



**THE SUN RISES
A NEW BEGINNING**

A new day, a new beginning. MENANG'S new logo reflects a picture of optimism for the new millenium.

The sun is rising over solid mountains,
its laden energy radiating into the blue sky.

With prayers and hard work, MENANG
is dedicated to a better tomorrow.

Menang Corporation (M) Berhad

Company No. 5383-K • Incorporated in Malaysia

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Group Executive Chairman
YBhg Dato' Abdul Mokhtar Ahmad

*Group Managing Director/
Group Chief Executive Officer*
YBhg Dato' Shun Leong Kwong

Group Executive Directors
YBhg Datin Mariam Eusoff
Mr Christopher Shun Kong Leng

Independent Non-Executive Directors
Mr Lim Eng Seng
Mr Too Kok Leng

SECRETARY

Mr Ng Ah Wah
(MIA No. 10366)

REGISTERED OFFICE

8th Storey South Block
Wisma Selangor Dredging
142-A Jalan Ampang
50450 Kuala Lumpur
Tel: (603) 2161 3366
Fax: (603) 2161 3393

REGISTRAR

Tenaga Koperat Sdn Bhd
20th Floor Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: (603) 4041 6522
Fax: (603) 4042 6352

AUDITORS

KPMG
Chartered Accountants
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
Alliance Bank Malaysia Berhad
Malayan Banking Berhad
Bank Utama (Malaysia) Berhad

SOLICITORS

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

Rahman Too & Co
5, Jalan Wolff
70000 Seremban
Negeri Sembilan Darul Khusus

STOCK EXCHANGE LISTING

Main Board of the
Kuala Lumpur Stock Exchange

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of the Company will be held at the Ballroom 1, Level 1, Corus Hotel (*formerly known as MingCourt Vista Hotel*), Jalan Ampang, 50450 Kuala Lumpur on Monday, 24 June 2002 at 10.00 a.m. for the transaction of the following business:

Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2001 together with the Reports of the Directors and Auditors thereon.

(Resolution 1)
2. To approve the payment of Directors' Fees totalling RM30,000.00 for the year ended 31 December 2001.

(Resolution 2)
3. To re-elect the following Directors who retire by rotation in accordance with Article 112 of the Company's Articles of Association:
 - (a) YBhg Dato' Shun Leong Kwong *(Resolution 3)*
 - (b) Mr Christopher Shun Kong Leng *(Resolution 4)*
4. To re-appoint Messrs KPMG as 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

- Proposed Amendments to the Articles of Association of the Company

- (i) THAT the existing Article 34 be amended by inserting the word "listed" immediately after the words "The transfer of any" in the first line to read as follows:

"The transfer of any **listed** securities 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 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 affecting any transfer of such securities."

- (ii) THAT the existing Article 136 be amended by substituting the words "financial statements" with "audited accounts" in line five to read as follows:

"The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in General Meeting such income statements, balance sheets and reports, as are referred in the section. The interval between the close of the financial year of the Company and the issue of the annual **audited accounts**, the directors' and auditors' report shall not exceed four (4) months. A copy of each of such document shall not less than twenty-one (21) days before the date of the meeting be sent to every Member and to every holder of debentures of the Company under the provisions of the Act or of this Article. The requisite number of copies of each such document shall at the same time be sent to the Kuala Lumpur Stock Exchange. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware 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."

(Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

(b) Ordinary Resolution

- **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 for the time being, 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 7)

(c) Ordinary Resolution

- **Proposed Renewal of General Mandate for Substantial Property Transactions Involving Directors pursuant to Section 132E of the Companies Act, 1965**

"THAT pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to services, land, development properties, capital equipment and machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business, such authority will continue to be in force until conclusion of the next Annual General Meeting.

(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 14 June 2002 (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 14 June 2002 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

Ng Ah Wah
(MIA No. 10366)
Secretary

Kuala Lumpur
31 May 2002

NOTICE OF ANNUAL GENERAL MEETING

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. Any alteration to the instrument appointing a proxy must be initialed. 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 to the Special Business:
 - (i) The proposed Special Resolution 6 is amendments made pursuant to the Kuala Lumpur Stock Exchange's letter dated 20 February 2002 [Ref: 9.A.39 (830)] to ensure that the Articles concerned comply with the Kuala Lumpur Stock Exchange Listing Requirements.
 - (ii) The proposed Ordinary Resolution 7, 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 Annual General Meeting.
 - (iii) Resolution pursuant to Section 132E of the Companies Act, 1965

Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in general meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of the arrangement or transaction for the acquisition or disposal of the asset, its value is greater than Ringgit Malaysia Two Hundred and Fifty Thousand (RM250,000.00) or ten per centum (10%) of the Company's net assets, subject to minimum of Ringgit Malaysia Ten Thousand (RM10,000.00).

The proposed Ordinary Resolution 8, if passed, will authorise the Company or its related corporations to acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to services, land, development properties, capital equipment and machineries and/or any other assets or products of the Company or its related corporations which may fall within the definition of "requisite value", provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF THE 38TH ANNUAL GENERAL MEETING OF THE COMPANY (Pursuant to Paragraph 8.28(2) of the Kuala Lumpur Stock Exchange Listing Requirements)

1. Names of Directors who are standing for re-election:

- (a) Dato' Shun Leong Kwong (retiring pursuant to Article 112 of the Articles of Association)
- (b) Mr. Christopher Shun Kong Leng (retiring pursuant to Article 112 of the Articles of Association)

2. Details of attendance of Directors at the Board of Directors' Meetings:

Six (6) Board of Directors' Meetings were held during the financial year from 1 January 2001 to 31 December 2001. Details of attendance of Directors at the Board of Directors' Meetings during the financial year are as follows:

Name	No. of Meetings attended
Dato' Abdul Mokhtar Ahmad	6
Dato' Shun Leong Kwong	6
Datin Mariam Eusoff	5
Mr. Christopher Shun Kong Leng	5
Mr. Lim Eng Seng	6
Mr. Too Kok Leng	5

3. Venue, date and time of the Board of Directors' Meetings:

All six (6) Board of Directors' Meeting held during the financial year ended 31 December 2001 took place at Conference Room, 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur.

Date of Meetings	Time
26.02.2001	12.05 p.m.
08.08.2001	2.30 p.m.
17.09.2001	11.30 a.m.
03.10.2001	3.00 p.m.
09.10.2001	10.00 a.m.
19.11.2001	1.05 p.m.

- 4. Details of the profile of directors who are standing for re-election are set out in the Directors' Profile on page 7 to 8 of the Annual Report.
- 5. None of the directors have any conflict of interest in the Company except for those transactions disclosed in Note 29 to the financial statements.
- 6. None of the directors have been convicted of any offence within the past ten (10) years.
- 7. None of the directors hold any directorship in any public listed company.
- 8. Details of the Directors' securities holdings in the Company, and/or in a related corporations are set out on pages 63 to 67 of the Annual Report.

DIRECTORS' PROFILE

Dato' Abdul Mokhtar Ahmad, a Malaysian, aged 62, was appointed to the Board of Menang on 23 May 1989. He spent the early part of his working career in the government service. In 1972, he left for the private sector when he joined Syarikat Pembinaan Raya Sdn Bhd (popularly known as Raya) as General Manager. He soon made his mark and rose to be its Managing Director. Under his sound management and administrative control, Raya has successfully constructed many high-rise buildings in the heart of Kuala Lumpur city, such as the 34-storey Menara Bumiputra, the 22-storey Bangunan Bank Rakyat, the 24-storey Angkasa Raya and the 26-storey Bangunan Sri Mara and acted as the local consultant to the South Korean main contractor of Malayan Banking's 58-storey Head Office building known as Menara Maybank.

Currently, Dato' Abdul Mokhtar Ahmad is the Group Executive Chairman of Menang (Non-Independent Director). He is also the Deputy President and Team Manager of the Football Association of Selangor.

***Dato' Shun Leong Kwong**, a Malaysian, aged 63, was appointed to the Board of Menang on 29 June 1989. He had many years of senior banking experience in Citibank Malaysia and Overseas Chinese Banking Corporation Malaysia. He left the banking industry in 1982 to venture into private enterprise. Combining the skills and exposures which he acquired from the banking experience, he expanded rapidly in his private enterprise, concentrating on real estate. He holds a **B.A. Econs. (Hons)** from the University of Malaya.

Currently, Dato' Shun is the Group Managing Director/Group Chief Executive Officer of Menang Group of Companies (Non-Independent Director).

Dato' Shun is the father of Mr Christopher Shun Kong Leng.

Datin Mariam Eusoff, a Malaysian, aged 56, started her career as lecturer at the Institute Teknologi Mara in 1969 before she joined Citibank NA, Malaysia in 1973 where she was Manager in the Public Sector Lending Division. In 1977, she was recruited by Bank Bumiputra Malaysia Berhad to head the International Banking Department covering foreign currency lending, overseas branch operations as well as correspondent banking. She was appointed on 1 July 1989 as Managing Director of Maztri Padu Sdn Bhd, the privatised developer for Kelana Jaya Urban Centre. She holds a **B.A. (Hons)** from the University of Malaya and a **Masters degree** from the University of Washington, Seattle, U.S.A.

Datin Mariam was appointed to the Board of Menang on 25 February 1991 and was subsequently appointed as Group Executive Director of Menang on 1 January 1992 (Non-Independent Director).

***Mr Christopher Shun Kong Leng**, a Malaysian, aged 36, graduated from Boston University with a **B.Sc in Business Administration** with *Summa Cum Laude* and **B.A in Economics** with *Magna Cum Laude* in May 1987. He pursued a Merchant Banking career with Hill Samuel Bank London from 1987 to 1989. In 1989, he returned to the United States of America to undertake an **M.Sc** in Management from the MIT Sloan School of Management. In June 1990, he joined Bankers Trust London as a Merger and Acquisition Associate. He was awarded the **Advanced Postgraduate Diploma in Management Consultancy (Adv. Dip. C)** from Henley Management College in April 2000. He is currently pursuing a Doctor of Business Administration (D.B.A) with Henley Management College, Brunel University, United Kingdom on a part time basis.

Mr Christopher Shun was appointed to the Board of Menang on 25 February 1991 and was made Executive Director on 1 April 1991 (Non-Independent Director). Subsequently, he was appointed as Group Executive Director on 1 January 1992. He is also a member of the Audit Committee and Remuneration Committee of the Company.

Mr Christopher Shun is the son of Dato' Shun Leong Kwong.

DIRECTORS' PROFILE

Mr Lim Eng Seng, a Malaysian, aged 53, is a Fellow Member of both the Chartered Institute of Management Accountants (CIMA) United Kingdom and the Association of Chartered Certified Accountants (ACCA) United Kingdom. He is also a Member of the Malaysian Institute of Accountants (MIA). He worked in an international accounting firm and in commerce and industry for a total of 12 years before setting up his own public practice under E.S.Lim & Co. Chartered Accountants in 1981. He is a Past President of CIMA, Malaysia Division. Currently, Mr Lim is a Council Member for Area 16 (South-East Asia) in CIMA United Kingdom and a Committee Member of both the Public Practice Committee and Accounting and Auditing Committee of MIA.

Mr Lim was appointed as an Independent Non-Executive Director of Menang on 22 March 1994. He is the Chairman of both the Audit Committee and Nominating Committee and a Member of the Remuneration Committee of the Company.

Mr Too Kok Leng, a Malaysian, aged 43, holds a **B.A (Hons)** in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

Mr Too was appointed as an Independent Non-Executive Director of Menang on 1 August 1995. He is also the Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company.

* Directors who are standing for re-election

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Menang Corporation (M) Berhad ("Menang") for the year ended 31 December, 2001.

FINANCIAL REVIEW

The acquisition of Seremban 3 comprising 800.52 acres of freehold development land from Titian Hartanah (M) Sdn Bhd, a subsidiary of Maymerge (M) Sdn Bhd for a total purchase consideration of RM200 million, satisfied by the issue of 200,000,000 fully paid up of Menang new ordinary shares of RM1.00 each was completed on July 26, 2001.

During the financial year under review, the Group recorded a much reduced loss after taxation of RM3.6 million compared to a loss after taxation of RM13.3 million in the year 2000. The improvement of RM9.7 million was principally due to the recognition of contributions from the Seremban 3 project.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

On November 01, 2001 and January 15, 2002, the Group received approval from the Securities Commission and shareholders respectively for its proposed ESOS of up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time. The ESOS commenced on January 24, 2002 and will run for a period of 5 years unless further extended.

