



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

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Date: 4 June 2025

**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")**  
**54<sup>th</sup> Annual General Meeting ("AGM") on Wednesday, 4 June 2025**

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We refer to your letter dated 29 May 2025 in respect of the above matter.

We are pleased to submit our replies to your queries, which we presented at the AGM on 4 June 2025. Our replies are:

**Operational & Financial Matters**

1. FY2024 was a challenging year for MRCB with double dips in revenue and profit. The Group's revenue declined by 35.15% to RM1.645 billion from RM2.537 billion earlier. Net profit was lower at RM64 million, against RM101 million reported in FY2023 (page 27 of Integrated Annual Report 2024).

Both the Engineering, Construction & Environment (ECE) and Property Development & Investment (PDI) segments reported lower revenue in FY2024.

- a) Based on the strategy and business directions outlined in the annual report, will FY2025 be a better year for the Company and its shareholders?

**Answer:**

**We anticipate that FY2025 will also be broadly similar to FY2024.**

**After an absence of significant new property launches over the past 2 years, in 2025, we have a large pipeline of property launches amounting to RM3.5 billion in Malaysia, Australia, and New Zealand. On top of that, we have also secured RM5.6 billion in construction project wins to date and expect to conclude the contract to redevelop KL Sentral Station, which should add another RM1 billion to our construction order**

book, taking it to RM6.6 billion. In addition, we also have tenders worth RM1.7 billion targeting sectors like transportation, climate change adaptation projects and flood mitigation projects, water infrastructure, and large-scale solar developments, and the prospect of tendering for large infrastructure projects that have yet to be put out like Penang LRT. These projects will significantly contribute to our financial performance from 2026 and beyond.

- b) Throughout FY2024, MRCB has been focusing on completing existing projects and optimising sales of completed inventory (pages 21 – 22, IAR 2024).

As we are now in 2025, what strategy has the Group adopted, and how has it performed under these strategic directions so far?

**Answer:**

As explained above in reply to question 1.a), our focus has been to complete our existing projects and drive the sales of our inventory of completed unsold stock, whilst working on securing large infrastructure construction projects.

As well as our strategy to diversify our business income through overseas expansion in Australia and New Zealand, we have also been targeting new revenue streams, especially in the renewable energy sector, and in concession businesses, both local and foreign. The purpose of this is to build a consistent core revenue stream that is not subject to the cyclical nature of our existing property development and construction business.

We are in the midst of executing this strategy and we expect to see the results of this in the medium term.

2. The PDI segment reported an operating loss of RM17.6 million, compared to an operating profit of RM148.8 million the year before.

- a) Considering the expected rollout of RM3.9 billion gross development value (GDV) worth of property launches this year, will FY2025 be a better year for PDI?

**Answer:**

The operating loss in FY2024 was due to the completion of two major property development projects (TRIA and Sentral Suites) in 2023, and the group's new property development projects still being in their initial development phases, when there was minimal revenue to recognise.

MRCB is an urban developer of high-rise properties, and not a township developer. Our projects typically take 4 years to develop. The reason for the unprecedented operating loss from the PDI Division in 2024 can be traced back to the COVID-19 period. After this unprecedented event, we made a deliberate decision to temporarily halt launches as we did not want to run the risk of continuing developments and being

left with large quantities of completed unsold stock. During this period, there was high inflation caused by severe supply chain disruptions and very uncertain economic conditions, which impacted property sales in our price point. That decision to halt launches is now having an impact on the Property Division's profitability, as we have very few developments to sell and therefore revenue to recognise. The solution to this is to launch more properties again, which we began doing in late 2023, encouraged by a strong recovery in sales in that year. However, there were delays in our 2024 launches, caused by more stringent approval processes introduced by local authorities. Our biggest launches therefore were overseas in Australia, where sales have been very strong, but where we can only recognise revenue after project completions. With RM3.5 billion of launches earmarked in 2025, in Malaysia and overseas, we are entering a new multi-year project growth cycle, which we are confident will underpin the Division's revenues and profits growth over the next 5 years.

