

ANNUAL REPORT 1999



MENANG CORPORATION (M) BERHAD

Company No. 5383-K • Incorporated in Malaysia

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BOARD OF DIRECTORS

Group Executive Chairman

Y.Bhg. Dato' Abdul Mokhtar Ahmad

Group Managing Director/ Group Chief Executive Officer

Y.Bhg. Dato' Shun Leong Kwong

Group Executive Directors

Y.Bhg. Datin Mariam Eusoff
Mr. Christopher Shun Kong Leng

Directors

Mr. Lim Eng Seng
Mr. Too Kok Leng

SECRETARY

Mr. Wang Leong Choy
(MIA No. 4361)

REGISTERED OFFICE

8th Storey, South Block, Wisma Selangor Dredging
142-A Jalan Ampang, 50450 Kuala Lumpur
Tel : (03) 2161 3366
Fax : (03) 2161 3393

REGISTRAR

Tenaga Koperat Sdn Bhd
20th Floor, IGB Plaza, Jalan Kampar
Off Jalan Tun Razak, 50400 Kuala Lumpur
Tel : (03) 441 6522
Fax : (03) 442 6352

AUDITORS

KPMG
Public Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights, 50490 Kuala Lumpur

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
PhileoAllied Bank (Malaysia) Berhad
Multi-Purpose Bank Berhad
Bank Utama (Malaysia) Berhad
Malayan Banking Berhad

SOLICITORS

Cheah Teh & Su
17th Floor, Wisma Denmark, 86, Jalan Ampang
50450 Kuala Lumpur

Rahman, Too & Co
No. 5, Jalan Wolff, 70000 Seremban
Negeri Sembilan Darul Khusus

STOCK EXCHANGE LISTING

Main Board of the Kuala Lumpur Stock Exchange

Audit Committee

The Audit Committee was established on March 22, 1994 comprising the following members :

CHAIRMAN	Mr. Lim Eng Seng <i>(Independent Non-Executive Director)</i>
MEMBERS	Mr. Too Kok Leng <i>(Independent Non-Executive Director)</i> Y.Bhg. Dato' Shun Leong Kwong <i>(Group Managing Director/Group Chief Executive Officer)</i>

TERMS OF REFERENCE

The functions of the Committee shall be:

1. To review with the Auditors :
 - a. the audit plan before the audit commences
 - b. the Auditors' evaluation of the system of internal accounting controls
 - c. the Auditors' Report
2. To review the assistance given by the Company's officers to the Auditors.
3. To review the Balance Sheet and Profit and Loss Account of the Company and the Group and thereafter to submit them to the Directors of the Company.
4. To review any related party transactions that may arise within the Company or Group.
5. To nominate a person or persons for appointment as Auditors of the Company.
6. To perform such other functions as may be agreed by the Audit Committee and the Board of Directors.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be held at the Ballroom 3, Level 1, Ming Court Vista Hotel, Jalan Ampang, 50450 Kuala Lumpur on Friday, 30th June 2000 at 10.00 a.m. for the following purposes :-

AGENDA

Ordinary Business

- | | |
|--|---------------------|
| (1) To receive and adopt the Audited Accounts for the financial year ended 31st December 1999 together with the Reports of the Directors and Auditors thereon. | Resolution 1 |
| (2) To approve the payment of Directors' Fees of RM30,000.00 for the financial year ended 31st December 1999. | Resolution 2 |
| (3) To re-elect the following Directors who retire in accordance with Article 109 of the Company's Articles of Association :- | |
| (a) Mr Lim Eng Seng | Resolution 3 |
| (b) Mr Too Kok Leng | Resolution 4 |
| (4) To re-appoint Messrs. KPMG as the Auditors of the Company and to authorise the Directors to determine their remuneration. | Resolution 5 |

Special Business

- | | |
|---|---------------------|
| (5) To consider and if thought fit, to pass with or without modifications, the following Special and Ordinary Resolutions :- | |
| (a) Special Resolution 1
- Proposed Amendment to the Memorandum of Association of the Company

"THAT the Memorandum of Association of the Company be and is hereby amended by inserting a new object to be numbered as Clause 3(xxxiv), to incorporate Section 67A of the Companies Act, 1965, which reads as follows :-

Clause 3 (xxxiv)

"To purchase the shares or any other securities of the Company which are then in issue and to utilise any of the funds, undertakings or assets of the Company for such purpose." | Resolution 6 |
| (b) Special Resolution 2
- Proposed Amendments to the Articles of Association of the Company

"THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix I in relation to the proposed amendments to the Articles of Association of the Company be and are hereby approved." | Resolution 7 |

(c) Ordinary Resolution 1

- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Kuala Lumpur Stock Exchange."

Resolution 8

- (6) To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE IS ALSO HEREBY GIVEN THAT a Depositor shall be eligible to attend this meeting only in respect of :

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 19th June 2000 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 19th June 2000 in respect of ordinary transfers;
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Wang Leong Choy (MIA No. 4361)
Secretary

Kuala Lumpur
6th June 2000

NOTES :-

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.
- (3) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (4) The instrument appointing a proxy must be deposited at the Company's Registered Office at 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time fixed for the meeting.

(5) Explanatory Notes on Special Business

(a) Special Resolutions proposed under items 5(a) and 5(b)

I. Introduction

- 1.1 The Securities Industry Act, 1983, Securities Industry (Central Depositories) Act, 1991, Companies Act, 1965 ("the Act") and the Kuala Lumpur Stock Exchange ("KLSE") Main Board Listing Requirements have been amended in line with the requirement for full immobilisation of securities within the central depository that is maintained by the Malaysian Central Depository Sdn Bhd.
- 1.2 Section 67A of the Act has been created to allow a public listed company to purchase its own shares. It has the effect, amongst others, of regulating the purchase by a listed company of its own shares, the cancellation of such purchased shares and/or their retention as treasury shares and the treatment of treasury shares.
- 1.3 The Board of Directors of Menang proposes to amend the Memorandum and Articles of Association of the Company ("Proposed Amendments") to reflect the provision of Section 67A of the Act and to bring the same in line with relevant statutory and regulatory requirements.

II. Rationale For The Proposed Amendments

2.1 Rationale for the Proposed Amendment to the Memorandum of Association of the Company

Section 67A of the Act allows a public listed company to purchase its own shares. As the existing Memorandum of Association of the Company does not contain any provision for the purchase of the Company's own shares, the proposed amendment to incorporate the provision of Section 67A of the Act, is therefore necessary to give the Company the required powers/authority to purchase its own shares in the manner provided for under the Act.

2.2 Rationale for the Proposed Amendments to the Articles of Association of the Company

In addition to the rationale as mentioned in Section 2.1 above for the purpose of incorporating the provision for the purchase of the Company's own shares, the Proposed Amendments are also to update and bring the Articles of Association of the Company in line with the amendments made to the Securities Industry Act, 1983, Securities Industry (Central Depositories) Act, 1991 and the KLSE Main Board Listing Requirements

2.3 Amendments to the relevant Articles of the Company set out in Appendix I are marked as follows:

- deletion of wordings, indicated with a line across the relevant words, eg. These **Articles**.
- addition of new wordings, with the relevant words highlighted, eg. The **Act**.

III. Directors' Recommendation

Your Directors are of the opinion that the Proposed Amendments which have been approved by the KLSE as per their letter dated 5th May 2000 are in the best interest of the Company and accordingly recommend that you vote in favour of the resolutions to be tabled at the forthcoming Annual General Meeting ("AGM").

IV. Responsibility Statement

The Proposed Amendments have been seen and approved by the Directors of the Company.

V. Documents Available For Inspection

Copies of the Memorandum and Articles of Association of the Company may be inspected at the Registered Office of the Company during the normal business hours for the period from the date hereof to the date of the AGM.

(b) Ordinary Resolution proposed under item 5(c)

If passed, will give powers to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

Proposed Amendments to Articles of Association

(1) Article 2 - Definitions

That the existing definitions in the Article 2 be amended as follows :-

<u>Words</u>	<u>Meanings</u>
"Secretary"	<p>Any person appointed to perform the duties of the Secretary of the Company including any person appointed temporarily.</p> <p>Any person or persons appointed to perform the duties of the Secretary of the Company and shall include any person(s) who is a member of a professional body, or any other body, which has for the time being been prescribed by the Minister by notification published in the Gazette; or he is licensed by the Registrar.</p>
"Central Depositories Act"	<p>Securities Industry (Central Depositories) Act 1991.</p> <p>Securities Industry (Central Depositories) Act 1991, as may be amended, modified or re-enacted from time to time.</p>
"Securities Account"	<p>An account established by the Central Depository for a depositor for the recording of deposit or withdrawal of securities and for dealing in such securities by the depositor.</p> <p>An account established by a Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted by under the Central Depositories Act and/or the Rules.</p>
"Deposited Security"	<p>A security standing to the credit of a securities account and include securities in a securities account that is in suspense.</p> <p>A security in the Company standing to the credit of a Securities Account of the Depositor subject to the provisions of the Central Depositories Act and the Rules.</p>
"Rules"	<p>The Rules of the Central Depository.</p> <p>The Rules of the Central Depository, as may be amended or modified from time to time.</p>

(2) Article 2 - New Definitions

That the following new definitions be incorporated to the existing Article 2:-

<u>Words</u>	<u>Meanings</u>
"Approved Market Place"	A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption (No. 2) Order, 1998.
"Books Closing Date"	The specified time and date set by a Company for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issues of securities.
"Authorised Nominees"	A person who is authorised to act as nominee as specified under the Rules.
"Beneficial Owner"	In relation to Deposited Securities, the ultimate owner of the Deposited Securities who is the person who is entitled to all rights, benefits, powers and privileges and is subject to all liabilities, duties and obligations in respect of, or arising from, the Deposited Securities and does not include a nominee of any description.

