

**RESPONSES TO QUESTIONS ASKED DURING
MRCB'S 54TH AGM HELD ON 4TH JUNE 2025**

QUESTIONS	ANSWERS
AGM MATTERS	
<p><u>Notice of AGM</u></p> <ol style="list-style-type: none"> 1. Why has the company secretary failed to send an email to inform about this meeting to the shareholder? 2. The email notice for the AGM did not include key details like the venue and appeared informal. Was this sent by the Company or the Share Registrar? 	<ul style="list-style-type: none"> • The Notice of AGM was not sent via email. It was dispatched in hard copy to all registered shareholders by a bulk mailer appointed by MRCB. In addition, the Notice was published in national newspapers and on MRCB's website, in full compliance with regulatory requirements.
<p><u>AGM Attendance</u></p> <ol style="list-style-type: none"> 3. How many shareholders and how many proxies have registered for this AGM today? 4. Many proxies in attendance today are fake. Who verified the authenticity of the proxy form submitted to the boardroom? 	<ul style="list-style-type: none"> • There were 718 shareholders and 227 proxies registered to attend the AGM. • Proxy forms are handled and verified by the Share Registrar in accordance with the company's standard procedures. MRCB's Constitution limits shareholders to a maximum of two proxies, in line with the previous Companies Act. • Management acknowledges the concerns raised regarding possible syndicate activity involving fake proxies and agrees that the matter warrants further review and appropriate action, if necessary.
<p><u>AGM & Annual Report Costs</u></p> <ol style="list-style-type: none"> 5. May I know how much the cost of this physical meeting is compared to the cost of having it online, because you chose not to have it hybrid? 6. Your annual reports cost about RM200 per copy, and you're printing about 600 copies? Is that a fair estimate? 	<ul style="list-style-type: none"> • This physical AGM cost approximately RM550,000. In comparison, the online AGM last year cost RM160,000. A hybrid format would have been even more expensive. • The cost is about RM200 per copy of the annual report.

Food 7. On top of the token of appreciation, since there's not that many left, you replace it with food pack, would you consider for shareholders to take? Rather than allocate it to the staff?	<ul style="list-style-type: none"> Shareholders who attended the AGM were allowed to take home any remaining food packs after the event.
QUESTIONS	ANSWERS
BOARD MATTERS	
Board Positions 8. The Chairman, is he an Independent non-executive Chairman or is this an executive Chairman? 9. The independent directors consist of 50% of your board. What is their specific duties for that 50% of the directors?	<ul style="list-style-type: none"> The Chairman is a Non-Independent Non-Executive Chairman, nominated by the Employees Provident Fund (EPF). All directors, whether independent or non-independent have the same fiduciary duties and responsibilities to shareholders. As stated in MRCB's Board Charter, Independent Directors provide independent judgment, experience, and objectivity without being subordinated to operational considerations. They help ensure that the interests of all shareholders are taken into account, and that relevant issues are subjected to objective and impartial consideration by the Board. While best practice recommends having more than 50% independent directors for companies defined as Large Companies, MRCB currently meets the regulatory requirement.
QUESTIONS	ANSWERS
PROPERTY DEVELOPMENT AND INVESTMENT	
International Developments 10. In New Zealand and Australia, how does MRCB plan to deepen its foothold in these mature markets? 11. How does MRCB balance international markets with local markets in terms of sustainable growth?	<ul style="list-style-type: none"> In New Zealand, given its relatively small population of around five million, MRCB is taking a cautious approach. Instead of focusing on property development, we see greater potential in infrastructure opportunities, especially following the government's recent announcement to privatise various infrastructure assets. We aim to position ourselves as an infrastructure concession holder rather than a property developer in that market.

