

ANNUAL REPORT 2004



**Menang Corporation (M) Berhad**

(Company No: 5383-K)  
Incorporated in Malaysia

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## 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**

**Dr. 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

**BDO Binder**  
Chartered Accountants  
12<sup>th</sup> Floor, Menara Uni.Asia  
1008, Jalan Sultan Ismail  
50250 Kuala Lumpur

## PRINCIPAL BANKERS

**AmFinance Berhad**  
**Bank Islam 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 Forty First (41<sup>st</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 Thursday, 30 June 2005 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 2004 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 2004. *(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' Shun Leong Kwong *(Resolution 3)*
  - (b) Dr. Christopher Shun Kong Leng, CFP® *(Resolution 4)*
4. To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to determine their remuneration. *(Resolution 5)*

## Special Business

5. To consider and if thought fit, to pass with or without modifications, the following 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)*
  - (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 2005 (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 2005 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 2005

## 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.

## 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 Forty First Annual General Meeting of the Company are as follows:

- (a) Dato' Shun Leong Kwong; and
- (b) Dr. Christopher Shun Kong Leng, CFP®.

The details of the Directors standing for re-election at the forthcoming Forty First Annual General Meeting are set out in the Directors' Profile on page 6 of the Annual Report.

### 2. Attendance of Directors at Board Meetings held during the financial year ended 31 December 2004

A total of five (5) Board of Directors' Meetings were held during the financial year ended 31 December 2004 and the details are set out in the Corporate Governance Statement on page 15 of the Annual Report.

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

The Forty First 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 Thursday, 30 June 2005 at 10.00 a.m.

**Dato' Abdul Mokhtar Ahmad**, a Malaysian, aged 65, 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 Berhad'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).

**Dato' Shun Leong Kwong**, a Malaysian, aged 66, 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 Dr. Christopher Shun Kong Leng, CFP®.

**Datin Mariam Eusoff**, a Malaysian, aged 59, 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 legal, corporate and public communications of the Group. One of her principal responsibilities is in strategic planning and implementation of new property projects as well as providing general administration of Group operations.

**Dr. Christopher Shun Kong Leng, CFP®**, a Malaysian, aged 39, 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 1991, he obtained his M.Sc in Management from the MIT Sloan School of Management, U.S.A. He subsequently 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, United Kingdom in April 2000. He secured the *Certified Financial Planner (CFP®)* qualification by examination in February 2003. He completed his *Doctor of Business Administration (D.B.A)* from Henley Management College, Brunel University, United Kingdom in 2004 wherein he won a competitive scholarship worth GBP13,000.00 to attend the residential Executive Development Programme (EDP) for three(3) weeks at Henley Management College in October 2004.

Dr. 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 corporate planning/financial services under the Menang Group of Companies. He is also a member of the Audit Committee and Remuneration Committee of the Company.

Dr. Christopher Shun, is the son of Dato' Shun Leong Kwong.

**Mr Lim Eng Seng**, a Malaysian, aged 56, 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 and a Past Council Member of CIMA, United Kingdom. Currently, he serves as 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 Nominating 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 46, holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

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

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 37 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 88 to 93 of the Annual Report.



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 2004.

## FINANCIAL REVIEW

During the financial year under review, the group recorded a smaller net after taxation loss of RM8.083 million compared to RM13.711 million for 2003. The softening property market outside the Klang Valley area, heavy financial interest and operating overheads continued to weigh on the Group. Measures have been taken to trim expenses including a substantial pay-cut of up to 20% on our senior management executives. We expect improvement in the coming year.

## CORPORATE DEVELOPMENTS

Our 49% associate, Hicom Menang Properties Sdn Bhd continued to make good progress. It sold various pieces of commercial land in Kelana Jaya for RM56.497 million. A big portion of these sales was completed during the year resulting in a share of associate profits of RM8.358 million.

Our 50/50 joint venture with OSK Properties Sdn Bhd in Seremban 3 has progressed satisfactorily. It launched 94 units of double storey terrace houses in the early part of the 2004 and 192 units of single storey terrace houses in early 2005. Despite a soft market, more than 72% of the double storey units and 85% of the single storey units were sold. We are confident the remaining units will be taken up before completion of these houses. The location is good and our joint venture has a strong reputation. It has also planned to launch a few more parcels of attractive quality homes in 2005 and 2006.

Seremban 3 township remains the core focus of the Group. Several schemes of semi-detached bungalows, 2-storey commercial units and some strategic parcels of upmarket bungalows will be launched towards the latter part of 2005 and first half of 2006. We expect the response to be satisfactory.

## 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 2005  
Kuala Lumpur

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

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

Dr. Christopher Shun Kong Leng, CFP®  
(Group Executive Director)

## TERMS OF REFERENCE

### Constitution

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

### 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.

### 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.

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 ("Bursa Securities") 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 Bursa Securities Listing Requirements. The Committee is given the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, the resources which it needs to do so and full access to information of the Company. The Committee shall obtain independent/external professional advice and to invite outsiders with relevant experience to attend, if necessary and all employees shall be directed to co-operate as required by members of the Committee.

## Functions And Duties

The function of the Audit Committee are as follows:

1. To consider the appointment of the external 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;

6. To consider the major findings of internal investigations and management's response;
7. To report promptly such matter to the Bursa Securities 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

Five (5) Audit Committee meetings were held on 12 February 2004, 9 March 2004, 19 May 2004, 24 August 2004 and 23 November 2004 during the financial year ended 31 December 2004. The attendance record of each member during the financial year is as follows:

Audit Committee Members	Date of Meetings Held/Attended					Total Meetings Attended
	12.02.2004	09.03.2004	19.05.2004	24.08.2004	23.11.2004	
Mr Lim Eng Seng	✓	✓	✓	✓	✓	5/5
Mr Too Kok Leng	✓	✓	✓	✓	✓	5/5
Dr. Christopher Shun Kong Leng, CFP®	✓	✓	✓	✓	✓	5/5

The external auditors have attended two(2) meetings, i.e. on 12 February 2004 and 23 November 2004 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 financial statements 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 Bursa Malaysia Securities Berhad, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;
- (vi) Reviewed the quarterly unaudited financial results, announcements and audited financial statements of the Company prior to submission for the Board's consideration and approval to ensure that the audited financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by the MASB;

- (vii) Reviewed the internal audit function and risk management needs, programme and plan for the financial year under review and annual assessment of the internal audit function and risk management performance;
- (viii) Reviewed the audit reports presented by internal audit function and risk management on findings and recommendations with regard to system and controls weaknesses noted in the course of their audit and management's responses thereto and ensuring material findings are adequately addressed by management; and
- (ix) Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the Bursa Malaysia Securities Berhad 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 Governance") with effect from 19 November 2001. The principal role of BDO Governance 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 Governance 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 19 to 20 of the Annual Report.

## 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 2004.

### 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:

- The strategic action plans for the Group
- Evaluation of Company's business performance
- Identifying and management of principal risks
- Succession planning for senior management
- Developing and implementing an investor relations programme and shareholder communications policy
- 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. Five(5) 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.

The attendance record of each Director is as follows:

	<b>No. of Meetings Attended/Held</b>
<i><b>Executive Directors</b></i>	
Dato' Abdul Mokhtar Ahmad	5/5
Dato' Shun Leong Kwong	5/5
Datin Mariam Eusoff	5/5
Dr. Christopher Shun Kong Leng, CFP®	5/5
<i><b>Non-Executive Directors</b></i>	
Mr Lim Eng Seng	5/5
Mr Too Kok Leng	5/5

**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 Bursa Malaysia Securities Berhad 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 6 and 7 of the Annual Report.

The Board is represented by a significant shareholder.



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.

**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 a 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 and completed their 2003 Continuing Education Programme ("CEP").

Four(4) out of the six(6) directors had fulfilled their 2004 CEP and the other two(2) directors will be completing their 2004 CEP by the end of the 2005.

**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.

**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
Dr. Christopher Shun Kong Leng, CFP®	- 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:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits -in-Kind RM'000	Others RM'000	Total RM'000
Executive Directors	20.00	449.08	112.27	517.60	84.39	1,183.34
Non-Executive Directors	10.00	120.0	-	-	-	130.00

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

Range of remuneration (RM)	Number of Directors	
	Executive	Non-Executive
50,001 to 100,000	-	2
100,001 to 250,000	-	-
250,001 to 300,000	2	-
300,001 to 350,000	2	-

### 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 proposals, 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 19 to 20 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 9 to 13 of the Annual Report.

## 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 shareholder's 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 set out by the Malaysian Code of Corporate Governance and Bursa Malaysia Securities Berhad.

## 2. RESPONSIBILITY FOR RISK AND INTERNAL CONTROLS

The Board of Directors recognises its responsibilities to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets and effective risk management practices are in place in the organisation. The Board of Directors endeavors to review the adequacy and integrity of internal control system which is designed to manage rather than eliminate risk of failure to improve the governance process of the organisation. However, it is recognised 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 misstatement, 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 on 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) ("BDO Governance"). During the year, BDO Governance has conducted another risk awareness workshop with the objectives of gauging our management perception towards risks and Group's risk exposure. BDO Governance also assisted the Board 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 coverage 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 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 line with the risk areas identified in the group-wide risk assessment and evaluation exercise, during the financial year BDO Governance has completed 4 internal control reviews on the Seremban 3 Paradise Valley Golf Resort, the Sales and Marketing department, the Legal and Company Secretary department and the Project Operation department. The opinions on the systems of internal controls in these **4 reviews are SATISFACTORY.**

#### 4. INTERNAL AUDIT FUNCTION

BDO Governance provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal controls. BDO Governance independently reviews the system of internal controls and report to the Audit Committee on a quarterly basis, following the development of the risk management framework. Our review of the internal controls in the key activities of the Group's business is on the basis of a three year internal audit strategy and a detailed annual audit plan presented to the Audit Committee for approval. 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 BDO Governance as internal auditors for the year 2005.

#### 5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The followings are 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 the effective monitoring and decision making.
- The business operation and management accounts including financial accounts are discussed at the scheduled monthly management meeting.
- The Management monitors the progress on the property operations i.e. the core business of the Group at the operation cum site meeting with the external consultants on a fortnightly basis.
- The involvement of the Executive Directors in the business who are hands-on in the operations and financial of the Group. This enables most issues to be effectively resolved on a timely basis.
- The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal controls.

All these functions provide their respective degree of the assurance to the operations and existence of the system of the internal control.

#### 6. CONCLUSION

A number of internal control weaknesses were identified during the financial year ended 31 December 2004. The control 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.

**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**

There were no profit guarantee given by the Company during the financial year.

