

# Menang Corporation (M) Berhad

Company No. 5383-K      Incorporated in Malaysia



A N N U A L   R E P O R T   2 0 0 3

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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, CFP**

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

### SECRETARY

**Mr Ng Ah Wah**  
(MIA No. 10366)

### REGISTERED OFFICE

8<sup>th</sup> 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**  
20<sup>th</sup> 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

**AmFinance Berhad**  
**Bank Islam Malaysia Berhad**  
**Alliance Bank Malaysia Berhad**  
**Malayan Banking Berhad**  
**RHB Bank Berhad**  
**United Overseas Bank (Malaysia) Bhd**

### SOLICITORS

**Cheah Teh & Su**  
17<sup>th</sup> 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 Bursa Malaysia Securities Berhad**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fortieth (40<sup>th</sup>) Annual General Meeting of the Company will be held at Ballroom 3, Level 10, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 30 June 2004 at 10.00 a.m. for the transaction of the following businesses:

### ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2003 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the payment of Directors' Fees totaling RM30,000.00 for the financial year ended 31 December 2003. *(Resolution 2)*
3. To re-elect the following Directors who retire by rotation in accordance with Article 112 of the Articles of Association of the Company:
  - (a) Dato' Abdul Mokhtar Ahmad *(Resolution 3)*
  - (b) Datin Mariam Eusoff *(Resolution 4)*
4. To appoint auditors of the Company and to authorise the Directors to determine their remuneration.

Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is attached and marked "APPENDIX A" has been received by the Company for the nomination of Messrs BDO Binder and of the intention to propose the following as an ordinary resolution:

"**THAT** Messrs BDO Binder be and is hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors" *(Resolution 5)*

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following Ordinary Resolutions:

#### (a) 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 Bursa Malaysia Securities Berhad."

*(Resolution 6)*

## NOTICE OF ANNUAL GENERAL MEETING

(b) 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 7)**

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

**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 22 June 2004 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 22 June 2004 in respect of ordinary transfers;
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD**

**NG AH WAH** (MIA No. 10366)  
Secretary

Kuala Lumpur  
8 June 2004

## 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 Registered Office of the Company at 8<sup>th</sup> 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 Ordinary Resolution 6, 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.*

(ii) *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 net assets of the Company, subject to minimum of Ringgit Malaysia Ten Thousand (RM10,000.00).*

*The proposed Ordinary Resolution 7, 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.*

## NOTICE OF NOMINATION OF AUDITORS

"APPENDIX A"

May 18, 2004

**The Board of Directors**  
**Menang Corporation (M) Berhad**  
8<sup>th</sup> Storey South Block  
Wisma Selangor Dredging  
142-A Jalan Ampang  
50450 Kuala Lumpur

Dear Sirs,

### NOTICE OF NOMINATION OF AUDITORS

We, being a registered shareholder of your company, hereby give notice of our nomination of Messrs BDO Binder for appointment as auditors of the Company at the forthcoming Annual General Meeting.

We, therefore, propose the following resolution be considered and passed:

**"THAT** Messrs BDO Binder be and is hereby appointed auditors of the Company in place of the retiring auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,  
**TITIAN HARTANAH (M) SDN BHD**

**CHIN SOOK YEE**  
*Company Secretary*

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements)

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

Directors who are standing for re-election pursuant to the Article 112 of the Articles of Association at the Fortieth Annual General Meeting of the Company are as follows:

(a) Dato' Abdul Mokhtar Ahmad; and

(b) Datin Mariam Eusoff.

The details of the Directors standing for re-election at the forthcoming Fortieth Annual General Meeting are set out in the Directors' Profile on page 8 of the Annual Report.

### 2. Attendance of Directors at Board Meetings held during the financial year ended 31 December 2003

A total of four (4) Board of Directors' Meetings were held during the financial year ended 31 December 2003 and the details are set out in the Statement of Corporate Governance on pages 16 to 17 of the Annual Report.

### 3. Venue, Date and Time of the Meeting

The Fortieth Annual General Meeting of Menang Corporation (M) Berhad will be held at Ballroom 3, Level 10, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 30 June 2004 at 10.00 a.m.



## DIRECTORS' PROFILE

**DATO' ABDUL MOKHTAR AHMAD**, a Malaysian, aged 64, 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 of the Football Association of Selangor.

**DATO' SHUN LEONG KWONG**, a Malaysian, aged 65, 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). He is actively involved in monitoring the implementation of the strategy and overseeing the operations of the Group.

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

**DATIN MARIAM EUSOFF**, a Malaysian, aged 58, 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). She is the alternate chairperson of the Group Management Committee in the absence of the Group Executive Chairman. As Group Executive Director, she supervises the legal, corporate and public communications of the Group. One of her principal responsibilities is in the strategic planning and implementation of new property projects besides providing general administration of Group operations.

**MR CHRISTOPHER SHUN KONG LENG**, a Malaysian, aged 38, 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. He qualified as a *Certified Financial Planner (CFP®)* by examination in February 2003.

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. As Group Executive Director, he administers the operations, finance and personnel of the Group. He also spearheads financial planning/financial services under the Menang Group of Companies. 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 55, is a Fellow Member of 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) of CIMA United Kingdom and a Committee Member of 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 the Audit Committee and Nomination Committee and a member of the Remuneration Committee of Menang.

He also sits on the Board of Ingenuity Solutions Berhad, a public company listed on Mesdaq Market of Bursa Malaysia Securities Berhad, as an Independent Non-Executive Director.

**MR TOO KOK LENG**, a Malaysian, aged 45, 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 Nomination Committee of the Company.

### Notes:

#### 1. Family relationship with Director and/or major shareholder

*Save as hereinabove disclosed, none of the Directors has any family relationship with the other directors and/or major shareholders of Menang Corporation (M) Berhad.*

#### 2. Conflict of Interest

*None of the Directors have any conflict of interest in the Company except for those transactions disclosed in Note 31 to the financial statements.*

#### 3. Conviction for Offence

*None of the Directors have been convicted of any offence within the past ten (10) years.*

#### 4. Other Directorship of Public Companies

*None of the Directors hold any directorship in any public listed company except for Mr Lim Eng Seng who has been appointed as Director of Ingenuity Solutions Berhad on 21 October 2003.*

#### 5. Securities Holdings in the Company

*Details of the Directors' securities holdings in the Company, and its subsidiaries are set out on pages 73 to 77 of the Annual Report.*

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December, 2003.

### FINANCIAL REVIEW

During the financial year under review, the Group recorded a loss after taxation of RM13.711 million compared to a loss after taxation of RM1.817 million in the year 2002. The softening property market, heavy interest burden and overheads contributed to the loss for the financial year under review.

### CORPORATE DEVELOPMENTS

Our 49% associate, Hicom Menang Properties Sdn Bhd continued to make good progress. The associate sold several pieces of freehold commercial land in Kelana Jaya to various parties for RM56.497 million. These sales are expected to complete in 2004 / 2005 and will bring substantial profits to the Group when completed.

Our 50/50 joint venture with OSK Properties Sdn Bhd launched its first phase of 94 units of double storey terrace in the early part of the year. Unlike in the Klang Valley, the prevailing property market conditions in Seremban remain soft. The Group remains confident these properties will be progressively taken up towards its completion as the location is good and the reputation of our partner is strong.

Our wholly owned Seremban 3 township remained a core focus of the Group. The Paradise Valley Golf Resort Clubhouse was completed in August 2003 and launched on 13 September 2003. This Golf Resort is fast gaining popularity and many companies and groups have played on our golf course. The opening of Paradise Valley Golf Resort augurs well for the property values and sales in the coming years.

To lighten the heavy financial burden, the Group has embarked on an aggressive sales campaign to dispose of non-strategic assets to pay down its bank loans. At the same time, it has started a cost cutting exercise by trimming overheads by a sizeable margin. Both these measures will result in substantial savings on the bottom line. We will become leaner and stronger in 2004 / 2005.

### 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**

Executive Chairman

19 May 2004

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)

### TERMS OF REFERENCE

#### Objective

The primary objectives of the Audit Committee are:

1. to assist in the fiduciary duties of the Board in matters pertaining to business ethics, policies, financial management, internal controls, accounting policies and financial reporting of the Company and its subsidiaries;
2. to maintain and enhance a line of communication and independence between the Group and the external auditors;
3. to ensure a system of internal controls which will mitigate the likelihood of fraud or error.

The appointment of a properly constituted Audit Committee is an important step to assist the Board of Directors in raising the 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 amongst themselves and this fulfils the following requirements:
  - (a) the Audit Committee shall comprise 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 examinations specified in Part I of the 1<sup>st</sup> 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 1<sup>st</sup> Schedule of the Accountants Act 1967.

## AUDIT COMMITTEE REPORT

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 Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements, the Company must fill the vacancy within three (3) months.
4. The Board of Directors of the Company must review the terms 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.

### 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 require 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 the executive Board 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:

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

### Authority

The Audit Committee was appointed under Chapter 15, Part C, paragraph 15.10 of the BMSB 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.

## AUDIT COMMITTEE REPORT

### Functions And Duties

The function of the Audit Committee are as follows:

1. To consider the appointment of the external auditors, 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 auditors are not suitable for re-appointment;
2. To discuss with the external auditors 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;
  - (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 events;
    - (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 other matters the auditors may wish to discuss;
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 appointments or terminations 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/her reasons for resignation;

## AUDIT COMMITTEE REPORT

6. To consider the major findings of internal investigations and management's response;
7. To report promptly such matter to the BMSB 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; and
8. To consider other topics as defined by the Board.

### NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Four (4) Audit Committee meetings were held on 20 February 2003, 20 May 2003, 18 August 2003 and 18 November 2003 during the financial year ended 31 December 2003. The attendance record of each member during the financial year is as follows:

Audit Committee Members	Date of Meetings Held/Attended				Total Meetings Attended
	20.02.2003	20.05.2003	18.08.2003	18.11.2003	
Mr Lim Eng Seng	✓	✓	✓	✓	4/4
Mr Too Kok Leng	✓	✓	✓	✓	4/4
Mr Christopher Shun Kong Leng	✓	✓	✓	✓	4/4

The external auditors have attended two(2) meetings, i.e. on 20 February 2003 and 18 November 2003 during the year.

### 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 the external auditors' scope of work and their audit plan for the year;
- (ii) Reviewed with the external auditors 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 Board's approval;
- (iv) Reviewed and recommended the audit fees payable to the external auditors for the Board's approval;
- (v) Reviewed the Company's compliance with the Listing Requirements of the BMSB, 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;

## AUDIT COMMITTEE REPORT

- (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 BMSB Revamped Listing Requirements before recommending them to the Board action plans and the prescribed corporate governance principles and best practices under the Code.

### INTERNAL AUDIT FUNCTION

The Company had outsourced the internal audit function to BDO Governance Advisory Sdn Bhd ("BDO") with effect from 19 November 2001. The principal role of BDO is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively. It is the responsibility of BDO to provide the Audit Committee with independent and objective reports on the extent of compliance of the various operating units within 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 Statement on Internal Control on pages 21 to 22 of the Annual Report.