In the meantime, we are also actively exploring the monetisation of certain non-core land and other assets, which should contribute to the segment's performance in the short term.

- b) As we are approaching the end of the first half of 2025, how many properties were launched on the market? What is the total GDV of these launches?

**Answer:**

So far in 2025, we have launched two properties with a total GDV of RM1.6 billion, The Symphony Centre in Auckland which has a GDV of NZD452 million, equivalent to RM1.1 billion, and Maris in Queen Street, Southport, Gold Coast, which has a GDV of AUD193 million, equivalent to RM533 million.

- c) How likely is MRCB able to turn around the PDI division this year, reversing from the operating loss recorded in FY2024?

**Answer:**

As indicated in our reply to our reply to 2.a), the PDI division is ramping up its property launches this year, and these projects are expected to begin contributing from 2026 onwards. The Group's profitability in the interim will continue to be driven by the large infrastructure projects won by the Construction Division.

3. The Group's inventory of unsold completed units is valued at RM397.3 million as of 31 December 2024. The Vivo 9 Seputeh property project has the highest value of unsold completed units valued at RM126.2 million, or 31.8% of the total value, followed by Sentral Suits at RM98.1 million (page 116 of IAR 2024).

- a) What was the number of unsold units of completed properties, as well as a percentage of total available units of the Vivo Seputeh property project, as of FY2024?

**Answer:**

**There were 258 units of completed properties at 31<sup>st</sup> December 2024. Of these, VIVO's unsold inventory of residential units was 80 units, representing 31% of the total completed units.**

- b) What were the challenges faced by the Group in selling the Vivo 9 Seputeh completed units as the project was located off Jalan Klang Lama, a considerably popular locality within the vicinity of Kuala Lumpur?

**Answer:**

**The remaining unsold units were Bumiputera units, and despite VIVO being completed in 2019, we only received approval for the sale of these units to non-Bumiputera buyers in Q2 2024.**

- c) What measures has the Group taken to sell the remaining units of the Vivo 9 Seputeh actively? How successful were the measures in terms of units sold?

**Answer:**

**The marketing efforts undertaken have mainly been focused on digital campaigns.**

**The total completed unsold residential units in VIVO 9 Seputeh fell from 80 units at the end of 2024 to 45 units at the end of April 2025.**

- d) What is the current number of completed units and values of Vivo 9 Seputeh remaining unsold as of the end of April 2025?

**Answer:**

**As of 30<sup>th</sup> April 2025, VIVO 9 Seputeh had an inventory of 45 unsold completed residential units with a GDV of RM62.5 million.**

4. Meanwhile, the Group's property project, Residensi Tujuh, Kwasa Sentral has achieved only 26% Sales as a percentage of its GDV of RM384.9 million as of 31 December 2024 (page 110 of IAR 2024).

- a) When did the Group first launch this project? Why did Residensi Tujuh, Kwasa Sentral's record a relatively low percentage of sales over its GDV?

**Answer:**

**The project was launched in January 2024. Since the launch, we have secured bookings amounting to RM287.92 million, representing 75% of the GDV. However, buyers have encountered a high loan rejection rate of 64% which has affected the sales conversion rate.**

b) What measures has the Group taken to improve the sales of this project?

**Answer:**

**We have engaged with our panel of end financiers and have secured RHB Bank to provide a maximum 95% margin of finance to potential buyers with our GreenRE certificate. We have also appointed a lead real estate agency to enhance lead management, follow up with potential buyers, and provide a wider reach and network of potential buyers. We also increased our lead generation campaign in Q2 2025 via digital and social media campaigns, outdoor advertising, and roadshows in shopping malls.**

c) Are the measures successful in terms of the number of units sold? If yes, please provide the number and value of Residensi Tujuh, Kwasa Sentral that have been sold as of April 2025.

**Answer:**

**The new marketing strategies described above have only relatively recently been implemented, but as at the end of April 2025, we have increased the number of units sold to 168 units, representing 30% of the total units available for sale. However, we also have a number of new bookings pending conversion to sales.**

5. The Company is venturing into the healthcare sector via a joint venture with Melaka Corporation to develop a hospital in Bukit Baru, Melaka Tengah. The project, estimated to cost RM520 million, will be undertaken by Majestic Quest Sdn Bhd (MQSB), a JV where MRCB holds a 70% stake and Melaka Corporation the remaining 30%.