## 9. MATERIAL CONTRACTS

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

- a) which were still subsisting as at 31 December 2004.

Date	Parties involved	General Nature	Cash Consideration	Relation between the director or major shareholder and contracting parties
06.02.2004	Menang Development (M) Sdn Bhd ("MDSB")  and  CG & P Consultants Sdn Bhd ("CG & P")	A joint venture to develop a parcel of leasehold land in Melaka.	RM67,200,000.00	Maymerge (M) Sdn Bhd ("Maymerge") is the substantial shareholder or ultimate substantial shareholder of Menang Corporation (M) Berhad ("MCB"), MDSB and CG & P.  Dato' Abdul Mokhtar Ahmad, Dato' Shun Leong Kwong and Datin Mariam Eusoff are the directors of Maymerge, MCB, MDSB and CG & P.

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

Date	Parties involved	General Nature	Cash Consideration	Relation between the director or major shareholder and contracting parties
06.02.2004 (This Joint Venture was mutually terminated on 04.11.2004)	MDSB,  Pakatan Laksana (M) Sdn Bhd ("PLSB")  and  PDIR Developments Sdn Bhd ("PDIR")	A joint venture to develop four (4) parcels of freehold land in Seremban.	RM75,600,000.00	Maymerge is the substantial shareholder or ultimate substantial shareholder of MCB, MDSB, PLSB and PDIR.  Dato' Abdul Mokhtar Ahmad, Dato' Shun Leong Kwong and Datin Mariam Eusoff are the directors of Maymerge, MCB, MDSB and PLSB.

**OTHER COMPLIANCE STATEMENTS (CONT'D)**

<b>Date</b>	<b>Parties involved</b>	<b>General Nature</b>	<b>Cash Consideration</b>	<b>Relation between the director or major shareholder and contracting parties</b>
28.05.2004	MDSB  and  Twinkle Bay Sdn Bhd ("TBSB")	Purchase of two (2) pieces of land in Port Dickson	RM3,400,000.00	Maymerge is the substantial shareholder or ultimate substantial shareholder of MCB, MDSB and TBSB.  Dato' Abdul Mokhtar Ahmad, Dato' Shun Leong Kwong and Datin Mariam Eusoff are the directors of Maymerge, MCB and MDSB.

**10. REVALUATION POLICY ON LANDED PROPERTIES**

The Company revalues its landed properties every five (5) years and a shorter intervals whenever 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

Annual  
Report  
2004

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:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable; and
- 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 18 May 2005.

# FINANCIAL STATEMENTS

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37	Statement Of Changes In Equity
38	Cash Flow Statements
40	Notes To The Financial Statements

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services. The principal activities of the subsidiary companies are stated in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year	(8,083)	1,949

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

### 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.

## OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

## 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 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:

Exercise period	Subscription price RM	Number of options over ordinary shares of RM1.00 each			Balance as at 31.12.2004
		Balance as at 1.1.2004	Offered and accepted	Lapsed due to resignation	
25.1.2002 - 23.1.2007	1.00	13,660,000	-	(890,000)	12,770,000
4.3.2002 - 23.1.2007	1.00	38,000	-	-	38,000
2.5.2002 - 23.1.2007	1.00	32,000	-	-	32,000
7.11.2002 - 23.1.2007	1.00	312,000	-	-	312,000
2.1.2003 - 23.1.2007	1.00	19,000	-	(19,000)	-
10.1.2003 - 23.1.2007	1.00	275,000	-	(18,000)	257,000
18.2.2003 - 23.1.2007	1.00	21,000	-	-	21,000
25.2.2004 - 23.1.2007	1.00	-	910,000	(54,000)	856,000
		14,357,000	910,000	(981,000)	14,286,000

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

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			Balance as at 31.12.2004 '000
	Balance as at 1.1.2004 '000	Offered and accepted '000	Exercised '000	
Brigadier General (Ret)				
Dato' Abdul Latif Bin Ahmad	1,000	-	-	1,000
Ho Mun Leong	1,000	-	-	1,000
Soon Yuow Kong	1,000	-	-	1,000
Ng Kim Fong	612	36	-	648
Ng Ah Wah	576	36	-	612
Tan Shoo Li	411	36	-	447

**OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)****Employees' Share Option Scheme ("ESOS") (cont'd)**

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 percent (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 percent (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 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.

**DIRECTORS**

The directors who held office 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  
Dr. Christopher Shun Kong Leng, CFP®  
Lim Eng Seng  
Too Kok Leng

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

**DIRECTORS' INTERESTS**

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2004 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

Shares in the Company	Number of ordinary shares of RM1.00 each			Balance as at 31.12.2004
	Balance as at 1.1.2004	Bought	Sold	
Direct interests:				
- Y. Bhg. Dato' Shun Leong Kwong	9,400	-	-	9,400
- Y. Bhg. Datin Mariam Eusoff	4,200	-	-	4,200
- Dr. Christopher Shun Kong Leng, CFP®	253,000	-	-	253,000
Indirect interests:				
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	124,557,830	-	(6,000,000)	118,557,830
- Y. Bhg. Dato' Shun Leong Kwong	124,564,130	-	(6,000,000)	118,564,130
- Y. Bhg. Datin Mariam Eusoff	124,557,830	-	(6,000,000)	118,557,830
- Dr. Christopher Shun Kong Leng, CFP®	6,300	-	-	6,300

Warrants holdings in the Company	Number of Warrants 2002/2006			Balance as at 31.12.2004
	Balance as at 1.1.2004	Bought	Sold	
Direct interests:				
- Dr. Christopher Shun Kong Leng, CFP®	100,000	426,000	-	526,000
Indirect interests:				
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	8,640,000	-	(8,640,000)	-
- Y. Bhg. Dato' Shun Leong Kwong	8,640,000	-	(8,640,000)	-
- Y. Bhg. Datin Mariam Eusoff	8,640,000	-	(8,640,000)	-

ESOS in the Company	Number of options over ordinary shares of RM1.00 each			Balance as at 31.12.2004
	Balance as at 1.1.2004	Offered and accepted	Exercised	
Y. Bhg. Dato' Abdul Mokhtar Ahmad	1,000,000	-	-	1,000,000
Y. Bhg. Dato' Shun Leong Kwong	1,000,000	-	-	1,000,000
Y. Bhg. Datin Mariam Eusoff	1,000,000	-	-	1,000,000
Dr. Christopher Shun Kong Leng, CFP®	1,000,000	-	-	1,000,000

Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong, Y. Bhg. Datin Mariam Eusoff and Dr. Christopher Shun Kong Leng, CFP® 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 2004 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, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the 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 he 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 37 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 24) and directors' entitlement to subscribe for new ordinary shares in the Company under ESOS of the Company.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)****(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (i) On 6 February 2004, one of the wholly owned subsidiary of the Company, Menang Development (M) Sdn. Bhd. ("MDSB") had entered into the followings:
  - (a) a joint venture agreement ("CG&P JVA") with CG&P Consultants Sdn. Bhd. ("CG&P") to develop a parcel of leasehold land measuring approximately 641.237 acres in Mukim of Bukit Katil, District of Melaka Tengah, Melaka on a 60 : 40 basis.
  - (b) a joint venture agreement ("PDIR JVA") with PDIR Developments Sdn. Bhd. ("PDIR") and Pakatan Laksana (M) Sdn. Bhd. ("PLSB") to develop 4 parcels of freehold land measuring approximately 604.098 acres in Mukim of Rantau, District of Seremban, Negeri Sembilan Darul Khusus on a 60 : 40 basis.

On 30 June 2004, both CG&P JVA and PDIR JVA were approved by the shareholders of the Company at an Extraordinary General Meeting.

On 6 August 2004, MDSB and CG&P and MDSB, PDIR and PLSB being parties to the CG&P JVA and PDIR JVA respectively have mutually agreed to extend the period within which the conditions precedent under both the JVAs are to be satisfied or fulfilled by a further period of 6 months from 6 August 2004.

On 4 November 2004, the PDIR JVA had been mutually terminated between MDSB, PDIR and PLSB since one of the conditions precedent cannot be fulfilled.
- (ii) On 28 May 2004, MDSB entered into a Sale and Purchase Agreement with Twinkle Bay Sdn. Bhd. to acquire two pieces of land in Port Dickson measuring approximately a total 1.219 hectares for a total cash consideration of RM3,400,000.
- (iii) On 9 July 2004, MDSB entered into a Sale and Purchase Agreement with Rising Hope Sdn. Bhd. to acquire the entire issued and paid-up capital of Twin Version Sdn. Bhd. comprising 1,673,900 ordinary shares of RM1.00 each for a total cash consideration of RM4,800,000 and subsequently concluded at RM4,772,826 during the financial year.
- (iv) On 22 November 2004, MDSB entered into a Sale and Purchase Agreement with Choice Orbit Sdn. Bhd. to acquire the entire issued and paid-up capital of Charisma Cheer Sdn. Bhd. comprising 1,193,000 ordinary shares of RM1.00 each for a total cash consideration of RM7,200,000 and subsequently concluded at RM7,120,465 during the financial year.



**AUDITORS**

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

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

**Dato' Abdul Mokhtar Ahmad**  
Director

**Dato' Shun Leong Kwong**  
Director

Kuala Lumpur  
25 April 2005

In the opinion of the directors, the financial statements set out on pages 35 to 85 have been 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 as at 31 December 2004 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2004.