<p>12. Can you move into the Australian and New Zealand border to build first, then sell?</p>	<ul style="list-style-type: none"> • In Australia, we are currently concentrating our efforts in Melbourne and the Gold Coast. Australia's free-market dynamics can be volatile, with prices that fluctuate quickly. We are therefore cautious about overexposure and are mindful of concentration risks. Additionally, accounting standards in Australia require that profits can only be recognised upon full project completion, which impacts cash flow visibility. • Despite our selective international presence, Malaysia remains our core market. We continue to align our development pipeline with local market demand and leverage our substantial landbank for long-term growth. <p><u>Build-then-sell</u></p> <ul style="list-style-type: none"> • We are currently piloting a modified build-then-sell model locally with our Tujuh Residensi project. Under this scheme, purchasers pay a 10% deposit upfront but only settle the remaining amount upon vacant possession. Importantly, no interest is incurred during the construction period, as we refrain from drawing down the loan until completion. • This initiative is being tested in collaboration with KPKT, and if the outcome is positive, we may consider expanding this model to other projects. However, as international markets have different regulatory and financial frameworks, any expansion abroad will depend on feasibility and market suitability.
<p><u>Rental Income</u></p> <p>13. Why has MRCB's rental dropped from RM43 million to RM8 million?</p>	<ul style="list-style-type: none"> • The decrease in rental income is primarily due to the disposal of Menara Celcom, which was injected into Sentral REIT. As a result, the rental income from that asset no longer appears under MRCB's direct rental revenue. Instead, we now receive additional income in the form of dividends from Sentral REIT.

<p><u>Incumbent Properties</u></p> <p>14. Regarding your Properties of the Group, there are two properties in Jalan Tun Sambanthan, which come with incumbents. What type of incumbents are these?</p>	<ul style="list-style-type: none"> • The properties in question refer to Ascott Sentral, which is a serviced apartment hotel operated under a long-term lease arrangement and is not sold to individual owners. This asset has been pledged as collateral to a bank to secure financing for the development of other lands. The term “incumbents” in this context refers to the security arrangement with the bank, not to tenants or occupants.
<p><u>Unsold Inventory</u></p> <p>15. Are we allowed and is it practical to convert our unsold prime unit as a long-term and short-term rental for foreigners who come to Malaysia to do businesses and who come here for holidays?</p>	<ul style="list-style-type: none"> • Yes, we are allowed to rent out unsold units, and we have already been actively implementing rent-to-own schemes. These typically involve five-year tenancy arrangements with an option for the tenant to purchase the unit at a later stage. The only challenge with this approach is that the units remain on our books for a longer period before they can be recognised as sales. • Long-term rentals to foreigners are permissible, including to participants under the Malaysia My Second Home (MM2H) programme. MRCB is a licensed MM2H agent, and we are in the process of building up our internal capacity to better market our properties to this group. • As for short-term rentals, such as Airbnb, these are subject to approval by the building’s management committee (MC). It is up to the owners, through the MC, to vote on whether to allow or prohibit such arrangements within the property.
<p><u>Related Party Transactions</u></p> <p>16. Based on the annual report, one of the highest value land owned by MRCB at the moment is the Kwasa Damansara land, which was acquired from EPF. Can the management give assurance that EPF is not using MRCB to just house land and also make profit out of it?</p>	<ul style="list-style-type: none"> • We can assure shareholders that the Kwasa Damansara land was not awarded directly to MRCB but was acquired through a transparent and competitive tender process. EPF, as a major institutional investor, operates with high governance standards and does not use MRCB to simply “house” land or generate profit inappropriately.

