



MALAYSIAN RESOURCES CORPORATION BERHAD
[Company No: 7994-D]

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Date: 24 May 2024

Minority Shareholder Watch Group (MSWG)

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Confidential
Facsimile (03-2780 7668)

Attention: **Dr. Ismet Yusoff**
Chief Executive Officer

Dear Sir,

**Malaysian Resources Corporation Berhad ("MRCB" / "the Group")
53rd Annual General Meeting ("AGM") on Friday, 24 May 2024**

We refer to your letter dated 16 May 2024 in respect of the above matter.

We are pleased to submit our replies to your queries which we presented at the AGM on 24 May 2024. Our replies are:

Operational and Financial Matters

- 1) The majority of sales of inventory of completed unsold units was from TRIA 9 Seputeh, which was completed in May 2023.

The completed unsold inventory stood at RM384.8 million as at the end of 2023.
(Page 24 of IAR)

- a) As of May 2023, what was the number of units of completed unsold units at TRIA 9?

Answer:

There were 256 completed unsold units.

- b) How many units and value of the completed units at TRIA 9 were sold in FY 2023?

Answer:

192 units were sold valued at RM195.1 million in FY 2023.

- c) What was the value of the completed unsold units at TRIA 9 from the inventory of completed unsold units valued at RM384.8 million?

Answer:

The value of the completed unsold units at TRIA 9 Seputeh was RM105.9 million.

- d) What were the remaining units and value of completed unsold properties located in Sentral Suites, VIVO Residences in 9 Seputeh, and Kalista Park Homes in Bukit Rahman Putra as of FY 2023 respectively?

Answer:

The remaining units and value of the completed unsold properties for Sentral Suites, VIVO Residences and Kalista Park Homes were as follows:

Properties	Units	RM
Sentral Suites	186 residential units 18 retail units	127.3 million
VIVO Residences	91 residential units 17 retails units	89.6 million
Kalista Park Homes	3 units	6.3 million

- 2) The Group launched a development of a RM121.5 million electronics facility in the Chuping Valley Industrial Area, Perlis., partnering with a US Fortune 500 company. The design, build, and lease project is expected to yield consistent returns for at least 15 years. (Page 25 of IAR)

What is the expected annual rental from the leasing of the factory building?

Answer:

The expected annual rental is approximately RM8.1 million.

- 3) The Group launched VISTA, a residential high-rise development with 280 apartment units in Gold Coast, Queensland in April 2023. At the end of December 2023, the Group managed to sell 23% or 64 units of the VISTA property. (Page 99 of IAR)

- a) Please explain whether the sale figure of 23% is considered low in the light of the other property projects launched in Queensland in 2023.

Answer:

The sales rate is very good and exceeded other comparable projects. Although the project was officially launched in April 2023, our marketing efforts were deliberately only ramped up much later in the year, after we understood, navigated, and priced in the cost pressures in the Australian construction market. The smaller units have sold out very quickly, and since the end of 2023, we have seen more than a doubling of sales from 23% to 48%, which reached 135 units as of the end of April 2024.

- b) What were the challenges faced by the Group in selling the VISTA property?

Answer:

VISTA was priced higher than comparable projects as a proactive measure due to our expectation of much higher construction prices, which initially impacted sales velocity. Some of the other comparable developments which had lower prices at the time are no longer proceeding as they have become unviable, or have also increased their prices. In 2023, Australia also saw five interest rate increases by the Reserve Bank of Australia which impacted buyer sentiment and borrowing power.

- c) What measures the Group have been taken to improve the sales of the VISTA property?

Answer:

The sales at VISTA have been good, but the Group has taken several measures to further enhance these, including:

- **Onboarding additional sales channel groups, by building direct relationships with proven sales channel groups, and providing dedicated project training to them and their teams;**
- **Improving digital geotargeted advertising, which is reviewed and refined fortnightly to ensure optimal performance**

With the Gold Coast continuing to see net migration from other Australian states, a shortage of good quality stock and Brisbane hosting the Olympics in 2032, we remain confident of the sales prospects of VISTA. However, are watching the market, and may slow down our marketing efforts again in order to affect another upwards revision in pricing, if we believe it can be absorbed by the market.

- d) What is the latest VISTA sales figure as of end April 2024?

Answer:

135 units had been contracted as of the end of April – representing 48% of the total units, equivalent to AUD151.9 million.

- 4) The Group incurred inventories written down of RM34.1 million in FY 2023 as compared to RM Nil in FY 2022. (Page 27 of FS)
- a) Please explain the reasons for the write down of inventories amounting to RM34.1 million in FY 2023.
 - b) What were the types of inventories that were written down with their respective amounts?
 - c) Is there a potential that the inventories written down to be written back in FY 2024? If not, please explain.

Answer 4 (a) – (c):

The write downs were due to a change in the development plan for one of the components of the PJ Sentral Garden City ("PJ Sentral") development, and are of certain developments costs and work in progress incurred prior to 2023. With the acquisition of the mixed commercial property development rights of Tower 2 of the development, the Group now has the development rights of all the towers in PJ Sentral, which allows it to make changes to the entire development to optimise it to earn higher margins. This necessitated costs incurred for work already undertaken for the previous development design to be written down, as from an accounting perspective these will no longer be recoverable.

The Group is undertaking a fresh, feasibility plan for the entire PJ Sentral development, which may create opportunities for the recovery of this write down.

Sustainability Matters

- 1) The Group has progressively adopted more of the United Nations Sustainable Development Goals, ("UNSDGs") from 2017 till 2023. In FY 2023, it has adopted 2 more UNSDGs. (Page 124 of IAR)

Please name the two UNSDGs that the Group has adopted in the year.

Answer:

The Group did not adopt any further SDGs in 2023. The two UNSDGs referred to on page 124 of the IAR, SDG1: No Poverty and SDG2: Zero Hunger were adopted in 2021. This extended our commitment to a total of 14 UNSDGs.

Corporate Governance Matters

- 1) Resolution 11 is a proposal to pay a gratuity amounting to RM908,000 to the late Tan Sri Azlan Zainol, the Non-Executive Chairman of the Company in recognition and appreciation of his long service and contribution to the Company.

MSWG does not encourage gratuity payment to Non-Executive Chairman and to the estate of a deceased director, as gratuity is normally paid to long serving staff.

Please explain the basis on how the quantum of RM908,000 is arrived at.

Answer:

This resolution will be withdrawn at the AGM.

We hope the above explanation is satisfactory. Kindly contact Johan Aly (017-3696669) should you require further clarification. Meanwhile, we also wish to extend our thanks to you for all your support and we will continue to keep the high standards of governance we have always set upon ourselves since we commenced business.

Thank you.

Yours faithfully,

MALAYSIAN RESOURCES CORPORATION BERHAD

A handwritten signature in black ink, appearing to read 'Amarjit Chhina', written in a cursive style.

AMARJIT CHHINA
Chief Corporate Officer