**This report is made in accordance with a resolution of the Board of Directors dated 19 May 2004.**



# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors ("the Board") of Menang Corporation (M) Berhad ("Menang" or "the Company") fully subscribes to the principles and recommendations embodied in the Malaysian Code on Corporate Governance ("the Code") and appreciates the importance of adopting high standards of corporate governance within the Group. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by ensuring full application of all the principles and best practices set out in Parts 1 and 2 of the Code.

The Board is pleased to provide the following statement, which outlines how the Group has applied the principles laid down in the Code. Except of matters specifically identified, the Board has complied with the best practices set out in the Code throughout the financial year ended 31 December 2003.

## A. DIRECTORS

### A1. The Board

#### Board Responsibilities/Principle Duties

The Board takes full responsibility for the overall performance of the Company and the Menang Group by setting the vision and objectives, establishing goals for management and monitoring its achievement, directing the policies, strategic action plans and ultimately the enhancement of long term shareholders value. The Board focuses mainly on the following specific areas:

- n The strategic action plans for the Group
- n Evaluation of Company's business performance
- n Identifying and management of principal risks
- n Succession planning for senior management
- n Developing and implementing an investor relations programme and shareholder communications policy
- n Reviewing adequacy and integrity of Company's internal control systems and management information systems

#### Composition of the Board

The Board is made up of six (6) members, comprising the Group Executive Chairman, the Group Managing Director/Group Chief Executive Officer, two (2) Group Executive Directors and two (2) Independent Non-Executive Directors.

#### Board Committee

The Board of Directors delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency. Currently, the Company has three(3) committees namely Audit, Nomination and Remuneration Committees to assist the Board in the execution of its duties. These three(3) committees consist of members from the Board. All the committees have their own written terms of reference and operating procedures. They report directly to the Board, the outcome of the Committee meetings as well as their recommendations.

#### Meeting

The Board meets at least four(4) times a year at quarterly intervals with additional meetings for particular matter convened as and when necessary. Four(4) Board meetings were held during the financial year to deliberate upon and considered a variety of matters including Group's financial results, issues of strategy, performance and resources, strategic decisions, business plan and direction of the Group.

## CORPORATE GOVERNANCE STATEMENT

The attendance record of each Director is as follows:

	No. of Meetings Attended/Held
<b>Executive Directors</b>	
Dato' Abdul Mokhtar Ahmad	3/4
Dato' Shun Leong Kwong	4/4
Datin Mariam Eusoff	4/4
Mr Christopher Shun Kong Leng	4/4
<b>Non-Executive Directors</b>	
Mr Lim Eng Seng	4/4
Mr Too Kok Leng	4/4

### A2. Board Balance

The current Board composition of four(4) Executive Directors and two(2) Independent Non-Executive Directors complies with Para 15.02 of the BMSB Listing Requirements which requires at least two(2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

The Directors, with their different backgrounds and specializations, equipped with a wide range of knowledge and experience and with the support of the management team responsible for implementing the policies and decisions of the Board, overseeing the operations and managing the Group's business and resources.

There is a balance in the Board membership with the presence of the Independent Non-Executive Directors who are calibre and individuals of credibility with vast varied experience. Both the Independent Non-Executive Directors are independent of management and free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Independent Non-Executive Directors are actively involved in various Board committees. They bring to bear objective and independent assessment and opinion to the decision making of the Board and provide a capable check and balance for the Executive Directors. Together with the Executive Directors who have intimate knowledge of the business, they provide an effective blend of entrepreneurship, business and professional expertise in general management and areas of the industries the Group is involved in.

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. The Board has identified Mr Lim Eng Seng as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The specific areas of responsibilities of each director is shown in the Directors' profile on pages 8 and 9 of the Annual Report.

Other than the two(2) Independent Non-Executive Directors, the Board does not have any representative from shareholders other than the significant shareholder, as the other shareholders are mainly institutional shareholders that individually hold less than five per centum (5%) shareholding of the Company.

The Board is satisfied that the current composition fairly reflects the investment of minority shareholders in the Company through the representation of the two(2) Independent Non-Executive Directors.

## CORPORATE GOVERNANCE STATEMENT

### A3. Supply of Information

All the Board members have full and timely access to all information within the Group. Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.

The Board papers which include the agenda and reports covering amongst others, areas of strategic, financial, operational, regulatory compliance matters that require the Board's approval.

Detailed periodic briefings on industry outlook, company performance and previews are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends and development.

The Board or the individual director has unfettered access to the advice and services of the Company Secretary who ensure effective functioning of the Board and compliance of applicable rules and regulations. In the event that the Company Secretary fails to fulfill his/her duties effectively, the terms of appointment permits his/her removal and appointment of a successor by the Board as a whole.

The Board of Directors, whether as a full board or in their individual capacities, is entitled to obtain independent professional advice or opinion where necessary and in appropriate circumstances, in furtherance of their duties at the Group's expense.

### A4. Appointment to the Board

The Nomination Committee of the Company comprises exclusively of Independent Non-Executive Directors with the responsibility of recommending a suitable candidate with the necessary skills, experience and competences to be filled in the Board and Board Committees. Any new nomination received is put to the full Board for assessment and endorsement on an ongoing basis. The Company Secretary will ensure that all appointments are properly made and that all necessary information is obtained, as well as legal and regulatory obligations are met.

During the year, the Nomination Committee had implemented a process to assess the performance and contribution of each Director and effectiveness of the Board as a whole and at the same time had reviewed the required mix of skills and experience of the Board. The Committee also keeps under review the Board structure, size and composition as well as considering the Board's succession planning.

There is no formal training programme for new directors as it is the Company's policy to appoint to the Board individuals of sufficient calibre and experience to carry out the necessary duties of a director. The Board is mindful of the code of best practice in this regard and will review the necessity for formal training from time to time.

All the Directors have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia. The Directors will undergo Continuing Education Programme and any other relevant training programmes to keep abreast with new regulatory development and listing requirements.

### A5. Re-election

In accordance with the Company's Articles of Association, all the Directors who are appointed by the Board are subject to retirement and are eligible for re-election by the shareholders at the next Annual General Meeting ("AGM") held following their appointments. There was no new appointment made during the financial year.

The articles also provide that at least one-third (1/3) of the Directors shall retire from the office at each AGM and shall be eligible to offer themselves for re-election provided always that all Directors including the Managing Director shall retire from office and stand for re-election at least once every three(3) years.

## CORPORATE GOVERNANCE STATEMENT

### B. DIRECTORS' REMUNERATION

The Remuneration Committee of the Company comprises the following Directors:

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

The Remuneration Committee responsible for recommending the remuneration packages of the Executive Directors in accordance with the Company's policy and with reference to external benchmark reports to the full Board for consideration and approval. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them. The Board as a whole determines the remuneration of the Non-Executive Directors with the individual director affected abstaining from discussion and determination of his/her own remuneration package.

The remuneration package is necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The details of the remuneration for Directors received / receivable from the Company during the financial year are as follows:

(a) aggregate remuneration of Directors categorised into appropriate components:

	<b>Fees RM'000</b>	<b>Salaries RM'000</b>	<b>Bonus &amp; Incentives RM'000</b>	<b>Benefits -in-Kind RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Executive Directors	20.00	505.20	126.30	567.01	93.76	1,312.27
Non-Executive Directors	10.00	105.00	–	–	–	115.00

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

<b>Range of remuneration (RM)</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
50,000 and below	–	1
50,001 to 100,000	–	1
100,001 to 250,000	–	–
250,001 to 300,000	1	–
300,001 to 350,000	2	–
350,001 to 400,000	1	–

## CORPORATE GOVERNANCE STATEMENT

### C. 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. Timely announcement are made to the public with regards to the Company's corporate proposal, financial results and other required announcements.

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. This process helps to create a more stable shareholders base.

### D. ACCOUNTABILITY AND AUDIT

#### D1. Financial Reporting

The Board aims to present a balanced, 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 to enhance shareholders' understanding of the business operations of the Group.

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.

#### D2. Internal Control

The information on the Group's internal control is presented in the Statement on Internal Control on pages 21 to 22 of the Annual Report.

#### D3. Relationship with the Auditors

The Board through its Audit Committee maintains a formal and transparent arrangement with the Company's external auditors. A summary of activities of the Audit Committee during the financial year are included in the Audit Committee Report as detailed on pages 11 to 15 of the Annual Report.

**This statement is made in accordance with a resolution of the Board of Directors dated 19 May 2004.**

## STATEMENT ON INTERNAL CONTROL

### 1. INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board of Directors is pleased to include a statement on the state of the Group's internal controls in compliance with paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad Listing Requirements.

### 2. RESPONSIBILITY FOR RISK AND INTERNAL CONTROLS

The Board of Directors recognises its responsibilities to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets and that effective risk management practices are in place in the organisation. The Board of Directors endeavours to review the adequacy and integrity of the internal control system which is designed to mitigate rather than eliminate risk of failure. However, it is recognized that evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material mis-statement, fraud or loss occurrence. The Board of Directors confirms that the system of internal controls with the key elements highlighted above was in place during the financial year. The Board has delegated to the management the implementation of the Group's internal control system. The management is accountable to the Board for the monitoring of the Group's internal control system on an ongoing basis.

### 3. RISK MANAGEMENT FRAMEWORK

The Group has outsourced its internal audit function to BDO Governance Advisory Sdn Bhd (434278-K) ("BDOGA"). In the last financial year, BDOGA has conducted a risk awareness workshop with the objectives of gauging our management perception towards risks and the Group's risk exposure. The Group continues to develop and implement a more structured risk management policy and framework incorporating the following activities:

- Identify the various risk factors (financial and non-financial) that can potentially have a significant impact on Menang's success and continuity.
- Develop a risk management policy and rank each of these risks according to its relative weight.
- Assess each of these risks (using the risk factors and relative weight) on Menang's core business lines, i.e. property development.
- Develop an overall risk profile in order of priority.
- Develop an overall internal audit plan that covers all risk areas.
- Conduct reviews of control activities on high-risk areas.
- Evaluate the control activities and give an opinion on the systems of internal controls.
- Monitor changes in business conditions and operating style.
- Evaluate changes against risks identified earlier and internal control systems.

In the last financial year, the risk areas were identified in the group-wide risk assessment and evaluation exercise. This financial year, BDOGA has completed another 3 internal control reviews on the Maintenance department, the Finance and Accounts department; and the Human Resource and Administration department. The opinions on the systems of internal controls in these 3 reviews are SATISFACTORY.

### 4. INTERNAL AUDIT FUNCTION

BDOGA provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal controls. BDOGA independently reviews the system of internal controls and reports to the Audit Committee on a quarterly basis, following the development of the risk management framework. Based on the internal controls in the key activities of the Group's business, a three year internal audit strategy and a detailed annual audit plan have been adopted by the Audit Committee in the last financial year. A risk-based approach is adopted and the audit strategy and plan is based on the risk profiles of the major business units of the Group. The Board conducted an annual review on the adequacy of the internal audit function and had re-appointed BDOGA as internal auditors for the year 2004.