(3) **Article 5**

THAT the existing Article 5 be deleted in its entirety and substituted with the following new Article 5 as follows:-

Existing Article 5

No part of the funds of the Company or of any subsidiary thereof shall be employed in the purchase of or in loans upon the security of shares of the Company (or its holding company, if any). The Company shall not, except as authorised by the Act, give any financial assistance for the purpose of or in connection with any purchase of or subscription for shares in the Company (or its holding company, if any) and the Company shall not (except as aforesaid) make any loan to any of the Directors or enter into any guarantee or provide any security in connection with such loan.

New Article 5

The Company shall have the power, subject to and in accordance with the provisions of the Act and any rules, regulations and guidelines thereunder issued by the Kuala Lumpur Stock Exchange and any other relevant authorities in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act and any rules, regulations and guidelines thereunder issued by the Kuala Lumpur Stock Exchange and any other relevant authorities in respect thereof.

(4) **Article 17**

THAT the existing Article 17 which reads as follows, be deleted in its entirety:-

Article 17

Subject to the provisions of the Act, the Central Depositories Act and the Rules, every person whose name is entered as a member in the Register of Members shall be entitled to receive within fifteen (15) market days of lodgement of transfer, one (1) certificate for all his shares upon payment of Ringgit Malaysia Three (RM3.00) only or such other sum may from time to time as permitted by the Exchange plus the stamp duty payable under any law for the time being in force for every certificate, each for one (1) or more of his shares in each class as he may reasonably require. Where a member transfers part only of the shares comprised in a certificate shall be cancelled and a new certificate for the balance if such shares issued in lieu without charge. Every certificate shall be issued under the seal and bear the signatures or the autographical signatures reproduced by mechanical, electronic and/or by any other means of one (1) Director and the Secretary or a second Director or such other person as may be authorised by the Directors, and shall specify the shares to which it relates, and the amount paid up thereon. The Company shall not be bound to register more than three (3) persons as the joint holders of any share (except in the case of executors or trustees of a deceased member). In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one (1) certificate therefore and delivery of a certificate to one of such persons shall be sufficient delivery to all such persons. Share certificates shall be issued by the Company in reasonable denominations. In an allotment of shares in the Company pursuant to a rights issue, bonus issue or an offer by the Company for the purchase of shares in the Company, a Member of the Company shall, upon compliance with all the conditions of such issues of offer, as the case may be, be entitled to receive up to a maximum of ten (10) share certificates for such shares in reasonable denomination without charge.

(5) **Article 18**

THAT the existing Article 18 be deleted in its entirety and substituted with the following new Articles 18, 18A and 18B as follows:-

Existing Article 18

Subject to the provisions of the Act, the Central Depositories Act and the Rules if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, persons entitled, purchaser, member company of the Kuala Lumpur Stock Exchange or any other recognised stock exchange or on behalf of its/their client/s as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding Ringgit Malaysia Three (RM3.00) per certificate plus any stamp duties levied by the Government concerned as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

New Article 18

The Company must not cause or authorise its registrars to cause the Securities Accounts of the allottees to be credited with the additional shares until after it has filed with the Kuala Lumpur Stock Exchange an application for listing of such additional shares and been notified by the Kuala Lumpur Stock Exchange that they have been authorised for listing.

New Article 18A

The Company must ensure that all new issues of shares for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such shares save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with the Kuala Lumpur Stock Exchange Listing Requirements. For this purpose, the Company must notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees.

New Article 18B

Subject to the provisions of the Act, the Central Depositories Act, and the Rules, the Company must allot shares and despatch notices of allotment to the allottees, within 20 market days of the final applications closing date for an issue of shares or such other period as may be prescribed by the Kuala Lumpur Stock Exchange.

(6) Article 19A

THAT the existing Article 19A which reads as follows, be deleted in its entirety :-

Article 19A

~~When any share under the powers in these Articles herein contained or sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.~~

(7) Article 20

THAT Article 20 of the Articles of Association of the Company be amended as follows:-

Article 20

Where a call remains unchanged, the Company shall have a first and paramount lien on every share, not fully paid, registered in the name of a Member ~~(whether solely or jointly with others)~~ for all moneys, (whether presently payable or not) due by him or his estate, ~~either alone or jointly with any other person,~~ to the Company in respect of the unpaid calls and instalments, and for such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

(8) Article 26

THAT the existing Article 26 which reads as follows, be deleted in its entirety :-

Article 26

~~The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.~~

(9) **Article 31**

THAT Article 31 of the Articles of Association of the Company be amended as follows:-

Article 31

No Member shall be entitled to receive any dividend or to be present or to vote on any question, either personally or by proxy, at any General Meeting, or upon a poll, or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares held by him. ~~whether alone or jointly with any other person.~~

(10) **Article 32**

THAT Article 32 of the Articles of Association of the Company be amended as follows:-

Article 32

Subject to the Central Depositories Act and the Rules, the instrument of transfer of any share shall be executed by or on behalf of the transferor, ~~and transferee and shall contain the name and address both of the transferor and transferee~~, and the transferor shall be deemed to remain ~~a~~ **the** holder of the shares until the **transfer is registered and the name of the** transferee is entered in the Register of Members **and/or the Record of Depositors as the case may be** in respect thereof. ~~Each signature to such transfer shall be duly attested by the signature of one (1) creditable witness who shall add his address and occupation.~~

(11) **Article 33**

THAT Article 33 of the Articles of Association of the Company be amended as follows :-

Article 33

~~Subject to such of the restrictions of these Articles, the Rules, the Central Depositories Act, and the Kuala Lumpur Stock Exchange Listing Requirements Rules as may be applicable, any Member may transfer all or any of his shares by instrument in writing in the any form prescribed and approved from time to time by the Register of Companies and any Kuala Lumpur Stock Exchange, the Act, and/or the Central Depositories Act on upon which the Company's shares are listed and quoted. Company is listed. There shall be no restriction on the transfer of fully paid securities except where required by law.~~

(12) **Article 35**

THAT the existing Article 35(a) and 35(b) be deleted in its entirety and substituted with the following new Article 35 as follows :-

Existing Article 35

~~The Directors may also decline to recognise any instrument of transfer together with the certificate unless:~~

- ~~(a) A fee of Ringgit Malaysia Three (RM3.00) or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof;~~
- ~~(b) the instrument of transfer duly stamped is left at the office for registration and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.~~

New Article 35

The transfer of any shares of the Company, which have been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C of the Act and any exemption that may be made from compliance with Section 107C of the Act, the Company shall be precluded from registering and effecting any transfer of such shares.

(13) **Article 36**

THAT the existing Article 36 which reads as follows, be deleted in its entirety:-

Article 36

If the Directors refuse to register a transfer they shall within ten (10) market days after the date on which the transfer was lodged with the Company send to the transferor and to the transferee notice of the refusal and the precise reasons thereof.

(14) **Article 37**

THAT Article 37 of the Articles of Association of the Company be amended as follows:-

Article 37

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Eighteen (18) market days' notice of intention to close the said register shall be published in a daily newspaper circulating Malaysia and shall also be given to the **Kuala Lumpur Stock** Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) market days prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) market days prior notice shall be given to the Central Depository. **In relation to the closure, the Company shall give written notice in accordance with the Rules to the Central Depository to prepare the appropriate Record of Depositors.**

(15) **Article 37A**

THAT the existing Article 37A be deleted in its entirety and substituted with the following new Article 37A as follows:-

Existing Article 37A

Neither the Company nor its Directors nor any of its Officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason to any fraud or other cause not known to the Company or its Directors or other Officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holders of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

New Article 37A

The Company or its Directors may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

(16) **Article 39**

THAT Article 39 of the Articles of Association of the Company be amended as follows:-

Article 39

In case of the death of a Member, ~~the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder or only surviving holder,~~ shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of a deceased **Member joint holder** from any liability in respect of any share ~~which had been jointly held by him with other persons.~~

(17) **Article 39A**

THAT the Article 39A be inserted immediately after the existing Article 39 as follows:-

Article 39A

Transmission of Shares from Foreign Register

(1) Where (if applicable):-

- (a) the shares of the Company are listed on an Approved Market Place; and**
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such shares,**

the Company shall, upon request of a shareholder, permit a transmission of shares held by such shareholder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintain by the Registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-

- (i) there shall be no change in the ownership of such shares; and**
- (ii) the transmission shall be executed by causing such shares to be credited directly into the Securities Account of such shareholder.**

(2) Where (1)(a) and (1)(b) are fulfilled, the Company shall not allow any transmission of shares from the Malaysian Register into the Foreign Register.