On behalf of the Board,

**Dato' Abdul Mokhtar Ahmad**  
Director

**Dato' Shun Leong Kwong**  
Director

Kuala Lumpur  
25 April 2005

## STATUTORY DECLARATION

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

I, Ng Kim Fong, being 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 35 to 85 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
25 April 2005

**Ng Kim Fong**

Before me:

**P SETHURAMAN** (No. W-217)  
Commissioner for Oaths  
No. 12, Jalan Tun H.S. Lee  
50000 Kuala Lumpur

# REPORT OF THE AUDITORS

TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD

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We have audited the financial statements set out on pages 35 to 85.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
  - (i) 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
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of their results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that are 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 auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

**BDO Binder**

AF: 0206

Chartered Accountants

**Ng Chee Hoong**

2278/10/06 (J)

Partner

Kuala Lumpur

25 April 2005

	NOTE	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>ASSETS EMPLOYED</b>					
PROPERTY, PLANT AND EQUIPMENT	6	2,342	2,720	494	638
INVESTMENT PROPERTIES	7	130,074	145,670	108,394	136,310
LAND HELD FOR PROPERTY DEVELOPMENT	8	118,563	121,143	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	9	-	-	85,631	85,631
INVESTMENT IN AN ASSOCIATED COMPANY	10	20,085	28,797	5,023	14,873
OTHER INVESTMENT	11	2	2	-	-
<b>CURRENT ASSETS</b>					
Development properties	12	49,122	21,854	-	-
Inventories	13	8,049	6,396	-	-
Trade receivables	14	183	469	-	-
Other receivables, deposits and prepayments	15	1,068	484	50	102
Amounts owing by subsidiary companies	16	-	-	43,229	16,208
Tax recoverable		-	14	1,935	14
Fixed deposits with a licensed bank	17	22	22	22	22
Cash and bank balances		1,486	656	345	182
		59,930	29,895	45,581	16,528
<b>LESS: CURRENT LIABILITIES</b>					
Trade payables	18	1,387	2,473	-	913
Other payables and accruals	19	15,738	16,711	2,366	1,883
Amounts owing to subsidiary companies	20	-	-	8,168	8,189
Borrowings	21	48,412	30,995	7,861	6,151
		65,537	50,179	18,395	17,136
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(5,607)	(20,284)	27,186	(608)
		265,459	278,048	226,728	236,844
<b>FINANCED BY</b>					
SHARE CAPITAL	23	267,107	267,107	267,107	267,107
RESERVES		(59,567)	(51,484)	(55,284)	(57,233)
<b>SHAREHOLDERS' EQUITY</b>		207,540	215,623	211,823	209,874
<b>LONG TERM AND DEFERRED LIABILITIES</b>					
Borrowings	21	40,722	34,233	1,064	2,034
Redeemable Convertible Secured Loan Stocks	24	13,841	24,936	13,841	24,936
Deferred tax liabilities	25	3,356	3,256	-	-
		265,459	278,048	226,728	236,844

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

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

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	NOTE	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	27	13,426	7,227	6,995	253
Cost of sales	28	(8,292)	(6,986)	-	-
Gross profit		5,134	241	6,995	253
Other operating income		446	364	1,869	1,599
Administration expenses		(4,827)	(6,615)	(2,898)	(3,126)
Other operating expenses		(6,360)	(2,240)	(1,760)	(1,119)
(Loss)/Profit before operations		(5,607)	(8,250)	4,206	(2,393)
Finance costs		(8,540)	(6,417)	(2,257)	(3,072)
Share of results in an associated company		8,358	1,040	-	-
(Loss)/Profit before tax	29	(5,789)	(13,627)	1,949	(5,465)
Tax expense	30	(2,294)	(84)	-	-
Net (loss)/profit for the financial year		(8,083)	(13,711)	1,949	(5,465)
Loss per share (sen)	31	(3.03)	(5.13)		

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

Group	Share capital RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 January 2003	267,107	960	(38,733)	229,334
Net loss for the financial year	-	-	(13,711)	(13,711)
Balance as at 31 December 2003	267,107	960	(52,444)	215,623
Net loss for the financial year	-	-	(8,083)	(8,083)
Balance as at 31 December 2004	267,107	960	(60,527)	207,540
<b>Company</b>				
Balance as at 1 January 2003	267,107	1,486	(53,254)	215,339
Net loss for the financial year	-	-	(5,465)	(5,465)
Balance as at 31 December 2003	267,107	1,486	(58,719)	209,874
Realised gain on revaluation reserve	-	(526)	526	-
Net income not recognised in the income statement	-	(526)	526	-
Net profit for the financial year	-	-	1,949	1,949
Balance as at 31 December 2004	267,107	960	(56,244)	211,823

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

# CASH FLOW STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

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	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before tax	(5,789)	(13,627)	1,949	(5,465)
Adjustments for:				
Allowance for doubtful debts	–	–	1,605	970
Bad debts written off	3	16	–	1
Deferred liability charges	2,485	1,864	–	–
Depreciation of property, plant and equipment	505	482	147	147
Dividend income	–	–	(6,860)	(49)
Impairment losses on land held for property development	493	–	–	–
Interest expenses	6,055	4,553	2,257	3,072
Interest income	(20)	(6)	(1,856)	(1,584)
Impairment losses on investment property	327	133	–	–
Loss on disposal of investment properties	8	–	8	–
Gain on disposal of property, plant and equipment	–	(45)	–	–
Share of results in an associated company	(8,358)	(1,040)	–	–
Operation loss before working capital changes	(4,291)	(7,670)	(2,750)	(2,908)
Change in working capital:				
Increase in inventories	(1,653)	(115)	–	–
Decrease in trade receivables	286	995	–	–
(Increase)/Decrease in other receivables, deposits and prepayments	(574)	94	52	23,278
(Decrease)/Increase in trade payables	(1,086)	583	(913)	913
(Decrease)/Increase in other payables and accruals	(250)	1,688	665	(460)
Decrease in amounts owing to corporate shareholders	(2,306)	(273)	–	–
(Decrease)/Increase in amounts owing to directors	(140)	514	(183)	197
Cash (used in)/generated from operations	(10,014)	(4,184)	(3,129)	21,020
Interest received	20	6	–	–
Tax paid	(1,920)	(14)	(1,920)	(14)
Net cash (used in)/generated from operating activities	(11,914)	(4,192)	(5,049)	21,006

## CASH FLOW STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of land held for property development	(10,330)	-	-	-
Acquisition of subsidiary companies (Note 9.1)	(3,776)	-	-	-
Proceeds from disposal of land held for property development	5,690	5,036	-	-
Purchase of investment properties	(2,231)	(7,108)	(1,850)	(7,108)
Dividend received	6,860	49	6,860	49
Proceeds from disposal of property, plant and equipment	-	45	-	-
Purchase of property, plant and equipment (Note 32)	(94)	(1,061)	(3)	(573)
Redemption of redeemable shares in an associated company	9,850	2,000	9,850	2,000
Proceeds from disposal of investment properties	2,550	-	2,550	-
Advances to subsidiary companies	-	-	(1,418)	-
Interest received	-	-	1,856	-
Net cash from/(used in) investing activities	8,519	(1,039)	17,845	(5,632)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Deferred liability charges	(2,485)	(1,864)	-	-
Interest paid	(6,055)	(3,571)	(2,257)	(2,775)
Payment of hire-purchase liabilities	(262)	(176)	(52)	(52)
Proceeds from/(repayment of) term loans	23,231	22,904	(99)	(467)
Redemption of Redeemable Convertible Secured Loan Stocks	(11,095)	(12,000)	(11,095)	(12,000)
Repayment to subsidiary companies	-	-	(21)	-
Placement of fixed deposit	-	(22)	-	(22)
Net cash from/(used in) financing activities	3,334	5,271	(13,524)	(15,316)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(61)	40	(728)	58
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	(1,452)	(1,492)	(1,926)	(1,984)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 33)	(1,513)	(1,452)	(2,654)	(1,926)

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



## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at 8th Storey, South Block, Wisma Selangor Dredging, 142-A, Jalan Ampang, 50450 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia.

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will also be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies, which are set out as follows:

### Liquidity risk

The Group is actively managing its operating cash flow to suit the debt maturity profile so as to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measures and forecasts its cash commitments and to maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group also maintains credit facilities sufficient to meet its operational needs.

### Credit risk

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 Redeemable Convertible Secured Loan Stocks, bank overdraft facilities and amount due to corporate shareholders and subsidiary companies as disclosed in the financial statements.

Interest rates on Redeemable Convertible Secured Loan Stocks and amount due to corporate shareholders 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 amounts 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.

### 3. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services. The principal activities of the subsidiary companies are stated in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

During the financial year, the Group and the Company have adopted MASB 32, Property Development Activities which are applicable to the Group and the Company for the first time. The adoption of this standard has no material impact on the net loss or the shareholders' equity of the Group and of the Company as the existing accounting policy is consistent with the requirements under the new standard.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting.

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is reflected in the financial statements as goodwill or reserve on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of their acquisitions or up to the date of their disposal.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of net results and of net assets of subsidiary companies attributable to interests which are not owned, directly or indirectly through subsidiary companies within the Group.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained profits.

Freehold land is stated at cost and not depreciated.

All other property, plant and equipment are depreciated on the straight line method at rates which are intended to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation are as follows:

Building 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%

### 5.4 Assets acquired under hire-purchase agreements

Assets acquired under hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

### 5.5 Investment properties

Investment properties are investments in land and buildings that are not substantially occupied for use by, or in the operations of the Group and are held for investment potential and rental income. They are accounted for as long term investments and are stated at valuation and not depreciated.

In prior year, the directors carried out a valuation to all class of investment properties of the Group.

Investment properties are revalued in every five years and a shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from such valuations are credited to shareholders' equity as revaluation reserve and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same investment, the surplus should be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the revaluation reserve related to the investment property is transferred directly to retained profits.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.6 Land held for property development**

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as development properties under current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by MASB 32.

**5.7 Development properties**

Development properties comprise the cost of land under development together with development expenditure plus attributable profits accrued to properties sold at their relevant stage of completion less progress billings and foreseeable losses, if any.

Development expenditure comprises construction costs and other related development costs attributable to the property development activities in general including administrative overheads and borrowing costs.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activity at the balance sheet date.

When the outcome of a development activity cannot be reliably estimated, the property development revenue shall be recognised only to the extent of property development costs incurred that is probable to be recoverable and property development costs on the development units sold are recognised as expense in which they are incurred.

When the estimated future revenue realisable are lower than the carrying value of a development project, a provision for the difference is made to reduce the carrying value of the development properties. Any expected loss on a development project is recognised as an expense immediately.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 Investments

#### (i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

#### (ii) Associated companies

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

The Group's share of results and reserves of the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal. The Group's share of results of associated companies is based on the latest audited financial statements made up to 31 March 2004 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 2004 and 31 December 2004 respectively.

#### (iii) 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.

The Group's interest in jointly controlled assets and liabilities arising from its joint venture arrangement has been accounted for in the financial statements using the line-by-line reporting format for proportionate consolidation.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 Investments (cont'd)

#### (iv) Long term investments and portfolio investments

Long term investments, other than in subsidiaries, associate and joint venture, are stated at cost unless in the opinion of the directors there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the year in which it occurs as allowance for diminution in value.

### 5.9 Inventories

#### (i) Development 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 is stated at the lower of cost and net realisable value. Cost is determined on weighted average cost basis.

### 5.10 Receivables

Receivables are carried at anticipated realisable values. Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection, if any.

### 5.11 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than inventories, deferred tax assets and financial assets (excluding investment in subsidiary companies, investment in an associated company and other investment) 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 and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

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

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

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.12 Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**5.13 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**5.14 Employee benefits****5.14.1 Short term employee benefits**

Wages, salaries and social security contributions are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**5.14.2 Defined contribution plan**

The Group makes contributions to a statutory provident fund and recognises the contribution payable:

- (i) after deducting contribution already paid as a liability; and
- (ii) as an expense in the financial year in which the employees render their services.