PROSPECTS

With the Group corporate restructuring fully in place since March 13, 2002, the Group is now strengthened with assets of RM200 million free of gearing.

Seremban 3 will continue to be a major contributor to the bottom line. Its prized location and the advanced stage of main infrastructure will be key selling points for the next launch of double storey affordable homes, shoplots and bungalow lots.

All developers in town are focusing on the affordable landed houses of up to RM150,000. While end finance is plentiful, buyers are in short supply. Investment purchase is not yet robust. We anticipate very strong competition among the industry players.

CONCLUSION

On behalf of the Board, I would like to extend my sincere gratitude to my fellow members on the Board, management and staff of the Group for their contribution and dedication.

I would also wish to extend my sincere appreciation to our shareholders, the various governmental bodies and regulatory authorities, bankers and customers for their continued support.

Dato' Abdul Mokhtar Ahmad
Group Executive Chairman

28 May 2002
Kuala Lumpur

AUDIT COMMITTEE REPORT

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

CHAIRMAN : Mr Lim Eng Seng
(Independent Non-Executive Director)

MEMBERS : Mr Too Kok Leng
(Independent Non-Executive Director)

Mr Christopher Shun Kong Leng
(Group Executive Director)

A. TERMS OF REFERENCE

Objective

Under the recent Revamped Kuala Lumpur Stocks Exchange (“KLSE or “the Exchange”) Listing Requirements, companies listed on the Exchange are required to comply with Paragraph 15.10 of the Listing Requirements with regards to the Code of Corporate Governance (“the Code”). The objective of the Code is to flesh out the specific duties of the Audit Committee within the general functions set out in the rules. The appointment of a properly constituted Audit Committee is an important step in raising standard of Corporate Governance and observance of good Corporate Governance practices.

Formation

The Audit Committee of the Company comprising a majority of Independent Non-Executive Directors has been established since 22 March 1994.

Composition

1. The Audit Committee shall be appointed by the directors from among themselves which fulfils the following requirements :
 - (a) the audit committee shall composed of no fewer than three (3) members;
 - (b) a majority of the audit committee must be independent directors;
 - (c) the Chairman of the audit committee shall be an independent director; and
 - (d) at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - (ii) if he is not a member of the MIA, he must have at least three (3) years’ working experience and:
 - (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
2. No alternate director shall be appointed as a member of the audit committee.
3. In the event of any vacancy in the audit committee resulting in the non-compliance of subparagraph 15.10(1) of the KLSE Listing Requirements, the Company must fill the vacancy within three (3) months.
4. The board of directors of the Company must review the term of office and performance of the audit committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT

Secretary to the Audit Committee

The Company Secretary shall be the Secretary to the audit committee.

Meetings

1. The audit committee shall meet at least four (4) times a year or more frequently as circumstances required, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
2. The majority of members present must be independent directors to form a quorum.
3. The Group Accountant and representative of external auditors shall normally attend the meeting.
4. The committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.
5. The Company must ensure that other directors and employees attend any particular audit committee meeting only at the audit committee's invitation, specific to the relevant meeting.
6. The Committee shall meet with the external auditors without executive board present at least once a year.
7. The committee actions shall be reported to the Board of Directors with such recommendations as the committee deemed appropriate.

Procedure of Audit Committee

The audit committee may regulate its own procedure, in particular:

1. the calling of meetings;
2. the notice to be given of such meetings;
3. the voting and proceedings of such meetings;
4. the keeping of minutes; and
5. the custody, production and inspection of such minutes.

Authority

The Audit Committee was appointed under Chapter 15, Part C, paragraph 15.10 of the KLSE Listing Requirements. The committee is given the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, the resources which it needs to do so and full access to information of the Company. The committee shall obtain independent/external professional advice and to invite outsiders with relevant experience to attend, if necessary and all employees shall be directed to co-operate as required by members of the committee.

Functions And Duties

The function of the Audit Committee are as follows:

1. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
2. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
3. To review:
 - (a) with the external auditors, their audit plan;
 - (b) with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system;
 - (c) with the external auditor, the audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;

AUDIT COMMITTEE REPORT

- (e) the quarterly results and year end financial statements of the Company, prior to the approval by the board of directors, focusing particularly on:
 - (i) any changes in or implementation of major accounting policies and practices;
 - (ii) significant adjustments arising from the audit and unusual event;
 - (iii) the going concern assumption;
 - (iv) compliance with accounting standards, other statutory and legal requirements;
 - (f) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of control that raises questions of management integrity;
 - (g) the external and internal auditor's management letter and management's response;
4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
 5. To do the following where an internal audit function exists:
 - (a) to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (c) to review any appraisal or assessments of the performance of members of the internal audit function;
 - (d) to approve any appointment or termination of senior staff members of the internal audit function;
 - (e) to inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resignation;
 6. To consider the major findings of internal investigations and management's response;
 7. Where the audit committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the audit committee must promptly report such matter to the Exchange; and
 8. To consider other topics as defined by the board.

B. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Three (3) Audit Committee meetings were held on 26 February 2001, 8 August 2001 and 19 November 2001 during the financial year ended 31 December 2001. The attendance record of each members during the financial year is as follows:

Audit Committee Members	Date of Meetings Held/Attended			Total Meetings Attended
	26.02.2001	08.08.2001	19.11.2001	
Mr Lim Eng Seng	✓	✓	✓	3/3
Mr Too Kok Leng	✓	✓	✓	3/3
YBhg Dato' Shun Leong Kwong <i>(Resigned on 16 August 2001)</i>	✓	—	Resigned	1/2
Mr Christopher Shun Kong Leng <i>(Appointed on 16 August 2001)</i>	N/A	N/A	✓	1/1

AUDIT COMMITTEE REPORT

C. ACTIVITIES

A summary of the activities undertaken by the Audit Committee in discharging their duties and responsibilities during the financial year were as follows:

- (i) Reviewed of the external auditors' scope of work and their audit plan for the year;
- (ii) Reviewed with the external auditors on the results of their audit, the audit report, the management letter, including management's response and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- (iii) Reviewed the audited accounts before recommending it for the Board's approval;
- (iv) Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- (v) Reviewed the Company's compliance with the Listing Requirements of the KLSE, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;
- (vi) Reviewed the quarterly unaudited financial results, announcements and audited financial statements of the Company prior to submission for the Board's consideration and approval to ensure that the audited financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by the MASB;
- (vii) Reviewed the internal audit function and risk management needs, programme and plan for the financial year under review and annual assessment of the internal audit function and risk management performance;
- (viii) Reviewed the audit reports presented by internal audit function and risk management on findings and recommendations with regard to system and controls weaknesses noted in the course of their audit and management's responses thereto and ensuring material findings are adequately addressed by management; and
- (ix) Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the KLSE Revamped Listing Requirements before recommending them to the board action plans and the prescribed corporate governance principles and best practices under the Code.

D. INTERNAL AUDIT FUNCTION

The Company had outsourced the internal audit function to BDO Governance Advisory Sdn Bhd. The principal role of the internal audit function is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the extent of compliance of the various operating units with the Group's established policies and procedures as well as relevant statutory requirements.

Further details of the activities of Internal Audit Function are set out in the Corporate Governance on page 14 to 19.

CORPORATE GOVERNANCE

Introduction

The Board of Directors (“the Board”) of Menang Corporation (M) Berhad (“Menang” or “the Company”) is committed to ensure that Menang Group is pursuing the highest standards of Corporate Governance. Currently, the Board is working towards ensuring full application of all the principles in Part 1 of the Malaysian Code on Corporate Governance (“the Code”) and compliance with the best practices of Corporate Governance set out in Part 2 of the Code.

A. DIRECTORS

A1. The Board and its Relationship to Management

- The Board currently has six (6) members, comprising of the Group Executive Chairman, the Group Managing Director/Group Chief Executive Officer, two (2) Group Executive Directors and two (2) Independent Non-Executive Directors.
- The Board has the overall responsibility for corporate governance of the Group, establishing goals, strategic direction and overseeing the investments of the Group and ultimately the enhancement of long term shareholders value.
- The Board retains full control of the Company and monitors the management. The role of the Group Executive Chairman and the Group Managing Director/Group Chief Executive Officer are separate and each has a clearly accepted division of responsibilities to ensure that there is a balance of power and authority. A formal position descriptions for the Group Executive Chairman, the Group Managing Director/Group Chief Executive Officer, the Group Executive Directors and the Non-Executive Directors has been developed.

A2. Board Balance

- There is also a balance in the Board membership because of the presence of Independent Non-Executive Directors who are calibre and equipped with the necessary skills and experience to carry out independent judgement effectively. Both the Independent Non-Executive Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The two (2) Independent Non-Executive Directors represent one-third (1/3) of the membership of the Board.
- Mr Lim Eng Seng, who is also the Chairman of the Audit Committee is the Independent Non-Executive Director to whom concerns may be conveyed.
- The Board is satisfied that the current composition fairly reflects the investment of minority shareholders in the Company.

A3. Supply of Information

- The Board meets at least four (4) times a year and additional meetings are held as and when required. During the year ended 31 December 2001, the Board had six (6) meetings. The attendance record of each Director is as follows:

	No. of Meetings Attended/Held
Executive Directors	
Dato’ Abdul Mokhtar Ahmad	6/6
Dato’ Shun Leong Kwong	6/6
Datin Mariam Eusoff	5/6
Mr Christopher Shun Kong Leng	5/6
Non-Executive Directors:	
Mr Lim Eng Seng	6/6
Mr Too Kok Leng	5/6

CORPORATE GOVERNANCE

- The Board have a formal schedule of matters specifically reserved to it for decision to ensure that the governance of the Group is in its hands.
- The Chairman ensures that the board papers for Agenda to be discussed at a Board Meeting are circulated to the Board well before the meeting date for the Directors to have the opportunity and time to deliberate on the issues to be raised at the meeting and to enable them to discharge their duties diligently. Besides historical and financial information, the Board are also provided with information that goes beyond the quantitative performance of the Group when dealing with any item on the agenda.
- The Directors have access to all information within the Company and also access to the services of the Company Secretary to ensure effective functioning of the Board and that applicable rules and regulations pertaining thereto are complied with. In the event the Company Secretary fails to fulfill his/her functions effectively, his/her removal and appointment of a successor shall be determined by the Board as a whole.
- On top of that, the Directors may take independent professional advice at the Company expense, if necessary, whether as a full Board or in their individual capacity in furtherance of their duties.
- The Company's Articles of Association provides for the Chairman to have a casting vote in the event when an equality of votes arises over an issue in question.
- During the financial year, all the Directors have attended and completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia. The Directors will undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

A4. Appointment to the Board

- The Board acknowledged the requirement of appointing a committee of Directors exclusively of Non-Executive Directors, a majority of whom are independent, with the responsibility of proposing new nominees for the board and assessing Directors on an ongoing basis.
- The Company Secretary has to ensure that all appointments are properly made and that all necessary information is obtained for the purposes of meeting statutory obligations, as well as obligations arising from the Listing rules of the Kuala Lumpur Stock Exchange and other regulatory obligations.
- In compliance with the Code on Corporate Governance, a Nominating Committee was formed on 9 November 2001, with the responsibility of recommending a suitable candidate with the necessary skills, experience and competencies to be filled in the Board and implementing a process to assess the performance and contribution of each Director and effectiveness of the Board as a whole.
- The Board also continuously review its size and composition with particular consideration on its impact on the effective functioning of the Board.
- Nominating Committee consists of:

Mr Lim Eng Seng	–	Independent Non-Executive Director (Chairman)
Mr Too Kok Leng	–	Independent Non-Executive Director
- Terms of Reference for the Nominating Committee:
 - To make recommendations for any appointments to the Board;
 - To consider candidates proposed for directorship by other Board Members and make the necessary recommendations to the full Board;

CORPORATE GOVERNANCE

- (iii) To make recommendations to fill the seats on other Board Committees;
- (iv) To ensure, when making its recommendations to the Board, the required mix of skills and experience are brought to the Board to enable effective functioning of the Board;
- (v) To review annually the Board's required mix of skills and experience, including core competencies of non-executive directors; and
- (vi) Assessing the effectiveness of the Board as a whole, the committee of the Board and the contribution of each individual director.

