	193	1995 / 2004	-

Overseas Properties

No. 1, Street 92 Sangkat Wat Phnom Penh Cambodia	0.989 / 125,313	Sunway Hotel Phnom Penh	Sunway Hotel Phnom Penh	10	Leasehold expiring 28.04.2066	4,341	1996 / 1996	
Lot 1 on Deposited Plan 773643 County of Cumberland Parish Of Melville Sydney Australia	148.250	Sunway Australia Unit Trust	Vacant		Freehold	5,899	1997 / -	

RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Chapter 10, Paragraph 10.09(1)(b) and Practice Note No. 12/2001 of the Listing Requirements of Bursa Malaysia Securities Berhad, the details of the Recurrent Related Party Transactions of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended 30 June 2008 are as follows:-

Classes of Mandated Related Parties	Nature of Transactions	Purchases RM'000	Sales RM'000
(a) Sunway Holdings Berhad (formerly known as Sunway Holdings Incorporated Berhad) ("Sunway") Group	<ul style="list-style-type: none"> Procurement of construction and related services* and rental of construction machineries. Procurement of building materials, spare parts and other related construction materials and services. 	252,511 24,900	- -
(b) Sunway College Sdn Bhd Group	<ul style="list-style-type: none"> Rental of premises/ properties.# 	-	28,565
(c) Dekon Sdn Bhd Group	<ul style="list-style-type: none"> Procurement of construction and related services.* Procurement of interior decorations and related services, and renovation works. 	112,830 32,764	- -

NOTES:

* Include inter alia, construction of civil & building works, contracting in mechanical, electrical & engineering works, prefabricated construction of building & civil works, precast concrete building contracts and piling contracts.

The addresses of the premises/properties are No. 5, Jalan Universiti, Bandar Sunway, 46150 Petaling Jaya, Selangor; Jalan PJS 7/16, Bandar Sunway, 46150 Petaling Jaya, Selangor; Jalan PJS 9/1G, Bandar Sunway, 46150 Petaling Jaya, Selangor and Block B of Sunway Monash Condominium.

Provision of Financial Assistance	Classes of Mandated Related Parties	RM'000
Pooling of funds via a centralised treasury management function or such similar arrangements on a short or medium term basis (i.e. for a duration not exceeding 3 years) [hereinafter referred to as "Provision of Financial Assistance"]	Provision of Financial Assistance by SunCity or its subsidiaries to the following SunCity's subsidiaries:- <ul style="list-style-type: none"> Sunway Pyramid Sdn Bhd and its wholly-owned subsidiary, Sunway Parking Management Sdn Bhd Sunway Resort Hotel Sdn Bhd 	5,000 21,823

Relationship of Related Parties with SunCity Group

(a) Sunway Group

Tan Sri Dato' Seri Dr Cheah Fook Ling is a Director and Major Shareholder of SunCity Group and Sunway Group. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, the spouse of Tan Sri Dato' Seri Dr Cheah Fook Ling, who is a Director of Sunway Lagoon Club Berhad (a 84% owned subsidiary of SunCity) and a Major Shareholder of SunCity Group, is also a Director of Sunway Management Sdn Bhd (a wholly-owned subsidiary of Sunway) and a Major Shareholder of Sunway Group. Sarena Cheah Yean Tih, the child of Tan Sri Dato' Seri Dr Cheah Fook Ling, is a Director in several subsidiaries of SunCity as well as a Major Shareholder of SunCity Group and Sunway Group. Evan Cheah Yean Shin, the child of Tan Sri Dato' Seri Dr Cheah Fook Ling, who is the Alternate Director to Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng in Sunway Lagoon Club Berhad, is also an Alternate Director in several subsidiaries of Sunway and a Major Shareholder of Sunway Group.

(b) Sunway College Sdn Bhd Group

Tan Sri Dato' Seri Dr Cheah Fook Ling and Datuk Razman M Hashim are Directors of SunCity Group and Sunway College Sdn Bhd Group. Tan Sri Dato' Seri Dr Cheah Fook Ling and Datuk Razman M Hashim are shareholders of SunCity and they have deemed interests in Sunway College Sdn Bhd via Sunway Education Trust. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are Directors of Sunway College Sdn Bhd Group.