Under the joint venture agreement (JVA), the hospital which is expected to house 300 beds with provision for future development, is to be leased to Putra Specialist Hospital (Melaka) Sdn Bhd.

a) What is the duration of the lease agreement between MQSB and Putra Specialist Hospital (Melaka)? Furthermore, what are the terms governing lease rate adjustments or revisions over the lease period?

**Answer:**

**MRCB will lease the hospital building to Putra Specialist Hospital for 30 years, with built-in rental escalations over the period of the lease.**

b) What is Putra Specialist Hospital (Melaka)'s market share among private hospitals in Melaka by number of beds? Please also provide KPIs such as admission rate and bed occupancy rate for 2024.

**Answer:**

**This is purely a property development project that on completion will be 100% leased to the hospital operator, Putra Specialist Hospital, and MRCB will not be involved in**

any of the operations or the running of the hospital, as we will only act as a landlord where we will get an income based a pre-determined yield. This is a new project and construction is only due to commence in late 2025.

- c) Additionally, please enlighten shareholders of the potential significant operational and financial risks in this healthcare venture.

**Answer:**

We must emphasise that we are not operating the hospital. There is the financial risk of the hospital operator being unable to make rental payments, however, as the hospital operator is owned by the Melaka State Government, these risks are considered low.

- d) What is the projected payback period for the hospital investment, and what assumptions underlie this projection (e.g., occupancy rate, lease revenue, operating costs)?

**Answer:**

The projected payback period is 15 years in the form of a rental yield at 7%. As with some of our other commercial developments, such as our office towers and industrial facilities, we may choose to monetise the asset through a disposal to a REIT or a large institutional investor.

**Sustainability Matters**

6. The Group reported Lost-time Incident Rate (LTIR) of 0.17 times in FY2024 as compared to 0 in FY2023 and 0.12 times in FY2022 (page 53 of IAR).

- a) Please provide details on the nature of the accident(s) that caused the LTIR to increase to 0.17 times.

**Answer:**

Lost-time Incident Rate (LTIR) is the number of injuries per million man-hours worked recorded in a financial year. As reported on Page 170 of our IAR24, the LTIR of 0.17 equates to 2 incidents over 12.1 million man hours of construction work, both of which were in relation to work carried out by other main or sub-contractors working on the projects rather than MRCB directly:

- i. At our casting yard in Saujana Putra, a lifting hook point on an inner mould failed during installation and hit a worker's leg, resulting in a minor cut. The worker was attended to, and necessary corrective actions were implemented to prevent recurrence.
- ii. At our FINAS construction site, a small section of a slope gave way during excavation work. Resulting in an injury to 1 worker. An investigation was conducted to determine the cause, and necessary corrective measures were

**implemented to prevent recurrence, and action was taken against the main contractor responsible (MRCB is not the contractor for this development).**

b) What actions has the Company taken to mitigate similar accidents from happening?

**Answer:**

**We recognise safety as a fundamental right and priority for all employees and workers across our offices, facilities, and construction sites, and are committed to providing them a safe work environment. To prevent the recurrence of incidents, we implement corrective actions such as enhanced refresher training, and ensuring supervisors provide full oversight of all site activities. We have also increased our efforts on safety awareness to the workers through daily morning safety sessions on our construction sites.**

**We also foster a culture of transparency and accountability by encouraging workers and employees to report incidents or flag potential safety concerns without fear of repercussions, prioritising the safety and well-being of everyone on our project sites. To make reporting more convenient, a QR code is available for workers and all employees to easily access the reporting platform to submit reports.**

We hope the above explanation is satisfactory. Kindly contact Isa Ismail (012-307 6248) 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 for ourselves since we commenced business.

Thank you.

Yours faithfully,

**MALAYSIAN RESOURCES CORPORATION BERHAD**



**AMARJIT CHHINA**  
Chief Corporate Officer