A5. Re-election of Directors

- In accordance with the Company's Articles of Association, one-third ($\frac{1}{3}$) of the Directors shall retire from office at each Annual General Meeting and shall be eligible to offer themselves for re-election. All Executive Directors are also subject to retirement by rotation. In practice, this means that the Directors shall retire and stand for re-election at least once every three (3) years.
- Directors who are appointed by the Board are subject to retirement and re-election by the shareholders at the next Annual General Meeting held following their appointments. No new appointment was made for the year ended 31 December 2001.

B. DIRECTORS' REMUNERATION

- Prior to the appointment of the Remuneration Committee, the Board, as a whole, determines the remuneration of each Director but they do not participate in decisions regarding their own remuneration packages.
- Directors' fees are approved at the Annual General Meeting by the shareholders.
- Details of remuneration for Directors of the Company during the financial year are as follows:
 - (a) aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits -in-Kind RM'000	Others RM'000	Total RM'000
Executive Directors	20.00	540.00	531.00	630.36	106.92	1,828.28
Non-Executive Directors	10.00	77.50	–	–	–	87.50

- (b) The number of Directors whose total remuneration falls within the following bands:

Range of remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	–	1
50,001 to 100,000	–	1
100,001 to 300,000	–	–
300,001 to 350,000	1	–
350,001 to 400,000	1	–
400,001 to 450,000	–	–
450,001 to 500,000	1	–
500,001 to 650,000	–	–
650,001 to 700,000	1	–

CORPORATE GOVERNANCE

- In compliance with the Code of Corporate Governance, a Remuneration Committee was formed on 9 November 2001.
- Remuneration Committee consists of:

Mr Too Kok Leng	-	Independent Non-Executive Director (Chairman)
Mr Lim Eng Seng	-	Independent Non-Executive Director
Mr Christopher Shun Kong Leng	-	Group Executive Director
- Terms of Reference for the Remuneration Committee:
 - (i) To recommend the remuneration packages of the Executive Director in accordance with the Company's policy and with external benchmark reports if necessary, to the full Board for consideration and approval; and
 - (ii) To ensure, when making its recommendations, that the individual Directors concerned abstain from discussion of their own remuneration packages.

C. RELATIONSHIP WITH SHAREHOLDERS

- The Company recognises the importance of accountability to its shareholders through an effective and constructive communication policy that enables both the board and management to communicate effectively with its shareholders, stakeholders and the public generally about performance, corporate governance and other matters affecting shareholders' interest. The Company reaches out to its shareholders through its distribution of the annual reports and other explanatory circulars. Each year, the Company strives to produce a comprehensive annual report which is not only informative with facts and figures but also reader-friendly.
- All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during the Annual General Meetings are reviewed and considered for implementation, wherever possible. The shareholders are given every opportunity to enquire, raise questions and seek clarification on the business and performance of the Group. These would give investors a better appreciation of the Company's objectives, its potential problems, the quality of its management, enhance better understanding of corporate strategies, while also making the Company aware of the expectations and concerns of the shareholders. Thus, it helps to create a more stable shareholders base.

D. ACCOUNTABILITY AND AUDIT

D1. Financial Reporting

- The Board aims to present a balance, clear and meaningful assessment of the Group's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement and the Statement by Directors.
- The quarterly results announcements and the press releases on these results also reflect the Board's commitment to give regular updated assessments on the Group's performances.

CORPORATE GOVERNANCE

D2. Internal Control

- The Board has overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines to safeguard the shareholders' investments and the Group's assets.
- The operation of the Group is subject to certain risks which are inherent to the property development and construction industries. The nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. However, the Group shall endeavor to address these risks, where possible.
- The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, frauds, losses occurring or breaches of laws or regulations.
- The rationale of the system of internal controls is to enable the Company to achieve its corporate objectives within an acceptable risk profile rather than to eliminate all the risks.
- The effectiveness of the Group's system of internal controls will be reviewed periodically by the Audit Committee. The review covers the financial, operational and compliance controls as well as risk management. As the operation of the Group is not sufficient to warrant the setting-up of an internal audit department, the Company had on 19 November 2001 outsourced the internal audit function and risk management to BDO Governance Advisory Sdn Bhd ("BDO").

D3. Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is spelt out under the Audit Committee's Report in the Annual Report.

D4. Internal Audit

The Company has outsourced the internal audit function including risk management to BDO which reports to the Audit Committee the internal findings, its recommendation and the corrective actions taken by management in the discharge of its duties and responsibilities. The internal audit function is independent of the activities being audited and shall be performed with impartiality, proficiency and due professional care to ensure provision of independent and objective reports on the organisation, meetings, records, accounting policies and internal controls to the Board. The internal audits include the evaluation of the processes by which significant risks are identified, assessed and managed. Such audits also ensure instituted controls are appropriate, effectively applied and within acceptable risks exposures.

D5. Audit Committee ("the Committee")

- The Audit Committee comprises of two (2) Independent Non-Executive Directors and a Group Executive Director.
- The Chairman of the Committee is an Independent Non-Executive Director. The Composition and Terms of Reference of the Committee are also provided in this Annual Report.
- The Committee shall meet on a quarterly basis for the next financial year and additional meetings will be held as and when required. During the financial year ended 31 December 2001, the Committee met for a total of three (3) times.
- The Committee meeting is always held prior to the Board's Meeting to ensure all critical issues highlighted at the Audit Committee Meeting are being brought to the Board's attention on a timely basis. The recommendations of the Committee are formally tabled for the Board's approval to enable further action to be taken, where applicable.

CORPORATE GOVERNANCE

- In addition to the duties and responsibilities set out under the Terms of Reference, the Committee will also acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems. The Committee will also conducts review on the internal audit functions, ie. its authority, resources and scope of work. It also ensures that no restrictions are being placed on the scope of the statutory audits and the independence of internal audit functions.
- It is also the liaison Committee between the Board and its Auditors. The Committee meets with the external auditors annually to discuss the annual financial statements and their audit findings. The Committee also meets with the external auditors whenever it deems necessary. Through the Audit Committee the Group established a formal, transparent and appropriate relationship with the Auditors, both internal and external.

E. OTHERS

E1. Management Meetings

The Executive Directors held monthly management meetings with all the Head of Departments to discuss the operations and finance of the Group. In these Meetings, the whole management will oversee the conduct of the Group's overall business by planning, implementing, evaluating, reviewing and controlling the business.

E2. Statement Enhancing Good Corporate Governance

The Group has substantially complies with the principles and best practices of the Code but nevertheless the Group shall endeavors to strengthen the relevant structures, processes and system to enhance continued good corporate governance.

DISCLOSURE REQUIREMENTS

Pursuant To The Kuala Lumpur Stock Exchange Listing Requirements

1. UTILISATION OF PROCEEDS RAISED FROM THE ISSUANCE OF 40,070,400 WARRANTS 2001/2006 OF RM0.10 PER WARRANT

RM4,007,040 was raised from the issuance of 40,070,400 Warrants 2001/2006 of RM0.10 per Warrant. The proceeds raised was mainly utilised to pay for the expenses incurred with regards to the Group corporate restructuring exercise and the balance of it was utilised as working capital for the Group.

2. SHARE BUY-BACKS

There were no Share Buy Backs during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED DURING THE FINANCIAL YEAR

There were no warrants exercised during the financial year.

4. AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITORY RECEIPT ("GDR")

There were no ADR/GDR programme sponsored by the Company during the financial year.

5. PARTICULARS OF ALL SANCTIONS AND/OR PENALTIES IMPOSED ON THE COMPANY AND ITS SUBSIDIARIES, DIRECTORS OR MANAGEMENT BY THE RELEVANT REGULATORY BODIES

There were no imposition of sanctions or material penalties imposed by any of the regulatory bodies on the Company and its subsidiaries, directors or management.

6. AMOUNT OF NON-AUDIT FEES PAID TO EXTERNAL AUDITORS FOR THE FINANCIAL YEAR

The amount of non statutory audit fees paid to external auditors during the year under review was RM10,000.00 for the verification of profits of Seremban 3 project.

7. VARIATION IN RESULTS

There were no variance between the results of the financial year and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the year, there were no profit guarantee given by the Company.

DISCLOSURE REQUIREMENTS

Pursuant To The Kuala Lumpur Stock Exchange Listing Requirements

9. MATERIAL CONTRACTS

The material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interest :-

a) which were still subsisting as at December 31, 2001.

Date	Parties Involved	General Nature	Consideration	Relation between the director or major shareholder and contracting party
26.07.2001	The Company and Titian Hartanah (M) Sdn Bhd ("Titian")	Acquisition of Seremban 3 Mixed Development Land	Issuance of 200,000,000 new ordinary shares at par of RM1.00 each in the Company to Titian	Dato' Abdul Mokhtar Ahmad ("AMA"), Dato' Shun Leong Kwong ("SLK") and Datin Mariam Eusoff ("ME") are directors of the Company and Titian. Mr Christopher Shun Kong Leng ("CSKL") is a director of the Company and an alternate director of Titian.
26.07.2001	Menang Development (M) Sdn Bhd ("MDSB"), a subsidiary of the Company and Syarikat Pembinaan Raya Sdn Bhd ("Raya")	Housing Developer Agreement. MDSB as land owner and Raya as housing developer. This contract is novated as a result of the Acquisition of Seremban 3 in order to complete the housing project of Phase 2A and Phase 2B of Seremban 3	Cash of RM726,069.50 for the year ended 2001 from MDSB to Raya	Raya is a sister company of Titian, a major shareholder of the Company. ME and CSKL are directors of the Company, MDSB and Raya. Mr Ho Mun Leong ("HML") is a director of MDSB and Raya

b) which were entered into since the end of the previous financial year.

Date	Parties Involved	General Nature	Cash Consideration	Relation between the director or major shareholder and contracting party
04.12.2001	MDSB and Titian	Purchase of shrubs, equipments and machinery as in the ordinary course of business	RM594,181.44 from MDSB to Titian	Titian is a major shareholder of the Company. AMA, SLK and ME are directors of the Company, MDSB and Titian. CSKL is a director of the Company and MDSB and an alternate director of Titian
01.12.2001	MDSB and Tanjung Alam Sdn Bhd (Tanjung Alam)	Purchase of machinery as in the ordinary course of business	RM60,000.00 from MDSB to Tanjung Alam	Tanjung Alam is a sister company of Titian, a major shareholder of the Company. HML is a director of MDSB and Raya

10. REVALUATION POLICY ON LANDED PROPERTIES FOR THE FINANCIAL YEAR

The Company revalues its landed properties every five (5) years and at shorter intervals whatever the fair value of the revalued assets is expected to differ materially from their carrying value.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Respect Of The Audited Financial Statements

The Directors are required to ensure that financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs and results of their operations and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have :

- (a) adopted suitable accounting policies and then apply them consistently;
- (b) made judgements and estimates that are prudent and reasonable; and
- (c) ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have a general responsibility for taking such reasonable steps as are reasonably open to them :-

- (a) to safeguard the assets of the Group and the Company; and
- (b) to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

For The Year Ended 31 December 2001

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss after tax for the year	3,568	5,351

Reserves and provisions

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

DIVIDEND

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

DIRECTORS OF THE COMPANY

Directors who served since the date of the last 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

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end are as follows:-

	Number of Ordinary Shares				Balance at 31.12.2001
	Balance at 1.1.2001	Capital reconstruction	Bought	Sold	
Shareholdings in which the Directors have direct interest					
Interest of Y.Bhg. Dato' Abdul Mokhtar Ahmad in: Maymerge (M) Sdn. Bhd.	118,977,400	-	-	-	118,977,400
Interest of Y.Bhg. Dato' Shun Leong Kwong in: The Company	2,298,000	(1,608,600)	-	-	689,400
Maymerge (M) Sdn. Bhd.	267,699,150	-	-	-	267,699,150

DIRECTORS' REPORT

For The Year Ended 31 December 2001

	Balance at 1.1.2001	Capital reconstruction	Number of Ordinary Shares		Balance at 31.12.2001
			Bought	Sold	
Interest of Y.Bhg. Datin Mariam Eusoff in:					
The Company	7,714,000	(5,399,800)	-	-	2,314,200
Maymerge (M) Sdn. Bhd.	208,210,450	-	-	-	208,210,450
Interest of Mr. Christopher Shun Kong Leng in:					
The Company	341,000	(238,700)	-	-	102,300
Shareholdings in which the Directors have deemed interest					
Interest of Y.Bhg. Dato' Abdul Mokhtar Ahmad in:					
The Company	7,904,000	(5,532,800)	200,000,000*	(4,215,370)	198,155,830
Titian Hartanah (M) Sdn. Bhd.	1,000,000	-	-	-	1,000,000
Interest of Y.Bhg. Dato' Shun Leong Kwong in:					
The Company	12,985,000	(9,089,500)	200,000,000*	(4,215,370)	199,680,130
Titian Hartanah (M) Sdn. Bhd.	1,000,000	-	-	-	1,000,000
Interest of Y.Bhg. Datin Mariam Eusoff in:					
The Company	7,904,000	(5,532,800)	200,000,000*	(4,215,370)	198,155,830
Titian Hartanah (M) Sdn. Bhd.	1,000,000	-	-	-	1,000,000
Interest of Mr. Christopher Shun Kong Leng in:					
The Company	5,081,000	(3,556,700)	-	-	1,524,300

* This represents the purchase consideration of Seremban 3 via allotment of Menang's shares to Titian as disclosed in Note 2 to the financial statements.