(c) Dekon Sdn Bhd Group

Datuk Razman M Hashim who is a Director and shareholder of SunCity, has deemed interest in Dekon Sdn Bhd via a corporation where he has more than 15% shareholding.

(d) Sunway Pyramid Sdn Bhd, Sunway Parking Management Sdn Bhd and Sunway Resort Hotel Sdn Bhd

Government of Singapore Investment Corporation Pte Ltd which is a Major Shareholder of SunCity, is also a Major Shareholder of Sunway Pyramid Sdn Bhd and Sunway Resort Hotel Sdn Bhd, both are 52% owned subsidiaries of SunCity. Government of Singapore Investment Corporation Pte Ltd has 48% deemed interests in Sunway Resort Hotel Sdn Bhd, Sunway Pyramid Sdn Bhd and Sunway Parking Management Sdn Bhd (a wholly-owned subsidiary of Sunway Pyramid Sdn Bhd) by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' INTERESTS IN SHARES, OPTIONS OVER ORDINARY SHARES AND WARRANTS

AS AT 8 OCTOBER 2008

	Ordinary Shares of RM1.00 each	
	No.	%
Direct Interest		
Tan Sri Dato' Seri Dr Cheah Fook Ling	12,823,251	2.73
Datuk Razman M Hashim	380,000	0.08
Ngian Siew Siong	20,000	#
Ngeow Voon Yean	300,000	0.06
Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim	10,000	#
Deemed Interest		
Tan Sri Dato' Seri Dr Cheah Fook Ling ¹	175,325,917	37.31
Ngian Siew Siong ²	10,000	#

Options over Ordinary Shares of RM1.00 each		No.
Direct Interest		
Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim		50,000
Teo Tong How		50,000
Tan Siak Tee		50,000
Low Siew Moi		50,000

	Warrants 2007/2017	
	No.	%
Direct Interest		
Tan Sri Dato' Seri Dr Cheah Fook Ling	5,817,591	3.79
Datuk Razman M Hashim	131,096	0.09
Ngian Siew Siong	6,676	#
Ngeow Voon Yean	100,000	0.07
Deemed Interest		
Tan Sri Dato' Seri Dr Cheah Fook Ling ¹	63,685,639	41.54
Ngian Siew Siong ²	3,343	#

By virtue of Tan Sri Dato' Seri Dr Cheah Fook Ling's substantial interest in the shares of SunCity, he is also deemed to have a substantial interest in shares of the subsidiaries of SunCity to the extent SunCity has an interest.

NOTES:

- 1 Deemed interested through Active Equity Sdn Bhd, Active Builder Sdn Bhd, Jef-San Enterprise Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and child
- 2 Deemed interested through spouse
- # Negligible

ANALYSIS OF SHAREHOLDINGS AS AT 8 OCTOBER 2008

Authorised Share Capital	- RM1,000,000,000 comprising 800,000,000 Ordinary Shares of RM1.00 each and 200,000,000 Cumulative Convertible Preference Shares of RM1.00 each
Issued and Paid-up Share Capital	- RM469,918,532 comprising 469,918,532 Ordinary Shares of RM1.00 each
Class of Shares	- Ordinary Shares of RM1.00 each
Voting Rights	- One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	115	2.18	1,272	0.00
100 - 1,000	2,684	51.00	2,559,025	0.54
1,001 - 10,000	1,969	37.41	7,425,370	1.58
10,001 - 100,000	331	6.29	10,991,020	2.34
100,001 - 23,495,925 (Less than 5% of issued shares)	161	3.06	220,943,089	47.02
23,495,926 (5%) and above	3	0.06	227,998,756	48.52
	5,263	100.00	469,918,532	100.00