## STATEMENT ON INTERNAL CONTROL

### 5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from the risk management framework and internal audit function, the Board has also put in place the other key elements of the Group's internal control systems:

- The Board of Directors has put in place an organisation structure which formally defines lines of responsibility and delegation of authority.
- Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
- The Corporate Centre coordinates the process for the Group for the coming year wherein the budgets are approved at operating unit level and ultimately by the Board of Directors.
- Quarterly performance reports that provide Management and the Board of Directors with comprehensive information on financial performance and key business indicators.
- The Management monitors the quarterly results of the Group against budget and in the event of major variances, Management will take appropriate action.
- Management accounts and reports are prepared monthly for effective monitoring and decision making.
- The business operations and management accounts including financial accounts are discussed at scheduled monthly management meetings.
- The Management monitors the progress on property operations i.e. the core business of the Group at the operations cum site meetings with external consultants on a fortnightly basis.
- The involvement of the Executive Directors who are hands-on in the operations and financial management of the Group.

### 6. CONCLUSION

A number of internal control weaknesses were identified during the financial year ended 31 December 2003. The weaknesses identified have been or are being addressed to ensure the integrity of internal controls. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report. The Management of the Company continues to take measures to strengthen the internal control environment. The development of the system of internal control is an ongoing process and the Board maintains an ongoing commitment to strengthen the Group's internal control environment and processes.

## OTHER COMPLIANCE STATEMENTS

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

### 2. SHARE BUY-BACKS

There were no Share Buy-Backs during the financial year.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no Warrants, Redeemable Convertible Secured Loan Stocks or Employee Share Option Scheme 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. SANCTIONS AND/OR PENALTIES

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

### 6. NON-AUDIT FEES

There were no non-audit fees paid to external auditors during the financial year.

### 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.

### 9. MATERIAL CONTRACT

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2003 or entered into since the end of the previous financial year.

### 10. REVALUATION POLICY ON LANDED PROPERTIES

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.

### 11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no recurrent related party transactions of a revenue nature during the financial year.



## 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 the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- n adopted suitable accounting policies and then apply them consistently;
- n made judgements and estimates that are prudent and reasonable; and
- n ensured all applicable accounting standards have been followed.

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.

**This statement is made in accordance with a resolution of the Board of Directors dated 19 May 2004.**

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## DIRECTORS' REPORT

for the year ended 31 December 2003

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2003.

### 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 5 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
Net loss for the year	13,711	5,465

### 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

## DIRECTORS' REPORT

for the year ended 31 December 2003

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

	Balance at 1.1.2003	Number of Ordinary Shares		Balance at 31.12.2003
		Bought	Sold	
<b>Shareholdings in which the Directors have direct interest</b>				
<b>Interest of Y.Bhg. Dato' Abdul Mokhtar Ahmad in:</b>				
Maymerge (M) Sdn. Bhd.	118,977,400	–	–	118,977,400
<b>Interest of Y.Bhg. Dato' Shun Leong Kwong in:</b>				
Company	9,400	–	–	9,400
Maymerge (M) Sdn. Bhd.	267,699,150	–	–	267,699,150
Luminous Circle Sdn. Bhd.	4,499,220	–	–	4,499,220
<b>Interest of Y.Bhg. Datin Mariam Eusoff in:</b>				
Company	4,200	–	–	4,200
Maymerge (M) Sdn. Bhd.	208,210,450	–	–	208,210,450
<b>Interest of Mr. Christopher Shun Kong Leng in:</b>				
Company	103,000	150,000	–	253,000
Luminous Circle Sdn. Bhd.	2,792,740	–	–	2,792,740
<b>Shareholdings in which the Directors have deemed interest</b>				
<b>Interest of Y.Bhg. Dato' Abdul Mokhtar Ahmad in:</b>				
Company	165,057,830	–	(40,500,000)	124,557,830
Titian Hartanah (M) Sdn. Bhd.	1,000,000	–	–	1,000,000
<b>Interest of Y.Bhg. Dato' Shun Leong Kwong in:</b>				
Company	165,064,130	–	(40,500,000)	124,564,130
Titian Hartanah (M) Sdn. Bhd.	1,000,000	–	–	1,000,000
<b>Interest of Y.Bhg. Datin Mariam Eusoff in:</b>				
Company	165,057,830	–	(40,500,000)	124,557,830
Titian Hartanah (M) Sdn. Bhd.	1,000,000	–	–	1,000,000
<b>Interest of Mr. Christopher Shun Kong Leng in:</b>				
Company	6,300	–	–	6,300

## DIRECTORS' REPORT

for the year ended 31 December 2003

	Balance at 1.1.2003	Number of Warrants 2002/2006		Balance at 31.12.2003
		Bought	Sold/ Exercised	
<b>Warrants holdings in which the Directors have interest</b>				
Mr. Christopher Shun Kong Leng - direct	10,000	100,000	(10,000)	100,000
Y.Bhg. Dato' Abdul Mokhtar Ahmad - deemed	12,680,000	960,000	(5,000,000)	8,640,000
Y.Bhg. Dato' Shun Leong Kwong - deemed	12,680,000	960,000	(5,000,000)	8,640,000
Y.Bhg. Datin Mariam Eusoff - deemed	12,680,000	960,000	(5,000,000)	8,640,000

Name	Number of options over ordinary shares of RM1.00 each			
	At 1.1.2003 '000	Offered and accepted '000	Exercised '000	At 31.12.2003 '000
Y.Bhg. Dato' Abdul Mokhtar Ahmad	1,000	–	–	1,000
Y.Bhg. Dato' Shun Leong Kwong	1,000	–	–	1,000
Y.Bhg. Datin Mariam Eusoff	1,000	–	–	1,000
Mr. Christopher Shun Kong Leng	1,000	–	–	1,000

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

None of the other Directors holding office at 31 December 2003 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor 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 companies which provided services to certain companies in the Group in the ordinary course of business as disclosed in Note 31 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 apart from the issuance of Redeemable Convertible Secured Loan Stocks (Note 15) and Directors' entitlement to subscribe for new ordinary shares in the Company under the Employees' Share Option Scheme ("ESOS") of the Company.

### ISSUE OF SHARES AND DEBENTURES

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

## DIRECTORS' REPORT

for the year ended 31 December 2003

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of warrants and options pursuant to the Employees' Share Option Scheme.

#### Warrants

The Warrants are in registered form and constituted by a Deed Poll and entitle the registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at a price of RM1.00 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid Deed Poll and can be exercised at any time during the five-year subscription period expiring on 15 October 2006. There was no exercise by the registered holders of the warrants to subscribe for new ordinary shares in the Company during the financial year.

#### Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 15 January 2002, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") to eligible Executive Directors and employees of the Group whereby:

- i) Not more than fifty per cent (50%) of the ordinary shares available under the ESOS should be allocated, in aggregate, to Executive Directors and senior management; and
- ii) Not more than ten per cent (10%) of the ordinary shares available under the ESOS should be allocated to any individual Executive Director or Eligible Employee, who either singly or collectively through his/her associates hold twenty per cent (20%) or more of the issued and paid-up share capital of the Company.

The options offered under ESOS to take up unissued ordinary shares of RM1.00 each and the subscription prices are as follows:

Date of offer	Number of options over ordinary shares of RM1.00 each				
	Subscription Price RM	Balance at 1.1.2003	Offered and accepted	Lapsed due to resignation	Balance at 31.12.2003
25.1.2002	1.00	13,816,000	–	(156,000)	13,660,000
4.3.2002	1.00	64,000	–	(26,000)	38,000
2.5.2002	1.00	32,000	–	–	32,000
7.11.2002	1.00	312,000	–	–	312,000
2.1.2003	1.00	–	19,000	–	19,000
10.1.2003	1.00	–	382,000	(107,000)	275,000
18.2.2003	1.00	–	21,000	–	21,000

The name of employees who have been granted options above 400,000 ordinary shares of RM1.00 each are as follows:

Name	Number of options over ordinary shares of RM1.00 each			
	At 1.1.2003 '000	Offered and accepted '000	Exercised '000	At 31.12.2003 '000
Dato' Abdul Latif Ahmad	1,000	–	–	1,000
Ho Mun Leong	1,000	–	–	1,000
Soon Yuow Kong	1,000	–	–	1,000
Ng Kim Fong	612	–	–	612
Ng Ah Wah	576	–	–	576
Tan Shoo Li	411	–	–	411

The external auditors have verified the allocation of options granted during the financial year.

## DIRECTORS' REPORT

for the year ended 31 December 2003

The salient features of the ESOS are as follows:

- i) The maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the Securities Commission shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- ii) Executive Directors and eligible employees are those who have been confirmed in writing as employees of the Group on or prior to the date of the offer;
- iii) The option is personal to the grantee and shall not be transferred, assigned or disposed of by the grantee save and except in the event of the death of the grantee as provided under Bye-Law 14.6;
- iv) No offer shall be made to any executive director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in general meeting;
- v) The subscription price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than ten per cent (10%) from the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the date of offer or at par value of the shares of the Company of RM1.00, whichever is higher;
- vi) The options granted may be exercised at any time within the option period and the option may be fully exercised after the acceptance under Bye-Law 10.1; and
- vii) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings which is less than 400,000 ordinary shares of RM1.00 each.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

### 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
- 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.

## DIRECTORS' REPORT

for the year ended 31 December 2003

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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 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.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- i) On 31 March 2003, one of the subsidiary of the Company, Menang Development (M) Sdn. Bhd. ("MDSB"), entered into a Joint Venture Agreement ("JVA") with OSK Properties Sdn. Bhd. on a fifty - fifty (50 : 50) basis for the purpose of developing part of the lands held under H. S. (D) 125685 to H. S. (D) 125686, P.T. 9541 to P.T. 9542, H. S. (D) 125696 to H. S. (D) 125697, P.T. 9552 to P.T. 9553 and GM 653, Lot 482 all in the Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus measuring approximately 1,784,779 sq. ft. and contract thereon the various types of approved development together with the infrastructures, conveniences and other amenities pertaining there to upon such terms and conditions as stipulated in the Joint Venture Agreement.

On 18 July 2003, MDSB entered into a Deed of Novation with OSK Properties Sdn. Bhd. and OSK Properties (Seremban) Sdn. Bhd., which OSK Properties Sdn. Bhd. novate the JVA to OSK Properties (Seremban) Sdn. Bhd.

- ii) On 12 May 2003, the Company entered into a Sale and Purchase Agreement with Titian Hartanah (M) Sdn. Bhd. to acquire the entire issued and paid up capital of Seremban 3 Resort Sdn. Bhd. comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00.

### 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,

9 April 2004



## 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 34 to 70 are 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 the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and 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,

9 April 2004

## 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 34 to 70 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 in Kuala Lumpur on 9 April 2004.