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 interest in the Company as disclosed above.

In accordance with Article 112 of the Company's Articles of Association, Y.Bhg. Dato' Shun Leong Kwong and Mr. Christopher Shun Kong Leng retire by rotation from the Board at the forthcoming Annual general meeting and, being eligible, offer themselves for re-election.

None of the other Directors holding office at 31 December 2001 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

For The Year Ended 31 December 2001

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 financial statements) by reason of a contract made by the Company or a related corporation 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, other than certain Directors who are deemed to derive a benefit by virtue of their interests in the restructuring scheme as disclosed in Note 2 and in companies which provided services to certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

On 18 May 2001, the Company completed its Capital Reconstruction as disclosed in Note 2 to the financial statements. The issued and paid-up share capital was reduced from 223,690,000 ordinary shares of RM1.00 each to 67,107,000 ordinary shares of RM1.00 each.

On 26 July 2001, the Company issued 200,000,000 ordinary shares of RM1.00 each at par for the purchase consideration of the acquisition of Seremban 3 project as stipulated under the restructuring scheme in Note 2 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

The Warrants are in registered form and constituted by a Deed Poll dated 17 May 2001 and each warrant will entitle its registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.00 payable in cash per ordinary share. The exercise price is subject to adjustment in accordance with the basis set out in the Deed Poll. The Warrants may be exercised at any time during the five years subscription period from 16 October 2001 to 15 October 2006. Any warrants which have not been exercised during the exercise period will lapse and cease to be valid for any purpose.

OTHER STATUTORY INFORMATION

Before the financial statements 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 are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements 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

DIRECTORS' REPORT

For The Year Ended 31 December 2001

- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements 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 in respect of the Group or of the Company 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, except as disclosed in Note 2 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2001 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.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- i) On 15 January 2002, the shareholders of the Company approved the following resolutions at an Extraordinary General Meeting held on that day:
 - a) Employee Share Option Scheme (ESOS) of up to 10% of the issued and paid up share capital of the Company at any point in time during the duration of the ESOS; and
 - b) General Mandate for substantial property transactions involving Directors under Section 132E of the Companies Act, 1965.
- ii) The Redeemable Convertible Secured Loan Stocks as disclosed in Note 2 have been issued to the Scheme Creditors on 13 March 2002 pursuant to the Schemes of Arrangement and hence, the completion of the Restructuring Scheme.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Dato' Abdul Mokhtar Ahmad

Dato' Shun Leong Kwong

Kuala Lumpur,

16 April 2002

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 30 to 60, 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 at 31 December 2001 and of the results of their operations and of their cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Dato' Abdul Mokhtar Ahmad

Dato' Shun Leong Kwong

Kuala Lumpur,

16 April 2002

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Ng Kim Fong**, the officer primarily responsible for the financial management of Menang Corporation (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 60, 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 at Kuala Lumpur on 16 April 2002

Ng Kim Fong

Before me:

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

REPORT OF THE AUDITORS

To The Members Of
MENANG CORPORATION (M) BERHAD

We have audited the financial statements set out on pages 30 to 60. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. 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 financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements 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 2001 and the results of their operations and cash flows 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 financial statements 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 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Gnanachandran a/l S Ayadurai
Partner
Approval Number: 1722/9/03(J)

Kuala Lumpur,

16 April 2002

BALANCE SHEETS

At 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Property, plant and equipment	3	1,377	1,055	119	8
Investment properties	4	135,742	12,042	126,250	2,550
Development properties	5	124,613	64,028	–	–
Investment in subsidiaries	6	–	–	14,290	14,290
Investment in an associate	7	31,274	31,277	25,123	25,123
Other investment	8	2	2	–	–
Amount due from a subsidiary	9	–	–	81,000	–
Amount due from an associate	10	9,700	9,700	–	–
		302,708	118,104	246,782	41,971
Current assets					
Development properties	5	29,070	–	–	–
Inventories	11	6,348	6,024	–	–
Trade and other receivables	12	7,910	1,542	24,181	32,953
Cash and cash equivalents	13	2,936	165	903	144
		46,264	7,731	25,084	33,097
Current liabilities					
Trade and other payables	14	30,388	10,537	17,652	18,055
Borrowings	15	14,280	46,005	8,993	27,881
		44,668	56,542	26,645	45,936
Net current assets/(liabilities)		1,596	(48,811)	(1,561)	(12,839)
		304,304	69,293	245,221	29,132
Financed by:-					
Capital and reserves					
Share capital	16	267,107	223,690	267,107	223,690
Reserves		(35,956)	(189,931)	(46,860)	(199,052)
Shareholders' funds		231,151	33,759	220,247	24,638
Borrowings	15	73,153	35,534	24,974	4,494
		304,304	69,293	245,221	29,132

The notes set out on pages 35 to 60 form an integral part of, and, should be read in conjunction with, these financial statements.

INCOME STATEMENTS

For The Year Ended 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue					
Sale of properties		34,306	–	–	–
Rental income		192	171	192	171
Services		70	106	–	–
		34,568	277	192	171
Cost of sales		(23,675)	–	–	–
Gross profit		10,893	277	192	171
Other operating income		387	1,123	124	12
Administration expenses		(3,122)	(3,062)	(1,217)	(1,007)
Other operating expenses		(4,013)	(4,699)	(3,693)	(17,754)
Operating profit/(loss)	19	4,145	(6,361)	(4,594)	(18,578)
Interest income	21	63	18	2,898	2,726
Financing costs	22	(7,771)	(6,305)	(3,654)	(2,979)
Share of profit/(loss) of an associate		78	(633)	–	–
Loss before tax		(3,485)	(13,281)	(5,350)	(18,831)
Tax expense	23	(83)	10	(1)	–
Loss after tax for the year		(3,568)	(13,271)	(5,351)	(18,831)
Loss per ordinary share (sen)	24	(2.31)	(19.78)		

The notes set out on pages 35 to 60 form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2001

Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2000	223,690	16,224	393	(193,277)	47,030
Loss after tax for the year	–	–	–	(13,271)	(13,271)
At 31 December 2000	223,690	16,224	393	(206,548)	33,759
Capital reconstruction	(156,583)	(16,224)	(393)	173,200	–
Warrants issue	–	–	960	–	960
Issue of shares	200,000	–	–	–	200,000
Loss after tax for the year	–	–	–	(3,568)	(3,568)
At 31 December 2001	267,107	–	960	(36,916)	231,151
Company					
At 1 January 2000	223,690	16,224	919	(197,364)	43,469
Loss after tax for the year	–	–	–	(18,831)	(18,831)
At 31 December 2000	223,690	16,224	919	(216,195)	24,638
Capital reconstruction	(156,583)	(16,224)	(393)	173,200	–
Warrants issue	–	–	960	–	960
Issue of shares	200,000	–	–	–	200,000
Loss after tax for the year	–	–	–	(5,351)	(5,351)
At 31 December 2001	267,107	–	1,486	(48,346)	220,247
	Note 16	Note 17	Note 18		

The notes set out on pages 35 to 60 form an integral part of, and, should be read in conjunction with, these financial statements.

CASH FLOW STATEMENTS

For The Year Ended 31 December 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash flows from operating activities				
Loss before tax	(3,485)	(13,281)	(5,350)	(18,831)
Adjustments for:				
Interest income	(63)	(18)	(2,898)	(2,726)
Share of associated (profit)/loss	(78)	633	-	-
Amortisation and write off of expenditure carried forward	-	32	-	-
Depreciation	149	197	31	52
Interest expense	7,771	6,305	3,654	2,979
Gain on disposal of investment properties	-	(777)	-	-
Allowance for diminution in value of investment in subsidiary companies	-	-	-	556
Allowance for advances to subsidiary companies	-	-	1,262	15,570
Gain on disposal of property, plant and equipment	(141)	-	(112)	-
Operating profit/(loss) before working capital changes	4,153	(6,909)	(3,413)	(2,400)
(Increase)/Decrease in working capital:				
Investment properties	(5,351)	-	(5,351)	-
Development properties	(8,004)	5,774	-	-
Inventories	(324)	(5,774)	-	-
Trade and other receivables	(6,370)	(290)	932	(831)
Trade and other payables	20,016	5,902	(224)	3,211
Cash generated from/(used in) operations	4,120	(1,297)	(8,056)	(20)
Interest received	63	18	28	2
Interest paid	(600)	(275)	(338)	(13)
Net cash generated from/(used in) operating activities	3,583	(1,554)	(8,366)	(31)
Cash flows from investing activities				
Investment in quoted shares	-	(2)	-	-
Proceeds from disposal of property, plant and equipment	163	-	112	-
Proceeds from disposal of investment properties	-	1,741	-	-
Purchase of property, plant and equipment	(493)	(5)	(142)	-
Repayment from subsidiaries	-	-	9,497	51
Net cash (used in)/generated from investing activities	(330)	1,734	9,467	51

CASH FLOW STATEMENTS

For The Year Ended 31 December 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash flows from financing activities				
Payment of hire purchase liabilities	(94)	(193)	(16)	(13)
Repayment of bank borrowings	(990)	–	(990)	–
Net proceeds on issuance of warrants	960	–	960	–
Net cash used in financing activities	(124)	(193)	(46)	(13)
Net increase/(decrease) in cash and cash equivalents	3,129	(13)	1,055	7
Cash and cash equivalents at beginning of year	(3,466)	(3,453)	(3,425)	(3,432)
Cash and cash equivalents at end of year	(337)	(3,466)	(2,370)	(3,425)

Cash and Cash Equivalents

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

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances	2,056	165	903	144
Deposits with a licensed bank	880	–	–	–
Bank overdrafts	(3,273)	(3,631)	(3,273)	(3,569)
	(337)	(3,466)	(2,370)	(3,425)

The notes set out on pages 35 to 60 form an integral part of, and, should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these ground are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Goodwill on consolidation

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair values of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates.

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 is a permanent diminution in the value of goodwill, that amount is written off accordingly.

Goodwill is amortised through the Group income statement over 20 years.

NOTES TO THE FINANCIAL STATEMENTS

(d) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

The consolidated income statement includes the Group's share of profits or losses of the associated company based on the audited financial statements made up to 31 March 2001 in relation to Hicom Menang Properties Sdn. Bhd. The results of Hicom Menang Properties Sdn. Bhd. have been equity accounted based on audited and management financial statements made up to 31 March 2001 and 31 December 2001 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 allowance for diminution in value which is other than temporary.

(e) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation.

Surpluses arising from revaluation are dealt with in the property and revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement, unless it reverses a previous revaluation in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(f) Depreciation

Freehold land is not amortised. Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets over 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 equipment	10% - 25%
Site office, renovations and signboards	10% - 20%

NOTES TO THE FINANCIAL STATEMENTS

(g) Investment properties

Investment properties are stated at Directors' valuation based on the open market value by an independent firm of professional valuers' report in September 1998. Additions subsequent to the date of valuation are stated at cost.

The Company revalues its comprising land and building every 5 years and at shorter intervals whatever the fair value of the revalued assets is expected to differ materially from their carrying value.