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

Name of Shareholders	Name of Beneficial Owners	No. of Shares	%
1. Cartaban Nominees (Asing) Sdn Bhd	Government of Singapore Investment Corporation Pte Ltd for Government of Singapore	100,000,000	21.28
2. Sungei Way Corporation Sdn Bhd	-	98,998,756	21.07
3. ABB Nominee (Tempatan) Sdn Bhd	Sungei Way Corporation Sdn Bhd	29,000,000	6.17
4. Teng Yew Huat	-	16,449,500	3.50
5. Jef-San Enterprise Sdn Bhd	-	15,801,045	3.36
6. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston	GMO Emerging Markets Fund	14,890,400	3.17
7. HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt Malaysia	Employees Provident Fund	14,806,200	3.15
8. Tan Sri Dato' Seri Dr Cheah Fook Ling	-	11,813,251	2.51
9. Cartaban Nominees (Asing) Sdn Bhd - State Street Australia Fund UAJB	Unifund (HTSG as Trustee)	10,378,300	2.21
10. Citigroup Nominees (Asing) Sdn Bhd	Goldman Sachs International	10,330,800	2.20
11. Progressive Traders Sdn Bhd	-	7,958,490	1.69
12. Active Equity Sdn Bhd	-	7,776,552	1.65
13. Active Builder Sdn Bhd	-	6,523,930	1.39
14. Oriental Dragon Enterprises Inc.	-	6,470,800	1.38
15. Timah Sini-Sana Sdn Bhd	-	5,213,409	1.11

Name of Shareholders	Name of Beneficial Owners	No. of Shares	%
16. HSBC Nominees (Asing) Sdn Bhd - TNTC	Saudi Arabian Monetary Agency	4,885,800	1.04
17. Zeon Ventures Sdn Bhd	-	4,209,000	0.90
18. Amanah Raya Nominees (Tempatan) Sdn Bhd	Amanah Saham Malaysia	3,640,900	0.77
19. Zeon Ventures Sdn Bhd	-	3,617,100	0.77
20. HSBC Nominees (Asing) Sdn Bhd - Exempt AN	The Hongkong and Shanghai Banking Corporation Limited	3,507,577	0.75
21. Amanah Raya Nominees (Tempatan) Sdn Bhd	Kumpulan Wang Bersama	3,500,000	0.74
22. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN	Prudential Fund Management Berhad	2,630,000	0.56
23. Citigroup Nominees (Asing) Sdn Bhd - CBNY	DFA Emerging Markets Fund	2,358,700	0.50
24. SBB Nominees (Tempatan) Sdn Bhd	Employees Provident Fund Board	2,123,300	0.45
25. HSBC Nominees (Tempatan) Sdn Bhd	Sungei Way Corporation Sdn Bhd	2,000,000	0.43
26. Amanah Raya Nominees (Tempatan) Sdn Bhd	Sekim Amanah Saham Nasional	1,786,900	0.38
27. Siow Moon Yeow	-	1,672,100	0.36
28. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN	Mellon Bank (Mellon)	1,611,800	0.34
29. Mayban Nominees (Tempatan) Sdn Bhd	Etiqa Insurance Berhad (Life Par Fund)	1,521,000	0.32
30. HSBC Nominees (Asing) Sdn Bhd - Exempt AN	Credit Suisse (SG BR-TST-Asing)	1,520,200	0.32

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Tan Sri Dato' Seri Dr Cheah Fook Ling		
• Direct interest	12,823,251	2.73
• Deemed interest ^{#a}	175,325,917	37.31
2. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng		
• Direct interest	10,000	*
• Deemed interest ^{#b}	188,139,168	40.04
3. Sarena Cheah Yean Tih		
• Direct interest	10,000	*
• Deemed interest ^{#c}	188,139,168	40.04
4. Sungei Way Corporation Sdn Bhd		
• Direct interest	130,926,208	27.86
• Deemed interest ^{#d}	5,213,409	1.11
5. Timah Dunia Dredging Sdn Bhd		
• Deemed interest ^{#e}	136,139,617	28.97
6. Active Equity Sdn Bhd		
• Direct interest	7,776,552	1.65
• Deemed interest ^{#f}	144,098,107	30.66
7. Government of Singapore Investment Corporation Pte Ltd for Government of Singapore	100,000,000	21.28

NOTES:

^{#a} Deemed interested through Active Equity Sdn Bhd, Active Builder Sdn Bhd, Jef-San Enterprise Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and child

^{#b} Deemed interested through spouse and child

^{#c} Deemed interested through parents

^{#d} Deemed interested through Timah Sini-Sana Sdn Bhd

^{#e} Deemed interested through Sungei Way Corporation Sdn Bhd and Timah Sini-Sana Sdn Bhd

^{#f} Deemed interested through Progressive Traders Sdn Bhd, Sungei Way Corporation Sdn Bhd and Timah Sini-Sana Sdn Bhd