**5.14.3 Equity compensation benefits**

Under the Employee Share Options Scheme of the Group, eligible employees are entitled to subscribe for the shares issued by the Company. No compensation cost or obligation is recognised in the income statement when the share options are granted. Share capital and share premium account are increased when the proceeds are received from the share options exercised by the employees in that financial year.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.15 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

#### 5.15.1 Current tax expense

Current tax expense includes all domestic taxes which are based on taxable profits for the financial year. Current tax also include other taxes such as real property gains taxes payable on disposal of properties.

#### 5.15.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unabsorbed tax losses and unutilised capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

### 5.16 Revenue recognition

#### (i) Revenue from property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs and on the number of units sold.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Revenue recognition (cont'd)

#### (ii) Revenue from construction contracts

Revenue from construction contracts is recognised in the income statement based on stage of completion. The stage of completion of a construction contract is based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date.

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred plus attributable profits or less foreseeable losses, if any, exceed progress billings, the balance is shown as amounts due from customers for contract works. When progress billings exceed costs incurred plus attributable profits or less foreseeable losses, if any, the balance is shown as amounts due to customers for contract works.

#### (iii) Revenue from sale of properties

Revenue from sale of properties is recognised upon signing of the sale and purchase agreement.

#### (iv) Revenue from recreational facilities

Revenue from recreational facilities consist of the following:

##### (a) Registration fees and card sales

Revenue from registration fees and card sales are recognised upon signing of the membership agreement.

##### (b) Food and beverages and tournament fees

Revenue from food and beverages and tournament fees received are recognised upon the sale of goods and services rendered.

#### (v) Dividend income

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Revenue recognition (cont'd)

(vi) Management fees

Management fees is recognised on an accrual basis.

(vii) Rental income

Revenue from property investment is recognised based on rental received and receivable from letting of properties.

(viii) Interest income

Interest income is recognised in the income statement based on accrual basis.

(ix) Other income

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

### 5.17 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments that are readily convertible to cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are stated after deducting bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

### 5.18 Segment 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.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

5.19 Financial instruments

5.19.1 Financial instruments recognised on the balance sheet

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and are classified as equity.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(b) Loan stock

8% Redeemable Convertible Secured Loan Stocks 2002/2007 ("RCLS")

RCLS give the holders the rights to require the Company to redeem the loan stocks at the maturity date. As such, these loan stocks are classified as financial liability.

(c) Other borrowings

Other interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost.

(d) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policies associated with each item.

5.20 Borrowing costs

Interest, losses and gains relating to a financial instrument, or a component part classified as a financial liability is reported as finance cost in the income statement.

Cost incurred on borrowings to finance the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statement.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

5.21 Rounding of amounts

Unless otherwise indicated, the amounts shown in these financial statements have been rounded to the nearest thousand.

## 6. PROPERTY, PLANT AND EQUIPMENT

Group 2004	Balance as at 1.1.2004 RM'000	Additions RM'000	Adjustments RM'000	Balance as at 31.12.2004 RM'000
	<b>At cost</b>			
Freehold land	10	-	-	10
Buildings	1,177	-	-	1,177
Plant and machinery	642	42	-	684
Plant and machinery acquired under hire-purchase	380	46	-	426
Motor vehicles	1,310	-	(49)	1,261
Motor vehicle acquired under hire-purchase	681	-	-	681
Furniture, fittings and equipment	2,471	52	(51)	2,472
Site office and signboards	302	-	2	304
Renovations	201	-	-	201
	7,174	140	(98)	7,216

	Balance as at 1.1.2004 RM'000	Charge for the financial year RM'000	Adjustments RM'000	Balance as at 31.12.2004 RM'000
	<b>Accumulated depreciation</b>			
Buildings	422	24	(2)	444
Plant and machinery	479	78	-	557
Plant and machinery acquired under hire-purchase	57	63	-	120
Motor vehicles	1,238	25	(53)	1,210
Motor vehicles acquired under hire-purchase	235	136	-	371
Furniture, fittings and equipment	1,610	158	(39)	1,729
Site office and signboards	216	21	6	243
Renovations	197	-	3	200
	4,454	505	(85)	4,874

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2003	Balance as at 1.1.2003 RM'000	Additions RM'000	Disposals RM'000	Balance as at 31.12.2003 RM'000
<b>At cost</b>				
Freehold land	10	-	-	10
Buildings	1,177	-	-	1,177
Plant and machinery	604	38	-	642
Plant and machinery acquired under hire-purchase	-	380	-	380
Motor vehicles	1,608	7	(305)	1,310
Motor vehicle acquired under hire-purchase	351	330	-	681
Furniture, fittings and equipment	1,545	926	-	2,471
Site office and signboards	212	90	-	302
Renovations	201	-	-	201
	5,708	1,771	(305)	7,174

	Balance as at 1.1.2003 RM'000	Charge for the financial year RM'000	Disposals RM'000	Balance as at 31.12.2003 RM'000
<b>Accumulated depreciation</b>				
Buildings	398	24	-	422
Plant and machinery	407	72	-	479
Plant and machinery acquired under hire-purchase	-	57	-	57
Motor vehicles	1,519	24	(305)	1,238
Motor vehicle acquired under hire-purchase	99	136	-	235
Furniture, fittings and equipment	1,462	148	-	1,610
Site office and signboards	195	21	-	216
Renovations	197	-	-	197
	4,277	482	(305)	4,454

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company 2004	Balance as at 1.1.2004 RM'000	Additions RM'000	Balance as at 31.12.2004 RM'000
<b>At cost</b>			
Motor vehicles	335	–	335
Motor vehicles acquired under hire-purchase	274	–	274
Furniture, fittings and equipment	1,013	3	1,016
Renovations	27	–	27
	1,649	3	1,652
<b>Accumulated depreciation</b>			
Motor vehicles	335	–	335
Motor vehicles acquired under hire-purchase	138	55	193
Furniture, fittings and equipment	511	92	603
Renovations	27	–	27
	1,011	147	1,158
<b>Company 2003</b>			
Company 2003	Balance as at 1.1.2003 RM'000	Additions RM'000	Balance as at 31.12.2003 RM'000
<b>At cost</b>			
Motor vehicles	335	–	335
Motor vehicles acquired under hire-purchase	274	–	274
Furniture, fittings and equipment	440	573	1,013
Renovations	27	–	27
	1,076	573	1,649

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Balance as at 1.1.2003 RM'000	Charge for the financial year RM'000	Balance as at 31.12.2003 RM'000
<b>Accumulated depreciation</b>			
Motor vehicles	335	–	335
Motor vehicles acquired under hire- purchase	83	55	138
Furniture, fittings and equipment	419	92	511
Renovations	27	–	27
	<b>864</b>	<b>147</b>	<b>1,011</b>

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Net book value</b>				
Freehold land	10	10	–	–
Buildings	733	755	–	–
Plant and machinery	127	163	–	–
Plant and machinery acquired under hire-purchase	306	323	–	–
Motor vehicles	51	72	–	–
Motor vehicles acquired under hire-purchase	310	446	81	136
Furniture, fittings and equipment	743	861	413	502
Site office and signboards	61	86	–	–
Renovations	1	4	–	–
	<b>2,342</b>	<b>2,720</b>	<b>494</b>	<b>638</b>

Certain freehold land and buildings of the Group with net book value amounting to RM409,243 (2003: RM423,432) are pledged to secure term loans facilities granted to the Group.

**7. INVESTMENT PROPERTIES**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>At valuation</b>				
Freehold land	21,173	9,352	-	-
Long term leasehold land and buildings	-	2,550	-	2,024
Development expenditure	507	7	-	-
Surplus in valuation of investment property (Note 26)	-	-	-	526
	21,680	11,909	-	2,550
<b>At cost</b>				
Freehold land	92,379	118,349	92,379	118,349
Development expenditure	16,015	15,412	16,015	15,411
	108,394	133,761	108,394	133,760
Balance as at 31 December	130,074	145,670	108,394	136,310

Certain freehold land amounting to approximately RM15,806,000 (2003: RM4,318,000) have been charged to secure term loans and bank overdraft facilities granted to the Group as disclosed in Note 21.

The investment properties of the Group and of the Company were appraised by independent firms of professional valuer based on open market value in 2003. These properties are classified as investment properties so as to reflect the management's intention of holding these properties for investment purposes. Based on the prevailing market information that is 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.



### 8. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2004 RM'000	2003 RM'000
<b>Freehold land, at cost</b>		
Balance as at 1 January	123,073	124,890
Additions during the financial year	3,359	-
Add: Reclassify from development properties (Note 12)	3,063	-
Less: Transfer to development properties (Note 12)	(3,758)	-
Disposals	(3,895)	(1,817)
Balance as at 31 December	121,842	123,073
<b>Leasehold land, at cost</b>		
Balance as at 1 January/31 December	12,207	12,207
	134,049	135,280
<b>Development expenditure</b>		
Balance as at 1 January	14,107	14,329
Additions during the financial year	102	292
Add: Reclassify from development properties (Note 12)	936	-
Less: Transfer to development properties (Note 12)	(91)	-
Disposals	(1,803)	(514)
Balance as at 31 December	13,251	14,107
	147,300	149,387
<b>Less: Impairment losses</b>		
Balance as at 1 January	28,244	28,244
Recognised during the financial year	493	-
Balance as at 31 December	(28,737)	(28,244)
	118,563	121,143

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.

During the financial year, the Group and the Company have adopted MASB 32, Property Development Activities which are applicable to the Group and the Company for the first time. Where the Group and the Company had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by MASB 32.

**8. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)**

- 8.1 Certain freehold land amounting to approximately RM88,201,000 (2003: RM82,083,000) are pledged to financial institutions to secure term loans and bank overdraft facilities granted to the Company and the Group.
- 8.2 The long term 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 approximately RM9,864,000 (2003: RM9,864,000) are pledged to secure term loan and bank overdraft facilities granted to the Company and the Group.