(18) **Article 40**

THAT Article 40 of the Articles of Association of the Company be amended as follows:-

Article 40

Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may upon such evidence being produced as may from time to time properly be required by the ~~Directors~~ **Central Depository** and subject as hereinafter provided, elect either to be registered himself as the holder of the share or to have some person nominated by him registered as the transferee thereof but the ~~Directors~~ **Central Depository**, shall in either case, have the same right, to decline or suspend registrations as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy, as the case may be. Provided always that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

(19) **Article 41**

THAT Article 41 of the Articles of Association of the Company be amended as follows :-

Article 41

If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the ~~Company~~ **Central Depository** a notice in writing signed by him stating that he so elects. Provided that where the share is a deposited security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Central Depository. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of ~~these Articles~~ **Central Depository** relating to the right of transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by that Member.

(20) **Article 64A**

THAT the existing Article 64A (a) and (b) be deleted in its entirety and substituted with the following new Article 64A (a), (b) and (c) as follows :-

Existing Article 64A

- (a) ~~The Company shall by written request made in duplicate in the prescribed form, request the Central Depository at least three (3) market days prior to and not including the date of the notice of the General Meeting, to prepare the Record of Depositors to whom notices of the General Meeting shall be given by the Company.~~
- (b) ~~The Company shall inform the Central Depository of the dates of General Meetings and shall in written request made in duplicate in the prescribed form, request the Central Depository at least three (3) market days prior to and not including the date of the General Meeting, to prepare the Record of Depositors. The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of ordinary shares of the company eligible to be present and vote at such meetings.~~

New Article 64A

- (a) **The Company shall request the Central Depository in accordance with the Rules, to prepare a Record of Depositors to whom notices of general meetings shall be given by the Company.**
- (b) **The Company shall request the Central Depository in accordance with the Rules, to prepare a Record of Depositors as at a date not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").**
- (c) **Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.**

(21) **Article 74**

THAT the existing Article 74 which reads as follows, be deleted in its entirety:-

Article 74

~~In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.~~

(22) **Article 108**

THAT the existing Article 108 be deleted in its entirety and substituted with the following new Article 108 as follows:-

Existing Article 108

~~A resolution determined on without any meeting of Directors and evidenced by writing under the hand of all the Directors (notwithstanding that such resolution may be signed by such Directors at different places or times), or a sole Director, or of all the members of a Committee (notwithstanding that such resolution may be signed by such members at different places or times), or of a sole member of a Committee, shall be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such Committee.~~

New Article 108

A resolution in writing signed or approved by letter, telegram, telex or telefax by a majority of Directors present in Malaysia who are entitled to vote on the resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that the resolution is circulated to all the Directors then in Malaysia not being less than the quorum required

and at the usual address in Malaysia to all other Directors; where a Director has an alternate, then such resolutions may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

(23) **Article 127**

THAT Article 127 of the Articles of Association of the Company be amended as follows:-

Article 127

Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder **as appearing in the Record of Depositors** or, in the case of joint holders, to the registered address of that one (1) of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one (1) of two (2) or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders.

(24) **Article 133**

THAT Article 133 of the Articles of Association of the Company be amended as follows:-

Article 133

A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report shall, not less than fourteen (14) days before the date of the meeting and not more than six (6) months after the date to which the said accounts are made up, be sent to every Member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address of the Company is not aware or to more than one (1) of the joint holders, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Registered Office. The requisite of each such document shall at the same time be forwarded to each Stock Exchange upon which the Company is listed.

(25) **Article 134**

THAT Article 134 of the Articles of Association of the Company be amended as follows:-

Article 134

The Company in General Meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's Reserve Funds or to the credit of the Profit and Loss Account or otherwise available for distribution and accordingly that such sums be set free for distribution amongst the Member who would have been entitled thereto if distributed by the way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such Resolution. Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this Article only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares. **or to provide the consideration for the purchase of the Company's own shares.**

(26) **Article 135**

THAT Article 135 of the Articles of Association of the Company be amended as follows:-

Article 135

Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provisions by the ~~issue of fractional certificates~~ **issue of fractional shares** or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation and any agreement made under such authority shall be effective and binding on all such Members.

(27) Article 139

THAT the Article 139 of the Articles of Association of the Company be amended as follows :-

Article 139

A notice or other document may be served by the Company upon any Member either personally or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the ~~Register of Members or the Record of Depositors~~ **in Malaysia or (if he has no registered address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices to him.**

(28) Article 140

THAT the existing Article 140 which reads as follows, be deleted in its entirety:-

Article 140

~~All notices directed to be given to the Members shall with respect to any share to which persons are jointly entitled be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.~~

(29) Article 141

THAT the existing Article 141 which reads as follows, be deleted in its entirety:-

Article 141

~~Any Member described in the Register of Members by an address not within Malaysia and the Republic of Singapore shall be entitled to have notices served upon him at such address given by him to the Company for this purpose, but save as aforesaid, no Member other than a registered Member described in the Register of Members by an address within Malaysia and the Republic of Singapore shall be entitled to any notice from the Company.~~

(30) Article 145

THAT Article 145 of the Articles of Association of the Company be amended as follows:-

Article 145

Any notice or other document served upon or sent to any Member in accordance with these Articles shall notwithstanding that he be then deceased or bankrupt and whether the Company have notice of his death or bankruptcy or not, be deemed to be duly served or sent in respect of any shares held by him ~~(either alone or jointly with others)~~ until some other person is registered in his stead as the holder ~~or joint holder~~ of such shares and such service or sending shall be sufficient service or sending on to his heirs, executors, administrators or assignees and all other persons (if any) interested in such shares.

(31) THAT Article 18 to Article 151 inclusive of the Articles of Association be amended by renumbering Article 18 to Article 151 inclusive as Article 17 to Article 152 inclusive.

Chairman's Statement

RESULTS

The Group posted a pre-tax loss of RM11.239 million for the year under review which is significantly lower compared to a pre-tax of loss of RM93.029 million recorded in the previous year. There were no further writedown of Group's assets in 1999.

CORPORATE RESTRUCTURING

On behalf of the Board of Directors, I am pleased to update you on the corporate proposals mentioned in my previous year's statement. On October 21, 1999, the company announced a revision to its earlier proposals announced on May 14, 1999.

The revised proposals are as follows :-

a) Scheme of Arrangement with Scheme Creditors

The Company had successfully reached agreements with five (5) out of the eight (8) lender creditors involved in the scheme. The Scheme of Arrangement is now confine to only three (3) lender creditors which represents the bulk of the borrowings of the Group. The Company proposed to satisfy the liabilities as follows :-

- i) For two (2) of the lenders, conversion of debts amounting to approximately RM37.20 million into 5-year 8% redeemable convertible secured loan stock (RCLS) on the basis of RM1.00 of debt for RM1.00 nominal value of RCLS and
- ii) For the third lender, reschedule the repayment of debt of approximately RM30.73 million into a new 7-year term loan.

The above are pending approvals from the relevant authorities and obtaining a formal approval at a Court Scheme Creditors Meeting to be held.

b) Capital Reduction and Reconstruction

The capital reduction involve a cancellation of RM0.70 of the par value of each ordinary share of RM1.00 each. Thereafter, the 223,690,000 ordinary shares of RM0.30 each will be consolidated on the basis of ten (10) ordinary shares into one (1) ordinary share of RM3.00 each and subsequently sub-divided into three (3) ordinary shares of RM1.00 each. The capital reduction giving rise to a credit of RM156.583 million will be utilised to eliminate the accumulated losses which are no longer represented by assets.

c) Proposed Warrants Issue

The Company proposes to issue 44,738,000 warrants at a nominal subscription price of RM0.10 per warrant to existing shareholders on the basis of two (2) warrants for every three (3) ordinary shares held upon the completion of the proposed Capital Reduction and Consolidation. The objectives of the Proposed Warrants Issue is to compensate the existing shareholders for the loss arising from the aforesaid capital reduction and to provide the existing shareholders an opportunity to participate in the future growth of the Company through the exercise of the warrants.

d) Proposed Acquisition of Freehold Development Land

The Company had on October 19, 1999 entered into a new Sales & Purchase Agreement with the Vendor, Titan Hartanah (M) Sdn Bhd (Titian) to acquire the entire on-going Integrated Township Development Project known as "Seremban 3" measuring approximately 800.52 acres for a purchase consideration of RM250 million instead of a portion of it measuring 263.98 acres for RM67 million as announced earlier on May 14, 1999. The acquisition of Seremban 3, a mixed residential, leisure and commercial development land located in the Mukim of Rasah, Municipality of Seremban, Negeri Sembilan adjacent to the Group's development project in Rasah Jaya, Seremban is to be wholly satisfied by the Company's new ordinary shares of RM1.00 each at par.

I am pleased to advise that the application to the Securities Commission for that above proposals had been submitted on March 13, 2000. The Company is presently awaiting their approval.

Meanwhile, I am also pleased to advise that the vendor, Titian had launched in Seremban 3, 142 units of double storey residential houses priced from RM135,800 on January 23, 2000 and all were sold. The next phase comprising 199 units of double storey residential houses had been slated for launch in June/July 2000.