* Negligible

ANALYSIS OF WARRANTHOLDINGS

AS AT 8 OCTOBER 2008

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants Held	% of Warrantholdings
Less than 100	130	5.65	5,474	0.01
100 - 1,000	1,147	49.91	549,254	0.36
1,001 - 10,000	676	29.42	2,612,807	1.70
10,001 - 100,000	272	11.84	8,829,632	5.76
100,001 - 7,666,411 (Less than 5% of warrants in issue)	71	3.09	61,997,212	40.43
7,666,412 (5%) and above	2	0.09	79,333,865	51.74
	2,298	100.00	153,328,244	100.00

THIRTY LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS

Name of Warrantholders	Name of Beneficial Owners	No. of Warrants	%
1. Sungei Way Corporation Sdn Bhd	-	46,000,532	30.00
2. Cartaban Nominees (Asing) Sdn Bhd	Government of Singapore Investment Corporation Pte Ltd for Government of Singapore	33,333,333	21.74
3. CIMB Group Nominees (Tempatan) Sdn Bhd - BHLB Trustee Berhad	HLG Asia-Pacific Property Income Plus Fund	6,128,300	4.00
4. Tan Sri Dato' Seri Dr Cheah Fook Ling	-	5,480,925	3.57
5. Jef-San Enterprise Sdn Bhd	-	5,267,015	3.44
6. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston	GMO Emerging Markets Fund	4,963,466	3.24
7. Oriental Dragon Enterprises Inc.	-	4,494,693	2.93
8. Siow Moon Yeow	-	3,510,300	2.29
9. Active Equity Sdn Bhd	-	3,092,184	2.02
10. Progressive Traders Sdn Bhd	-	2,652,830	1.73
11. Active Builder Sdn Bhd	-	2,174,643	1.42
12. Sungei Jaya Sdn Bhd	-	2,076,055	1.35
13. Cartaban Nominees (Asing) Sdn Bhd - Lehman Brothers Securities Asia Limited	Lehman Brothers Commercial Corporation Asia Limited	1,750,000	1.14
14. Timah Sini-Sana Sdn Bhd	-	1,737,803	1.13
15. Zeon Ventures Sdn Bhd	-	1,403,000	0.92
16. Zeon Ventures Sdn Bhd	-	1,205,700	0.79
17. Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW	Oversea-Chinese Banking Corporation Limited	1,073,860	0.70

Name of Warrantholders	Name of Beneficial Owners	No. of Warrants	%
18. Mayban Nominees (Tempatan) Sdn Bhd	Beh Chan Pin	1,065,200	0.69
19. Teng Yew Huat	-	700,000	0.46
20. Inter-Pacific Equity Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd	Chumpon Chantharakulpongsa	690,000	0.45
21. Yap Chi Keong	-	672,500	0.44
22. EB Nominees (Tempatan) Sdn Bhd	Ng Kok Hin	555,000	0.36
23. Ngan Teng Han	-	550,000	0.36
24. OSK Nominees (Tempatan) Sdn Bhd	Ng Kok Hin	550,000	0.36
25. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN	Mellon Bank (Mellon)	537,266	0.35
26. Ke-Zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd	Lim Chuan Seng	460,000	0.30
27. Mayban Securities Nominees (Tempatan) Sdn Bhd	Lee Siu Wah	405,900	0.26
28. Chong Kuan Sang	-	400,066	0.26
29. RHB Capital Nominees (Tempatan) Sdn Bhd	Susy Ding	380,000	0.25
30. HSBC Nominees (Asing) Sdn Bhd - TNTC	Teachers Retirement System of Illinois	373,666	0.24

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of SUNWAY CITY BERHAD (87564-X) will be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Friday, 12 December 2008 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2008 together with the Directors' and Auditors' Reports thereon. (Ordinary Resolution 1)
2. To declare a final dividend of 5 sen per share less 25% income tax for the financial year ended 30 June 2008 as recommended by the Directors. (Ordinary Resolution 2)
3. To approve the payment of Directors' fees amounting to RM102,000 for the financial year ended 30 June 2008. (Ordinary Resolution 3)
4. To re-elect the following Directors:-
 - 4.1 Datuk Razman M Hashim retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. (Ordinary Resolution 4)
 - 4.2 Ngian Siew Siong retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. (Ordinary Resolution 5)
 - 4.3 Tan Siak Tee retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. (Ordinary Resolution 6)
 - 4.4 Dato' Ng Tiong Lip retires pursuant to Article 77(2) of the Company's Articles of Association and being eligible, offers himself for re-election. (Ordinary Resolution 7)
5. To consider and if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965:-