**9. INVESTMENT IN SUBSIDIARY COMPANIES**

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	218,934	218,934
Less: Impairment losses	(133,303)	(133,303)
	<u>85,631</u>	<u>85,631</u>

The details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary companies		
		2004 %	2003 %	2004 %	2003 %	
<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

**9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)**

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary companies		
		2004	2003	2004	2003	
		%	%	%	%	
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	100	-	-	Operating recreational facilities
<b>Subsidiary company of Hitung Panjang Sdn. Bhd.</b>						
Maztri Padu Sdn. Bhd.*	Malaysia	50	50	50	50	Property development
<b>Subsidiary company of Menang Leasing and Credit (M) Sdn. Bhd.</b>						
Menang Finservices (M) Sdn. Bhd.	Malaysia	-	-	100	100	Licensed money-lender
<b>Subsidiary company of Menang Land (M) Sdn. Bhd.</b>						
Menang Saujana Sdn. Bhd.	Malaysia	49.50	49.50	50.50	50.50	Property development
<b>Subsidiary company of Menang Aquatics Sdn. Bhd.</b>						
Menang Greens Sdn. Bhd.	Malaysia	-	-	100	100	Landscaping and turf farming

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Interest in equity held by Subsidiary companies				Principal activities
		Company 2004 %	Company 2003 %	Subsidiary 2004 %	Subsidiary 2003 %	
<b>Subsidiary companies of Equitiplus Sdn. Bhd.</b>						
Harapan Akuarium (M) Sdn. Bhd.	Malaysia	-	-	100	100	Investment holding and investment trading
Menang Equities (M) Sdn. Bhd.	Malaysia	-	-	100	100	Investment holding and investment trading
<b>Subsidiary company of Temeris Holdings Sdn. Bhd.</b>						
Temeris Resorts Development Sdn. Bhd.	Malaysia	-	-	100	100	Property development
<b>Subsidiary companies of Menang Development (M) Sdn. Bhd.</b>						
Menang Land (M) Sdn. Bhd.	Malaysia	0.02	0.02	99.98	99.98	Investment holding
Twin Version Sdn. Bhd.*	Malaysia	-	-	100	-	Investment holding
Charisma Cheer Sdn. Bhd.*	Malaysia	-	-	100	-	Investment holding

\* Subsidiary companies not audited by BDO Binder.

**9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)**

**Acquisition of subsidiary companies**

**2004**

During the financial year, a wholly owned subsidiary company had acquired the following companies:

- (a) 100% equity interest in Twin Version Sdn. Bhd. for a total cash consideration of RM4,772,826. Twin Version Sdn. Bhd. is principally engaged in investment holding.
- (b) 100% equity interest in Charisma Cheer Sdn. Bhd. for a total cash consideration of RM7,120,465. Charisma Cheer Sdn. Bhd. is principally engaged in investment holding.

9.1 Details of the net assets acquired and cash flow arising from the above acquisitions are as follows:

	2004 RM'000
Investment properties	2,998
Other payables and accruals	(273)
	<hr/>
Net assets acquired	2,725
Group cost	9,168
	<hr/>
Total purchase consideration	11,893
Less: Non-cash settlement	
- Land held for property development	(6,667)
- Other payables	(1,450)
	<hr/>
Cash flow on acquisition, net of cash and cash equivalents acquired	<u>3,776</u>

9.2 The effect of these acquisitions on the financial results of the Group during the financial year is as follows:

	2004 RM'000
Administration expenses	(4)
	<hr/>
Decrease in Group profit	<u>(4)</u>

9.3 The effect of these acquisitions on the financial position of the Group at the end of the financial year is as follows:

	2004 RM'000
Investment properties	2,998
Other payables and accruals	(5)
	<hr/>
Increase in Group net assets	<u>2,993</u>

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

## Acquisition of subsidiary companies (cont'd)

## 2003

In prior year, a wholly owned subsidiary company had acquired 100% equity interest in Seremban 3 Paradise Valley Golf Resort Sdn. Bhd. for a total cash consideration of RM2. Seremban 3 Paradise Valley Golf Resort Sdn. Bhd. is principally engaged in operational recreational facilities.

9.4 There was no effect on cash flow arising from the acquisition.

9.5 The effect of the acquisition on the financial results of the Group in the previous financial year is as follows:

	2003 RM'000
Revenue	582
Cost of sales	(622)
	<hr/>
Gross loss	(40)
Other operating income	33
Administrative expenses	(401)
Other operating expenses	(394)
Finance costs	(7)
	<hr/>
Decrease in Group profit	(809)

9.6 The effect of the acquisition on the financial position of the Group in the end of the previous financial year is as follows:

	2003 RM'000
Property, plant and equipment	714
Other receivables, deposits and prepayments	103
Cash and bank balances	175
Other payables and accruals	(220)
Hire purchase creditors	(107)
	<hr/>
Increase in Group net assets	665

### 10. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted shares, at cost	14,873	16,873	14,873	16,873
Shares redeemed during the financial year	(9,850)	(2,000)	(9,850)	(2,000)
Share of post-acquisition profits (net of dividend received)	15,062	13,924	-	-
	<u>20,085</u>	<u>28,797</u>	<u>5,023</u>	<u>14,873</u>

Group	
2004 RM'000	2003 RM'000

Represented by:

Group's share of net assets	<u>20,085</u>	<u>28,797</u>
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The details of the associated company is as follows:

Name of company	Country of incorporation	Effective ownership interest		Principal activities
		2004 %	2003 %	
Hicom Menang Properties Sdn. Bhd.	Malaysia	49	49	Property development and rental of car park buildings

Included in the cost of investment in associate of the Company is redeemable preference shares totalling RM11,850,000. During the financial year ended 31 December 2004, RM9,850,000 (2003: RM2,000,000) had been redeemed by the associated company.

### 11. OTHER INVESTMENT

	Group	
	2004 RM'000	2003 RM'000
<b>Long term</b>		
Quoted shares, at cost	3	3
Less: Allowance for diminution in value	(1)	(1)
	<u>2</u>	<u>2</u>
Market value of quoted shares	<u>5</u>	<u>6</u>

## 12. DEVELOPMENT PROPERTIES

	Group	
	2004 RM'000	2003 RM'000
<b>Freehold land, at cost</b>		
Balance as at 1 January	17,722	22,823
Addition during the financial year	–	940
Add: Transfer from investment properties	25,969	–
Transfer from land held for property development (Note 8)	3,758	–
Less: Reclassify to land held for property development (Note 8)	(3,063)	–
Disposals	–	(6,041)
Balance as at 31 December	44,386	17,722
<b>Development expenditure</b>		
Balance as at 1 January	4,132	18,651
Addition during the financial year	296	44
Add: Transfer from investment properties	1,153	–
Transfer from land held for property development (Note 8)	91	–
Less: Reclassify to land held for property development (Note 8)	(936)	–
Disposals	–	(14,563)
Balance as at 31 December	4,736	4,132
	49,122	21,854

## 13. INVENTORIES

	Group	
	2004 RM'000	2003 RM'000
<b>At cost</b>		
Completed properties	7,769	6,139
Plants and shrubs	257	257
Food and beverages	23	–
	8,049	6,396

Certain completed properties amounting to approximately RM1,499,000 (2003: RM5,774,000) have been charged to secure term loan facility granted to the Group.



### 14. TRADE RECEIVABLES

	Group	
	2004 RM'000	2003 RM'000
Trade receivables	183	163
Retention sums	-	306
	<u>183</u>	<u>469</u>

The credit terms of trade receivables range from 30 to 60 days from date of invoice.

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other receivables	690	193	-	69
Deposits	193	213	19	20
Prepayments	185	78	31	13
	<u>1,068</u>	<u>484</u>	<u>50</u>	<u>102</u>

### 16. AMOUNTS OWING BY SUBSIDIARY COMPANIES

	Company	
	2004 RM'000	2003 RM'000
Amounts owing by subsidiary companies	87,191	58,564
Less: Allowance for doubtful debts	(43,962)	(42,356)
	<u>43,229</u>	<u>16,208</u>

The amounts owing by subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment except for amounts of approximately RM76 million (2003: RM49 million) which bear interest ranging from 1% to 11% (2003: 1% to 11%) per annum.

**17. FIXED DEPOSITS WITH A LICENSED BANK**

The fixed deposits of the Group and of the Company as at 31 December 2004 have maturity periods ranging from 15 to 18 months.

Fixed deposits with a licensed bank of the Group and of the Company have been pledged to a licensed bank as securities for banking facilities granted to the Company.

The weighted average effective interest rate is 3.25% (2003: 3.25%) per annum.

**18. TRADE PAYABLES**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	696	1,608	–	747
Retention sum	691	865	–	166
	<b>1,387</b>	<b>2,473</b>	<b>–</b>	<b>913</b>

The credit terms of trade payables range from 30 to 60 days from date of invoice.

**19. OTHER PAYABLES AND ACCRUALS**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other payables	1,830	675	1,162	135
Accruals	11,395	11,042	871	1,126
Deposits	392	427	–	107
Amounts owing to corporate shareholders	1,074	3,380	–	–
Amounts owing to directors	1,047	1,187	333	515
	<b>15,738</b>	<b>16,711</b>	<b>2,366</b>	<b>1,883</b>

Included in accruals of the Group is conversion premium to convert Seremban 3 land from agriculture land to residential and commercial land amounted to RM9,063,631 (2003: RM9,063,631).

Included in accruals of the Group and of the Company is interest payable on Redeemable Convertible Secured Loan Stocks amounted to RM330,669 (2003: RM584,797).

The amounts owing to corporate shareholders represent advances and payments made on behalf which are unsecured, bear interest at 9.40% (2003: 9.95%) per annum and have no fixed terms of repayment.

The amounts owing to directors represent salaries payable and advances from directors which are unsecured, interest-free and have no fixed terms of repayment.

**20. AMOUNTS OWING TO SUBSIDIARY COMPANIES**

The amounts owing to subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

**21. BORROWINGS (INTEREST BEARING)**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Current liabilities</b>				
Term loans - secured				
- Al-Bai Bithaman Ajil loan	-	9,148	-	-
- Other term loans	45,207	19,523	4,830	3,992
	45,207	28,671	4,830	3,992
Bank overdraft - secured	2,999	2,108	2,999	2,108
Hire-purchase creditors	206	216	32	51
	48,412	30,995	7,861	6,151
<b>Non-current liabilities</b>				
Term loans - secured				
- Al-Bai Bithaman Ajil loan	35,359	23,725	-	-
- Other term loans	5,031	9,970	1,031	1,969
	40,390	33,695	1,031	1,969
Hire-purchase creditors	332	538	33	65
	40,722	34,233	1,064	2,034
	89,134	65,228	8,925	8,185
<b>Total borrowings</b>				
Al-Bai Bithaman Ajil loan (Note 21.1)	35,359	32,873	-	-
Other term loans (Note 21.2)	50,238	29,493	5,861	5,961
Bank overdraft - secured (Note 21.3)	2,999	2,108	2,999	2,108
Hire-purchase creditors (Note 22)	538	754	65	116
	89,134	65,228	8,925	8,185

**21. BORROWINGS (INTEREST BEARING) (CONT'D)**

The maturity profile and the exposure of borrowings of the Group and of the Company as at balance sheet date (excluding hire-purchase liabilities) are as follows:

Repayable as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current liabilities:				
- not later than one year	48,206	30,779	7,829	6,100
Non-current liabilities:				
- later than one year and not later than five years	23,900	33,695	1,031	1,969
- later than five years	16,490	-	-	-
	<b>88,596</b>	<b>64,474</b>	<b>8,860</b>	<b>8,069</b>

**Terms and debt repayment schedule**

21.1 The profits on the facility are payable commencing 1 January 2005. Thereafter, the profit capitalised together with the principal outstanding will be repaid in sixteen (16) equal quarterly instalments of RM1,551,367 each commencing 31 January 2007 and the balance repayable by four (4) equal quarterly instalments of RM2,022,050 each commencing 31 January 2011.