**NG KIM FONG**

Before me:

**P SETHURAMAN** (No. W-217)  
Commissioner for Oaths  
30 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 34 to 70. 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 2003 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 5 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: 1722/09/05(J)

Kuala Lumpur,

9 April 2004

**BALANCE SHEETS**

at 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Property, plant and equipment</b>	2	2,720	1,431	638	212
<b>Investment properties</b>	3	145,670	138,694	136,310	129,202
<b>Development properties</b>	4	117,887	119,926	–	–
<b>Investment in subsidiaries</b>	5	–	–	85,631	85,631
<b>Investment in an associate</b>	6	28,797	29,890	14,873	16,873
<b>Other investment</b>	7	2	2	–	–
<b>Amount due from a subsidiary</b>	8	–	–	–	–
		295,076	289,943	237,452	231,918
<b>Current assets</b>					
Development properties	4	21,854	24,852	–	–
Inventories	9	6,396	6,281	–	–
Trade and other receivables	10	953	2,042	16,310	38,975
Tax recoverable		14	–	14	–
Cash and bank balances	11	678	754	204	262
		29,895	33,929	16,528	39,237
<b>Current liabilities</b>					
Trade and other payables	12	19,184	17,538	10,985	10,038
Borrowings	13	30,995	8,213	6,151	5,097
		50,179	25,751	17,136	15,135
<b>Net current (liabilities)/assets</b>		(20,284)	8,178	(608)	24,102
		274,792	298,121	236,844	256,020
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	14	267,107	267,107	267,107	267,107
Reserves		(51,484)	(37,773)	(57,233)	(51,768)
<b>Shareholders' funds</b>		215,623	229,334	209,874	215,339
<b>Long term and liabilities</b>					
Borrowings	13	34,233	31,851	2,034	3,745
Redeemable Convertible Secured Loan Stocks	15	24,936	36,936	24,936	36,936
		274,792	298,121	236,844	256,020

The financial statements were approved and authorised for issue by the Board of Directors on 9 April 2004.

The notes set out on pages 39 to 70 form an integral part of, and should be read in conjunction with, these financial statements.

# INCOME STATEMENTS

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Revenue</b>	18	7,227	17,655	253	204
<b>Cost of sales</b>	19	(6,986)	(11,469)	–	–
<b>Gross profit</b>		241	6,186	253	204
Other operating income		358	301	15	37
Administrative expenses		(4,672)	(4,907)	(1,183)	(1,515)
Other operating expenses		(4,183)	(4,553)	(3,062)	(2,667)
<b>Operating loss</b>	20	(8,256)	(2,973)	(3,977)	(3,941)
Interest income	22	6	49	1,584	2,227
Financing costs	23	(6,417)	(5,757)	(3,072)	(3,194)
Share of profit of an associate		1,040	9,798	–	–
<b>(Loss)/Profit before taxation</b>		(13,627)	1,117	(5,465)	(4,908)
Tax expense	24	(84)	(2,934)	–	–
<b>Net loss for the year</b>		(13,711)	(1,817)	(5,465)	(4,908)
Loss per ordinary share (sen)	25	(5.13)	(0.68)		

The notes set out on pages 39 to 70 form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2003

Group	Share capital RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
<b>At 1 January 2002</b>	267,107	960	(36,916)	231,151
Net loss for the year	–	–	(1,817)	(1,817)
<b>At 31 December 2002</b>	267,107	960	(38,733)	229,334
Net loss for the year	–	–	(13,711)	(13,711)
<b>At 31 December 2003</b>	267,107	960	(52,444)	215,623
<b>Company</b>				
<b>At 1 January 2002</b>	267,107	1,486	(48,346)	220,247
Net loss for the year	–	–	(4,908)	(4,908)
<b>At 31 December 2002</b>	267,107	1,486	(53,254)	215,339
Net loss for the year	–	–	(5,465)	(5,465)
<b>At 31 December 2003</b>	267,107	1,486	(58,719)	209,874
	Note 14	Note 17		

The notes set out on pages 39 to 70 form an integral part of, and should be read in conjunction with, these financial statements.

**CASH FLOW STATEMENTS**

for the year ended 31 December 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before taxation	(13,627)	1,117	(5,465)	(4,908)
Adjustments for:				
Share of profit of an associate	(1,040)	(9,798)	–	–
Interest expense	6,417	5,757	3,072	3,194
Depreciation	482	225	147	61
Interest income	(6)	(49)	(1,584)	(2,227)
Gain on disposal of property, plant and equipment	(45)	(32)	–	(25)
Allowance for advances to subsidiary companies	–	–	970	647
Dividend income	–	–	(49)	–
Write down of investment properties	133	–	–	–
Operating loss before working capital changes	(7,686)	(2,780)	(2,909)	(3,258)
(Increase)/Decrease in working capital:				
Development properties	5,036	8,905	–	–
Inventories	(115)	67	–	–
Trade and other receivables	867	5,868	23,279	3,883
Trade and other payables	2,750	(9,192)	650	(3,596)
Cash generated from/(used in) operations	852	2,868	21,020	(2,971)
Interest received	6	49	–	2
Tax paid	(14)	–	(14)	–
<b>Net cash generated from/(used in) operating activities</b>	<b>844</b>	<b>2,917</b>	<b>21,006</b>	<b>(2,969)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	45	32	–	25
Purchase of property, plant and equipment (ii)	(1,078)	(279)	(573)	(154)
Purchase of investment properties	(7,108)	(2,952)	(7,108)	(2,952)
Redemption of redeemable preference shares in associate	2,000	8,250	2,000	8,250
Repayment of amount due from an associate	–	9,700	–	–
Dividend received	49	–	49	–
<b>Net cash (used in)/generated from investing activities</b>	<b>(6,092)</b>	<b>14,751</b>	<b>(5,632)</b>	<b>5,169</b>

**CASH FLOW STATEMENTS**

for the year ended 31 December 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Cash flows from financing activities</b>				
Interest paid	(5,435)	(9,923)	(2,775)	(7,212)
Repayment of bank borrowings	(628)	(4,418)	(467)	(4,215)
Repayment to ultimate holding company	-	(4,406)	-	-
Payment of hire purchase liabilities	(159)	(76)	(52)	(46)
Repayment from subsidiaries	-	-	-	9,659
Proceeds from term loan	23,532	-	-	-
Redemption of Redeemable Convertible Secured Loan Stocks	(12,000)	-	(12,000)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>5,310</b>	<b>(18,823)</b>	<b>(15,294)</b>	<b>(1,814)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>62</b>	<b>(1,155)</b>	<b>80</b>	<b>386</b>
<b>Cash and cash equivalents at beginning of year (i)</b>	<b>(1,492)</b>	<b>(337)</b>	<b>(1,984)</b>	<b>(2,370)</b>
<b>Cash and cash equivalents at end of year (i)</b>	<b>(1,430)</b>	<b>(1,492)</b>	<b>(1,904)</b>	<b>(1,984)</b>

**(i) Cash and Cash Equivalents**

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	656	754	182	262
Deposits placed with a licensed bank	22	-	22	-
Bank overdrafts	(2,108)	(2,246)	(2,108)	(2,246)
	<b>(1,430)</b>	<b>(1,492)</b>	<b>(1,904)</b>	<b>(1,984)</b>

**(ii) Purchase of property, plant and equipment**

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,771,000 of which RM693,000 was acquired by means of hire purchases.

The notes set out on pages 39 to 70 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 by the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes and MASB 29, Employees Benefit which have been applied retrospectively. Comparative figures have not been restated as the adoption of these Standards has no material impact on the financial statements.
- (ii) MASB 27, Borrowing Costs which has been applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the accounting standard.

Apart from the new policies and extended disclosures where required by these new standards, there is no material effect on these financial statements.

#### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis and in compliance with the provisions of the Companies Act, 1965 and 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

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation.

Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than 20 years.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in an associate.



## 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.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

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 2003 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 2003 and 31 December 2003 respectively.

In the consolidated balance sheet, the investment in associates is stated at cost, adjusted for the Group's share of post-acquisition profits or losses less impairment loss where applicable.

### (e) Joint venture

A joint venture is a contracted agreement whereby the Group and other parties have control over an economic activity.

In respect of their interest in jointly controlled assets, the Group and the Company recognise in their financial statements their share of the jointly controlled assets, classified according to the nature of the assets; any liabilities which they have incurred; their share of any liabilities incurred jointly with the other venturers in relation to the joint venture; any income from the sale or use of their share of the output of the joint venture together with their share of any expenses incurred by the joint venture; and any expenses which they have incurred in respect of their interest in the joint venture.

Unrealised profits or losses arising from transactions between the Group and its joint venturers are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturers. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

### (f) Property, plant and equipment

Freehold land is stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a 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 carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

## NOTES TO THE FINANCIAL STATEMENTS

### **Depreciation**

Freehold land is not amortised. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal 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%

### **(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.

During the year, the Directors carried out a valuation to all class of investment properties of the Group.

The Company revalues its properties comprising land and building every five 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 is 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 cost includes interest expense on loans and advances utilised to finance on-going development.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### (i) Investments

Long term investments, other than in subsidiaries, associate and joint venture, 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.

Long term investment in subsidiaries, associate and joint venture is stated at cost in the Company, less impairment loss where applicable.

Current unquoted investments are stated at the lower of cost and net realisable value.

### (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 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. Cost is determined on weighted average cost basis.

### (k) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with bank. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

### (m) Liabilities

Borrowings and trade and other payables are stated at cost.

### (n) Impairment

The carrying amount of the Group's assets, other than inventories (refer note 1(j)), assets arising from construction contracts and financial assets (other than investments in subsidiaries, associate and joint venture), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## NOTES TO THE FINANCIAL STATEMENTS

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement

### (o) 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 digits method.

### (p) 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.

### (q) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

### (r) Employee benefits

#### *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

### (s) Revenue

#### *(i) Property development*

Profit from property development is recognised using the percentage of completion method 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.

#### *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.

### (t) Financing costs

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 1(p), 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. 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
<b>Cost</b>							
Opening balance	1,187	604	1,959	1,545	212	201	5,708
Additions	–	418	337	926	90	–	1,771
Disposals	–	–	(305)	–	–	–	(305)
Closing balance	1,187	1,022	1,991	2,471	302	201	7,174
<b>Depreciation</b>							
Opening balance	398	407	1,618	1,462	195	197	4,277
Charge for the year	24	129	160	148	21	–	482
Disposals	–	–	(305)	–	–	–	(305)
Closing balance	422	536	1,473	1,610	216	197	4,454
<b>Net book value</b>							
At 31 December 2003	765	486	518	861	86	4	2,720
At 31 December 2002	789	197	341	83	17	4	1,431
For the year ended 31 December 2002 Depreciation charge	23	66	93	41	–	2	225

The net book value of plant and machinery and motor vehicles acquired under hire purchase arrangement amounting to RM769,610 (2002 - RM253,036).

## NOTES TO THE FINANCIAL STATEMENTS

Certain freehold land and building of net book value amounting to RM423,032 (2002 - RM436,822) are pledged to secure term loan granted to the Group.