Any surplus or deficit arising from revaluation are dealt with in the Capital Reserve Account. Any deficit arising is offset against the Capital Reserve Account to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount will be charged to the income statement.

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 income statement.

(h) Development properties

Development properties are stated at Directors' valuation based on the open market value by an independent firm of professional valuer's report in September 1998. Additions subsequent to date of valuation are stated at cost.

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.

Development properties on projects where significant development work has commenced and they are expected to be completed within the normal operating cycle is classified as current assets.

Development properties held for future development is classified as non-current assets and are stated at cost of acquisition including all related costs incurred subsequent to the acquisition activities necessary to prepare the land for its intended use. Such assets are transferred to current assets when significant development work is to be undertaken and is expected to be completed within the normal operating cycle.

(i) Investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

(j) Inventories

(i) *Developed properties*

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes cost of land, all direct building costs and other related development costs.

(ii) *Other inventories*

Cost of other inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost.

NOTES TO THE FINANCIAL STATEMENTS

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(l) Hire purchase

Assets held under hire purchase are capitalised and depreciated over their estimated useful lives and the corresponding obligation relating to the remaining capital payments are treated as liability. Financing charges of hire purchase are charged to the income statements on the sum of digit method.

(m) Capitalisation of borrowing costs

Borrowing costs incurred on development properties are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific development property, in which case the actual borrowing cost incurred on the borrowing less any investment income on the temporary investment of that borrowing will be capitalised. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

(n) Taxation

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(o) Revenue

(i) *Property development*

Profit from property development is determined based on the stage of completion and on the number of units sold. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

(ii) *Construction contracts*

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

(iii) *Dividend income*

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

NOTES TO THE FINANCIAL STATEMENTS

(iv) **Interest income**

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(v) **Other revenue**

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

(p) **Financing costs**

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 1(m), are expensed as incurred. The interest component of finance lease payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

2. 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 restructuring scheme. The Restraining Order expired on 11 October 2000.

The restructuring scheme involves the following:

- (i) Schemes of Arrangement pursuant to Section 176 of the Companies Act, 1965 between the Company ("Menang") and two of its subsidiary companies and their respective Scheme Creditors ("Schemes Of Arrangement");

The Schemes of Arrangement comprise, inter alia, the following main features:

- a) the issuance of 36,935,860 8% 5 years Redeemable Convertible Secured Loan Stocks ("RCLS") by Menang to two of the Scheme Creditors on the basis of RM1.00 of debt for RM1.00 in nominal value of RCLS. The RCLS issue is conditional upon a Put and Call Options Agreement between Maymerge (M) Sdn. Bhd. ("Maymerge") with the two Scheme Creditors; and
- b) rescheduling the terms of repayment of the debt outstanding with the third Scheme Creditors which is not participating in the RCLS Issue as detailed in Note 15.1.

The Schemes of Arrangement had been approved by Scheme Creditors of 100% in value at the Creditors' Meeting on 30 August 2000.

During the year, the two Scheme Creditors had entered into a Loan Stocks Agreement with Menang on 13 December 2001 for the RCLS. Maymerge has also entered into the Put and Call Options Agreement with these Scheme Creditors on 13 December 2001. Y.Bhg. Dato' Abdul Mokhtar Ahmad, Y.Bhg. Dato' Shun Leong Kwong and Y.Bhg. Datin Mariam Eusoff, who are also Directors and substantial shareholders of Maymerge are deemed to have interests in the RCLS Issue by virtue of the Put and Call Options.

The Redeemable Convertible Secured Loan Stocks have been issued to the Scheme Creditors on 13 March 2002 pursuant to the Schemes of Arrangement. The Loan Stocks Agreement has imposed, inter alia, the following covenants to Menang:

NOTES TO THE FINANCIAL STATEMENTS

- a) Menang should procure that, except with the written consent of the Scheme Creditors and so long as any of the RCLS remains outstanding, neither the Company nor its subsidiaries will borrow any sum or sums if the borrowings thereof would have the effect that the total borrowings exceeds or would exceed one point two five (1.25) times the amount of Shareholders' Funds of the Group as disclosed by the latest Group balance sheet; and
- b) The Company may declare dividend provided such dividends declared shall not exceed 30% of the profit after tax of the Group for that financial year on a non-cumulative basis as reflected in its latest audited financial statements; and there are no losses reported for that financial year and no overdue interest which is unpaid on any of the RCLS pursuant to the Agreement.

- (ii) Share capital reduction and consolidation and sub-division of share capital ("Capital Reconstruction");

The Capital Reconstruction was completed on 18 May 2001 and the issued and paid-up share capital of the Company was reduced from 223,690,000 ordinary shares of RM1.00 each to 67,107,000 ordinary shares of RM1.00 each as disclosed in Note 16.

- (iii) Share premium account reduction pursuant to Section 60(2) and Section 64 of the Companies Act, 1965 ("Share Premium Account Reduction");

The Share Premium Account Reduction was completed on 18 May 2001. The share premium of RM16,224,000 and capital reserve of RM393,000 were reduced as disclosed in Notes 17 and 18 respectively.

- (iv) Acquisition of the ongoing Seremban 3 integrated township development project (comprising 797.947 acres of freehold development land and 2.573 acres of access land) from Titian Hartanah (M) Sdn. Bhd. ("Titian"), a wholly owned subsidiary of Maymerge (M) Sdn. Bhd., for a total purchase consideration of RM200 million to be satisfied in full by the issue of 200,000,000 fully paid up new ordinary shares at par of RM1.00 each in Menang;

On 26 July 2001, Menang issued and allotted 200,000,000 new ordinary shares of RM1.00 each at par to Titian for the purchase consideration of Seremban 3. However, Menang has elected not to effect the transfer of the properties from Titian as the registered owner and had entered into the following agreements with Titian on 26 July 2001 to safeguard Menang's interest as the beneficial owner of Seremban 3:

- a) A Trust Deed entered between Titian and Menang wherein Titian acknowledged and declared that it holds all those pieces of land under Seremban 3 in trust for Menang; and
- b) A Power of Attorney entered between Titian and Menang whereby an irrevocable Power of Attorney was executed in favour of Menang to do and execute all necessary acts, documents and deeds was executed in respect of the Seremban 3 project upon the terms and conditions as stipulated therein.

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 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 Acquisition by virtue of him being the alternate director of Maymerge, the holding company of Titian.

- (v) Issue of 40,070,400 new warrants 2001/2006 to shareholders of Menang other than Y.Bhg. Dato' Abdul Mokhtar Ahmad, Y.Bhg. Dato' Shun Leong Kwong, Y.Bhg. Datin Mariam Eusoff, Mr. Christopher Shun Kong Leng and three other substantial corporate shareholders ("Concert Parties"), on the basis on two (2) warrants for every three (3) ordinary shares held upon completion of capital reconstruction, at an issue price of RM0.10 per warrant ("Warrants Issue");

NOTES TO THE FINANCIAL STATEMENTS

The Warrants Issue was completed and listed on KLSE on 25 October 2001. The details of the Warrants Issue is disclosed in Note 16 to the financial statements.

- (vi) Non-renounceable restricted offer for sale of 20,035,200 ordinary shares of RM1.00 each in Menang by Titian to the shareholders of Menang other than the Concert Parties on the basis of one (1) ordinary share of Menang (to be issued pursuant to the acquisition) for every three (3) ordinary shares held after the capital reconstruction at an offer price of RM1.00 per ordinary share; and

The restricted offer for sale was completed on 25 October 2001 with an under-subscription of 19,824,320 shares. The SC, via its letter dated 10 October 2001, approved an extension of time for 6 (six) months from the date of the listing of the subscribed restricted-offer-for-sale shares, which is on 25 October 2001, for the compliance of public spread requirement under the KLSE listing requirement. The register of shareholdings of the Company as at 14 March 2002, showed that the public spread requirement had been met.

- (vii) Exemption to the major shareholders of Menang and parties acting in concert from the obligation to extend a mandatory general offer for the remaining shares in Menang upon the completion of the acquisition ("Exemption From MGO").

The MGO exemption was approved by SC on 14 March 2001.

Other than those 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 above Proposals.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Site office and signboards RM'000	Renovations RM'000	Total RM'000
Cost							
Opening balance	1,187	341	2,037	1,519	197	200	5,481
Additions	-	263	220	9	-	1	493
Disposals	-	-	(339)	-	-	-	(339)
Closing balance	1,187	604	1,918	1,528	197	201	5,635
Accumulated depreciation							
Opening balance	351	341	1,959	1,385	197	193	4,426
Charge for the year	24	-	87	36	-	2	149
Disposals	-	-	(317)	-	-	-	(317)
Closing balance	375	341	1,729	1,421	197	195	4,258
Net book value							
At 31 December 2001	812	263	189	107	-	6	1,377
At 31 December 2000	836	-	78	134	-	7	1,055
Depreciation charge for the year ended 31 December 2000	24	-	127	44	-	2	197

The net book value of motor vehicles acquired under hire purchase arrangement amounting to RM190,143 (2000 - RM79,481).

Certain freehold land and building of net book value amounting to RM450,611 (2000 - RM464,400) are pledged to secure term loan granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

Company	Plant and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovations RM'000	Total RM'000
Cost					
Opening balance	–	670	420	27	1,117
Additions	266	141	1	–	408
Transferred to a subsidiary	(266)	–	–	–	(266)
Disposals	–	(277)	–	–	(277)
Closing balance	–	534	421	27	982
Accumulated depreciation					
Opening balance	–	670	412	27	1,109
Charge for the year	–	28	3	–	31
Disposals	–	(277)	–	–	(277)
Closing balance	–	421	415	27	863
Net book value					
At 31 December 2001	–	113	6	–	119
At 31 December 2000	–	–	8	–	8
Depreciation charge for the year ended 31 December 2000	–	45	7	–	52

The net book value of property, plant and equipment acquired under hire purchase arrangement amounting to RM112,642 (2000 - Nil).

4. INVESTMENT PROPERTIES

4.1 Group

	2001 RM'000	2000 RM'000
At valuation:		
Freehold land	9,480	10,444
Long term leasehold land and buildings	2,550	2,550
Development expenditure	12	12
	12,042	13,006
Disposal of investment properties	–	(964)
	12,042	12,042
At cost:		
Freehold land	118,349	–
Development expenditure	5,351	–
	123,700	–
Balance at 31 December	135,742	12,042

NOTES TO THE FINANCIAL STATEMENTS

4.2 Company

	2001 RM'000	2000 RM'000
At valuation:		
Long term leasehold land and building	2,024	2,024
Surplus in valuation of investment property (Note 18)	526	526
	2,550	2,550
At cost:		
Freehold land	118,349	–
Development expenditure	5,351	–
	123,700	–
Balance at 31 December	126,250	2,550

Certain freehold land amounting to RM4,318,000 (2000 - RM4,318,000) have been charged to secure term loan and overdrafts facilities granted to the Group.

The long term leasehold land and building of the Group and of the Company amounting to RM2,550,000 (2000 - RM2,550,000) have been charged to secure term loans granted to the Group and the Company.

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

The freehold land of the Group and of the Company stated at cost is related to the Seremban 3 Project acquired during the year as disclosed in Note 2 to the financial statements. These properties are classified as investment properties so as to reflect the management's intention of holding these properties for investment purposes.

5. DEVELOPMENT PROPERTIES

	Group	
	2001 RM'000	2000 RM'000
At valuation:		
Freehold land (Note 5.1)	36,599	36,599
Long term leasehold land (Note 5.2)	9,864	9,864
Development expenditure (Note 5.3)	436	415
	46,899	46,878
At cost:		
Freehold land (Note 5.4)	91,620	9,968
Development expenditure (Note 5.4)	38,840	7,182
Attributable profits	10,631	–
	141,091	17,150
Less: Progress billings	(34,307)	–
	106,784	17,150
Total development properties	153,683	64,028
Less: Non current portion	(124,613)	(64,028)
Current portion	29,070	–

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2001 RM'000	2000 RM'000
Addition to development costs during the year include:		
Interest expense	549	–

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

The portion of development properties in respect of which significant development work had been undertaken and which are expected to be completed within the normal operating cycle are classified as current assets.