	<ul style="list-style-type: none"> MRCB's development on the land, such as Tujuh Residensi, is aligned with current market demand and targets the mid-to-upper market segment. It is also important to note that EPF, through its subsidiary Kwasa Land (the master developer), has invested in infrastructure for the benefit of all developers operating in the area, not just MRCB.
<p>Malaysia My Second Home (MM2H)</p> <p>17. You mentioned the Malaysia My Second Home (MM2H) programme – what's the outlook for foreign buyers, particularly from mainland China, over the next five years? How do you compare MRCB's positioning with other developers like Pavilion or Sunway, who are more tuned to that market?</p>	<ul style="list-style-type: none"> Yes, there is some interest from the Chinese market, but we also see growing demand from Indian and Indonesian buyers. For example, at Sentral Suites, we've had a good number of Indian nationals purchasing units, likely due to the area's proximity to Little India and its cultural familiarity. The challenge with the Chinese market is the high commission structure demanded by their agents, which makes it quite competitive, especially since they also promote properties in places like Australia and New Zealand. So instead, we are exploring other regions and buyer segments that may offer better long-term potential.
QUESTIONS	
ANSWERS	
ENGINEERING, CONSTRUCTION & ENVIRONMENT	
<p>Flood mitigation</p> <p>18. Are we participating in Selangor's flood mitigation projects that involves the underground tunnelling? Do we have the expertise to do that or not?</p>	<ul style="list-style-type: none"> Yes, MRCB is currently involved in flood mitigation initiatives, including the Sungai Langat project in Selangor. We do have experience in underground tunnelling, having undertaken similar works during the LRT3 project. The tunnel boring technology used in rail projects is applicable to flood, road, or other infrastructure tunnels. There have been ongoing discussions about a potential SMART Tunnel-style flood mitigation project that could stretch to Klang. MRCB has submitted a proposal for this, but its feasibility will depend on factors such as cost and the chosen business model—whether it is developed purely as a flood mitigation tunnel, a toll road, or a hybrid solution. While the project remains at a preliminary stage, we are well-equipped and prepared to participate should it materialise.

<p><u>Kompleks Sukan Shah Alam</u></p> <p>19. Your construction of the Stadium Shah Alam, do you plan to accommodate football matches and concerts, as there have been complaints about other stadiums hosting concerts that damage the grass?</p>	<ul style="list-style-type: none"> • The new Shah Alam Stadium will feature a retractable pitch, similar to Tottenham Hotspur's stadium in the UK and others in the US. This allows the field to be removed during events, preserving pitch quality. It is a more cost-effective solution compared to retractable roofs.
<p><u>KL Sentral</u></p> <p>20. For your KL Sentral redevelopment, will there be any area that you will allocate to conduct conferences like this AGM or exhibitions?</p>	<ul style="list-style-type: none"> • The KL Sentral Station belongs to the government, and any redevelopment plans and proposed facilities are subject to government approval.
<p><u>Waste-to-energy (WTE)</u></p> <p>21. About waste-to-energy, are you able to elaborate a bit more about it? Like when the project is going to be kicked off?</p> <p>22. Why not you do your waste in your own building, you can have a small biogas or even a small incinerator?</p>	<ul style="list-style-type: none"> • The waste-to-energy project was awarded to MRCB a few years ago. We are currently finalising the site location and awaiting the government's decision on the preferred technology. The government is shifting towards a zero-waste policy, meaning no hazardous materials should go to landfills. Once these details are confirmed, we hope to proceed with the concession agreement. • We appreciate the suggestion. Currently, local policies, especially from KPKT and Bomba, do not allow incinerators in individual buildings except for hospitals. We are monitoring policy developments on 3R (Reduce, Reuse, Recycle) and waste management, and will consider on-site solutions if future regulations permit.
<p><u>Renewable Energy</u></p> <p>23. You mentioned just now your renewable energy target of RM1.7 billion. Since MRCB owns land in industrial parks and housing areas, is there a plan to develop your own renewable energy supply, like setting up solar projects that can generate 5, 10 or even 50 megawatts to supply power within those areas through a special concession?</p>	<ul style="list-style-type: none"> • Yes, this is part of our strategy. For instance, at Chuping Valley Industrial Area (CVIA), we are applying for government land to install large-scale solar panels. We aim to be both a power producer and distributor by applying to the Energy Commission (ST). This will allow us to supply clean energy to our own developments and tenants, similar to how Malakoff operates in KL Sentral.