Company	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovations RM'000	Total RM'000
<b>Cost</b>				
Opening balance	609	440	27	1,076
Additions	–	573	–	573
Closing balance	609	1,013	27	1,649
<b>Depreciation</b>				
Opening balance	418	419	27	864
Charge for the year	55	92	–	147
Closing balance	473	511	27	1,011
<b>Net book value</b>				
At 31 December 2003	136	502	–	638
At 31 December 2002	191	21	–	212
For the year ended 31 December 2002				
Depreciation charge	55	6	–	61

The net book value of property, plant and equipment acquired under hire purchase arrangement amounting to RM136,000 (2002 - RM191,000).

### 3. INVESTMENT PROPERTIES

	2003 RM'000	2002 RM'000
<b>3.1 Group</b>		
At valuation:		
Freehold land	9,352	9,485
Long term leasehold land and buildings	2,550	2,550
Development expenditure	7	7
	11,909	12,042
At cost:		
Freehold land	118,349	118,349
Development expenditure	15,412	8,303
	133,761	126,652
Balance at 31 December	145,670	138,694

## NOTES TO THE FINANCIAL STATEMENTS

	2003 RM'000	2002 RM'000
<b>3.2 Company</b>		
At valuation:		
Long term leasehold land and building	2,024	2,024
Surplus in valuation of investment property (Note 17)	526	526
	2,550	2,550
At cost:		
Freehold land	118,349	118,349
Development expenditure	15,411	8,303
	133,760	126,652
Balance at 31 December	136,310	129,202

Certain freehold land amounting to RM4,318,000 (2002 - RM4,318,000) have been charged to secure term loans and overdraft facilities granted to the Group as disclosed in Note 13.

The long term leasehold land and building of the Group and of the Company amounting to RM2,550,000 (2002 - RM2,550,000) have been charged to secure Redeemable Convertible Secured Loan Stocks granted to the Group and the Company.

The investment properties of the Group and of the Company were appraised by independent firms of professional valuer based on open market value in September 1998 and October 1999 respectively. These properties are classified as investment properties so as to reflect the management's intention of holding these properties for investment purposes.

Included in the investment properties of the Group and of the Company is the parcels of freehold land amounted to RM118,349,000 which is related to Seremban 3 Project acquired under the corporate restructuring scheme undertaken in 2001.

The freehold land of Seremban 3 was determined by Securities Commission via its letter dated 17 August 2000, revised and approved the purchase consideration at RM200 million.

During the year, the Directors carried out a valuation to all class investment properties of the Group. Based on the prevailing market information that currently available and the property survey report compiled by an independent professional valuers, the Directors are of the view that the fair values of the investment properties held at the balance sheet date are not significantly different from the carrying amount shown in the financial statements at the balance sheet date.



## NOTES TO THE FINANCIAL STATEMENTS

### 4. DEVELOPMENT PROPERTIES

	Group	
	2003 RM'000	2002 RM'000
At valuation:		
Freehold land (Note 4.1)	32,479	32,558
Long term leasehold land (Note 4.2)	9,864	9,864
Development expenditure (Note 4.3)	436	436
	42,779	42,858
At cost:		
Freehold land (Note 4.4)	83,410	90,328
Development expenditure (Note 4.4)	13,552	28,214
Attributable profits (Note 4.5)	–	7,861
	96,962	126,403
Less: Progress billings (Note 4.5)	–	(24,483)
	96,962	101,920
Total development properties	139,741	144,778
Less: Non current portion	(117,887)	(119,926)
Current portion	21,854	24,852
Addition to development costs during the year include:		
Interest expense	–	339

Interest is capitalised in development properties at rate of Nil (2002 - 9.45%).

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.

- 4.1 Included in freehold land is group cost of RM8,372,000 (2002 - RM8,372,000) which is stated at net of taxation. Had group cost been stated at gross, the group cost would be RM11,628,000 (2002 - RM11,628,000) with a corresponding deferred tax liability of RM3,256,000 (2002 - RM3,256,000).

Certain parcels of freehold land amounting to Nil (2002 - RM4,042,638) was disposed of during the year. Certain freehold land amounting to RM82,083,000 (2002 - RM52,821,000) are pledged to financial institutions to secure term loans and overdraft facilities granted to the Company and certain subsidiaries. (see Note 13).

- 4.2 The long 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 RM9,864,000 (2002 - RM9,864,000) are pledged to secure term loan and overdraft facilities granted to the Company and Group.

## NOTES TO THE FINANCIAL STATEMENTS

- 4.3 The development expenditure are all related costs incurred to prepare land and its intended use for future development.
- 4.4 The freehold land and related development expenditure are related to acquisition of Seremban 3 Project acquired from Titian Hartanah (M) Sdn. Bhd. under the restructuring scheme completed in 2001.

The Company had elected not to effect the transfer of the properties from Titian Hartanah (M) Sdn. Bhd. as the registered owner and had entered into the agreements with Titian Hartanah (M) Sdn. Bhd. on 26 July 2001 to safeguard the Company's interest as the beneficial owner of Seremban 3 via a Trust Deed and an irrevocable Power of Attorney between Titian Hartanah (M) Sdn. Bhd. and the Company.

During the financial year ended 31 December 2002, freehold land of RM732,000 was acquired and held in trust by Titian Hartanah (M) Sdn. Bhd. on behalf of a subsidiary via the execution of a Trust Deed and an irrevocable Power of Attorney between the subsidiary and Titian Hartanah (M) Sdn. Bhd.

- 4.5 During the financial year, the sales of few parcels of bungalow lands which was recognised as sales in the financial year ended 31 December 2001 has been rescinded on 15 April 2003. Subsequently, the attributable profits of RM4,037,500 and progress billing of RM6,262,650 have been reversed out respectively.

The costs incurred for Phase 2B1 have been reclassified to inventories subsequent to the completion of that phase. The costs consist of land cost and cost of building.

### 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	218,934	105,049
Add: Capitalisation of amount due from a subsidiary (Note 8)	–	115,000
Less: Pre-acquisition profit distributed	–	(1,115)
	218,934	218,934
Less: Allowance for diminution in value of investments	(133,303)	(133,303)
	85,631	85,631

During the financial year, the amount due from a subsidiary of Nil (2002 - RM115,000,000) was capitalised as additional cost of investment in a subsidiary (Note 8).

## 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
		2003 %	2002 %	
<b>Subsidiaries</b>				
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
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.*	Malaysia	100	–	Operating recreational facilities
<b>Sub-Subsidiaries</b>				
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 Aquarium (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares, at cost	16,873	25,123	16,873	25,123
Shares redeemed during the year	(2,000)	(8,250)	(2,000)	(8,250)
Share of post-acquisition profit (net of dividend received)	13,924	13,017	–	–
	<b>28,797</b>	<b>29,890</b>	<b>14,873</b>	<b>16,873</b>
Represented by: Group's share of net assets	<b>28,797</b>	<b>29,890</b>		

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

Name of Company	Country	Effective Ownership Interest	
		2003 %	2002 %
Hicom Menang Properties Sdn. Bhd.	Malaysia	49	49

Included in the cost of investment in associate of the Company is redeemable preference shares totaling RM11,850,000. During financial year ended 31 December 2003, RM2,000,000 had been redeemed by the associate.

### 7. OTHER INVESTMENT

	Company	
	2003 RM'000	2002 RM'000
<b>Long term</b>		
Quoted shares, at cost	3	3
Less: Allowance for diminution in value	(1)	(1)
	<b>2</b>	<b>2</b>
Market value of quoted shares	<b>6</b>	<b>5</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 8. AMOUNT DUE FROM A SUBSIDIARY

	Company	
	2003	2002
	RM'000	RM'000
Amount due from a subsidiary	–	81,000
Loan to a subsidiary	–	34,000
	–	115,000
Less: Capitalisation to investment in subsidiaries (Note 5)	–	(115,000)
	–	–

The amount due from a subsidiary 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 is unsecured, interest free and has no fixed terms of repayment.

The loan to and amount due from a subsidiary has been capitalised as additional cost of investment in subsidiary (see Note 5).

### 9. INVENTORIES

	Group	
	2003	2002
	RM'000	RM'000
At cost:		
Completed properties	6,139	6,024
Plants and shrubs	257	257
	6,396	6,281

The inventories of completed properties comprise 1 (2002 - Nil) unit of terrace house located at Phase 2B1, Seremban 3, Negeri Sembilan, Malaysia and developed properties comprises 92 (2002 - 92) units of market stalls and 24 (2002 - 24) units of shoplots and are located at Mukim Rasah, Seremban, Negeri Sembilan, Malaysia. Certain completed properties amounting to RM5,774,000 (2002 - RM5,774,000) have been charged to secure Redeemable Convertible Secured Loan Stocks granted to the Group and the Company.

During the financial year ended 31 December 2002, a subsidiary entered into a Sale and Purchase Agreement with a third party to dispose of 18 units of shoplots for sales consideration amounting to RM6,840,000. However, the completion of disposal is still subject to the terms and conditions as stipulated in the Agreement.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	163	387	–	–
Retention sum	306	1,077	–	–
Other receivables, deposits and prepayments	484	578	102	103
	953	2,042	102	103
Amount due from subsidiaries	–	–	58,564	80,258
Less: Allowance for advances to subsidiaries	–	–	(42,356)	(41,386)
	953	2,042	16,310	38,975

The amount due from subsidiaries are non-trade in nature, unsecured, interest free and have no fixed terms of repayment except for an amount of RM49 million (2002 - RM72 million) which bear interest ranging from 1% to 11% (2002 - 1% - 9%) per annum.

### 11. CASH AND CASH EQUIVALENT

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	656	754	182	262
Deposits are placed with a licensed bank	22	–	22	–
	678	754	204	262

### 12. TRADE AND OTHER PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables	2,163	1,249	747	–
Retention sum	310	641	166	–
Other payables and accrued expenses	13,331	11,995	1,883	1,783
Ultimate holding company - non trade	–	1,457	–	–
Holding company - Trade	–	2,196	–	–
Subsidiaries - Non trade	–	–	8,189	8,255
Corporate shareholder - non-trade	3,380	–	–	–
	19,184	17,538	10,985	10,038

The amount owing to ultimate holding company was unsecured, bears interest at 9.95% (2002 - 9.95%) per annum and has no fixed term of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

The amount owing to holding company was unsecured, interest free and has no fixed term of repayment.

The amount owing to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The amount owing to corporate shareholder is unsecured, bear interest at 9.95% (2002 – Nil) and has no fixed terms of repayment.

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 RM1,187,341 (2002 - RM673,000) and RM515,495 (2002 - RM318,000) respectively.

Included in other payables and accrued expenses of the Group and of the Company is the interest payable of Redeemable Convertible Secured Loan Stocks amounted to RM584,797 (2002 - RM882,000).