With the broad-based economic recovery of the country during the year under review and the projected economic growth of the country of 5.8% for the year 2000, the spill over effects on the property and construction sectors will be favourable. The Group will be well-positioned to ride the economic recovery with the acquisition of Seremban 3. Beside substantially strengthening the Group's assets base and providing the Group with a well diversified portfolio of development land, Seremban 3 will provide the Group with an on going development project and residential development land for immediate development to participate in the property market recovery as a result of the sustained economic recovery.

In summary, the Group can look forward to a new lease of life with a neat balance sheet. The Company hopes to complete the restructuring exercise by the second half of this year and we look forward to the support from the relevant authorities, lenders and shareholders for approvals.

CONCLUSION

On behalf of the Board, I would like to thank the Management and Staff of the Group for their continued dedication and commitment and especially for the last two (2) difficult years. I hope they will continue to persevere until better times which I hope will be soon. I would also like to take this opportunity to extend my sincere appreciation to my fellow Board members for their valuable contributions throughout the year.

On behalf of the Board, I wish to once again thank the Shareholders for their faithful support.

Dato' Abdul Mokhtar Ahmad

Executive Chairman

May 26, 2000

Kuala Lumpur

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Directors' Report

for the year ended 31 December 1999

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

PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year consist of property development, credit and leasing, share investment, project management, letting out of properties, investment holding, trading, property construction and landscaping.

The principal activities of the Company during the financial year consist of investment holding, letting out of properties and the provision of management services.

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

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	11,239	4,764
Accumulated loss brought forward	182,038	192,600
Accumulated loss carried forward	193,277	197,364

DIVIDEND

No dividend was paid during the year and the directors do not recommend any dividend to be paid for the year under review.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the financial year ended 31 December 1999 except for those disclosed in the accounts.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report and at the date of this report are:

Y.Bhg. Dato' Abdul Mokhtar Ahmad
Y.Bhg. Dato' Shun Leong Kwong
Y.Bhg. Datin Mariam Eusoff
Mr Christopher Shun Kong Leng
Mr Lim Eng Seng
Mr Too Kok Leng

None of the directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company and its subsidiary companies except as stated below:-

	<u>Balance at</u> 1.1.1999	Number of Ordinary Shares		<u>Balance at</u> 31.12.1999
		Acquired	Disposed	
Menang Corporation (M) Berhad				
Shareholdings in which the directors have direct interest				
Y.Bhg. Dato' Shun Leong Kwong	2,298,000	-	-	2,298,000
Y.Bhg. Datin Mariam Eusoff	7,000,000	-	-	7,000,000
Mr Christopher Shun Kong Leng	341,000	-	-	341,000
Indirect interests by virtue of shares held by companies in which the directors are interested				
Y.Bhg. Dato' Abdul Mokhtar Ahmad	7,904,000	-	-	7,904,000
Y.Bhg. Dato' Shun Leong Kwong	12,985,000	-	-	12,985,000
Y.Bhg. Datin Mariam Eusoff	7,904,000	-	-	7,904,000
Mr Christopher Shun Kong Leng	5,081,000	-	-	5,081,000

Y.Bhg. Dato' Abdul Mokhtar Ahmad, Y.Bhg. Dato' Shun Leong Kwong, Y.Bhg. Datin Mariam Eusoff and Mr Christopher Shun Kong Leng are deemed to have interest in the shares of the subsidiary companies of the group by virtue of their interests in the Company as disclosed above.

In accordance with Article 109 of the Company's Articles of Association, Mr Lim Eng Seng and Mr Too Kok Leng retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the Group accounts) by reason of a contract made by the Company or a related company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the profit and loss account and balance sheet of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of doubtful debts provided for, in the Group and Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and Company accounts misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the accounts, that would render any amount stated in the accounts of the Group and of the Company misleading.

At the date of this report there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability that has arisen since the end of the financial year.

No contingent liability or other liability of any Company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 1999 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

RESTRUCTURING SCHEME

On 21 October 1999, the Company announced a corporate restructuring scheme which involves a Proposed Scheme of Arrangement with the Scheme Creditors, a Proposed Capital Reduction and Consolidation, a Proposed Warrants Issue and a Revised Proposed Acquisition to acquire freehold land, as detailed in Note 24 to the accounts.

YEAR 2000

In order to ensure that the Company is Year 2000 ready, the Company has carried out a review of its computer system. As a result of steps and action taken in preparing itself to face Year 2000 issue, the rollover went through without any major disruption. However, the Company continues to monitor the situation. The directors are of the opinion that the Company will not face any problem in the future.

AUDITORS

The retiring auditors, Messrs KPMG (formerly known as KPMG Peat Marwick), have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

DATO' ABDUL MOKHTAR AHMAD

Director

DATO' SHUN LEONG KWONG

Director

Kuala Lumpur,
21 February 2000

Statement by Directors

We, DATO' ABDUL MOKHTAR AHMAD and DATO' SHUN LEONG KWONG, being two of the directors of Menang Corporation (M) Berhad, do hereby state on behalf of the directors that in our opinion, the accounts set out on pages 27 to 49 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of the results of their operations and cash flows of the Group for the year ended on that date.

By resolution of the directors,

DATO' ABDUL MOKHTAR AHMAD

DATO' SHUN LEONG KWONG

Kuala Lumpur,
21 February 2000

Statutory Declaration

I, WANG LEONG CHOY, being the officer primarily responsible for the financial management of MENANG CORPORATION (M) BERHAD, do solemnly and sincerely declare that the accounts set out on pages 27 to 49, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
WANG LEONG CHOY at KUALA LUMPUR in the
FEDERAL TERRITORY this 21st day of February 2000.

BEFORE ME:

P SETHURAMAN (No. W-217)
Commissioner for Oaths
39 Leboh Ampang
50100 Kuala Lumpur

Report of the Auditors to the Members

We have audited the accounts set out on pages 27 to 49. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts, as modified by the revaluation of certain assets, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 1999 and the results of their operations and cash flows of the Group for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 6.2 to the accounts and we have considered their accounts and the auditors reports thereon.

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

None of the audit reports on the accounts of the subsidiary companies were subject to any qualification nor included any comment under sub-section (3) of Section 174 of the Act.

Without qualifying our audit opinion, we draw attention to the following:-

1. The Group and Company incurred a net loss of RM11.2 million and RM4.8 million respectively for the year ended 31 December 1999, and as of that date, the Group and the Company's current liabilities exceeded its current assets by RM 22.5 million and RM31.1 million respectively.
2. As stated in Note 12 to the accounts, the Group and the Company have defaulted certain loan and interest repayments.
3. On 10 August 1998, the Company and two of its subsidiary companies ("the Applicants") were granted by the High Court of Malaya a Restraining Order under Section 176(10) of the Companies Act, 1965 against certain classes of creditors. Subsequently, on 9 February 1999, the Applicants have filed an application with the High Court of Malaya pursuant to Section 176(1) of the Companies Act, 1965 to seek the Court Order to convene creditors' meeting and sanction the proposed restructuring scheme.

The High Court of Malaya has fixed the hearing for 12 April 2000 on the Applicants' application for a further extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 which has expired on 22 November 1999 and for the Court to convene creditors' meeting under Section 176(1) of the Companies Act, 1965 for the purpose of implementing the proposed corporate restructuring scheme.

4. The ability of the Group and of the Company to continue as a going concern is therefore dependent upon the successful outcome of the Group's proposed restructuring scheme. Accordingly, the accounts do not include any adjustments relating to the recoverability and classification of recorded assets' amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

KPMG

Firm Number: AF 0758
Public Accountants

GNANACHANDRAN A/L S AYADURAI

Partner
Approval Number: 1722/9/01(J)

Kuala Lumpur,
21 February 2000

Consolidated Balance Sheet

at 31 December 1999

	Note	RM'000	1998 RM'000
FIXED ASSETS	3	1,247	1,590
INVESTMENT PROPERTIES	4	13,006	17,551
DEVELOPMENT PROPERTIES	5	41,385	41,620
INTERESTS IN ASSOCIATED COMPANY	7	41,626	40,499
CURRENT ASSETS			
Development properties	5	28,417	28,048
Stocks	8	250	678
Trade debtors		136	232
Other debtors, deposits and prepayments		1,116	737
Fixed deposits	9	11	1,433
Cash and bank balances		105	172
		30,035	31,300
LESS: CURRENT LIABILITIES			
Trade creditors		792	982
Other creditors and accruals	10	3,980	3,590
Bank overdrafts (secured)	11	3,569	6,305
Term loans (secured)	12	44,212	37,007
		52,553	47,884
Net Current Liabilities		(22,518)	(16,584)
EXPENDITURE CARRIED FORWARD	13	32	51
		74,778	84,727
Financed by:-			
SHARE CAPITAL	14	223,690	223,690
RESERVES	15	16,617	16,617
ACCUMULATED LOSS		(193,277)	(182,038)
Shareholders' Funds		47,030	58,269
TERM LOANS - SECURED	12	27,748	26,458
		74,778	84,727

The notes set out on pages 33 to 49 form an integral part of, and should be read in conjunction with, these accounts.