QUESTIONS	ANSWERS
FINANCIAL MATTERS	
<p>Cash Flow</p> <p>24. MRCB's cash flow is positive RM580 million in '23 to negative RM240 million in '24. Looking at the trend, would this continue? What plans do you have to mitigate the negative cash flow?</p> <p>25. I noticed that your operating cash flow was negative 275 million, and you have borrowings to compensate for that outflow, so how soon can we expect more operating cash flow or the operating cash flow will be positive? If let's say, we look at this year is the same as last year, that means we're still going to have about 200 million plus net outflow? So this year, we won't foresee a negative cash flow from operations?</p> <p>26. Apart from the core segments of MRCB's business, is MRCB planning or strategising to go into more cash-recurring businesses?</p>	<ul style="list-style-type: none"> • The negative cash flow in 2024 is primarily due to upfront investments in new projects, particularly in Australia and New Zealand. These markets require us to incur costs ahead of recognising any revenue, as sales can only be recognised upon project completion. This timing mismatch in cash inflow and outflow has temporarily affected our overall cash flow. • Once these projects are completed and settlements take place, the cash flow is expected to normalise. It is important to clarify that these outflows are not the result of failed investments, but part of planned project expenditures. For example, the Jabil semiconductor facility we are constructing will be injected into the REIT once completed, allowing us to recycle the capital and recover our investment efficiently. • To mitigate such pressures in the future, MRCB is actively looking to grow its portfolio of recurring income businesses. This includes exploring investments that can deliver consistent cash flow, further strengthening our financial resilience and reducing reliance on project-based earnings.
<p>Debt/Borrowing</p> <p>27. As of today, the cash position is around RM1 billion and the loan is RM2 billion over. If you offset, it still will fall into the loan. In case of any shortfall, is there any strategies to overcome this?</p>	<ul style="list-style-type: none"> • The way we manage our debt risk is by tying most of our borrowings to specific projects, which also come with their own cash flows. We don't take on overarching debts to spend money unnecessarily, we are very careful with how we borrow. Our income streams are tied to these projects, and we earmark our assets accordingly • Additionally, we have many unencumbered land assets, which provide us with flexibility and further capital options.

	<ul style="list-style-type: none"> • Our key strategy is to recycle assets efficiently. For instance, in projects like the Jabil facility, we ensure strong tenancy terms, if a tenant terminates early, they are contractually bound to pay out the full lease, providing a cash buffer. • We also avoid speculative development; we only proceed with projects where we see clear income potential and secured demand. In parallel, selling our unsold inventory is another effective method we use to generate cash flow and support our funding requirements.
<p><u>Taxation</u></p> <p>28. How will the implementation of SST on construction and rental, which are MRCB's core businesses, impact the company?</p> <p>29. In page 119 of the financial report, your deferred tax, are there any unutilised last year and any amount that would not be utilised in the coming years? Did you have any unutilised carry-forward losses last year?</p>	<p><u>SST</u></p> <ul style="list-style-type: none"> • We are still awaiting the government's detailed guidelines on SST implementation. At this stage, any assessment is based on assumptions, as nothing has been finalised. • If SST is applied prospectively, the impact will be manageable as contracts can be priced accordingly between MRCB, clients, and subcontractors. However, if SST is applied retrospectively, it could burden the supply chain especially if existing contracts lack tax pass-through clauses. • The scale of impact will also depend on whether SST is applied at a single tier (e.g. only at MRCB's level) or across the entire supply chain. We expect more clarity soon and will assess the implications once official guidelines are issued. <p><u>Deferred Tax</u></p> <ul style="list-style-type: none"> • We do have about RM40–60 million in unutilised deferred tax assets across various companies. Utilisation depends on future profitability and project execution. We're also strategising which entities undertake development to optimise tax planning, especially with the discontinuation of group relief.