5.1 Included in freehold land is group cost of RM8,905,000 which is stated at net of taxation. Had group cost been stated at gross, the group cost would be RM12,368,000 (2000 - RM12,368,000) with a corresponding deferred tax liability of RM3,463,000 (2000 - RM3,463,000).

Certain freehold land amounting to RM52,281,000 (2000 - RM52,281,000) are pledged to secure term loans and overdraft facilities granted to the Company and certain subsidiaries. (see Note 15).

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 amounting to RM9,864,407 (2000 - RM9,864,407) are pledged to secure term loan and overdraft facilities granted to the Company and a subsidiary company.

5.3 The development expenditure are all related costs incurred to prepare land and its intended use.

5.4 The freehold land and related development expenditure are related to acquisition of Seremban 3 Project acquired during the year as disclosed in Note 2 to the financial statements.

Three parcels of development properties have been charged to licensed financial institutions to secure the bridging loan facilities of RM11 million granted to Syarikat Pembinaan Raya Sdn. Bhd., a related company and the developer of Phase 2A and Phase 2B of Seremban 3 Project.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2001 RM'000	2000 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: Allowance for diminution in value of investments	(99,303)	(99,303)
	14,290	14,290

NOTES TO THE FINANCIAL STATEMENTS

The details of subsidiaries of the Group are as follows:-

Name of company	Country of incorporation	Effective ownership interest		Principal activities
		2001 %	2000 %	
Subsidiaries				
Menang Development (M) Sdn. Bhd.	Malaysia	100	100	Property development
Menang Leasing And Credit (M) Sdn. Bhd.	Malaysia	100	100	Leasing and hire purchase
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
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.

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Investment - unquoted shares, at cost	25,123	25,123	25,123	25,123
Share of post-acquisition profit (net of dividend received)	6,151	6,154	-	-
	31,274	31,277	25,123	25,123
Group's share of net assets	31,274	31,277		

NOTES TO THE FINANCIAL STATEMENTS

The details of the associate of the Group are as follows:-

Name of company	Country of incorporation	Effective ownership interest		Principal activities
		2001 %	2000 %	
Hicom Menang Properties Sdn. Bhd.	Malaysia	49	49	Property development

8. OTHER INVESTMENT

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Long term quoted shares				
Cost	2	2	-	-
Market value	5	5	-	-

9. AMOUNT DUE FROM A SUBSIDIARY

	Company	
	2001 RM'000	2000 RM'000
Amount due from a subsidiary	81,000	-
Loan to a subsidiary	34,000	34,000
Less: Allowance for loan to a subsidiary	(34,000)	(34,000)
	81,000	-

The amount due from a subsidiary company is related to the transfer of part of the Seremban 3 development project and is unsecured, interest free and is not receivable within the next twelve months.

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

10. AMOUNT DUE FROM AN ASSOCIATE

	Group	
	2001 RM'000	2000 RM'000
Amount due from an associate	9,700	9,700

The amount due from associated company is non-trade in nature, unsecured, interest free and 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. There have been no repayments since December 1997 because the associate has not achieved the required annual earnings.

The Directors are of the opinion that the amount is recoverable in view of positive shareholders' fund and unrecorded surplus of its real property.

NOTES TO THE FINANCIAL STATEMENTS

11. INVENTORIES

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Completed properties	6,024	6,024
Plant and shrubs	324	–
	6,348	6,024

The inventories of completed properties comprises 92 units of market stalls and 24 units of shoplots. All properties are located at Mukim Rasah, Seremban, Negeri Sembilan, Malaysia. Certain completed properties amounting to RM5,774,000 (2000 - RM5,774,000) have been charged to secure term loan facility granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Amount due from subsidiaries	–	–	64,701	71,277
Less: Allowance for advances to subsidiaries	–	–	(40,748)	(39,486)
	–	–	23,953	31,791
Trade receivables	7,353	138	–	–
Other receivables, deposits and prepayments	557	1,404	228	1,162
	7,910	1,542	24,181	32,953

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 RM61 million (2000 - RM69 million) which bear interest ranging from 2% to 8% (2000 - 2% to 8%) per annum.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances	2,056	165	903	144
Deposits with a licensed bank	880	–	–	–
	2,936	165	903	144

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	8,522	792	–	–
Retention sum	1,777	–	–	–
Other payables and accrued expenses	14,509	9,745	2,387	2,711
Amount due to holding company	5,580	–	–	–
Amount due to subsidiaries	–	–	15,265	15,344
	30,388	10,537	17,652	18,055

The amount due to holding company is trade in nature, unsecured, interest free and has no fixed term 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 RM6.6 million (2000 – RM6.3 million) which is subject to interest at the cost of funds borrowed by the subsidiary company.

Included in other payables and accrued expenses of the Group and of the Company are Directors' emoluments payable to Directors of the Company amounting to approximately RM897,000 (2000 - RM1.9 million) and RM636,000 (2000 - RM993,000) respectively.

Included in other payables in previous year was an advance from a third party of RM2,165,000 which was secured by way of a lien holder's caveat up to a limit of RM6.0 million (2000 - RM4.0 million) over a subsidiary's property held under Lot No. 1279, Mukim Si Rusa, District of Port Dickson, Negeri Sembilan, Malaysia, and was subject to interest rate of 8% (2000 – 8%) per annum. The advance was fully settled during the year.

15. BORROWINGS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current				
Term loans - secured				
– Al-Bai Bithaman Ajil loan (Note 15.1)	2,475	–	–	–
– Other term loans (Note 15.2)	8,482	42,299	5,700	24,309
	10,957	42,299	5,700	24,309
Overdrafts – secured (Note 15.3)	3,273	3,569	3,273	3,569
– unsecured	–	62	–	–
Hire purchase liabilities	50	75	20	3
	14,280	46,005	8,993	27,881
Non-current				
Term loans – secured				
– Al-Bai Bithaman Ajil loan (Note 15.1)	31,027	31,018	–	–
– Other term loans (Note 15.2)	42,007	4,494	24,907	4,494
	73,034	35,512	24,907	4,494
Hire purchase liabilities	119	22	67	–
	73,153	35,534	24,974	4,494
	87,433	81,539	33,967	32,375

NOTES TO THE FINANCIAL STATEMENTS

Terms and debt repayment schedule

- 15.1 The Al-Bai Bithaman Ajil loan is secured by way of legal charges over certain development properties of a subsidiary company. The term loan is subject to a profit equivalent to yield rate of 11% (2000 – 11%) per annum.

The financial institution has granted two years grace period commencing 1 July 2001 during which the Group will pay the profit on the facility. Thereafter, the profit capitalised together with the principal outstanding will be repaid in twenty equal instalments over a period of five years from 1 July 2003 to 30 June 2008.

The financial institution will retain the security it presently holds and the Company shall provide additional security upon the completion of the restructuring scheme so that the margin of finance shall not exceed 60% of the new facility. The security will be released progressively with the repayment of the principal outstanding.

The total profit of the loan for the whole duration is RM11,870,673. During the year, an amount of RM2.5 million (2000 - RM2.1 million) was charged to the income statements. Included in the unexpired deferred charges is an amount due for payment but restructured and rescheduled by a subsidiary company amounting to RM8,502,000 (2000 - RM6,017,000).

- 15.2 The bank borrowings with financial institutions are secured by way of charges on certain properties of the Company and a subsidiary company. The interest rate charged is ranging from 8.8% to 9.85% (2000 - 8.8% to 9.85%) per annum.

Other term loans amounting to RM42,487,354 (2000 - RM38,589,247) were restructured and rescheduled under the Schemes of Arrangement as disclosed in Note 2 to the financial statements.

Included in the long term portion of other term loans of the Group and of the Company are interest due for payment but restructured and rescheduled amounting to RM13,106,000 (2000 - RM9,096,000) and RM6,924,000 (2000 - RM4,805,000) respectively.

- 15.3 The bank overdrafts of the Group and of the Company are secured by way of legal charge over certain development properties of subsidiary companies. Interests rate charged is ranging from 8.7% to 9.3% (2000 - 9.0% to 9.3%) per annum.

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Secured term loans	83,991	10,957	5,284	39,974	27,776
Secured overdrafts	3,273	3,273	–	–	–
Hire purchase liabilities	169	50	119	–	–
	87,433	14,280	5,403	39,974	27,776
Company					
Secured term loans	30,607	5,700	2,181	12,808	9,918
Secured overdrafts	3,273	3,273	–	–	–
Hire purchase liabilities	87	20	67	–	–
	33,967	8,993	2,248	12,808	9,918

NOTES TO THE FINANCIAL STATEMENTS

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2001 RM'000	Interest 2001 RM'000	Principal 2001 RM'000	Payments 2000 RM'000	Interest 2000 RM'000	Principal 2000 RM'000
Group						
Less than one year	63	13	50	99	24	75
More than one year	147	28	119	28	6	22
	210	41	169	127	30	97
Company						
Less than one year	25	5	20	4	1	3
More than five years	83	16	67	–	–	–
	108	21	87	4	1	3

16. SHARE CAPITAL

	Group and Company 2001 RM'000	2000 RM'000
Ordinary shares of RM1.00 each:		
Authorised	1,000,000	1,000,000
Issued and fully paid		
Opening balance	223,690	223,690
Capital reconstruction (Note 16.1)	(156,583)	–
Issue of shares (Note 16.2)	200,000	–
Closing balance	267,107	223,690

16.1 On 18 May 2001, the Company completed its share capital reduction and consolidation and sub-division of share capital. The issued and paid-up share capital was reduced from 223,690,000 ordinary shares of RM1.00 each to 67,107,000 ordinary shares of RM1.00 each as disclosed in Note 2 to the financial statements.

16.2 On 26 July 2001, the Company issued 200,000,000 ordinary shares of RM1.00 each at par to Titian Hartanah (M) Sdn. Bhd. for the purchase consideration of Seremban 3 project as disclosed in Note 2 to the financial statements.

16.3 On 16 October 2001, the Company issued 40,070,400 new warrants 2001/2006 to the minority shareholders on the basis of two (2) new warrants for every three (3) existing ordinary shares held as disclosed in Note 2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The details of the Warrants are as follows:

The Warrants are in registered form and constituted by a Deed Poll dated 17 May 2001 and each warrant will entitle its registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.00 payable in cash per ordinary share. The exercise price is subject to adjustment in accordance with the basis set out in the Deed Poll. The Warrants may be exercised at any time during the five years subscription period from 16 October 2001 to 15 October 2006. Any warrants which have not been exercised during the exercise period will lapse and cease to be valid for any purpose.

16.4 Upon issuance of the RCLS as disclosed in Note 2, the two Scheme Creditors have the rights to convert 36,935,860 RCLS at a conversion ratio of one (1) new ordinary share of RM1.00 each in the Company for every RM1.00 nominal value of RCLS as per terms and conditions stipulated under the loan stock agreement.

16.5 During the year, the Employees' Share Option Scheme ("ESOS") of the Company was approved by Securities Commission ("SC") on 1 November 2001 and subsequently approved by shareholders at an Extraordinary General Meeting on 15 January 2002. The ESOS shall be in force for a period of 5 years effective from 24 January 2002 to 23 January 2007.

The main features of the ESOS are as follows:

- a) The maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the SC shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- b) The options granted may be exercised at any time within the option period and the options may be fully exercised after the acceptance under Bye-Law 10.1; and
- c) The exercise price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than 10% from the weighted average market price of the shares as shown in the daily official list issued by KLSE for five (5) market day immediately preceding the date of offer or at the par value of the shares of the Company of RM1.00, whichever is higher.

17. SHARE PREMIUM

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
At 1 January	16,224	16,224	16,224	16,224
Capital reconstruction	(16,224)	-	(16,224)	-
At 31 December	-	16,224	-	16,224

The share premium account was reduced on 18 May 2001 pursuant to Section 60(2) and Section 64 of the Companies Act, 1965 under the Restructuring Scheme as disclosed in Note 2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

18. CAPITAL RESERVE

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<i>Distributable</i>				
Capital reserve	393	393	393	393
Less: Capital reconstruction	(393)	–	(393)	–
	–	393	–	393
<i>Non - distributable</i>				
Warrants issue	4,007	–	4,007	–
Less: Restructuring costs	(3,047)	–	(3,047)	–
	960	–	960	–
Capital reserve (Note 4.2)	–	–	526	526
	960	–	1,486	526
	960	393	1,486	919

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. The capital reserve account was reduced on 18 May 2001 pursuant to Section 60(2) and Section 64 of the Companies Act, 1965 under the Restructuring Scheme as disclosed in Note 2 to the financial statements.