### 13. BORROWINGS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Current</b>				
Term loans - secured				
- Al-Bai Bithaman Ajil loan (Note 13.1)	9,148	3,103	-	-
- Other term loans (Note 13.2)	19,523	2,800	3,992	2,800
	28,671	5,903	3,992	2,800
Overdrafts – secured (Note 13.3)	2,108	2,246	2,108	2,246
Hire purchase liabilities	216	64	51	51
	30,995	8,213	6,151	5,097
<b>Non-current</b>				
Term loans – secured				
- Al-Bai Bithaman Ajil loan (Note 13.1)	23,725	28,067	-	-
- Other term loans (Note 13.2)	9,970	3,628	1,969	3,628
	33,695	31,695	1,969	3,628
Hire purchase liabilities	538	156	65	117
	34,233	31,851	2,034	3,745
	65,228	40,064	8,185	8,842

#### *Terms and debt repayment schedule*

13.1 The Al-Bai Bithaman Ajil term loan is secured by way of legal charges over certain development properties of a subsidiary and corporate guarantee by the Group. The term loan is subject to a profit equivalent to yield rate of 11% (2002 - 11%) per annum.

This 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 (20) equal instalments over a period of five (5) years from 1 July 2003 to 30 June 2008.

The total profit of the loan for the whole duration is RM11,870,673. During the year, an amount of RM1.9 million (2002 - RM2.6 million) was charged to the income statements.

## NOTES TO THE FINANCIAL STATEMENTS

- 13.2 The other term loans with financial institutions are secured by way of charges on certain properties of the Company and a subsidiary. The interest rate charged ranged from 8.0% to 8.9% (2002 - 8.0% to 9.35%) per annum.

During the financial year ended 31 December 2002, the term loans of two subsidiaries of RM17,099,000 were transferred to the Company. The term loans of RM36,936,000 of the Group have been restructured for the issuance of Redeemable Convertible Secured Loan Stocks to the Scheme Creditors under the restructuring scheme as disclosed in Note 15.

- 13.3 The bank overdrafts of the Group and of the Company are secured by way of legal charge over certain development properties of subsidiaries. Interests rate charged at 8.5% (2002 - 8.9%) 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
Al-Bai Bithaman Ajil term loan	32,873	9,148	6,206	17,519	-
Secured term loans	29,493	19,523	5,970	4,000	-
Secured overdrafts	2,108	2,108	-	-	-
Hire purchase liabilities	754	216	197	341	-
	65,228	30,995	12,373	21,860	-

### Company

Secured term loans	5,961	3,992	1,969	-	-
Secured overdrafts	2,108	2,108	-	-	-
Hire purchase liabilities	116	51	32	33	-
	8,185	6,151	2,001	33	-

### Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2003 RM'000	Interest 2003 RM'000	Principal 2003 RM'000	Payments 2002 RM'000	Interest 2002 RM'000	Principal 2002 RM'000
Less than one year	264	48	216	79	15	64
Between one and five years	638	100	538	195	39	156
	902	148	754	274	54	220

### Company

Less than one year	63	12	51	63	12	51
Between one and five years	84	19	65	147	30	117
	147	31	116	210	42	168



## NOTES TO THE FINANCIAL STATEMENTS

### 14. SHARE CAPITAL

	Group and Company	
	2003	2002
	RM'000	RM'000
Ordinary shares of RM1.00 each		
Authorised	1,000,000	1,000,000
Issued and fully paid	267,107	267,107

14.1 There was no exercise by the registered holders of the warrants to subscribe for new ordinary shares in the Company during the financial year.

14.2 Upon issuance of the Redeemable Convertible Secured Loan Stocks ("RCLS"), as disclosed in Note 15, the two Scheme Creditors have the rights to convert 24,935,860 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.

14.3 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 details of options granted to subscribe for shares which were outstanding at 31 December 2003 are as follows:

Date of offer	Option expiry date	Subscription price	Number of Ordinary shares
25/1/2002	23/1/2007	RM1.00	13,660,000
4/3/2002	23/1/2007	RM1.00	38,000
2/5/2002	23/1/2007	RM1.00	32,000
7/11/2002	23/1/2007	RM1.00	312,000
2/1/2003	23/1/2007	RM1.00	19,000
10/1/2003	23/1/2007	RM1.00	275,000
18/2/2003	23/1/2007	RM1.00	21,000
			14,357,000

The consideration is payable in full on application.

The salient features of the ESOS are as follows:

- The maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the Securities Commission shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- Executive Directors and eligible employees are those who have been confirmed in writing as employees of the Group on or prior to the date of the offer;
- The option is personal to the grantee and shall not be transferred, assigned or disposed of by the grantee save and except in the event of the death of the grantee as provided under Bye-Law 14.6;

## NOTES TO THE FINANCIAL STATEMENTS

- iv) No offer shall be made to any executive director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in general meeting;
- v) The subscription price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than ten per cent (10%) from the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the date of offer or at par value of the shares of the Company of RM1.00, whichever is higher;
- vi) The options granted may be exercised at any time within the option period and the option may be fully exercised after the acceptance under Bye-Law 10.1; and
- vii) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

### 15. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

	<b>Group and Company</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Opening balance	36,936	–
Issued during the year	–	36,936
Repayment during the year	(12,000)	–
Closing balance	24,936	36,936

The Redeemable Convertible Secured Loan Stocks ("RCLS") have been issued to the Scheme Creditors on 13 March 2002 pursuant to the Schemes of Arrangement of the Restructuring Scheme in previous year.

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 the Company 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.

Maymerge (M) Sdn. Bhd. has 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 (M) Sdn. Bhd. are deemed to have interests in the RCLS Issue by virtue of the Put and Call Options.

## NOTES TO THE FINANCIAL STATEMENTS

The two Scheme Creditors had entered into a Loan Stocks Agreement with the Company on 13 December 2001 for the RCLS Loan Covenant. The Loan Stocks Agreement has imposed, inter alia, the following covenants to the Company:

- a) The Company 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 exceeds 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.

The RCLS have the following salient features:

- a) Prior to conversion of the RCLS to ordinary shares or their redemption, the holders of the RCLS will be entitled *pari passu* to interest at 8.0% per annum payable semi-annually.

### ***Conversion rights***

- b) Each registered holder of the RCLS shall have a right to convert at the Conversion Ratio such amount of RCLS into fully paid-up ordinary shares in the Company on the basis of RM1.00 in nominal value of RCLS for one (1) new ordinary share of RM1.00 each in the Company at any time during the conversion period.
- c) The new ordinary shares to be issued from the conversion of the RCLS shall rank *pari passu* with all existing ordinary shares of the Company.
- d) Unless converted, the RCLS will be redeemable in accordance with the terms set out below.

### ***Redemption of RCLS***

- e) 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 two (2) years from the date of issue will be redeemable by the Company on the following basis:-

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

In determining the number of RCLS to be redeemed at the end of the respective anniversary, the Company shall take into account the number of RCLS exercised under the Put and Call Options, converted or redeemed up to the end of the period.

- f) Where the Company redeems part only of the RCLS outstanding whether at its option at any time during the redemption period or on the basis set out above after the lapse of two (2) years from the date of issue, the number of RCLS redeemed from each holder shall apply in proportion to the holding of each RCLS holder.

During the financial year, one of the scheme creditors exercised the Put Option totalling RM6,403,594 (2002 - 4,742,613) RCLS of RM1.00 each to corporate shareholder, Maymerge (M) Sdn. Bhd.

At 31 December 2003, none of the 24,935,860 RCLS of RM1.00 each have been converted into ordinary shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. DEFERRED TAX

The unrecognised deferred tax assets are as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deductible temporary differences	4,598	4,657	(54)	(16)
Unabsorbed capital allowances	399	739	108	94
Unutilised tax losses	22,029	18,837	9,027	8,301
	27,026	24,233	9,081	8,379

The deductible temporary differences, unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

### 17. CAPITAL RESERVE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Non - distributable</b>				
Warrants issue	960	960	960	960
Capital reserve (Note 3.2)	–	–	526	526
	960	960	1,486	1,486

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

The Warrants issue relates to the issuance of 40,070,400 new warrants 2001/2006 at an issue price of RM0.10 per warrant under the Restructuring Scheme in previous year.

### 18. REVENUE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sale of properties	12,628	10,730	–	–
Compulsory acquisition of development properties by State Government	–	6,640	–	–
Rental income	204	204	204	204
Services	658	81	–	–
Dividend	–	–	49	–
Gross revenue	13,490	17,655	253	204
Rescission of prior year sales of properties	(6,263)	–	–	–
Net revenue	7,227	17,655	253	204

## NOTES TO THE FINANCIAL STATEMENTS

### 19. COST OF SALES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Contract cost recognised as an expenses	115	7,426	–	–
Cost of properties sold	8,474	4,043	–	–
Cost of services	622	–	–	–
Gross cost of sales	9,211	11,469	–	–
Rescission of prior year cost of properties sold	(2,225)	–	–	–
Net cost of sales	6,986	11,469	–	–

### 20. OPERATING LOSS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Operating loss is arrived at after crediting:				
Accounting and secretarial fees from a subsidiary	–	–	12	12
Dividend income	–	–	49	–
Gain on disposal of property, plant and equipment	45	32	–	25
Gain on compulsory acquisition of development properties by State Government	–	2,597	–	–
Rental income on buildings	507	448	204	204

and after charging:

Allowance for advances to subsidiaries	–	–	970	647
Auditors' remuneration	63	57	21	21
Bad debts written off	16	–	–	–
Company's Directors				
- Remuneration	2,011	2,687	830	952
- Fees	30	30	30	30
Depreciation	482	225	147	61
Rental expense on land and building	207	176	–	–
Rental of equipment	1	–	–	–
Write down of investment properties	133	–	–	–

The estimated monetary value of Directors' benefit in kind of the Group and the Company of RM759,000 (2002 - RM773,000) and RM567,000 (2002- RM581,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 21. EMPLOYEES INFORMATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other staff costs (emoluments of staff)	1,562	1,390	722	733
Employees Provident Fund	204	181	86	90
	1,766	1,571	808	823

The number of employees of the Group and of the Company (including Directors) at the end of the year was 110 (2002 - 74) and 24 (2002 - 23).

### 22. INTEREST INCOME

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest from subsidiaries	–	–	1,584	2,225
Others	6	49	–	2
	6	49	1,584	2,227

### 23. FINANCING COSTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deferred liability charges (Note 13.1)	1,864	2,566	–	–
Redeemable Convertible Loan Stock	2,370	2,372	2,370	2,372
Term loans	2,008	561	545	573
Bank overdrafts	146	239	146	239
Hire purchase	29	19	11	10
	6,417	5,757	3,072	3,194

### 24. TAX EXPENSE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current tax expense	–	2	–	–
Under provision in previous years	84	2,932	–	–
Tax expense on share of profit of associate	84	2,934	–	–

## NOTES TO THE FINANCIAL STATEMENTS

### Reconciliation of effective tax rate

Group	2003		2002	
	%	RM'000	%	RM'000
(Loss)/Profit before taxation		(13,627)		1,117
Income tax using Malaysian tax rates	(28)	(3,816)	28	313
Non-deductible expenses	8	1,107	60	666
Deferred tax benefits not recognised	21	2,793	175	1,957
	1	84	263	2,936
Underprovision in prior years	–	–	–	(2)
Tax expense	1	84	263	2,934

### Reconciliation of effective tax rate

Company	2003		2002	
	%	RM'000	%	RM'000
Loss before taxation		(5,465)		(4,908)
Income tax using Malaysian tax rates	(28)	(1,530)	(28)	(1,374)
Non-deductible expenses	15	828	12	572
Deferred tax benefits not recognised	13	702	16	802
	–	–	–	–
Tax expense	–	–	–	–

## 25. 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 RM13,711,000 (2002 - RM1,817,000) and on weighted average number of ordinary shares outstanding during the year of 267,107,000 (2002 - 267,107,000).