 "THAT pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim who is over the age of 70 years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." (Ordinary Resolution 8)
6. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 9)

AS SPECIAL BUSINESS

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

7. ORDINARY RESOLUTION:

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Ordinary Resolution 10)

8. **ORDINARY RESOLUTION:
Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 18 November 2008 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company to be held in 2009 at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Ordinary Resolution 11)

9. **ORDINARY RESOLUTION:
Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving the interest of the Government of Singapore Investment Corporation Pte Ltd Group**

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time with the Government of Singapore Investment Corporation Pte Ltd Group, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 18 November 2008 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the Government of Singapore Investment Corporation Pte Ltd Group than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company to be held in 2009 at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

NOTICE OF 25TH ANNUAL GENERAL MEETING

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Ordinary Resolution 12)

10. ORDINARY RESOLUTION:

Proposed Authority for the Purchase of Own Shares by the Company

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

- (a) the aggregate number of ordinary shares of RM1.00 each in the Company ("SunCity Shares") which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements of Bursa Securities;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCity Shares shall not exceed the Company's audited retained profits and/or share premium account at any point of time;
- (c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first; and

- (d) upon completion of the purchase(s) of the SunCity Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCity Shares so purchased or to retain the SunCity Shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the SunCity Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCity Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 13)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 25th Annual General Meeting to be held on 12 December 2008, a final dividend of 5 sen per share less 25% income tax for the financial year ended 30 June 2008 will be paid on 11 March 2009 to Depositors whose names appear in the Record of Depositors on 12 February 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Securities transferred into the Depositor's securities account before 4.00 p.m. on 12 February 2009 in respect of transfers;
- (b) Securities deposited into the Depositor's securities account before 12.30 p.m. on 10 February 2009 in respect of securities exempted from mandatory deposit; and
- (c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

PUAN SRI DATIN SERI (DR) SUSAN CHEAH SEOK CHENG (MIA 5601)

TAN KIM AUN (MAICSA 7002988)

LEE SUAN CHOO (MAICSA 7017562)

Company Secretaries

Petaling Jaya

18 November 2008

NOTES:

1. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
3. If a member appoints 2 proxies, the appointment will be invalid unless he states the percentage of his shareholding to be represented by each proxy.
4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to 03-5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

NOTICE OF 25TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Ordinary Resolution 10 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The Company is always on the look out for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total 10% of the issued share capital of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

2. Ordinary Resolutions 11 and 12 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The details on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 18 November 2008.

3. Ordinary Resolution 13 - Proposed Authority for the Purchase of Own Shares by the Company

The details on the proposed authority for the purchase of own shares by the Company are set out in the Circular to Shareholders dated 18 November 2008.

STATEMENT ACCOMPANYING NOTICE OF 25TH ANNUAL GENERAL MEETING

DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION AND RE-APPOINTMENT

The details of the Directors who are standing for re-election and re-appointment namely Datuk Razman M Hashim, Ngian Siew Siong, Tan Siak Tee, Dato' Ng Tiong Lip and Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim are set out in the "Profile of Board of Directors".

Their interests in the securities of the Company are set out in the "Directors' Interests in Shares, Options over Ordinary Shares and Warrants".

FORM OF PROXY

25th Annual General Meeting

Number of share(s) held	
CDS Account No.	



SUNWAY CITY BERHAD (87564-X)
(Incorporated in Malaysia)

Registered Office:
Level 16, Menara Sunway, Jalan Lagoon Timur
Bandar Sunway, 46150 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03-5639 8889 / 5639 8848
Fax : 03-5639 9507

PROXY "A"

I/We*NRIC No./Passport No./Company No
(Please use Block Letters)
Tel./Mobile Noof
..... being a member of SUNWAY CITY BERHAD and entitled to vote hereby appoint
*NRIC No./Passport NoTel./Mobile No of
..... or failing him/her, the Chairman of the Meeting as my/our 1st proxy to attend and vote for
me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan on Friday, 12 December 2008 at 3.00 p.m. and at any adjournment thereof.