<p><u>Margins</u></p> <p>30. Looking at your profit margins in Q1 it's only around 4%. Q3 & Q4 last year was only about 2% plus. But Q2 last year was about 10% in margin. So, are we still going to expect about 2% plus profit margin in the coming quarters? And why is it that we were able to get very high profit margin in Q2 last year but at 10%?</p>	<ul style="list-style-type: none"> • Profit margins fluctuate depending on the project mix and revenue recognition method. In construction, margins are recognised based on progress billing, while in property development, margins can only be recognised once units (not basements or podiums) are built. • Q2 2024's higher margin was due to milestone-based recognitions. For 2025, margins are expected to follow a similar cyclical pattern as 2024, but we anticipate an uplift from 2026 onwards with more projects contributing income.
<p><u>Staff Costs</u></p> <p>31. On page 79 of the financial report, your staff costs, wages and bonuses have reduced to RM139 million from RM197 million. Is it because of reduction of staff? Or there were no bonus issued last year? May I know how much was the quantum in total of the RM139 million for bonus?</p>	<ul style="list-style-type: none"> • The reduction in staff costs reflects the natural attrition of project-based staff as projects concluded during the year. • No bonuses were awarded across the board in 2024. However, an ex-gratia payment of approximately RM2.3 million was made in 2025 for 2024 performance, to all employees below the General Manager job grade level. • In addition, RM1.8 million ex-gratia payment was paid in 2024 to lower-level staff, using bonus provisions accrued in FY2023.
<p><u>Financing</u></p> <p>32. In page 140 of the financial report, you stated that you have 5 billion Sukuk allocated in MRCB. What quantified this 5 billion? Is it through your order book or assets? And then, you have drawn down from 1.5 billion. So does that mean that your 5 billion gone down, you still have 3.5 billion or can you use this for your overseas financing?</p> <p>33. Sukuk is known as a Shariah-compliant financial instrument. Could you clarify whether the funds are raised through Islamic or conventional banks, and whether there are interest charges involved?</p> <p>34. Can MRCB use Sukuk funds to buy its own unsold Bumiputera (Bumi) lots to improve cash flow?</p>	<ul style="list-style-type: none"> • MRCB's RM5 billion Sukuk programme is a perpetual facility rated by MARC. The ability to draw down is subject to stringent governance and criteria set by the rating agency. While RM3.5 billion remains undrawn, it can only be utilised for qualifying projects that meet these requirements. It cannot be used freely, especially not for unrelated or speculative ventures. • There is no interest involved in Sukuk, as it follows Shariah principles. Instead, it is based on a pre-agreed profit rate, typically under a Murabahah structure, where the terms and returns are clearly defined upfront.

	<ul style="list-style-type: none"> We cannot use Sukuk to buy our own unsold Bumiputera lots. The title would still remain with us, and the authorities do not recognise this as a valid transaction to meet the Bumiputera quota. It would be considered as buying within our own group, which is not allowed and offers no real cash inflow or ownership transfer.
QUESTIONS	ANSWERS
SHAREHOLDERS / INVESTORS	
Dividends & Share Price 35. Should shareholders be expecting higher dividends in coming years? 36. For five years straight the dividend has been at one cent. Hopefully MRCB will announce one-time special dividend for the shareholders. 37. Can we expect higher dividend yield this year or do we still need to wait for a few more years? 38. The performance and record of MRCB should mean the dividend payout and share price should be much better. For last probably 5-10 years your share price always low. For the next 5 years, what do you expect to do differently to get out of this scenario?	<ul style="list-style-type: none"> The Board and management are committed to improving dividend payouts, but this will depend on our ability to generate more stable, recurring income streams beyond traditional project-based earnings. While construction and property have long been viewed as low-margin and high-risk sectors, MRCB is working to transition into a more resilient business model by exploring recurring income opportunities such as waste-to-energy, renewable energy, concession assets, and income producing properties. Unlike speculative stocks, MRCB's shares tend to trade with low volatility due to its broad base and conservative nature, which also affects short-term share price movement. To address this, we're focusing on building a healthier income base through sustainable ventures while managing debt carefully and unlocking value from our landbank at the right time. Over the next few years, we aim to improve not only dividend payouts and earnings per share but also strengthen overall shareholder value through long-term income diversification and better capital recycling. The company has been focused on stabilising its debt and building up its landbank, and is now entering a phase of generating more consistent income streams. With improved recurring income, we aim to deliver more stable and possibly higher dividends in the future.