Consolidated Profit and Loss Account

for the year ended 31 December 1999

	Note	RM'000	1998 RM'000
TURNOVER	20	1,869	2,428
OPERATING LOSS BEFORE TAXATION	17	(12,366)	(92,905)
SHARE OF ASSOCIATED COMPANY'S PROFIT/(LOSS)		1,127	(124)
LOSS BEFORE TAXATION		(11,239)	(93,029)
TAXATION	18	-	51
LOSS AFTER TAXATION		(11,239)	(92,978)
ACCUMULATED LOSS BROUGHT FORWARD		(182,038)	(89,060)
ACCUMULATED LOSS CARRIED FORWARD		(193,277)	(182,038)
LOSS PER ORDINARY SHARE (sen)	19	(5.02)	(41.57)
Held by:-			
HOLDING COMPANY		(60,977)	(56,692)
SUBSIDIARY COMPANIES		(139,103)	(131,022)
ASSOCIATED COMPANY		6,803	5,676
		(193,277)	(182,038)

The notes set out on pages 33 to 49 form an integral part of, and should be read in conjunction with, these accounts.

Balance Sheet

at 31 December 1999

	Note	RM'000	1998 RM'000
FIXED ASSETS	3	60	181
INVESTMENT PROPERTIES	4	2,550	6,795
INTERESTS IN SUBSIDIARY COMPANIES	6	46,812	45,112
INTERESTS IN ASSOCIATED COMPANY	7	25,123	25,123
CURRENT ASSETS			
Other debtors, deposits and prepayments		328	295
Tax recoverable		3	3
Fixed deposits	9	-	1,405
Cash at bank		55	104
		386	1,807
LESS: CURRENT LIABILITIES			
Other creditors and accruals	10	1,348	1,612
Bank overdrafts (secured)	11	3,487	6,295
Term loans (secured)	12	26,627	22,287
		31,462	30,194
Net Current Liabilities		(31,076)	(28,387)
		43,469	48,824
Financed by:-			
SHARE CAPITAL	14	223,690	223,690
RESERVES	15	17,143	17,734
ACCUMULATED LOSS		(197,364)	(192,600)
Shareholders' Funds		43,469	48,824

The notes set out on pages 33 to 49 form an integral part of, and should be read in conjunction with, these accounts.

Profit and Loss Account

for the year ended 31 December 1999

	Note	RM'000	1998 RM'000
TURNOVER	20	303	512
LOSS BEFORE TAXATION	17	(4,764)	(100,112)
TAXATION	18	-	(14)
LOSS AFTER TAXATION		(4,764)	(100,126)
ACCUMULATED LOSS BROUGHT FORWARD		(192,600)	(92,474)
ACCUMULATED LOSS CARRIED FORWARD		(197,364)	(192,600)

The notes set out on pages 33 to 49 form an integral part of, and should be read in conjunction with, these accounts.

Consolidated Cash Flow Statement

for the year ended 31 December 1999

	RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(11,239)	(93,029)
Adjustments for:		
Share of associated company's (profit)/loss	(1,127)	124
Amortisation and write off of expenditure carried forward	30	130
Depreciation	432	420
Loss on disposal of fixed assets	1	5
Loss on disposal of investment properties	776	-
Loss on disposal of development properties	-	73
Provision for completed properties	-	1,029
Provision for quoted investments no longer required	-	(4,538)
Write down of investment properties	-	38,544
Write down of development properties	-	40,835
Operating loss before working capital changes	(11,127)	(16,407)
(Increase)/Decrease in working capital:		
Stocks	428	-
Debtors	(282)	4,112
Creditors	200	(606)
Development expenditure	(220)	102
Investment properties	-	(5)
Expenditure carried forward	19	(11)
Cash used in operations	(10,982)	(12,815)
Taxation paid	-	(27)
Net cash used in operating activities	(10,982)	(12,842)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	1	20
Proceeds from sale of investment properties	3,825	-
Proceeds from sale of quoted investments	-	16,970
Purchase of fixed assets	(92)	(6)
Net cash generated from investing activities	3,734	16,984

	RM'000	1998 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loan	9,995	4,277
Repayment of term loans	(1,500)	(10,961)
Net cash generated from/(used in) financing activities	8,495	(6,684)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,247	(2,542)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(4,700)	(2,158)
CASH AND CASH EQUIVALENTS AT END OF YEAR	(3,453)	(4,700)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	105	172
Fixed deposits	11	1,433
Bank overdrafts	(3,569)	(6,305)
	(3,453)	(4,700)

The notes set out on pages 33 to 49 form an integral part of, and should be read in conjunction with, these accounts.

Notes to the Accounts

31 December 1999

1. PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year consist of property development, credit and leasing, share investment, project management, letting out of properties, investment holding, trading, property construction and landscaping.

The principal activities of the Company during the financial year consist of investment holding, letting out of properties and the provision of management services.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The accounts are prepared under the historical cost convention on a going concern basis, modified to include the revaluation of investment properties and development properties, in compliance with approved accounting standards in Malaysia. The going concern basis is dependent upon receiving continuing financial support from bankers and creditors and the successful outcome of the Group's proposed restructuring scheme as stated in Note 24.

At the time of this report, there is no reason for the directors to believe that there is any significant uncertainty that the outcome of the proposed restructuring scheme will not be successful. Accordingly, the accounts do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

2.2 Basis of Consolidation

The Group accounts consolidate the audited accounts of the Company and all its subsidiary companies made up to 31 December 1999.

All internal transactions are eliminated on consolidation and turnover and profit figures relate to external transactions only.

The total profit of the subsidiary companies are included in the consolidated profit and loss account, the proportion of profit after taxation applicable to the pre-acquisition period is deducted in arriving at the profit attributable to the shareholders of the Company whilst the results of operations of subsidiary disposed during the year are included in consolidated profit and loss account only to the effective date of disposal.

2.3 Depreciation of Fixed Assets

Depreciation is calculated on a straight line basis based on their estimated useful lives at the following annual rates :-

Buildings and office lots	2%
Plant and machinery	10% - 25%
Motor vehicles	20%
Furniture, fittings and fixtures	10% - 20%
Office equipment	10% - 25%
Site office and signboards	10% - 20%
Renovations	10% - 20%

No depreciation is provided for freehold land.

2.4 Investments

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

2.5 Investment Properties

The investment properties are stated at valuation based on an independent professional valuers' report in September 1998. Additions subsequent to the date of valuation are stated as cost. Any surplus or deficit arising therefrom will be dealt with in the Capital Reserve Accounts. A deficit is set off against the Capital Reserve Account only to the extent of a surplus credited from the previous revaluation of the investment properties and the excess of the deficit is charged to the profit and loss account.

Investment properties are held for their investment potential. No depreciation is provided on investment properties. Maintenance is regularly undertaken and is expensed off to the profit and loss account.

2.6 Development Expenditure

Development expenditure consists of direct cost incurred on land development. When foreseeable loss on development project is anticipated, full provision of this loss is made in the accounts.

2.7 Development Properties

Development properties comprise the cost of land acquired for development, direct cost incurred on uncompleted units of properties and related overheads, and the portion of profit attributable to development work performed to date less applicable progress billings.

The excess of purchase consideration over the net tangible assets of the companies acquired has been ascribed to development properties and included in group write-up cost as fair value less amount written down for any permanent diminution in value and is amortised over the period of development by reference to development profit earned during the year compared to total estimated post-acquisition development profit.

2.8 Associated Companies

An associated company is a company in which the Group has between 20% to 50% long-term equity interest and where the Group is in a position to exercise significant influence over its financial and operating policies. The consolidated profit and loss account includes the Group's share of profits or losses of the associated companies based on the audited accounts made up to 31 December 1999 except for Hicom Menang Properties Sdn. Bhd. whose audited accounts were made up to 31 March 1999. The results of Hicom Menang Properties Sdn. Bhd. have been equity accounted based on audited and management accounts made up to 31 March 1999 and 31 December 1999 respectively.

In the consolidated balance sheet, the investment in associated companies is stated at cost, adjusted for the Group's share of post-acquisition profits or losses less provision for permanent diminution in value.

2.9 Goodwill on Consolidation

Goodwill on consolidation represents the difference between the purchase consideration paid for acquiring the share capital in a subsidiary company and the fair value attributable to its net assets at the acquisition date.

Goodwill on consolidation in respect of a property development subsidiary is written off over the period of development by reference to development profit earned during the year compared to total estimated post-acquisition development profit. However, when the directors consider there has been a permanent diminution in the value of the goodwill, that amount is written off accordingly.

Goodwill consolidation in respect of other subsidiaries is written off over a period of 20 years.

2.10 Stock

Stock is stated at the lower of cost and net realisable value.

Cost of completed houses includes land cost, construction costs and related expenses.

Cost of other stock is determined principally on a first-in first-out basis and cost includes cost of materials, labour and related overhead expenses. Provision is made for all foreseeable losses on work-in-progress.

2.11 Expenditure Carried Forward

Preliminary and pre-operating expenses are written off over a period of three years commencing from the first year of operations.

2.12 Deferred Taxation

Deferred taxation is provided for on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are not recognised when there is a reasonable expectation of realisation in the near future.

2.13 Income Recognition

Profit from property development is determined based on the stage of completion and on the number of units sold.

Dividend income is recognised on a receipt basis.

Income from leasing, hire purchase, factoring and loan facilities is recognised on the sum of digits method.

2.14 Foreign Currency Translation

Assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the rates of exchange closely approximating to those ruling at that date. Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates closely approximating to those ruling at the date of the transactions. Gains or losses in exchange are dealt with in the profit and loss accounts.