The total profit of the loan for the whole duration is RM12,959,414 (2003: RM11,870,673). During the financial year, an amount of RM2.5 million (2003: RM1.9 million) was charged to the income statement.

The Al-Bai Bithaman Ajil term loan is secured by way of legal charges over certain land held for property development of a subsidiary company and corporate guarantee by the Group. The term loan is subject to a profit equivalent to yield rate of 11% (2003: 11%) per annum.

21.2

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Term loan I	14,888	23,532	-	-
Term loan II	29,489	-	-	-
Term loan III	1,351	1,392	1,351	1,392
Term loan IV	4,510	4,569	4,510	4,569
	<b>50,238</b>	<b>29,493</b>	<b>5,861</b>	<b>5,961</b>

**21. BORROWINGS (INTEREST BEARING) (CONT'D)**

**Terms and debt repayment schedule (cont'd)**

The term loans are repayable by one and/or combination of the following:

- (a) by a total lump sum;
- (b) by monthly, quarterly or annually instalments ranging from RM50,000 to RM4,000,000 each.

These term loans with financial institutions are secured by way of charges on certain properties of the Company and a subsidiary company. The interest rate charged ranges from 8.50% to 9.40% (2003: 8.00% to 8.90%) per annum.

- 21.3 The bank overdrafts of the Group and of the Company are secured by way of legal charge over certain properties of subsidiary companies. The interest rate charged is 9.75% (2003: 8.50%) per annum.

**22. HIRE-PURCHASE CREDITORS**

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Minimum hire-purchase payments:				
- not later than one year	241	264	40	63
- later than one year and not later than five years	380	565	43	84
- later than five years	17	73	-	-
	638	902	83	147
Less: Future interest charges	(100)	(148)	(18)	(31)
Present value of hire-purchase and liabilities	538	754	65	116
Repayable as follows:				
Current liabilities				
- not later than one year	206	216	32	51
Non-current liabilities:				
- later than one year and not later than five years	319	481	33	65
- later than five years	13	57	-	-
	332	538	33	65
	538	754	65	116

## 23. SHARE CAPITAL

	Group and Company			
	2004		2003	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	267,107	267,107	267,107	267,107

- 23.1 There was no exercise by the registered holders of the warrants to subscribe for new ordinary shares in the Company during the financial year.
- 23.2 Upon issuance of the Redeemable Convertible Secured Loan Stocks ("RCLS"), as disclosed in Note 24, the two Scheme Creditors have the rights to convert 13,841,079 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 as at 31 December 2004.
- 23.3 The Employees' Share Option Scheme ("ESOS") of the Company was approved by the 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 as at 31 December 2004 are as follows:

Exercise period	Subscription price RM	Number of options over ordinary shares of RM1.00 each			
		Balance as at 1.1.2004	Offered and accepted	Lapsed due to resignation	Balance as at 31.12.2004
25.1.2002 - 23.1.2007	1.00	13,660,000	-	(890,000)	12,770,000
4.3.2002 - 23.1.2007	1.00	38,000	-	-	38,000
2.5.2002 - 23.1.2007	1.00	32,000	-	-	32,000
7.11.2002 - 23.1.2007	1.00	312,000	-	-	312,000
2.1.2003 - 23.1.2007	1.00	19,000	-	(19,000)	-
10.1.2003 - 23.1.2007	1.00	275,000	-	(18,000)	257,000
18.2.2003 - 23.1.2007	1.00	21,000	-	-	21,000
25.2.2004 - 23.1.2007	1.00	-	910,000	(54,000)	856,000
		14,357,000	910,000	(981,000)	14,286,000

The consideration is payable in full on application.

## 23. SHARE CAPITAL (CONT'D)

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 SC shall not exceed ten percent (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 percent (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.

## 24. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

	Group and Company	
	2004	2003
	RM'000	RM'000
Balance as at 1 January	24,936	36,936
Repayments during the financial year	(11,095)	(12,000)
Balance as at 31 December	13,841	24,936

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 2002.

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

- (a) The issuance of 36,935,860 8% 5-year 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 issued is conditional upon a Put and Call Options Agreement between a substantial shareholder, 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 Creditor which is not participating in the RCLS Issue.

**24. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (CONT'D)**

Maymerge entered into the Put and Call Options Agreement with these Scheme Creditors on 13 December 2001. Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong and Y. Bhg. Datin Mariam Eusoff, who are also directors and substantial shareholders of Maymerge are deemed to have interests in the RCLS issued by virtue of the Put and Call Options.

The two Scheme Creditors 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 exceed or would exceed one point two five (1.25) times the amount of Shareholders' Funds of the Group as disclosed by the latest Group balance sheet.
- (b) The Company may declare dividends 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.
- (b) Conversion rights

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.

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.

Unless converted, the RCLS will be redeemable in accordance with the terms set out below.

- (c) Redemption of RCLS

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.



### 24. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (CONT'D)

- (d) Where the Company redeems only part 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 creditor exercised the Put Option totalling RM3,030,881 (2003: RM6,403,594) RCLS of RM1.00 each to corporate shareholder, Maymerge.

As at 31 December 2004, none of the 13,841,079 RCLS of RM1.00 each have been converted into ordinary shares of the Company.

### 25. DEFERRED TAX

- (a) The deferred tax liabilities are made up of the following:

	Group	
	2004 RM'000	2003 RM'000
Balance as at 1 January, as restated (Note 41)	3,256	3,256
Recognised in the balance sheet	100	-
Balance as at 31 December	3,356	3,256

- (b) The movement of deferred tax liabilities during the financial year are as follows:

	Group	
	2004 RM'000	2003 RM'000
Balance as at 1 January	3,256	3,256
Fair value adjustments	100	-
Balance as at 31 December	3,356	3,256

- (c) The components of deferred tax liabilities as at the end of the financial year comprise tax effect of:

	Group	
	2004 RM'000	2003 RM'000
Fair value adjustments	3,356	3,256

## 25. DEFERRED TAX (CONT'D)

- (d) The temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax effect on temporary different in respect of:				
Unutilised tax losses	29,372	30,079	8,006	9,027
Unabsorbed capital allowances	381	450	-	108
Impairment losses on land held for property development	4,952	4,814	-	-
Others	(15)	(98)	(26)	(54)
	<b>34,690</b>	<b>35,245</b>	<b>7,980</b>	<b>9,081</b>

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

## 26. CAPITAL RESERVE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-distributable:				
Warrants issue	960	960	960	960
Revaluation reserve (Note 7)	-	-	-	526
	<b>960</b>	<b>960</b>	<b>960</b>	<b>1,486</b>

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 years.

### 27. REVENUE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sale of properties	11,604	12,628	-	-
Rental income	117	204	117	204
Dividend income	-	-	6,860	49
Management fees	83	76	18	-
Income from recreational facilities	1,622	582	-	-
Gross revenue	13,426	13,490	6,995	253
Rescission of prior year sales of properties	-	(6,263)	-	-
Net revenue	13,426	7,227	6,995	253

### 28. COST OF SALES

	Group	
	2004 RM'000	2003 RM'000
Cost of properties sold	6,154	8,589
Cost of services	2,138	622
Gross cost of sales	8,292	9,211
Rescission of prior year cost of properties sold	-	(2,225)
Net cost of sales	8,292	6,986

## 29. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Allowance for doubtful debts	-	-	1,605	970
Auditors' remuneration				
- current year	57	62	17	20
- over provision in prior year	-	(1)	-	(1)
Bad debts written off	3	16	-	1
Directors' remuneration				
- emoluments	1,800	2,011	766	830
- benefit-in-kind	679	759	518	567
- fees	30	30	30	30
Depreciation of property, plant and equipment	505	482	147	147
Deferred liability charges (Note 21.1)	2,485	1,864	-	-
Interest expenses on:				
- Redeemable Convertible Secured Loan Stocks	1,454	2,370	1,454	2,370
- term loans	4,053	2,008	511	545
- bank overdrafts	190	146	190	146
- hire-purchase	48	29	11	11
- other loans	310	-	91	-
Loss on disposal of investment properties	8	-	8	-
Rental expenses	222	207	-	-
Rental of equipment	3	1	-	-
Impairment losses on investment property	327	133	-	-
Impairment losses on land held for property development	493	-	-	-
And crediting:				
Dividend income received from an associated company	-	-	6,860	49
Interest income:				
- from subsidiary companies	-	-	1,856	1,584
- others	20	6	-	-
Rental income on buildings	350	507	117	204
Gain on disposal of property, plant and equipment	-	45	-	-

### 30. TAX EXPENSE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current tax expense:				
Tax expense on share of profit in an associated company	2,294	84	-	-
	<u>2,294</u>	<u>84</u>	<u>-</u>	<u>-</u>

The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Applicable tax rate	(28)	(28)	28	(28)
Non-allowable expenses	77	8	4	15
Deferred tax assets not recognised	(9)	21	(32)	13
	<u>40</u>	<u>1</u>	<u>-</u>	<u>-</u>

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Arising from				
- utilisation of tax losses brought forward	707	-	1,021	-
- utilisation of capital allowance	69	-	108	-
	<u>776</u>	<u>-</u>	<u>1,129</u>	<u>-</u>

Subject to agreement of the Inland Revenue Board, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM28,593,000 and Nil (2003: RM32,239,000 and RM386,000) respectively which are available for set off against future taxable income.

**31. LOSS PER SHARE**

## (a) Loss per ordinary share

Loss per ordinary share of the Group is calculated by dividing the net loss for the financial year of approximately RM8,083,000 (2003: RM13,711,000) by the number of ordinary shares in issue during the financial year of approximately 267,107,000 (2003: 267,107,000).