The Warrants issue relates to the issuance of 40,070,400 new warrants 2001/2006 at an issue price of RM0.10 per warrant as disclosed in Note 2 and Note 16 to the financial statements respectively.

19. OPERATING PROFIT/(LOSS)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Operating profit/(loss) is arrived at after charging:-				
Directors' emoluments:				
– remuneration				
– current year	2,120	1,196	1,255	598
– prior year	–	254	–	120
– fees	30	30	30	30
– benefits-in-kind	822	579	630	507
Auditors' remuneration	55	49	20	20
Rental of premises	176	181	–	–
Depreciation (Note 3)	149	197	31	52
Amortisation and write off of expenditure carried forward	–	32	–	–
Allowance for diminution in value of investment in subsidiaries	–	–	–	556
Allowance for advances to subsidiaries	–	–	1,262	15,570
Legal fees paid to a firm in which a Director was a partner	–	13	–	–

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
and crediting:-				
Rental income	422	416	192	171
Accounting and secretarial fees receivable from subsidiary company	-	-	12	12
Gain on disposal of property, plant and equipment	141	-	112	-
Gain on disposal of investment properties	-	777	-	-

20. EMPLOYEES INFORMATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Staff costs	1,540	1,313	881	736

The number of employees of the Group and of the Company (excluding Directors) at the end of the year was 84 (2000 - 48) and 28 (2000 - 26).

21. INTEREST INCOME

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest from subsidiaries	-	-	2,870	2,724
Others	63	18	28	2
	63	18	2,898	2,726

22. FINANCING COSTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Term loans	4,685	3,781	2,795	2,177
Bank overdrafts	335	331	334	326
Hire purchase interests	22	57	4	14
Related company interest	-	-	521	462
Deferred liability charges (Note 15)	2,485	2,079	-	-
Others	244	57	-	-
	7,771	6,305	3,654	2,979

NOTES TO THE FINANCIAL STATEMENTS

23. TAX EXPENSE

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(Under)/Over provision in previous years	(1)	26	(1)	–
Tax expense on share of profit of associate	(82)	(16)	–	–
	(83)	10	(1)	–

There is no tax charge for the year as the Group and the Company are in a tax loss position.

Subject to agreement by the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	2001 RM'000	2000 RM'000
Unutilised tax losses	(62,447)	(89,055)
Other timing differences	(18,079)	(18,076)

24. LOSS PER ORDINARY SHARE - GROUP

a) Loss per ordinary share

The calculation of loss per ordinary share is based on the loss after taxation of RM3,568,000 (2000 - RM13,271,000) and on weighted average number of ordinary shares outstanding during the year of 154,230,000 (2000 - 67,107,000).

	2001 RM'000	2000 RM'000
Loss after tax for the year	3,568	13,271

Weighted average number of ordinary shares

The weighted average number of ordinary share outstanding adjusted for the capital reconstruction as if the events had occurred in the beginning of the prior year is as follows:-

	2001 '000	2000 '000
Issued ordinary shares at beginning of the year	223,690	223,690
Effect of Capital Reconstruction in May 2001	(156,583)	(156,583)
Effect of issuance of shares for acquisition of Seremban 3 Project in July 2001	87,123	–
Weighted average number of ordinary shares	154,230	67,107
Loss per ordinary share (sen)	2.31	19.78

The comparative loss per ordinary share information has been restated from 5.93 sen to 19.78 sen after taking into consideration the effect of Capital Reconstruction completed in May 2001.

NOTES TO THE FINANCIAL STATEMENTS

(b) Diluted loss per share

Under the Malaysian Accounting Standard Board ("MASB") Standard No. 13 on Earnings Per Share, the warrants of 40,070,400 issued during the year as disclosed on Note 2 have no dilutive effect to the loss per share as the exercise price of RM1.00 per new ordinary share is above the average market value of the Company's shares for the year ended 31 December 2001.

25. DISTRIBUTABLE RESERVE

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank approximately RM33,250,000 (2000 - RM33,250,000) of its distributable reserves at 31 December 2001 if paid out as dividends.

26. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. No geographical segmental information is presented as the business segments are operated in Malaysia only.

Business segments

The Group comprises the following main business segments:

Property development	Development of residential and commercial properties.
Project management investment holding	Investment holding, letting out of properties and provision for management services.
Credit, leasing and trading	Licensed money lender and to act as an insurance agent, undertaking of landscaping projects and turf farming.

	Project management and investment holding		Property development		Credit, leasing and trading		Eliminations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segments										
Revenue from										
external customers	256	274	34,306	-	6	3	-	-	34,568	277
Inter-segment revenue	-	-	-	-	1	3	(1)	(3)	-	-
Total revenue	256	274	34,306	-	7	6	(1)	(3)	34,568	277
Segment result	(3,902)	(2,298)	8,050	(4,054)	(3)	(9)	-	-	4,145	(6,361)
Operating profit/(loss)									4,145	(6,361)
Interest income									63	18
Interest expense									(7,771)	(6,305)
Share of profit/(loss) of an associate			78	(633)					78	(633)
Loss before taxation									(3,485)	(13,281)
Segment assets	132,846	9,241	174,820	75,609	332	8	-	-	307,998	84,858
Investment in an associate	-	-	40,974	40,977	-	-	-	-	40,974	40,977
Total assets									348,972	125,835

NOTES TO THE FINANCIAL STATEMENTS

27. CONTINGENT LIABILITIES

	Company	
	2001	2000
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of subsidiaries		
– secured	53,384	53,503
– unsecured	–	62
	<hr/>	<hr/>
	53,384	53,565
	<hr/>	<hr/>

Litigation - Subsidiary

A legal suit has been instituted by a creditor to claim an amount of RM404,808 plus interest thereon at 8% per annum from November 1990 for services rendered to a subsidiary.

The subsidiary has disputed the claim and has counterclaimed against the creditor for RM144,346 with interest at 8% per annum with effect from November 1990 till date of full settlement.

The case is awaiting for a trial date. At this stage, it is not possible to assess the probable ultimate outcome. However, the maximum downside to the subsidiary is RM700,000 if the creditor were to succeed in their claim and in defending the counterclaim by the subsidiary. The amount owing by the subsidiary to the creditor as stated in the financial statements as at 31 December 2001 is RM365,137.

28. HOLDING COMPANIES

With the completion of the acquisition of Seremban 3 on 26 July 2001 as disclosed in Note 2 to the financial statements, Titian Hartanah (M) Sdn. Bhd. and Maymerge (M) Sdn. Bhd., the holding company of Titian Hartanah (M) Sdn. Bhd., became the new holding company and ultimate holding company respectively to the Company. Both companies are incorporated in Malaysia.

29. RELATED PARTIES

Controlling related party relationships are as follows:-

- i) The holding and ultimate holding companies as disclosed in Note 28 to the financial statements.
- ii) Its subsidiaries companies as disclosed in Note 6 to the financial statements.
- iii) The majority shareholder of the ultimate holding company, Y.Bhg. Dato' Shun Leong Kwong.

NOTES TO THE FINANCIAL STATEMENTS

Significant transactions and balances with Directors other than those disclosed elsewhere in financial statements are as follows:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Transactions				
Datin Mariam Eusoff, a Director				
Progress billings of unit of property sold	194	–	–	–
Mr. Christopher Shun Kong Leng, a Director				
Progress billings of unit of property sold	82	–	–	–
Close family members of the Directors, Dato' Abdul Mokhtar Ahmad, Dato' Shun Leong Kwong, Datin Mariam Eusoff, Mr. Christopher Shun Kong Leng, and Mr. Lim Eng Seng				
Progress billings of units of property sold	1,210	–	–	–
Companies in which Dato' Abdul Mokhtar bin Ahmad, Dato' Shun Leong Kwong and Datin Mariam Eusoff have interest:				
Zillion (M) Sdn. Bhd.				
Progress billings of unit of property sold	109	–	–	–
Companies in which Datin Mariam Eusoff have interest:				
Glamour Galaxy Sdn. Bhd.				
Rental expenses payable	144	–	144	–
Glamour Prize Sdn. Bhd.				
Rental expenses payable	72	–	72	–
Firm in which Mr Too Kok Leng, a Director, was a partner: Rahman, Too & Co				
Legal fees payable	–	13	–	–

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

The shareholders of the Company had given a general mandate on 15 January 2002 for substantial property transactions involving Directors under Section 132E of the Companies Act, 1965 as disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Significant transactions and balances with other related parties are as follows:

Transactions	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Holding Company				
Titian Hartanah (M) Sdn. Bhd.				
– Acquisition of development project	(200,000)	–	(200,000)	–
– Purchase of plant and machinery	(206)	–	(206)	–
– Purchase of plants and shrubs	(388)	–	(388)	–
– Project management fees receivable	–	91	–	–
Related company				
Subsidiaries of Maymerge (M) Sdn. Bhd., Syarikat Pembinaan Raya Sdn. Bhd.				
– Project development charges payable	(726)	–	–	–
Tanjung Alam Sdn. Bhd.				
– Purchase of plant and machinery	(60)	–	(60)	–
Subsidiaries				
Menang Development (M) Sdn. Bhd.				
– Transfer of development project	–	–	(81,000)	–
– Interest income receivable	–	–	2,016	1,853
– Accounting and secretarial fees receivable	–	–	12	12
– Sale of plant and machinery	–	266	–	–
Menang Saujana Sdn. Bhd.				
– Interest expense payable	–	–	(521)	(462)
Temeris Holdings Sdn. Bhd.				
– Interest income receivable	–	–	513	537
Temeris Resorts Development Sdn. Bhd.				
– Interest income receivable	–	–	341	334
Menang Greens Sdn. Bhd.				
– Sale of plants and shrubs	–	–	388	–

The acquisition of development project of RM200,000,000 from Titian is related to Seremban 3 as disclosed in Note 2. The project development charges payable to developer, a related company, is determined based on 2.5% of the selling price of every housing units or lot sold under Phase 2A and Phase 2B of the Seremban 3 development project.

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Balance in respect of non-trade transactions				
Subsidiaries				
– Advances owing to	–	–	15,265	15,344
– Advances owing from	–	–	64,701	71,277
– Loan owing from	–	–	115,000	34,000
Associate company				
– Amount owing from	9,700	9,700	–	–

30. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- i) On 15 January 2002, the shareholders of the Company approved the following resolutions at an Extraordinary General Meeting held on that day:
 - a) Employee Share Option Scheme (ESOS) of up to 10% of the issued and paid up share capital of the Company at any point in time during the duration of the ESOS; and
 - b) General Mandate for substantial property transactions involving Directors under Section 132E of the Companies Act, 1965.
- ii) The Redeemable Convertible Secured Loan Stocks have been issued to the Scheme Creditors on 13 March 2002 pursuant to the Schemes of Arrangement and hence, the completion of the Restructuring Scheme.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	Group	
	As restated 2000 RM'000	As previously reported 2000 RM'000
(i) Balance sheet		
Non-current:		
Development properties	64,028	41,385
Current asset:		
Development properties	–	28,417
Inventories	6,024	250
	70,052	70,052
(ii) Cash flow		
Development properties	5,774	–
Inventories	(5,774)	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS

The reclassification of development properties from current to non-current is in line with the Group's intention to defer certain development properties which the active development is not expected to be undertaken within the next twelve months.

The reclassification of development properties from current to inventories is to conform with the physical completion of development properties in previous year.

	Group	
	As restated 2000 RM'000	As previously reported 2000 RM'000
(iii) Income statement		
Loss per ordinary share (sen)	(19.78)	(5.93)

The comparative loss per ordinary share has been restated from 5.93 sen to 19.78 sen after taking into consideration the effect of Capital Reconstruction completed in May 2001.