2.15 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, fixed deposits and highly liquid investment with original maturity of three months or less.

3. FIXED ASSETS

Group

	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and fixtures RM'000	Office equipment RM'000	Site office and signboards RM'000	Renovations RM'000	Total RM'000
Cost								
At 1 January 1999	1,187	341	2,039	616	892	197	200	5,472
Additions	-	-	-	-	91	-	-	91
Disposals	-	-	(2)	-	(85)	-	-	(87)
At 31 December 1999	1,187	341	2,037	616	898	197	200	5,476
Accumulated Depreciation								
At 1 January 1999	303	341	1,481	606	765	197	189	3,882
Charge for the year	24	-	352	5	49	-	2	432
Disposals	-	-	(1)	-	(84)	-	-	(85)
At 31 December 1999	327	341	1,832	611	730	197	191	4,229
Net book value								
At 31 December 1999	860	-	205	5	168	-	9	1,247
At 31 December 1998	884	-	558	10	127	-	11	1,590
Depreciation charge for the year ended 31 December 1998	24	-	353	5	36	-	2	420

The net book value of fixed assets acquired under hire purchase arrangement amounting to RM204,661 (1998 - RM555,290).

Company

	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Office equipment RM'000	Renovations RM'000	Total RM'000
Cost					
At 1 January 1999	670	137	282	27	1,116
Additions	-	-	1	-	1
At 31 December 1999	670	137	283	27	1,117
Accumulated Depreciation					
At 1 January 1999	512	136	260	27	935
Charge for the year	113	-	9	-	122
At 31 December 1999	625	136	269	27	1,057
Net book value					
At 31 December 1999	45	1	14	-	60
At 31 December 1998	158	1	22	-	181
Depreciation charge for the year ended 31 December 1998	113	-	12	-	125

The net book value of fixed assets acquired under hire purchase arrangement amounting to RM45,700 (1998 - RM158,432).

4. INVESTMENT PROPERTIES

	RM'000	1998 RM'000
4.1 Group		
Freehold land, at valuation/cost	10,444	42,653
Long term leasehold land and buildings, at valuation/cost	2,550	5,678
Development expenditure, at valuation/cost	12	7,764
	13,006	56,095
Write down of investment properties	-	(38,544)
At valuation	13,006	17,551

The freehold land include a parcel of land owned by a subsidiary company, located at Mukim Rasah, Seremban, Negeri Sembilan, Malaysia with a total area of 213,132 sq. feet, has been identified for office, commercial complexes, cinema and market development. In September 1998, the investment properties were revalued by an independent firm of professional valuers based on open market value. Certain freehold land together with related development expenditure have been charged to secure loan and overdraft facilities granted to the Company.

4.2 Company

	RM'000	1998 RM'000
Long term leasehold land and building, at valuation/cost	2,024	5,678
Surplus in valuation of investment properties (Note 15)	526	1,117
Balance at 31 December - at valuation	2,550	6,795

The long term leasehold land and building have been charged to secure short term loans granted to the Company.

The long term leasehold land and building at valuation were appraised by an independent firm of professional valuers based on open market value in September 1998.

5. DEVELOPMENT PROPERTIES

	Group RM'000	1998 RM'000
Freehold land - at valuation/cost to subsidiaries (Note 5.1)	38,225	60,902
Long term leasehold land - at valuation/cost to subsidiaries (Note 5.2)	9,920	12,207
Development expenditure - at valuation/cost to subsidiaries (Note 5.3)	12,752	17,672
Group cost	8,905	8,905
	69,802	99,686
Less: Write down of development properties	-	(30,018)
At valuation	69,802	69,668
Current portion	(28,417)	(28,048)
Non current portion	41,385	41,620

The non current portion of development properties were revalued based on a valuation on open market basis by independent professional valuers in September 1998.

The current portion of development properties are stated at lower of cost and directors' valuation based on open market basis by independent professional valuers in September 1998.

Group cost amounting to RM10.817 million was written off in 1998 to reflect the fair value of development properties.

Group cost is stated at net of taxation. Had group cost been stated at gross, the account would be RM12,368,000 (1998 - RM12,368,000) with a corresponding deferred tax liability of RM3,463,000 (1998 - RM3,463,000).

- 5.1 Certain freehold land are pledged to secure term loan and overdraft facilities for the Company and certain subsidiary companies (see Notes 11 and 12).
- 5.2 The leasehold land consist of parcels of land in Kota Kinabalu, Sabah and Klang, Selangor, Malaysia which are held for long term property development. Certain leasehold land are pledged to secure term loan and overdraft facilities for the Company and a subsidiary company.
- 5.3 The development expenditure relates to the following:
 - i) The Rasah Jaya project located at Mukim Rasah, Seremban, Negeri Sembilan, Malaysia which has commenced and included under the current portion of development properties.
 - ii) The non-current portion of development properties consist of those parcels of freehold land and leasehold land together with related development expenditure held for future development.

6. INTERESTS IN SUBSIDIARY COMPANIES

6.1 Company

	RM'000	1998 RM'000
Investment - unquoted shares, at cost	114,708	114,708
Less: Pre-acquisition profit distributed	(1,115)	(1,115)
	113,593	113,593
Less: Provision for diminution in value of investments	(98,747)	(98,747)
	14,846	14,846
Amount due from subsidiary companies	69,593	76,840
Loan to a subsidiary company	10,057	10,057
Amount due to subsidiary companies	(13,712)	(13,029)
	65,938	73,868
Less: Provision for advances to subsidiary companies	(33,972)	(43,602)
	46,812	45,112

The amount due from subsidiary companies are non-trade in nature, unsecured, interest free and have no fixed terms of repayments except for an amount of RM67 million (1998 - RM74 million) which bear interest ranging from 2% to 8% (1998 - 1% to 10%) per annum.

Loan to subsidiary company is unsecured, interest free and has no fixed terms of repayment.

The amount due to subsidiary companies are non-trade in nature, unsecured, interest free and have no fixed terms of repayments except for an amount of RM5.9 million (1998 - RM5.2 million) which is subject to interest at the cost of funds borrowed by the subsidiary company.

6.2 Details of subsidiaries are as follows:-

	Place of incorporation	Effective interest		Principal Activities	
		1999 %	1998 %		
SUBSIDIARIES					
Menang Development (M) Sdn. Bhd.**	Malaysia	100	100	Property development	
Menang Leasing & Credit (M) Sdn. Bhd.	Malaysia	100	100	Financiers and insurance agents	
Menang Management Services (M) Sdn. Bhd.	Malaysia	100	100	Management services	
Menang Properties (M) Sdn. Bhd.	Malaysia	100	100	Property investment	
Menang Aquatics Sdn. Bhd.	Malaysia	100	100	Investment holding and undertaking of landscaping projects	
Menang Construction (M) Sdn. Bhd.	Malaysia	100	100	Property construction	
Equitiplus Sdn. Bhd.	Malaysia	100	100	Investment holding	
Hitung Panjang Sdn. Bhd.*	Malaysia	100	100	Investment holding	
Temeris Holdings Sdn. Bhd.	Malaysia	100	100	Property investment	
Menang Industries (M) Sdn. Bhd.	Malaysia	100	100	Dormant	
Menang Plantations (M) Sdn. Bhd.	Malaysia	100	100	Dormant	
Rasah Jaya Sports and Recreation Centre Sdn. Bhd.	Malaysia	-	100	Disposed during the year	
Pentogold Sdn. Bhd.	Malaysia	-	100	Disposed during the year	
Menang Trading (S) Pte. Ltd.*	Singapore	100	100	To be struck off	

	Place of incorporation	Effective interest		Principal Activities
		1999 %	1998 %	
SUB-SUBSIDIARIES				
Menang Equities (M) Sdn. Bhd.	Malaysia	100	100	Investment holding and investment trading
Menang Land (M) Sdn. Bhd.	Malaysia	100	100	Investment holding
Maztri Padu Sdn. Bhd.*	Malaysia	100	100	Property development
Menang Finservices (M) Sdn. Bhd.	Malaysia	100	100	Licensed money-lender
Menang Saujana Sdn. Bhd.**	Malaysia	100	100	Property development
Menang Greens Sdn. Bhd.	Malaysia	100	100	Landscaping and turf farming
Harapan Akuarium (M) Sdn. Bhd.	Malaysia	100	100	Investment holding and investment trading
Temeris Resorts Development Sdn. Bhd.	Malaysia	100	100	Property development

* Audited by another firm of accountants.

** Obtained a Restraining Order under Section 176(10) of the Companies Act, 1965.

During the year, the Company disposed off its interest in Rasah Jaya Sports and Recreation Centre Sdn. Bhd. and Pentagold Sdn. Bhd. for a total consideration of RM2 respectively.

7. INTERESTS IN ASSOCIATED COMPANY

Name of Company	Place of incorporation	Effective interest		Principal Activity
		1999 %	1998 %	
Hicom Menang Properties Sdn. Bhd.	Malaysia	49	49	Property development.
		Group		Company
		1998	1998	1998
		RM'000	RM'000	RM'000
Investment - unquoted shares, at cost		25,123	25,123	25,123
Share of post-acquisition profit (net of dividend received)		6,803	5,676	-
Amount due from (Note 7.1)		31,926	30,799	25,123
		9,700	9,700	-
		41,626	40,499	25,123

- 7.1 The amount owing by associated company at group level of RM9.7 million (1998 - RM9.7 million) is repayable in instalments of RM4.0 million annually on a cumulative basis with effect from 31 March 1994 subject to the associated company achieving a pre-tax profit of RM2.0 million annually.