	2003 RM'000	2002 RM'000
Loss after tax for the year	13,711	1,817

## NOTES TO THE FINANCIAL STATEMENTS

### *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:

	2003 '000	2002 '000
Issued ordinary shares at beginning of the year	267,107	267,107
Weighted average number of ordinary shares	267,107	267,107
Loss per ordinary share (sen)	5.13	0.68

### *(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 (Note 14.1), exercise of options over shares under ESOS (Note 14.3) and the assumed conversion from the RCLS (Note 15) would be antidilutive, and the diluted loss per share figures are therefore not shown.

## 26. DISTRIBUTABLE RESERVE

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank approximately Nil (2002 - RM33,250,000) of its distributable reserves at 31 December 2003 if paid out as dividends.

## 27. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. No geographical segmental information is presented as the business segments are operated in Malaysia only.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### *Business segments*

The Group comprises the following main business segments:

Property development	Development of residential and commercial properties.
Project management and 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, and operating recreational facilities.



## NOTES TO THE FINANCIAL STATEMENTS

	Project management and investment holding		Property development		Credit, leasing and trading		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Business Segments</b>										
Revenue from external customers	279	285	6,366	17,370	582	–	–	–	7,227	17,655
Inter-segment revenue	49	–	–	–	2	3	(51)	(3)	–	–
<b>Total revenue</b>	<b>328</b>	<b>285</b>	<b>6,366</b>	<b>17,370</b>	<b>584</b>	<b>3</b>	<b>(51)</b>	<b>(3)</b>	<b>7,227</b>	<b>17,655</b>
<b>Segment result</b>	<b>(5,063)</b>	<b>(6,387)</b>	<b>(2,379)</b>	<b>3,425</b>	<b>(814)</b>	<b>(11)</b>	<b>–</b>	<b>–</b>	<b>(8,256)</b>	<b>(2,973)</b>
Operating (loss)/profit									(8,256)	(2,973)
Interest expense									(6,417)	(5,757)
Interest income									6	49
Share of profit of associate			1,040	9,798					1,040	9,798
Profit/(Loss) before tax									(13,627)	1,117
Tax expense									(84)	(2,934)
<b>Net loss for the year</b>									<b>(13,711)</b>	<b>(1,817)</b>
<b>Segment assets</b>	<b>142,506</b>	<b>135,124</b>	<b>152,414</b>	<b>158,595</b>	<b>1,254</b>	<b>263</b>	<b>–</b>	<b>–</b>	<b>296,174</b>	<b>293,982</b>
Investment in associate	–	–	28,797	29,890	–	–	–	–	28,797	29,890
<b>Total assets</b>									<b>324,971</b>	<b>323,872</b>
<b>Segment liabilities</b>	<b>36,832</b>	<b>48,511</b>	<b>71,965</b>	<b>46,058</b>	<b>551</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>109,348</b>	<b>94,579</b>
Capital expenditure	573	154	365	125	833	–	–	–	1,771	279
Depreciation and amortisation	148	61	215	164	119	–	–	–	482	225

## NOTES TO THE FINANCIAL STATEMENTS

### 28. CONTINGENT LIABILITIES

	Company	
	2003	2002
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of subsidiaries		
- secured	56,405	31,170

#### *Litigation Subsidiary*

A legal suit has been instituted by a creditor to claim an amount of RM404,806 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 2003 is RM365,137.

### 29. CAPITAL COMMITMENTS

	Group	
	2003	2002
	RM'000	RM'000
Freehold land		
Contracted but not provided for in the financial statements	6,790	7,636

### 30. HOLDING COMPANIES/CORPORATE SHAREHOLDERS

During the year, Titian Hartanah (M) Sdn. Bhd. disposed the Company shares and subsequently hold only 46.63% interest of the Company. Hence, Titian Hartanah (M) Sdn. Bhd. and Maymerge (M) Sdn. Bhd. became corporate shareholders of the Company.

### 31. RELATED PARTIES

Controlling related party relationships are as follows:

- i) The corporate shareholders as disclosed in Note 30 to the financial statements.
- ii) Its subsidiaries as disclosed in Note 5 to the financial statements.
- iii) The common Director Company.

## NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Transactions</b>				
Datin Mariam Eusoff, a Director				
Progress billings of unit of property sold	–	87	–	–
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	–	505	–	–
With companies in which Datin Mariam Eusoff has interest:				
Zillion (M) Sdn. Bhd.				
Progress billings of unit of property sold	–	14	–	–
Glamour Galaxy Sdn. Bhd.				
Rental expenses	–	144	–	144
Glamour Prize Sdn. Bhd.				
Rental expenses	–	72	–	72

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 approved the renewal of general mandate at Annual General Meeting held on 24 June 2002 for substantial property transactions involving Directors under Section 132E of the Companies Act, 1965.

## NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Transactions</b>				
Corporate shareholder				
Maymerge (M) Sdn. Bhd.				
- Advances	3,380	1,457	-	-
- Interest payable	171	136	-	-
- Redeemable Convertible Secured Loan Stock				
Interest payable	575	102	575	102
Related company				
Subsidiaries of Maymerge (M) Sdn. Bhd., Syarikat Pembinaan Raya Sdn. Bhd.				
- Project development charges payable	-	(241)	-	-
- Advance	-	600	-	-
Subsidiaries				
Menang Development (M) Sdn. Bhd.				
- Interest income	-	-	1,111	1,757
- Accounting and secretarial fees	-	-	12	12
- Transfer of borrowings	-	-	-	(7,115)
Menang Saujana Sdn. Bhd.				
- Transfer of borrowings	-	-	-	(9,983)
Temeris Holdings Sdn. Bhd.				
- Interest income	-	-	298	293
Temeris Resorts Development Sdn. Bhd.				
- Interest income	-	-	176	174

### Balance in respect of non-trade transactions

Corporate shareholder				
- Advances owing to	3,380	1,457	-	-
Subsidiaries				
- Advances owing to	-	-	8,189	8,255
- Advances owing from	-	-	58,564	80,258
Related company				
- Advance owing to	-	600	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### *Share options under ESOS of the Company*

The options offered under ESOS over ordinary shares of RM1.00 each of the Company granted to certain Directors and person connected to Directors of the Company during the financial year are as follows:

Name	Number of options over ordinary shares of RM1 each	
	Granted during the year ended 31.12.2003 '000	Unexercised at 31.12.2003 '000
<b>Directors</b>		
- Dato' Abdul Mokhtar Ahmad	—	—
- Dato' Shun Leong Kwong	—	—
- Datin Mariam Eusoff	—	—
- Christopher Shun Kong Leng	—	—
<b>Close family member of certain Directors</b>		
- Soon Yuow Kong	—	—
- Dato' Abdul Latif Bin Ahmad	—	—

## 32. FINANCIAL INSTRUMENTS

### **Financial risk management objectives and policies**

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. Financial risk and management policies of the Group and the Company are summarised as follows:-

#### **Credit risk**

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company was represented by the carrying amount of each financial asset.

#### **Interest rate risk**

The Group and the Company has no interest bearing financial liabilities, except for the secured term loans and RCLS, overdraft facilities and amount due to ultimate holding company/subsidiary as disclosed in the financial statements.

Interest rates on RCLS and amount due to ultimate holding company is fixed. Those for term loans and bank overdraft, interest rate vary with reference to the base lending rate of the financial institution.

Interest earning financial assets of the Company is mainly amount due from subsidiaries that attract interest income. However, the fluctuation in interest rate, if any, is not expected to have a material impact on the results of the Company.

#### **Foreign currency risk**

The Group and the Company do not have significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

The Group and the Company does not transact in derivative instruments.

## NOTES TO THE FINANCIAL STATEMENTS

### Effective interest rates and repricing analysis

In respect of interest-bearing financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate per annum %	2003				Effective interest rate per annum %	2002			
		Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000		Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
<b>Financial liabilities</b>										
Secured term loans	8.9	29,493	19,523	9,970	-	9.3	6,428	6,428	-	-
Secured Redeemable Convertible Loan Stocks	8.0	24,936	-	24,936	-	8.0	37,818	882	36,936	-
Advance from corporate shareholder	9.95	3,380	3,380	-	-	9.95	1,457	1,457	-	-
Secured overdraft	8.5	2,108	2,108	-	-	9.0	2,246	2,246	-	-
<b>Company</b>										
<b>Financial assets</b>										
Advance to subsidiaries	1.0-11.0	49,217	49,217	-	-	1.0-9.0	72,273	72,273	-	-
<b>Financial liabilities</b>										
Secured term loans	8.57	5,961	3,992	1,969	-	9.3	6,428	6,428	-	-
Secured Redeemable Convertible Loan Stocks	8.0	24,936	-	24,936	-	8.0	37,818	882	36,936	-
Secured overdraft	8.5	2,108	2,108	-	-	9.0	2,246	2,246	-	-

### Fair values

#### Recognised financial instruments

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings.

The aggregate fair values of financial assets and liabilities carried on the balance sheet as at 31 December are represented in the following table.

Group	2003 Carrying amount RM'000	2003 Fair value RM'000	2002 Carrying amount RM'000	2002 Fair value RM'000
<b>Financial liabilities</b>				
Secured term loans (Note 32.1)	29,493	29,493	6,428	6,428
Secured Redeemable Convertible Loan Stocks (Note 32.2)	24,936	24,936	37,818	37,818
	54,429	54,429	44,246	44,246

## NOTES TO THE FINANCIAL STATEMENTS

Company	2003 Carrying amount RM'000	2003 Fair value RM'000	2002 Carrying amount RM'000	2002 Fair value RM'000
<b>Financial liabilities</b>				
Secured term loans (Note 32.1)	5,961	5,961	6,428	6,428
Secured Redeemable Convertible Loan Stocks (Note 32.2)	24,936	24,936	37,818	37,818
	30,897	30,897	44,246	44,246

32.1 Based on the borrowing rates currently available to the Group for term loans with similar terms and average maturities, the fair value of secured term loans of the Group and of the Company are RM29,493,000 (2002 - RM6,428,000) and RM5,961,000 (2002 - RM6,428,000) respectively.

32.2 The Directors are of the opinion the carrying amount of the Redeemable Convertible Secured Loan Stocks approximate its fair value in view of the issuance of the Redeemable Convertible Secured Loan Stocks was made on 13 March 2002.