	Group	
	2004	2003
Net loss for the financial year (RM'000)	8,083	13,711
Number of ordinary shares ('000)	267,107	267,107
Loss per ordinary share (sen)	3.03	5.13

## (b) Diluted loss per share

Under the Malaysian Accounting Standard Board Standard No. 13 on Earnings Per Share, the warrants of 40,070,400 issue (Note 23.1), exercise or options over shares under Employees' Share Option Scheme (Note 23.3) and the assumed conversion from the Redeemable Convertible Secured Loan Stocks (Note 24) would be antidilutive, and the diluted loss per share figures are therefore not shown.

**32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Purchase of property, plant and equipment (Note 6)	140	1,771	3	573
Financed by hire-purchase arrangements	(46)	(710)	-	-
Cash payments on purchase of property, plant and equipment	94	1,061	3	573

### 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amount:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Fixed deposits with a licensed bank	22	22	22	22
Cash and bank balances	1,486	656	345	182
Bank overdrafts	(2,999)	(2,108)	(2,999)	(2,108)
	(1,491)	(1,430)	(2,632)	(1,904)
Less: Fixed deposits pledged to licensed banks	(22)	(22)	(22)	(22)
	(1,513)	(1,452)	(2,654)	(1,926)

### 34. SEGMENT INFORMATION

#### Business segments

The Group's operations comprise the following 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 insurance agent, undertaking of landscaping projects and turf farming, and operating recreational facilities

## 34. SEGMENT INFORMATION (CONT'D)

	Project management and investment holding		Property development		Credit, leasing and trading		Eliminations		Consolidation	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	200	279	11,604	6,366	1,622	582	-	-	13,426	7,227
Inter-segment revenue	6,878	49	-	-	1	2	(6,879)	(51)	-	-
<b>Total revenue</b>	<b>7,078</b>	<b>328</b>	<b>11,604</b>	<b>6,366</b>	<b>1,623</b>	<b>584</b>	<b>(6,879)</b>	<b>(51)</b>	<b>13,426</b>	<b>7,227</b>
<b>Segment results</b>	<b>(2,844)</b>	<b>(5,063)</b>	<b>(1,400)</b>	<b>(2,379)</b>	<b>(1,383)</b>	<b>(814)</b>	<b>-</b>	<b>-</b>	<b>(5,627)</b>	<b>(8,256)</b>
Operating loss									(5,627)	(8,256)
Interest expense									(8,540)	(6,417)
Interest income									20	6
Share of profit in an associated company	-	-	8,358	1,040	-	-	-	-	8,358	1,040
Loss before tax									(5,789)	(13,627)
Tax expense									(2,294)	(84)
<b>Net loss for the financial year</b>									<b>(8,083)</b>	<b>(13,711)</b>
<b>Segment assets</b>	<b>114,276</b>	<b>142,506</b>	<b>195,050</b>	<b>155,670</b>	<b>1,585</b>	<b>1,254</b>	<b>-</b>	<b>-</b>	<b>310,911</b>	<b>299,430</b>
Investment in an associated company	-	-	20,085	28,797	-	-	-	-	20,085	28,797
<b>Total assets</b>									<b>330,996</b>	<b>328,227</b>
<b>Segment liabilities</b>	<b>25,905</b>	<b>36,832</b>	<b>97,075</b>	<b>75,221</b>	<b>476</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>123,456</b>	<b>112,604</b>
Capital expenditure	3	573	-	365	137	833	-	-	140	1,771
Depreciation	149	148	219	215	137	119	-	-	505	482
Impairment losses on investment property	327	133	-	-	-	-	-	-	327	133
Impairment losses on land held for property development	-	-	493	-	-	-	-	-	493	-

## 35. CONTINGENT LIABILITIES - SECURED

	Company	
	2004 RM'000	2003 RM'000
Guarantee and contingencies relating to borrowings of subsidiary companies	79,736	56,405



### 36. CAPITAL COMMITMENTS

	Group	
	2004 RM'000	2003 RM'000
Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for	6,790	6,790

### 37. RELATED PARTIES DISCLOSURES

#### Identities of related company

The Company has controlling related party relationships with its direct and indirect subsidiary companies.

The shareholders of the Company had approved the renewal of general mandate at Annual General Meeting held on 30 June 2004 for substantial property transactions involving directors under Section 132E of the Companies Act, 1965.

Significant transactions and balances with related parties are as follows:

Transactions	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Corporate shareholder Maymerge (M) Sdn. Bhd.				
- Advances	1,074	3,380	-	-
- Interest payable	208	171	-	-
- Redeemable Convertible Secured Loan Stocks				
Interest payable	832	575	832	575
Subsidiary companies				
Menang Development (M) Sdn. Bhd.				
- Interest income	-	-	1,375	1,111
Maztri Padu Sdn. Bhd.				
- Accounting and secretarial fees	-	-	12	12
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.				
- Management fees	-	-	18	-
Temeris Holdings Sdn. Bhd.				
- Interest income	-	-	303	298
Temeris Resorts Development Sdn. Bhd.				
- Interest income	-	-	178	176
Associated company				
Hicom Menang Properties Sdn. Bhd.				
- Dividend income	-	-	6,860	49

## 37. RELATED PARTIES DISCLOSURES (CONT'D)

## Identities of related company (cont'd)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Balance in respect of non- trade transactions</b>				
Corporate shareholder Maymerge (M) Sdn. Bhd. Advances owing to	1,074	3,380	-	-
Subsidiary company - Advances owing to	-	-	8,168	8,189
- Advances owing from	-	-	87,191	58,564
Directors - remuneration, fees and advances	1,047	1,187	333	515

The remuneration paid and payable to the directors of the Company for the financial year, analysed into bands of RM50,000 are as follows:

Range of remuneration (RM)	Number of Directors	
	Executive	Non-executive
50,001 to 100,000	-	2
250,001 to 300,000	2	-
300,001 to 350,000	2	-

**38. FINANCIAL INSTRUMENTS**

In respect of interest-bearing financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date.

2004	Effective annual interest rate %
<b>Group</b>	
<u>Financial liabilities</u>	
Secured term loans	8.50 - 9.40
Redeemable Convertible Secured Loan Stocks	8.00
Advances from corporate shareholder	9.40
Secured overdraft	9.75
<b>Company</b>	
<u>Financial assets</u>	
Advance to subsidiary companies	1.00 - 11.00
<u>Financial liabilities</u>	
Secured term loans	8.50 - 9.40
Redeemable Convertible Secured Loan Stocks	8.00
Secured overdraft	9.75
<b>2003</b>	
<b>Group</b>	
<u>Financial liabilities</u>	
Secured term loans	8.00 - 8.90
Redeemable Convertible Secured Loan Stocks	8.00
Advance from corporate shareholder	9.95
Secured overdraft	8.50
<b>Company</b>	
<u>Financial assets</u>	
Advances to subsidiary companies	1.00 - 11.00
<u>Financial liabilities</u>	
Secured term loans	8.00 - 8.90
Redeemable Convertible Secured Loan Stocks	8.00
Secured overdraft	8.50

**38. FINANCIAL INSTRUMENTS (CONT'D)****(a) Fair values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at balance sheet date approximate their fair values except as set out below:

Group	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Quoted investment	2	5	2	6

The following methods and assumptions are used to determine the fair value of financial instruments:

- (i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair values of quoted investment is based on quoted market prices at the balance sheet date.
- (iii) The fair values of the financial liabilities are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

**(b) Credit risk**

The group has no major concentration of credit risk as at 31 December 2004.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, the directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

**39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (i) On 6 February 2004, one of the wholly owned subsidiary companies, Menang Development (M) Sdn. Bhd. ("MDSB") had entered into the followings:
  - (a) a joint venture agreement ("CG&P JVA") with CG&P Consultants Sdn. Bhd. (CG&P) to develop a parcel of leasehold land measuring approximately 641.237 acres in Mukim of Bukit Katil, District of Melaka Tengah, Melaka on a 60 : 40 basis.
  - (b) a joint venture agreement ("PDIR JVA") with PDIR Developments Sdn. Bhd. ("PDIR") and Pakatan Laksana (M) Sdn. Bhd. ("PLSB") to develop 4 parcels of freehold land measuring approximately 604.098 acres in Mukim of Rantau, District of Seremban, Negeri Sembilan Darul Khusus on a 60 : 40 basis.

On 30 June 2004, both CG&P JVA and PDIR JVA were approved by the shareholders of the Company at an Extraordinary General Meeting.

On 6 August 2004, MDSB and CG&P and MDSB, PDIR and PLSB being parties to the CG&P JVA and PDIR JVA respectively have mutually agreed to extend the period within which the conditions precedent under both the JVAs are to be satisfied or fulfilled by a further period of 6 months from 6 August 2004.

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

On 4 November 2004, the PDIR JVA had been mutually terminated between MDSB, PDIR and PLSB since one of the conditions precedent cannot be fulfilled.

- (ii) On 28 May 2004, MDSB entered into a Sale and Purchase Agreement with Twinkle Bay Sdn. Bhd. to acquire two pieces of land in Port Dickson measuring approximately a total 1.219 hectares for a total cash consideration of RM3,400,000.
- (iii) On 9 July 2004, MDSB entered into a Sale and Purchase Agreement with Rising Hope Sdn. Bhd. to acquire the entire issued and paid-up capital of Twin Version Sdn. Bhd. comprising 1,673,900 ordinary shares of RM1.00 each for a total cash consideration of RM4,800,000 and subsequently concluded at RM4,772,826 during the financial year.
- (iv) On 22 November 2004, MDSB entered into a Sale and Purchase Agreement with Choice Orbit Sdn. Bhd. to acquire the entire issued and paid-up capital of Charisma Cheer Sdn. Bhd. comprising 1,193,000 ordinary shares of RM1.00 each for a total cash consideration of RM7,200,000 and subsequently concluded at RM7,120,465 during the financial year.

### 40. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
Number of employees, including executive directors, at the end of the financial year	109	110	23	24

The total expenses recognised in the income statements are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors' remuneration other than fees				
- emoluments	1,800	2,011	766	830
- benefit-in-kind	679	759	518	567
Salaries and wages	2,764	2,212	716	722
Defined contribution plan	370	210	88	81
Other employee benefits	164	166	98	112
	<b>5,777</b>	<b>5,358</b>	<b>2,186</b>	<b>2,312</b>

**41. COMPARATIVE FIGURES**

The following comparative figures have been restated in order to conform with the current year's presentation:

Group	As previously stated RM'000	Adjustment RM'000	As restated RM'000
<b>Balance sheet</b>			
Land held for property development (Note 41.1)	117,887	3,256	121,143
Deferred tax liabilities (Note 41.1)	–	3,256	3,256
Cash and bank balances	678	(22)	656
Fixed deposit with a licensed bank	–	22	22
Other payables and accruals	13,331	(1,341)	11,990
Amount owing to directors	–	1,341	1,341
<b>Income statement</b>			
Administration expenses	4,672	1,943	6,615
Other operating expenses	4,183	(1,943)	2,240
<b>Company</b>			
<b>Balance sheet</b>			
Cash and bank balances	204	(22)	182
Fixed deposit with a licensed bank	–	22	22
Other payables and accruals	1,883	(515)	1,368
Amount owing to directors	–	515	515
<b>Income statement</b>			
Administration expenses	1,183	1,943	3,126
Other operating expenses	3,062	(1,943)	1,119

41.1 The deferred tax liabilities, which were netted off against the gross amount of land held for property development in the previous financial year, is now restated in accordance with MASB 25, Income Taxes.