	<ul style="list-style-type: none"> Once the company's financial position allows, dividend payouts will be increased, as both shareholders and institutional investors are aligned in this goal.
QUESTIONS	ANSWERS
MOVING FORWARD/STRATEGIES	
<p>Business Strategies</p> <p>39. If RON 95 subsidy rationalisation is implemented in the coming months, how will your supply chain be affected? What is MRCB's strategy to overcome this?</p>	<ul style="list-style-type: none"> We are still awaiting details on the government's final mechanism for subsidy rationalisation. Diesel subsidies were never extended to the construction sector, so MRCB has always paid full price. Should RON95 subsidies be removed or revised, we anticipate there may be inflationary impacts, particularly across the supply chain. While there may be minor cost increases in areas such as worker mileage claims or operational reimbursements, the broader concern lies in how these changes affect upstream and downstream suppliers. We will monitor how the government implements targeted subsidies to cushion the impact.
<p>EPF</p> <p>40. Does MRCB have any plan to leverage its unique position and strategic relationship with EPF, who is the largest shareholder of MRCB?</p>	<ul style="list-style-type: none"> While EPF is MRCB's largest shareholder and a key institutional investor, they do not lobby for or source projects on behalf of the company. As the operating entity, MRCB takes the lead in identifying potential developments and proposing them to relevant parties, including the government. When suitable opportunities arise, we engage with shareholders like EPF to explore possible collaboration, but decisions are always commercially driven and based on the best interests of MRCB.

<p>US Tariffs</p> <p>41. How would the US tariff on raw materials, particularly in steel or maybe aluminium, or other building materials impact the face value or the book value or perhaps the net profit of MRCB for the next coming years?</p>	<ul style="list-style-type: none"> • The construction sector in Malaysia is not significantly impacted by US tariffs, as we don't import steel from the US. Most of our materials, including steel and concrete, are sourced locally or from China, and about 90% of inputs are locally produced. • The government's protective measures for local industries have helped keep costs stable. If global oversupply arises from tariff wars, we may even benefit from lower material prices, which would help reduce cost pressures on our projects.
QUESTIONS	ANSWERS
LEGAL MATTERS	
<p>Litigations</p> <p>42. From the Annual Report for the financial year 2024, it appears that MRCB's contingent liabilities are not disclosed. I have two questions; Are there any contingent liabilities such as ongoing litigations? Can you shed some light on these litigations?</p> <p>43. Why have the directors failed in their obligations in not reporting the details of a case which the claim is about RM30 million via the securities commission? It's in violation of Chapters 9.04 of the listing requirement continuing this disclosure.</p>	<ul style="list-style-type: none"> • MRCB, like many companies in the construction industry, is from time to time involved in litigation, mostly related to contractual disputes. Some of these matters are currently in court or under arbitration or CIPAA (adjudication), and as such, we are unable to comment in detail due to sub judice rules, which restrict public discussion of ongoing legal proceedings. • All litigation matters are carefully assessed to determine whether they are material and therefore require disclosure in our Annual Report. The materiality of a case also depends on whether it is potentially frivolous. Accordingly, cases that meet the materiality threshold have been disclosed in the Annual Report. This assessment is conducted based on guidance from our external legal counsel. All matters are also shared with the external auditors for their review. • At MRCB, we typically apply a materiality threshold of around 5% of our total assets. Based on this benchmark, a RM30 million claim would fall below the disclosure threshold. However, aside from the monetary value, we also consider the nature of the case. This assessment on materiality is made based on third party legal advice.