## LIST OF PROPERTIES HELD

as at 31 December 2003

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	72,473 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	63,516 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	82.90 acres	Vacant Industrial Land for Future Development	N/A	17,414	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	46.50 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
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	4.20 acres	Vacant Service Apartments Land for Future Development	N/A	5,493	1998



## LIST OF PROPERTIES HELD

as at 31 December 2003

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year Of Acquisition/ Revaluation
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	21 years	429	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	23 years	2,550	1998
92 units of Market Stalls Mukim of Rasah Seremban	Freehold Land	12,511 sf	Vacant Market Stalls	17 years	250	1998
24 units of 3 Storey Office Mukim of Rasah Seremban	Freehold Land	43,758 sf	Office Lots For Rental	6 years	5,774	1998
Rasah Jaya Mukim of Rasah Seremban Negeri Sembilan Darul Khusus	Freehold Land	14.40 acres	On Going Mixed Development Land	N/A	21,447	1998
Lot 1, G No 698 Lease No. 015006989 Daerah Kota Kinabalu Sabah	Leasehold 999 Years Expiry date - 2899	8.72 acres	Residential Development Land	N/A	3,420	1998
Seremban 3 Various subdivided lots Negeri Sembilan Darul Khusus	Freehold Land	606 acres	On Going Mixed Development Land	N/A	212,889	2001
Lot 868, Geran 17863 Mukim of Rasah Seremban Darul Khusus	Freehold Land	1.51 acres	Residential Development Land	N/A	753	2002
Lot 642, Geran 760 Mukim of Rasah Seremban Darul Khusus	Freehold Land	2.63 acres	Agricultural Land	N/A	942	2003

## SHAREHOLDERS' INFORMATION

### ANALYSIS OF SHAREHOLDINGS

as at 7 May 2004

#### SHARE CAPITAL

<b>Authorised Share Capital</b>	:	RM1,000,000,000.00
<b>Issued and Paid-Up Capital</b>	:	RM267,107,000.00
<b>Class of Shares</b>	:	Ordinary Shares of RM1.00 each
<b>Voting Rights</b>	:	One vote per share

#### DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares of RM1.00 each	%
Less than 100	153	0.57	2,028	—
100 to 1,000	13,611	50.66	7,175,394	2.69
1,001 to 10,000	11,126	41.41	38,676,199	14.48
10,001 to 100,000	1,820	6.77	52,910,764	19.81
100,001 to 13,355,349	159	0.59	49,807,985	18.65
13,355,350* and above	1	—	118,534,630	44.37
	26,870	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	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Dato' Abdul Mokhtar Ahmad	–	–	118,557,830 *	44.39
Dato' Shun Leong Kwong	9,400	0.00	118,564,130 *#	44.39
Datin Mariam Eusoff	4,200	0.00	118,557,830 *	44.39
Maymerge (M) Sdn Bhd	1,200	0.00	118,556,630 +	44.39
Titian Hartanah (M) Sdn Bhd	118,556,630 @	44.39	–	

\* 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

@ Included in this figure, 118,534,630 shares held by bare trustee, AMSEC Nominees (Tempatan) Sdn Bhd

## SHAREHOLDERS' INFORMATION

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

Name	Direct Interest	No. of Shares Held		%
		%	Indirect Interest	
Dato' Abdul Mokhtar Ahmad in				
The Company	–	–	118,557,830 *	44.39
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	118,564,130 *#	44.39
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	118,557,830 *	44.39
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	253,000	0.09	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 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

as at 7 May 2004

Name	No. of Shares	%
AMSEC Nominees (Tempatan) Sdn Bhd <i>AmFinance Berhad for Titian Hartanah (M) Sdn Bhd</i>	118,534,630	44.38
Mayban Securities (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lau Hock Lee</i>	11,893,700	4.45
Dato' Ng Tiong Seng @ Ng Ba	1,600,000	0.60
Lim Seng Chee	1,079,400	0.40
Lee Sui Hee	900,000	0.34
Tan Shoo Li	760,000	0.28
Hong Leong Finance Berhad <i>Pledged Securities Account for Ng Peng Hon</i>	654,000	0.24

## SHAREHOLDERS' INFORMATION

### THIRTY LARGEST SHAREHOLDERS (Cont'd)

as at 7 May 2004

Name	No. of Shares	%
Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Loo Cheong Wah (101AB1195)</i>	625,000	0.23
Shoon Poo Wing @ Song Poh Wing	620,000	0.23
Eow Yin Kam	598,300	0.22
Amanah Raya Nominees (Tempatan) Sdn Bhd	589,000	0.22
Chong Wei-Hsiang	554,000	0.21
Chang King Ing	539,200	0.20
Amanah Raya Nominees (Tempatan) Sdn Bhd	519,700	0.19
Lim Bee Guat	502,400	0.19
Thong & Kay Hian Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Ho Cheng Chong @ Ho Kian Hock</i>	500,000	0.19
Chen Song Wie	491,800	0.18
Preim Singh a/I Ranjit Singh	485,000	0.18
Chua Sui Ngee @ Chua Siew Ngee	458,000	0.17
Lau Ngit Kin	430,000	0.16
HDM Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Pax Realty &amp; Development Pte Ltd</i>	408,000	0.15
Arumugam a/I Kalimuthu	404,000	0.15
RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Boon Heang (CEB)</i>	400,000	0.15
Yap Kim Fatt	400,000	0.15
Menteri Kewangan Malaysia	392,385	0.15
Shoon Poo Wing @ Song Poh Wing	380,000	0.14
Chew Guat Keng	350,000	0.13
Yap Sang	350,000	0.13
Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	318,000	0.12
Then Fook Khian	316,900	0.12
	<b>146,053,415</b>	<b>54.68</b>

## WARRANT HOLDERS' INFORMATION

### ANALYSIS OF WARRANT HOLDINGS

as at 7 May 2004

<b>No. of Warrants</b>	:	40,070,400
<b>Exercise Rights</b>	:	Each Warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company
<b>Exercise Period</b>	:	16 October 2001 to 15 October 2006
<b>Exercise Price</b>	:	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 100	1	0.05	69	—
100 to 1,000	638	32.12	568,532	1.42
1,001 to 10,000	947	47.68	4,620,499	11.53
10,001 to 100,000	364	18.33	11,738,600	29.29
100,001 to 2,003,519	35	1.76	9,124,300	22.77
2,003,520 * and above	1	0.06	14,018,400	34.99
	1,986	100.00	40,070,400	100.00

\* 5% of Warrants = 2,003,520

### DIRECTORS' INTEREST IN WARRANT

Name	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Abdul Mokhtar Ahmad	—	—	—	—
Dato' Shun Leong Kwong	—	—	—	—
Datin Mariam Eusoff	—	—	—	—
Christophen Shun Kong Leng	100,000	0.25	—	—

### THIRTY LARGEST WARRANT HOLDERS

as at 7 May 2004

Name	No. of Warrants	%
OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Foremillion (M) Sdn Bhd</i>	14,018,400	34.98
Arumugam a/I Kalimuthu	1,056,000	2.64
Lee Chin Weng	949,400	2.37
Chan Lee Fook	650,000	1.62
Soon Kiam Hong	563,200	1.41

## WARRANT HOLDERS' INFORMATION

### THIRTY LARGEST WARRANT HOLDERS (Cont'd) as at 7 May 2004

Name	No. of Warrants	%
Loo Chee Hoong	544,000	1.36
Thee Chiu Un	490,100	1.22
Chang King Ing	283,100	0.71
Chai Chun Leong	280,000	0.70
Lim Thian Chin	250,000	0.62
Kwek Meng Huat	241,000	0.60
Goh Huck Sun	232,000	0.58
Goh Huck Sun	205,000	0.51
Lee Chong Choon	199,000	0.50
Perbadanan Kemajuan Negeri Selangor	199,000	0.50
Ong Seng Yih	190,000	0.47
Harjinder Singh a/I Kuldip	180,000	0.45
Hoi Hung Chor	180,000	0.45
Chin Keh Chi	170,000	0.42
Lim Say Teong	170,000	0.42
Kong Chee Choong	168,000	0.42
Perbadanan Kemajuan Negeri Selangor	154,000	0.38
AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liew Choon Jean (800005)</i>	150,000	0.37
Phillip Capital Management Sdn Bhd	150,000	0.37
Perbadanan Kemajuan Negeri Selangor	147,000	0.37
Ooi Chieng Sim	140,000	0.35
Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Thee Chiu Un (888AF0179)</i>	136,500	0.34
Ling Kock Liong	130,000	0.32
Loi Teak Ping	127,000	0.32
OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Cheong Yik Tuck</i>	125,000	0.31
<b>Total</b>	<b>22,477,700</b>	<b>56.10</b>

## RCLS HOLDERS' INFORMATION

### ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2002/2007 ("RCLS") HOLDINGS as at 7 May 2004

<b>Nominal Amount of RCLS Issued</b>	:	RM36,935,860.00
<b>Conversion Price</b>	:	Every RM1.00 nominal amount of RCLS for one(1) New Ordinary Share of RM1.00 each in Menang
<b>Conversion Period</b>	:	13 March 2002 to 12 March 2007
<b>Conversion Rights</b>	:	Each registered holder of the RCLS shall have the right to convert such amount of RCLS into fully paid ordinary share in Menang on the basis of RM1.00 nominal amount of RCLS for one(1) new ordinary share of RM1.00 each in Menang at any time during the Conversion Period.
<b>Redeemability</b>	:	The RCLS will be redeemable in part or in full at the option of Menang 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 Menang on the following basis:

<b>End of Year</b>	<b>Redemption Ratio of Total RCLS Issued</b>
3	20%
4	30%
5	50%

<b>Redemption</b>	:	The Company had redeemed RM12,000,000.00 and RM9,000,000.00 of RCLS from the RCLS Holders on 25 May 2003 and 30 April 2004 respectively.
<b>Coupon Rate</b>	:	8% per annum payable in arrears semi-annually

#### LIST OF RCLS HOLDERS (as per Register of RCLS' Holders)

<b>Name of RCLS Holders</b>	<b>Nominal Amount of RCLS</b>	<b>% of RCLS</b>
Alliance Bank Malaysia Berhad	3,030,881	19.02
Pengurusan Danaharta Nasional Berhad	7,751,118	48.64
AmMerchant Bank Berhad (Authorised Depository Institution of Maymerge (M) Sdn Bhd)	5,153,861	32.34
Total	15,935,860	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 Fortieth Annual General Meeting of the Company to be held at the Ballroom 3, Level 10, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 30 June 2004 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 Dato' Abdul Mokhtar Ahmad as Director pursuant to Article 112		
4	Re-election of Datin Mariam Eusoff as Director pursuant to Article 112		
5	Appointment of Auditors		
	<b>Special Business</b>		
6	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965		
7	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.

Dated this ..... day of ..... 2004

Number of Shares Held

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

(\* Delete if not applicable)

### 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 8<sup>th</sup> 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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