**42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Board of Directors on 25 April 2005.

# LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2004

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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	17,515	1998
HSD 97332 PT 25008 Mukim of Klang Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years Expiry date - 2103	27.86 acres	Vacant Industrial Land for Future Development	N/A	2,620	1998
HSD 97333 PT 50718 Mukim of Klang Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years Expiry date - 2103	41.25 acres	Vacant Industrial Land for Future Development	N/A	3,880	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

# LIST OF PROPERTIES HELD (CONT'D)

AS AT 31 DECEMBER 2004

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition/ Revaluation
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	4.20 acres	Vacant Service Apartments Land for Future Development	N/A	5,000	1998
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	3.93 acres	Vacant Hotel Resort Land for Future Development	N/A	4,673	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	22 years	399	1998
92 units of Market Stalls Mukim of Rasah, Seremban	Freehold Land	12,511 sf	Vacant Market Stalls	18 years	250	1998
24 units of 3 Storey Office Mukim of Rasah, Seremban	Freehold Land	43,758 sf	Office Lots For Rental	7 years	5,774	1998
3 units of 3 Storey Office Mukim of Rasah, Seremban	Freehold Land	12,914 sf	Office Lots For Rental	7 years	1,745	2004
Rasah Jaya Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	13.46 acres	On Going Mixed Development Land	N/A	22,043	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	604 acres	On Going Mixed Development Land	N/A	211,901	2001
Lot 868, Geran 17863 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	2.51 acres	Residential Development Land	N/A	753	2002
Lot 642, Geran 760 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	2.63 acres	Agricultural Land	N/A	942	2003
Lot 1570, Geran 3890 Mukim of Rantau, Seremban Negeri Sembilan Darul Khusus	Freehold Land	64.84 acres	Agricultural Land	N/A	5,101	2004
Lot 776, GM 33 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	11.75 acres	Vacant Commercial Land	N/A	7,547	2004
Lot 661, Geran No 587 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	44,100 sf	Agricultural Land	N/A	1,129	2004
Lot 996, Geran No 591 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	87,121 sf	Agricultural Land	N/A	2,230	2004



## ANALYSIS OF SHAREHOLDINGS AS AT 9 MAY 2005

### SHARE CAPITAL

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

### DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	No. of Shares		
		%	of RM1.00 each	%
Less than 100	153	0.62	1,981	0.00
100 to 1,000	12,793	51.59	6,697,276	2.51
1,001 to 10,000	10,088	40.68	34,781,601	13.02
10,001 to 100,000	1,627	6.56	47,256,727	17.69
100,001 to 13,355,349	135	0.54	42,077,785	15.75
13,355,350* and above	2	0.01	136,291,630	51.03
	<b>24,798</b>	<b>100.00</b>	<b>267,107,000</b>	<b>100.00</b>

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

### SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEE) (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name	Direct No. of Shares Held		Indirect No. of Shares Held	
		%		%
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

## DIRECTORS' SHAREHOLDINGS (AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
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
Dr. Christopher Shun Kong Leng, CFP® 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 9 MAY 2005

	Name	No. of Shares	%
1	AMSEC Nominees (Tempatan) Sdn Bhd AmFinance Berhad for Titian Hartanah (M) Sdn Bhd	118,534,630	44.38
2	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Hock Lee	17,757,000	6.65
3	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Foremillion (M) Sdn Bhd	7,504,300	2.81
4	Lim Seng Chee	1,968,600	0.74
5	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Jwee Teck @ Tan Yew Teck	1,200,800	0.45
6	Dato' Ng Tiong Seng @ Ng Ba	1,100,000	0.41
7	Yong Kok Thye	1,098,000	0.41
8	HDM Nominees (Asing) Sdn Bhd Pledged Securities Account for Kwee Swie Hok @ Andi Tandean (MO4)	696,500	0.26
9	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Peng Hon	654,000	0.24
10	Shoon Poo Wing @ Song Poh Wing	620,000	0.23
11	Eow Yin Kam	598,300	0.22
12	Chong Wei-Hsiang	554,000	0.21
13	Chang King Ing	524,200	0.20
14	Lim Bee Guat	502,400	0.19
15	Preim Singh a/l Ranjit Singh	485,000	0.18
16	Chua Sui Ngee @ Chua Siew Ngee	458,000	0.17
17	Lau Ngit Kin	432,700	0.16
18	Soon Kiam Hong	423,000	0.16
19	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Pax Realty & Development Pte Ltd	408,000	0.15
20	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Boon Heang (CEB)	400,000	0.15
21	Chen Song Wie	380,000	0.14
22	Shoon Poo Wing @ Song Poh Wing	380,000	0.14
23	Shoon Poo Wing @ Song Poh Wing	378,000	0.14
24	Menteri Kewangan Malaysia	358,185	0.13
25	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Chee Vun (CEB)	354,500	0.13
26	Chew Guat Keng	350,000	0.13
27	Yap Sang	350,000	0.13
28	Arumugam a/l Kalimuthu	342,800	0.13
29	Ng Chai Hock	330,100	0.12
30	Yong Hon Chong	330,000	0.12
		<b>159,473,015</b>	<b>59.70</b>

**ANALYSIS OF WARRANT HOLDINGS AS AT 9 MAY 2005**

<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	0.00
100 to 1,000	610	33.85	543,532	1.36
1,001 to 10,000	842	46.73	4,069,599	10.16
10,001 to 100,000	314	17.43	9,793,100	24.44
100,001 to 2,003,519	34	1.89	7,766,800	19.38
2,003,520 * and above	1	0.05	17,897,300	44.66
	<b>1,802</b>	<b>100.00</b>	<b>40,070,400</b>	<b>100.00</b>

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

**DIRECTORS' INTEREST IN WARRANT**

Name	Direct No. of Warrants Held		Indirect No. of Warrants Held	
		%		%
Dato' Abdul Mokhtar Ahmad	-	-	-	-
Dato' Shun Leong Kwong	-	-	-	-
Datin Mariam Eusoff	-	-	-	-
Dr. Christopher Shun Kong Leng, CFP®	554,000	1.38	-	-
Lim Eng Seng	-	-	-	-
Too Kok Leng	-	-	-	-

# WARRANT HOLDERS' INFORMATION (CONT'D)

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## THIRTY LARGEST WARRANT HOLDERS AS AT 9 MAY 2005

	Name	No. of Warrants	%
1	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Foremillion (M) Sdn Bhd	17,897,300	44.66
2	Lee Chin Weng	949,400	2.37
3	Chan Lee Fook	650,000	1.62
4	Soon Kiam Hong	563,200	1.41
5	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Dr. Christopher Shun Kong Leng, CFP®	554,000	1.38
6	Thee Chiu Un	284,000	0.71
7	Chang King Ing	283,100	0.71
8	Chai Chun Leong	280,000	0.70
9	Lim Thian Chin	250,000	0.62
10	Kwek Meng Huat	241,000	0.60
11	Sim Mui Khee	212,000	0.53
12	Perbadanan Kemajuan Negeri Selangor	199,000	0.50
13	Lee Chong Choon	194,000	0.48
14	Ong Seng Yih	190,000	0.47
15	BHLB Trustee Berhad Exempted - Trust Account for EPF Investment for Member Savings Scheme	185,600	0.46
16	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Choon Jean (800005)	180,000	0.45
17	AmFinance Berhad Pledged Securities Account for Hoi Hung Chor (SMART)	170,000	0.42
18	Chin Keh Chi	170,000	0.42
19	Lim Say Teong	170,000	0.42
20	Tang Chin Chuai	155,800	0.39
21	Perbadanan Kemajuan Negeri Selangor	154,000	0.38
22	Perbadanan Kemajuan Negeri Selangor	147,000	0.37
23	Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account for Abdul Jaffar Bin Nainar (08056AQ2996)	141,000	0.35
24	Ooi Chieng Sim	140,000	0.35
25	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thee Chiu Un (888AF0179)	136,500	0.34
26	Kong Chee Choong	134,800	0.34
27	Ling Kock Liong	130,000	0.32
28	Loi Teak Ping	127,000	0.32
29	Tang Kee Hiong	120,000	0.30
30	Hong Lay Chin	116,800	0.29
	Total	<b>25,125,500</b>	<b>62.70</b>

**ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2002/2007 ("RCLS") HOLDINGS  
AS AT 9 MAY 2005**

<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 the Company.
<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 the Company on the basis of RM1.00 nominal amount of RCLS for one(1) new ordinary share of RM1.00 each in the Company at any time during the Conversion Period.
<b>Redeemability</b>	:	The RCLS will be redeemable in part or in full at the option of the Company from the date of issue. In any event, any RCLS not redeemed or converted within the first two(2) years from the date of issue will be redeemable by the Company on the following basis:

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

**Redemption** : The Company had redeemed the followings:

Date	RCLS Redeemed
25 May 2003	12,000,000
30 April 2004	9,000,000
17 August 2004	2,094,781
14 March 2005	68,400
26 April 2005	665,952
29 April 2005	1,481,278
	25,310,411

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

**LIST OF RCLS HOLDERS AS AT 9 MAY 2005 (AS PER REGISTER OF RCLS HOLDERS)**

Name of RCLS Holders	Nominal Amount of RCLS	% of RCLS
Pengurusan Danaharta Nasional Berhad	3,440,707	29.60
AmMerchant Bank Berhad (Authorised Depository Institution of Maymerge (M) Sdn Bhd)	8,184,742	70.40
<b>Total</b>	<b>11,625,449</b>	<b>100.00</b>

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**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 Forty First Annual General Meeting of the Company to be held at Ballroom 3, Level 10, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 30 June 2005 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' Shun Leong Kwong as Director pursuant to Article 112		
4	Re-election of Dr. Christopher Shun Kong Leng, CFP® as Director pursuant to Article 112		
5	Re-appointment of Messrs BDO Binder as 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 ..... 2005

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

Number of Shares Held

(\* 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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