LIST OF PROPERTIES HELD

As At 31 December 2001

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year Of Acquisition/ Revaluation
Geran No. 27973 Lot No. 2596 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	53,413 sf	Vacant Industrial Land for Future Development	N/A	461	1998
Geran No. 27974 Lot No. 2597 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	55,347 sf	Vacant Industrial Land for Future Development	N/A	481	1998
Geran No. 27975 Lot No. 2615 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	61,886 sf	Vacant Industrial Land for Future Development	N/A	541	1998
Geran No. 27976 Lot No. 2616 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	60,291 sf	Vacant Industrial Land for Future Development	N/A	521	1998
Geran No. 27917 Lot No. 48 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	88.85 acres	Vacant Industrial Land for Future Development	N/A	21,512	1998
Alienated Land (Title yet to be issued) Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years	71.28 acres	Vacant Industrial Land for Future Development	N/A	6,500	1998
Geran No. 21944 Lot Nos 20 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	46.5 acres	Vacant Industrial Land for Future Development	N/A	4,856	1998
Lot Nos 663, GM 3689 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	10.38 acres	Vacant Industrial Land for Future Development	N/A	1,086	1998
Lot Nos 889, GM 3690 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	10.13 acres	Vacant Industrial Land for Future Development	N/A	1,058	1998

LIST OF PROPERTIES HELD

As At 31 December 2001

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year Of Acquisition/ Revaluation
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	4.2 acres	Vacant Service Apartments Land for Future Development	N/A	5,493	1998
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	3.93 acres	Vacant Hotel Resort Land for Future Development	N/A	5,134	1998
665 & 666 Jalan RJ 1/15 Rasah Jaya 70300 Seremban Negeri Sembilan Darul Khusus	Freehold Land	3,600 sf	3 1/2 Storey Office Lots	19 years	478	1998
Lot 45, PT No 8439 Taman Ehsan Batu 8, Jalan Kepong 52100 Kuala Lumpur	Leasehold 99 years Expiry date - 2078	45,102 sf	1 1/2 Storey Factory Building & Land for Rental	21 years	2,550	1998
92 units of Market Stalls Mukim of Rasah Seremban Negeri Sembilan Darul Khusus	Freehold Land	12,511 sf	Vacant Market Stalls	15 years	250	1998
24 units of 3 Storey Office Mukim of Rasah Seremban Negeri Sembilan Darul Khusus	Freehold Land	43,758 sf	Office Lots For Rental	4 years	5,774	1998
Rasah Jaya Mukim of Rasah Seremban Negeri Sembilan Darul Khusus	Freehold Land	14.88 acres	On Going Vacant Mixed Development Land	N/A	22,458	1998
Lot 1, G No 698 Lease No. 015006989 Daerah Kota Kinabalu Sabah	Leasehold 999 Years Expiry date - 2899	8.72 acres	Residential Vacant Development Land	N/A	3,420	1998
Seremban 3 Various subdivided lots Negeri Sembilan Darul Khusus	Freehold Land	644.28 acres	On Going Vacant Mixed Development Land	N/A	207,771	2001

SHAREHOLDERS' INFORMATION

ANALYSIS OF SHAREHOLDINGS

As At 26 April 2002

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Capital	:	RM267,107,000.00
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	
		%		%
Less than 1,000	15,812	52.74	8,069,722	3.02
1,000 to 10,000	13,022	43.44	37,582,693	14.07
10,001 to 100,000	1,103	3.68	28,159,470	10.54
100,001 to 13,355,349	41	0.14	11,010,485	4.12
13,355,350* and above	2	0.00	182,284,630	68.25
	29,980	100.00	267,107,000	100.00

* 5% of issued shares = 13,355,350

SUBSTANTIAL SHAREHOLDERS (excluding bare trustee) (as per Register of Substantial Shareholders)

Name	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Dato' Abdul Mokhtar Ahmad	–	–	182,285,830 *	68.24
Dato' Shun Leong Kwong	9,400	0.00	182,292,130 *#	68.25
Datin Mariam Eusoff	4,200	0.00	182,285,830 *	68.24
Maymerge (M) Sdn Bhd	1,200	0.00	182,284,630 +	68.24
Titian Hartanah (M) Sdn Bhd	182,284,630 @	68.24	–	–

* Indirect interest through Maymerge (M) Sdn Bhd (257143-M) and Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

Indirect interest through Luminous Circle Sdn Bhd (275566-W) by virtue of Section 6A(4)(c) of the Companies Act, 1965

+ Indirect interest through Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

@ Shares held by bare trustee, AMSEC Nominees (Tempatan) Sdn Bhd

SHAREHOLDERS' INFORMATION

DIRECTORS' SHAREHOLDINGS (as per Register of Directors' Shareholdings)

Name	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Dato' Abdul Mokhtar Ahmad in				
The Company	–	–	182,285,830 *	68.24
Maymerge (M) Sdn Bhd	118,977,400	20.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Dato' Shun Leong Kwong in				
The Company	9,400	0.00	182,292,130 *#	68.25
Maymerge (M) Sdn Bhd	267,699,150	45.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Datin Mariam Eusoff in				
The Company	4,200	0.00	182,285,830 *	68.24
Maymerge (M) Sdn Bhd	208,210,450	35.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Christopher Shun Kong Leng in				
The Company	102,300	0.04	6,300 #	0.00
Lim Eng Seng	–	–	–	–
Too Kok Leng	–	–	–	–

* Indirect interest through Maymerge (M) Sdn Bhd (257143-M) and Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

Indirect interest through Luminous Circle Sdn Bhd (275566-W) by virtue of Section 6A(4)(c) of the Companies Act, 1965

THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Finance Berhad for Titian Hartanah (M) Sdn Bhd</i>	100,000,000	37.44
AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Finance Berhad for Titian Hartanah (M) Sdn Bhd</i>	82,284,630	30.81
OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for Foremillion (M) Sdn Bhd</i>	1,926,000	0.72
Lim Seng Chee	681,400	0.26
Chan Lee Fook	493,000	0.18
The Central Depository (Pte) Limited	490,200	0.18
Lim Kah Eng	478,000	0.18
HDM Nominees (Asing) Sdn Bhd <i>OUB Securities Pte Ltd for Pax Realty & Development Pte Ltd</i>	408,000	0.15

SHAREHOLDERS' INFORMATION

THIRTY LARGEST SHAREHOLDERS (Cont'd)

Name	No. of Shares	%
Menteri Kewangan Malaysia	400,685	0.15
RHB Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Private Limited for Jhangiani Indru Assumal</i>	396,000	0.15
Chang King Ing	385,000	0.14
Tan Lee Cheng	300,000	0.11
Chung Tai Yu	280,000	0.10
Perbadanan Kemajuan Negeri Selangor	264,900	0.10
TCL Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Chon Sin</i>	262,000	0.10
Then Fook Khian	215,000	0.08
Goh Huck Sun	200,000	0.07
OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for H'ng Meng Seng @ Edwin Hong Ming Seng</i>	200,000	0.07
TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Kheng Peow</i>	200,000	0.07
Teh Bat Kuan	200,000	0.07
Perbadanan Kemajuan Negeri Selangor	197,700	0.07
Perbadanan Kemajuan Negeri Selangor	187,200	0.07
Tang Kee Hiong	180,000	0.07
Lee Ah Meng	179,400	0.07
Ong Kwai Lan	175,000	0.07
Yap Siew Lian	161,800	0.06
Soon Kiam Hong	161,000	0.06
AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for for Teh Meng Teck</i>	150,000	0.06
Kwong Wai Ling	150,000	0.06
Mohaiyani Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Expo Holdings Sdn Bhd</i>	150,000	0.06
Total	191,756,915	71.79

WARRANT HOLDERS' INFORMATION

ANALYSIS OF WARRANT HOLDINGS As At 26 April 2002

No. of Warrants	:	40,070,400
Exercise Rights	:	Each Warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company
Exercise Period	:	16 October 2001 to 15 October 2006
Exercise Price	:	The Exercise Price of each Warrant is RM1.00 for one (1) new ordinary share of RM1.00 each in the Company

DISTRIBUTION OF WARRANT HOLDERS

Size of Warrant holdings	No. of Holders	%	No. of Warrants	%
Less than 1,000	148	5.87	68,469	0.17
1,000 to 10,000	1,926	76.40	7,196,131	17.96
10,001 to 100,000	410	16.26	13,483,400	33.65
100,001 to 2,003,519	36	1.43	8,947,400	22.33
2,003,520 * and above	1	0.04	10,375,000	25.89
	2,521	100.00	40,070,400	100.00

* 5% of Warrants = 2,003,520

DIRECTORS' INTEREST IN WARRANT : Nil

THIRTY LARGEST WARRANT HOLDERS

Name	No. of Warrants	%
OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for Foremillion (M) Sdn Bhd</i>	10,375,000	25.89
Lee Chin Weng	1,067,400	2.66
Arumugam a/l Kalimuthu	856,000	2.14
Chan Lee Fook	680,000	1.70
Loo Chee Hoong	544,000	1.36
Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kuan Yew Kee (AK0022)</i>	529,000	1.32
Goh Huck Sun	282,000	0.70

WARRANT HOLDERS' INFORMATION

THIRTY LARGEST WARRANT HOLDERS (Cont'd)

Name	No. of Warrants	%
Chai Chun Leong	280,000	0.70
Heng Kam Seong	270,000	0.67
RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan En Lai (CEB)</i>	263,000	0.66
Kwek Meng Huat	241,000	0.60
Goh Huck Sun	217,000	0.54
HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yoo Sek Hooi (MEMO)</i>	200,000	0.50
Ooi Teck Seong	200,000	0.50
Perbadanan Kemajuan Negeri Selangor	199,000	0.50
Hoi Hung Chor	180,000	0.45
RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kong Beng (CEB)</i>	180,000	0.45
Chin Keh Chi	170,000	0.42
Leng Soon Kong @ Lean Soon Kong	170,000	0.42
Lim Say Teong	170,000	0.42
Ong Seng Yih	170,000	0.42
Pua Song King	168,000	0.42
Soon Kiam Hong	155,000	0.39
Perbadanan Kemajuan Negeri Selangor	154,000	0.38
Lim Thian Chin	150,000	0.37
Perbadanan Kemajuan Negeri Selangor	147,000	0.37
Ooi Chieng Sim	140,000	0.35
Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liaw Chen Poh</i>	136,000	0.34
Chang King Ing	130,000	0.32
Lim Cheng Ten	120,000	0.30
Total	18,543,400	46.28

RCLS HOLDERS' INFORMATION

ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2002/2007 ("RCLS") HOLDINGS As at 26 April 2002

Nominal Amount of RCLS	:	RM36,935,860.00
Conversion Price	:	Every RM1.00 nominal amount of RCLS for one (1) new ordinary share of RM1.00 each in the Company
Conversion Period	:	13 March 2002 to 12 March 2007
Conversion Rights	:	Each registered holder of the RCLS shall have the right to convert such amount of RCLS into fully paid ordinary share in the Company on the basis of RM1.00 nominal amount of RCLS for one (1) new ordinary share of RM1.00 each in the Company at any time during the Conversion Period.
Redeemability	:	The RCLS will be redeemable in part or in full at the option of the Company from the date of issue. In any event, any RCLS not redeemed or converted within the first two (2) years from the date of issue will be redeemable by the Company on the following basis:

End of Year	Redemption Ratio of Total RCLS Issued
3	20%
4	30%
5	50%

Coupon Rate : 8% per annum payable in arrears semi-annually

LIST OF RCLS HOLDERS

Name of RCLS Holders	Nominal Amount of RCLS	% of RCLS
Alliance Bank Malaysia Berhad	18,970,453	51.36
Pengurusan Danaharta Nasional Berhad	17,965,407	48.64
Total	36,935,860	100.00



Menang Corporation (M) Berhad

(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-Eighth Annual General Meeting of the Company to be held at the Ballroom 1, Level 1, Corus Hotel (*formerly known as MingCourt Vista Hotel*), Jalan Ampang, 50450 Kuala Lumpur on Monday, 24 June 2002 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 Financial Statements and Reports		
2	Approval of Directors' Fees		
3	Re-election of YBhg Dato' Shun Leong Kwong as Director pursuant to Article 112		
4	Re-election of Mr Christopher Shun Kong Leng as Director pursuant to Article 112		
5	Re-appointment of Messrs KPMG as Auditors		
	Special Business		
6	Amendments to the Articles of Association		
7	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965		
8	Proposed renewal of General Mandate for Substantial Property Transactions involving Directors pursuant to Section 132E of the Companies Act, 1965		

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

Number of Shares Held

Dated this day of 2002

.....
[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) Any alteration to the instrument appointing a proxy must be initialed. 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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Stamp

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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