During the year, there is no repayment received from the said associated company.

8. STOCKS - GROUP

	RM'000	1998 RM'000
Completed properties	250	1,677
Plants	-	30
	250	1,707
Less: Write down of completed properties	-	(1,029)
	250	678

The stocks of completed properties comprises 92 units of unoccupied market stalls which are presently being considered for redevelopment located at Mukim Rasah, Seremban, Negeri Sembilan, Malaysia.

9. FIXED DEPOSITS

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Fixed deposits				
- with a financial institution	-	1,405	-	1,405
- with a licensed bank	11	28	-	-
	11	1,433	-	1,405

10. OTHER CREDITORS AND ACCRUALS

Included in other creditors are hire-purchase creditors repayable as follows:-

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Instalment payable	377	793	64	188
Less: Unexpired interest	(87)	(175)	(14)	(40)
	290	618	50	148
Due within twelve months	193	305	50	96
Due after twelve months	97	313	-	52
	290	618	50	148

11. BANK OVERDRAFTS (SECURED)

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Secured	3,569	6,305	3,487	6,295

Group

The bank overdrafts are secured by way of legal charges over certain development properties of subsidiary companies. Interest is charged at 9.3% to 10.55% (1998 - 10.55% to 18.75%) per annum.

Company

The bank overdrafts are subject to interest of 9.3% to 10.55% (1998 - 10.55% to 18.75%) per annum and are secured by way of legal charges over certain development properties of subsidiary companies.

12. TERM LOANS (SECURED)

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Short term loans				
- Al-Bai Bithaman Ajil loan (Note 12.1)	1,200	4,511	-	-
- Other short term loans (Note 12.2)	43,012	32,496	26,627	22,287
	44,212	37,007	26,627	22,287
Long term loans				
- Al-Bai Bithaman Ajil loan (Note 12.1)	27,748	25,820	-	-
- Other term loan (Note 12.3)	-	638	-	-
	27,748	26,458	-	-

12.1 The Al-Bai Bithaman Ajil loan is repayable within seven years. The total profit of the loan due to the lender institution for the whole duration is RM11,870,673. During the year, an amount of RM2.5 million (1998 - RM2.5 million) was charged to the profit and loss account. Repayment of principal will only commence on 31 December 2000.

Included in the unexpired deferred charges is an amount due for payment but defaulted by a subsidiary company amounting to RM3,948,000 (1998 - RM1,458,000).

12.2 The Company's bank borrowings are with several financial institutions which are secured by way of charges on certain properties of the Company and a subsidiary company. The interest charged during the year was between 9.3% and 12.0% (1998 - 9.9% and 22.5%) per annum.

Included in other short term loans are defaulted interest payment amounting to RM5,392,000 (1998 - RM1,560,000). There is a shortfall in securities value amounting to RM7,877,000 (1998 - RM6,899,000) as compared to the loans outstanding as at year end.

12.3 The other term loan is secured by way of legal charges over certain development properties and land and buildings of a subsidiary. Interest is charged at 9.3% to 12.0% (1998 - 9.9% to 22.5%) per annum.

13. EXPENDITURE CARRIED FORWARD, At cost

	Group	
	RM'000	1998 RM'000
Preliminary expenses	-	-
Pre-operating expenses	61	181
Less: Amortisation and write off	(29)	(130)
	32	51

14. SHARE CAPITAL

	Group and Company	
Ordinary shares of RM1 each	RM'000	1998 RM'000
Authorised	1,000,000	1,000,000
Issued and fully paid	223,690	223,690

15. RESERVES - GROUP AND COMPANY

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Share premium				
Balance at 1 January	16,224	16,224	16,224	16,224
Capital reserve (distributable)	393	393	393	393
Capital reserve (non-distributable) (Note 4.2)	-	-	526	1,117
	393	393	919	1,510
	16,617	16,617	17,143	17,734

The capital reserve (distributable) relates to realised profit, less real property gain tax, on sale of the Company's leasehold land and factory building in 1978.

16. DEFERRED TAXATION

Subject to agreement with the Inland Revenue Board, details of potential deferred tax benefit, calculated under the liability method are set out below:-

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Unutilised losses	(38,438)	(84,538)	(10,730)	(52,423)
Unabsorbed capital allowances	(760)	(565)	(305)	-
Other timing differences	(33,108)	(29,444)	27	73
	(72,306)	(114,547)	(11,008)	(52,350)
Potential deferred tax benefits not taken in the accounts at 28% (1998 - 28%)	(20,246)	(32,073)	(3,082)	(14,658)

17. LOSS BEFORE TAXATION

Loss before taxation is arrived at:-

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
After charging:-				
Interest expenses				
- Hire purchase	88	90	26	28
- Short term loans	3,860	6,010	2,195	3,705
- Bank overdrafts	492	759	488	750
- Others	-	785	-	2
- Subsidiaries	-	-	662	746
Holding company directors' emoluments:				
- remuneration	1,268	1,694	607	803
- fees	30	30	30	30
- benefits-in-kind	844	855	652	663
Auditors' remuneration	48	49	20	20
Rental of premises	201	266	216	216
Depreciation (Note 3)	432	420	122	125
Amortisation and write off of expenditure carried forward	30	130	29	-
Loss on disposal of development properties	-	73	-	-
Loss on disposal of investment properties	776	-	409	-
Loss on disposal of fixed assets	1	5	-	-
Provision for permanent diminution in value of investment in subsidiary companies	-	-	-	39,249
Provision for advances to a subsidiary company	-	-	1,070	56,646

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Crop development expenditure written off	30	106	-	-
Deferred liability charges (Note 12.1)	2,500	2,500	-	-
Write down of completed properties (Note 8)	-	1,029	-	-
Write down of development properties (Note 5)	-	30,018	-	-
Write off of group cost of development properties (Note 5)	-	10,817	-	-
Write down of investment properties	-	38,544	-	-
And crediting:-				
Dividends (Gross)				
- quoted investments	-	158	-	-
Interest income				
- subsidiary companies	-	-	2,613	3,752
- others	57	79	29	67
Rental income	665	578	303	374
Gain on disposal of fixed assets	-	-	-	-
Management fees receivable from subsidiaries	-	-	-	138
Accounting and secretarial fees receivable from subsidiaries	-	-	72	-
Provision for quoted investments no longer required	-	4,538	-	-

18. TAXATION

	Group		Company	
	RM'000	1998 RM'000	RM'000	1998 RM'000
Under provision in prior years	-	(17)	-	(14)
Share of associated company's income tax	-	-	-	-
Share of associated company's overprovision of prior year tax	-	68	-	-
	-	51	-	(14)

19. LOSS PER ORDINARY SHARE - GROUP

The loss per ordinary share has been calculated based on the loss after taxation of RM11,239 million (1998- RM92,978 million) and on weighted average number of ordinary shares issued during the year of 223,690,000 (1998- 223,690,000).

20. TURNOVER

Group

Turnover represents the proportion of sales value of development properties sold attributable to the percentage of development work performed during the year, sales value of land disposed, income from shares investment, landscaping and rentals.

Company

Turnover represents gross dividend income, rentals and management fees.

21. CONTINGENT LIABILITIES

	Company 1998	
	RM'000	RM'000
i) Guarantees given to financial institutions for		
Secured		
Loan and overdraft facilities extended to subsidiaries	45,334	41,179
Unsecured		
Loan and overdraft facilities extended to subsidiaries	81	10

22. SEGMENT ANALYSIS

Major Segment by Activity	Turnover RM'000	Loss before taxation RM'000	Assets employed RM'000
1999			
Property development	1,383	(5,908)	117,387
Credit and leasing	-	(9)	-
Project management and investment holding	485	(5,121)	9,906
Trading	1	(199)	6
Property construction	-	(2)	-
	1,869	(11,239)	127,299
1998			
Property development	-	(66,664)	108,578
Credit and leasing	-	(3)	-
Project management and investment holding	2,427	(26,051)	23,937
Trading	1	(309)	45
Property construction	-	(2)	-
	2,428	(93,029)	132,560

23. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	RM'000	1998 RM'000
Company		
Interest receivable	2,613	3,752
Management fees receivable	-	138
Interest payable	(662)	(746)
Accounting fee	54	-
Secretarial fee	18	-

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business, the terms of which have been established on a negotiated basis.

24. RESTRUCTURING SCHEME

On 10 August 1998, the Company and two of its subsidiary companies ("the Applicants") were granted by the High Court of Malaya a Restraining Order pursuant to Section 176(10) of the Companies Act, 1965 against certain classes of creditors. Subsequently, on 9 February 1999, the Applicants have filed an application with the High Court of Malaya pursuant to Section 176(1) of the Companies Act, 1965 to seek the Court Order to convene creditors' meeting and sanction the proposed restructuring scheme.