WHERE THE MEMBER DESIRES TO APPOINT A 2ND PROXY, THIS SECTION MUST ALSO BE COMPLETED, OTHERWISE IT SHOULD BE DELETED.

PROXY "B"

I/We*NRIC No./Passport No./Company No
(Please use Block Letters)
Tel./Mobile Noof
..... being a member of SUNWAY CITY BERHAD and entitled to vote hereby appoint
*NRIC No./Passport NoTel./Mobile No of
..... or failing him/her, the Chairman of the Meeting as my/our 2nd proxy to attend and vote for
me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held at Grand Caymans, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan on Friday, 12 December 2008 at 3.00 p.m. and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:-

1st Proxy "A" - % (to be completed)
2nd Proxy "B" - % (to be completed)
Total : 100 %

In case of a vote taken by a show of hands, *1st Proxy "A" / *2nd Proxy "B" shall vote on my/our behalf.

* Delete if inapplicable

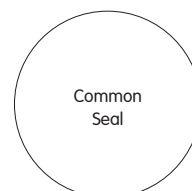
My/our proxy/proxies shall vote as follows:-

(Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion)

NO.	ORDINARY RESOLUTIONS	1ST PROXY "A"		2ND PROXY "B"	
		FOR	AGAINST	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2008 together with the Directors' and Auditors' Reports thereon				
2.	To declare final dividend				
3.	To approve the payment of Directors' fees				
4.	To re-elect the following Directors:- Datuk Razman M Hashim				
5.	Ngian Siew Siong				
6.	Tan Siak Tee				
7.	Dato' Ng Tiong Lip				
8.	To approve the re-appointment of Tan Sri Dato' Ir Talha Bin Haji Mohd Hashim as Director				
9.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration				
10.	To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965				
11.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				
12.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving the interest of the Government of Singapore Investment Corporation Pte Ltd Group				
13.	To authorise the purchase of own shares by the Company				

Dated this..... day of 2008

Signature of Member.....



- NOTES:
1. A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
 2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorised.
 3. If a member appoints 2 proxies, the appointment will be invalid unless he states the percentage of his shareholding to be represented by each proxy.
 4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
 5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to 03-5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

PLEASE FOLD HERE

STAMP

THE COMPANY SECRETARY
SUNWAY CITY BERHAD (87564-X)
LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
46150 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

PLEASE FOLD HERE

CORPORATE DIRECTORY

PROPERTY DEVELOPMENT

SUNWAY CITY BERHAD
SUNWAY DAMANSARA SDN BHD
SUNWAY D'MONT KIARA SDN BHD
SUNWAY RAHMAN PUTRA SDN BHD
SUNWAY MONTEREZ SDN BHD
SUNWAY KINRARA SDN BHD
PENA ENTERPRISE SDN BHD
SUNWAY TOWNHOUSE SDN BHD
SUNWAY CITY PROPERTIES SDN BHD
SUNWAY SOUTH QUAY SDN BHD
SUNWAY MELAWATI SDN BHD
SUNWAY SPK HOMES SDN BHD

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

SUNWAY TUNAS SDN BHD
SUNWAY BUKIT GAMBIER SDN BHD
SUNWAY CITY (PENANG) SDN BHD
SUNWAY GRAND SDN BHD
SUNWAY CREST SDN BHD

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

SUNWAY CITY (IPOH) SDN BHD

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

SUNWAY SEMENYIH SDN BHD

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

SUNWAY CANA CITY DEVELOPMENT LTD

NO. 23, CEoZ -25 Eoz
KRAMUON SAR STREET 114
SANGKAT PHSA THMEY 1, KHAN DAUN PENH
PHNOM PENH, CAMBODIA
TEL : (00) 855 23 221259
FAX: (00) 855 23 221258

SUNWAY CITY INDIA PRIVATE LIMITED

NO. 8-2-674/B/3/1 ROAD NO. 12
BANJARA HILLS, HYDERABAD-500034
AP, INDIA
TEL : (00) 91 40 6675 1075 / 91 40 6675 1077
FAX: (00) 91 40 6675 1076

SUNWAY OPUS INTERNATIONAL PRIVATE LIMITED

PLOT #61 (ROAD #3), PRASHASAN NAGAR
ROAD #72, JUBILEE HILLS
HYDERABAD-500033, INDIA
TEL: (00) 91 40 2355 5678 / 7007 / 7088