The High Court of Malaya has fixed the hearing date for 12 April 2000 on the Applicants' application for a further extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 which has expired on 22 November 1999 and for the Court to convene creditors' meeting under Section 176(1) of the Companies Act, 1965 for the purposes of implementing a proposed corporate restructuring scheme.

On 21 October 1999, the Company announced a corporate restructuring scheme ("the Proposal") which involves a Proposed Scheme of Arrangement that involves rescheduling and/or converting debts outstanding with the Scheme Creditors, a Proposed Capital Reduction and Consolidation, a Proposed Warrants issue to the existing shareholders and a Revised Proposed Acquisition to acquire freehold land measuring approximately 800.52 acres forming the entire Seremban 3 Integrated Township Development Project in Seremban for a purchase consideration of RM250 million on a willing buyer willing seller basis after taking into consideration the open market value of RM275 million ascribed by a professional firm of valuers on 1 October 1999. In respect of the Revised Proposed Acquisition, the Company entered into a conditional Sale and Purchase Agreement with Titian Hartanah (M) Sdn. Bhd. ("Titian") on 19 October 1999.

Y.Bhg. Dato' Abdul Mokhtar Ahmad, Y.Bhg. Dato' Shun Leong Kwong, Y.Bhg. Datin Mariam Eusoff, being Directors and substantial shareholders of the Company, are deemed to have interests in the Revised Proposed Acquisition by virtue of them being directors of and their indirect shareholding in Titian. Mr Christopher Shun Kong Leng who is a Director of the Company is deemed to have interest in the Revised Proposed Acquisition by virtue of him being the alternate director of Maymerge (M) Sdn. Bhd., the holding company of Titian. Other than as disclosed above, none of the Directors and/or substantial shareholders of the Company and persons connected with them have any interest, direct or indirect in the Proposals.

List of Properties Held

as at 31 December 1999

Location	Tenure	Area (Approximately)	Description	Age of Buildings	Net Book Value RM'000
Geran No. 27973 Lot No. 2596 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold	53,413 sf	Industrial Development Land	N/A	461
Geran No. 27974 Lot No. 2597 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold	55,347 sf	Industrial Development Land	N/A	481
Geran No. 27975 Lot No. 2615 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold	61,886 sf	Industrial Development Land	N/A	541
Geran No. 27976 Lot No. 2616 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold	60,291 sf	Industrial Development Land	N/A	521
Geran No. 27917 Lot No. 48 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold	88.85 acres	Industrial Development Land	N/A	21,512
Alienated Land (Title yet to be issued) Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Leasehold 99 years	71.28 acres	Industrial Development Land	N/A	6,500
Geran No. 21944 Lot No. 20 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold	46.50 acres	Industrial Development Land	N/A	4,856

Location	Tenure	Area (Approximately)	Description	Age of Buildings	Net Book Value RM'000
Lot No. 663, GM 3689 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold	10.38 acres	Industrial Development Land	N/A	1,086
Lot No. 889, GM 3690 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold	10.12 acres	Industrial Development Land	N/A	1,058
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold	4.20 acres	Service Apartments Development Land	N/A	5,493
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold	3.93 acres	Hotel Resort Development Land	N/A	5,134
665 & 666 Jalan RJ 1/15 Rasah Jaya, 70300 Seremban Negeri Sembilan Darul Khusus	Freehold	3,600 sf	Office Lots	17 years	478
Lot 10119 HS(D) 77081 Mukim of Rasah Negeri Sembilan Darul Khusus	Freehold	4,612 sf	Shop/Office	3 years	798
Lot 10120 HS(D) 77082 Mukim of Rasah Negeri Sembilan Darul Khusus	Freehold	4,612 sf	Shop/Office	3 years	798
Lot 10135 HS(D) 77097 Mukim of Rasah Negeri Sembilan Darul Khusus	Freehold	3,690 sf	Shop/Office	3 years	691

Location	Tenure	Area (Approximately)	Description	Age of Buildings	Net Book Value RM'000
Lot 45, PT No. 8439 Taman Ehsan Batu 8, Jalan Kepong 52100 Kuala Lumpur	Leasehold 99 years Expiry date - 2078	45,102 sf	Factory Land & Building	19 years	2,550
Mukim of Rasah Seremban Negeri Sembilan Darul Khusus	Freehold	26.98 acres	Mixed Development Land	N/A	28,232
Lot 1, G No. 698 Lease No. 015006989 Daerah Kota Kinabalu Sabah	Leasehold 99 years Expiry date - 2899	8.72 acres	Residential Development Land	N/A	3,420

Analysis of Shareholdings

as at 5 May 2000

SHARE CAPITAL

Authorised Share Capital : RM1,000,000,000/=

 Issued and Fully Paid-Up Capital : RM 223,690,000/=

 Class of Shares : Ordinary Shares of RM1.00 each

 Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares of RM1.00 each	%
1 - 499	14	0.07	890	0.00
500 - 5000	16,431	84.21	35,886,972	16.04
5001 - 10000	1,965	10.07	16,595,500	7.42
10001 - 100000	1,059	5.43	25,136,000	11.24
100001 - 1000000	36	0.18	9,057,000	4.05
1000001 - Above	7	0.04	137,013,638	61.25
Total	19,512	100.00	223,690,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares held			
	Direct Interest	%	Indirect Interest	%
Dato' Abdul Mokhtar Ahmad	-	-	7,904,000*	3.53
Dato' Shun Leong Kwong	2,298,000	1.03	12,985,000*#	5.80
Datin Mariam Eusoff	7,714,000	3.45	7,904,000*	3.53
Christopher Shun Kong Leng	341,000	0.15	5,081,000#	2.27
Maymerge (M) Sdn Bhd	7,904,000	3.53	-	-
Luminous Circle Sdn Bhd	5,081,000	2.27	-	-

* Indirect interest by virtue of Section 6A(4)(c) of the Companies Act, 1965 in Maymerge (M) Sdn Bhd (Co. No. 257143-M)

Indirect interest by virtue of Section 6A(4)(c) of the Companies Act, 1965 in Luminous Circle Sdn Bhd (Co. No. 275566-W)

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. The Central Depository (Pte) Limited	111,595,000	49.89
2. Maymerge (M) Sdn Bhd	7,904,000	3.53
3. Datin Mariam Eusoff	7,000,000	3.13
4. Luminous Circle Sdn Bhd	5,081,000	2.27
5. Dato' Shun Leong Kwong	2,298,000	1.03
6. Perbadanan Kemajuan Negeri Selangor	2,166,000	0.97
7. OSK Nominees (Tempatan) Sdn Bhd (Pledged Sec A/C for Foremillion (M) Sdn Bhd)	2,005,000	0.90
8. Minister of Finance	1,130,638	0.51
9. OSK Nominees (Tempatan) Sdn Bhd (Pledged Sec A/C for Datin Mariam Eusoff)	714,000	0.32
10. RHB Nominees (Asing) Sdn Bhd (RHB-Cathay Securities Pte Ltd for Lee Chin Weng)	622,000	0.28
11. Lim Seng Chee	500,000	0.22
12. Tandaraya Sdn Bhd	346,000	0.15
13. OSK Nominees (Tempatan) Sdn Bhd (Pledged Sec A/C for Christopher Shun Kong Leng)	341,000	0.15
14. Cartaban Nominees (Asing) Sdn Bhd (Standard Chartered Bank Corporate Banking Group Singapore for Ku Yu Sang)	300,000	0.13
15. Chua Khing Chiew	280,000	0.13
16. Lim Poh Choo	225,000	0.10
17. Chan Yan Choong @ Chan Foo Hon	200,000	0.09
18. HDM Nominees (Asing) Sdn Bhd (Grand Orient Securities Pte for Sinwa Rubber MFY Co Sdn Bhd)	192,000	0.09
19. Choi Kim Chong	189,000	0.08
20. Arumugam a/l Kalimuthu	180,000	0.08
Total	143,268,638	64.05



MENANG CORPORATION (M) BERHAD
Company No. 5383 K • Incorporated in Malaysia

PROXY FORM

I/We.....
Full Name in Capital Letters

of
Full Address

being a member(s) of MENANG CORPORATION (M) BERHAD hereby appoint

..... NRIC No.....
Full Name in Capital Letters

of
Full Address

or failing him the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at the Ballroom 3, Level 1, Ming Court Vista Hotel, Jalan Ampang, 50450 Kuala Lumpur on Friday, 30th June 2000 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:

Resolution No.	Ordinary Business	For	Against
1	Adoption of Audited Accounts and Reports		
2	Approval of Directors' Fees		
3	Re-election of Mr Lim Eng Seng pursuant to Article 109		
4	Re-election of Mr Too Kok Leng pursuant to Article 109		
5	Re-appointment of Auditors		
	Special Business		
6	Amendment to the Memorandum of Association		
7	Amendments to the Articles of Association		
8	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this day of , 2000

Number of Shares Held

.....
[Signature/Common Seal of Shareholder(s)]

(* Delete if not applicable)

NOTE:

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.
- (3) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (4) The instrument appointing a proxy must be deposited at the Company's Registered Office at 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time fixed for the meeting.

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Menang Corporation (M) Berhad (5383-K)

Box #2, Wisma Selangor Dredging,
8th Storey, South Block,
142-A Jalan Ampang,
50450 Kuala Lumpur.

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