PROPERTY INVESTMENT

SUNWAY PYRAMID SDN BHD

CENTRE MANAGEMENT OFFICE
LEVEL CP6, BLUE ATRIUM
SUNWAY PYRAMID SHOPPING MALL
NO. 3, JALAN PJS 11/15, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 7494 3000 FAX: (03) 7492 6333

PELUANG KLASIK (M) SDN BHD KINTA SUNWAY RESORT SDN BHD SUNWAY HOTEL SERVICES (IPOH) SDN BHD

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

SUNWAY CARNIVAL SDN BHD

LG-68, MANAGEMENT OFFICE
SUNWAY CARNIVAL MALL
3068 JALAN TODAK
PUSAT BANDAR SEBERANG JAYA
13700 SEBERANG JAYA, PENANG
TEL: (04) 397 9888 FAX: (04) 397 9883

SUNWAY PLATINUM SUCCESS SDN BHD SUNWAY RESIDENCE SDN BHD (Formerly known as Splendid Crest Sdn Bhd)

MENARA SUNWAY SDN BHD STELLAR DESTINY SDN BHD

SUNWAY TOWER 1 SDN BHD (Formerly known as Lavender Acres Sdn Bhd)

SUNWAY TOWER 2 SDN BHD (Formerly known as Lembang Mujur Sdn Bhd)

UNIT 4-5, LEVEL 4 EAST LOBBY
MENARA SUNWAY ANNEXE
JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 5639 8888 FAX: (03) 5639 9595

LEISURE

SUNWAY LAGOON SDN BHD

3, JALAN PJS 11/11, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 5639 0000 FAX: (03) 5637 7031

SUNWAY LAGOON WATER PARK SDN BHD

NO. 1, PERSIARAN LAGUN SUNWAY 1
SUNWAY CITY IPOH, 31150 IPOH, PERAK
TEL: (05) 542 8888 FAX: (05) 542 8899

SUNWAY TRAVEL SDN BHD @ THE LINK, SUNWAY RESORT HOTEL & SPA

PERSIARAN LAGOON, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 5632 5622 FAX: (03) 5632 4781

SUNWAY TRAVEL SDN BHD @ SUNWAY HOTEL SEBERANG JAYA

NO. 11, LEBUH TENGGIRI DUA
PUSAT BANDAR SEBERANG JAYA
13700 PRAI, PENANG
TEL: (04) 399 5622 FAX: (04) 399 0622

SUNWAY LAGOON CLUB BERHAD

3, JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 5639 8600 FAX: (03) 5639 9588

SUNWAY INTERNATIONAL VACATION CLUB BERHAD

SUNWAY HEALTHY LIFESTYLE SDN BHD

LEVEL 1, MENARA SUNWAY
JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL : (03) 5639 9221 / 5639 9993
FAX: (03) 5639 9555

PYRAMID BOWL SDN BHD

LOT F2.22, LEVEL 1
SUNWAY PYRAMID SHOPPING MALL
NO. 3, JALAN PJS 11/15, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 7492 6307/8/9 FAX: (03) 7492 6310

HOSPITALITY

SUNWAY RESORT HOTEL SDN BHD

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

SUNWAY HOTEL (PENANG) SDN BHD

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

SUNWAY HOTEL (SEBERANG JAYA) SDN BHD

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

SUNWAY HOTEL PHNOM PENH, LTD.

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

SUNWAY HOSPITALITY HOLDINGS LTD GROUP

LEVEL 1, UNIT 1.2, MENARA SUNWAY
JALAN LAGOON TIMUR, BANDAR SUNWAY
46150 PETALING JAYA, SELANGOR
TEL: (03) 5639 8181 FAX: (03) 5639 8182

HEALTHCARE

SUNWAY MEDICAL CENTRE BERHAD

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

SUNMED@HOME SDN BHD

NO. 12 & 12A, JALAN PJS 9/1G, BANDAR
SUNWAY, 46150 PETALING JAYA, SELANGOR
TEL: (03) 5621 1382 FAX: (03) 5621 1380

Sunway City Berhad (87564-X)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel No : (+603) 5639 8889
Fax No : (+603) 5639 9507
Website : www.sunwaycity.com

