MRCB

RESPONSES TO QUESTIONS ASKED DURING
MRCB'S 55TH AGM HELD ON 18TH JUNE 2026

QUESTIONS	ANSWERS
FINANCIAL MATTERS	
<u>Shareholder Returns, ROE & Valuation</u> 1. Looking at the Group's FY2025 financial performance, MRCB generated approximately RM1.2 billion in revenue, RM73 million in profit before tax (PBT) and RM47 million in profit after tax (PAT) against shareholders' funds of approximately RM4.6 billion. This appears to translate into an ROE of about 1%, raising concerns as to whether the Group is generating adequate returns from the capital deployed. In addition, the Group's net assets per share stand at RM1.03, while its market capitalisation is approximately RM1.7 billion, significantly below shareholders' funds. Does the Board consider the current ROE acceptable? What measures are being taken to improve shareholder returns, close the valuation gap and determine whether these value creation initiatives are successful?	• **The Board recognises that improving shareholder returns remains a key priority. The Group's current performance reflects a period where property launches were limited due to factors including the COVID-19 pandemic, changes in market conditions, rising construction costs and the need to regain control of key development landbanks.** • **Over the past few years, the Group has focused on regaining ownership and control of its strategic landbank, including Bukit Jalil, to rebuild its property development pipeline and create a stronger platform for future growth.** • **The Group's strategy is to unlock value from its landbank through development and strategic monetisation. Property development generally generates higher margins than construction and is expected to strengthen the Group's earnings profile and shareholder returns over time.** • **The Board has established return targets when evaluating new projects. As new property launches and land monetisation initiatives materialise over the next few years, the Group expects stronger profitability, improved ROE and enhanced shareholder value.**
<u>Capital Allocation</u> 2. With the Group pursuing expansion opportunities locally and overseas, how does the Board prioritise capital allocation between reducing debt, monetising its existing landbank and acquiring new strategic assets?	• **The Group adopts a long-term approach to capital allocation, recognising that major development projects require several years of planning before they are launched and completed.**

SETTING THE STANDARD

QUESTIONS	ANSWERS
	• **Development planning is undertaken on a phased basis, taking into account the Group's execution capacity and long-term development pipeline.** • **Capital is allocated towards initiatives that strengthen the Group's strategic landbank, support future developments and create sustainable long-term value for shareholders.** • **The Group will continue to balance investments in strategic land acquisitions, development activities and land monetisation to support future growth.**
Asset Rationalisation 3. The Group disposed of a joint venture during FY2025 and recognised proceeds of approximately RM290 million and an extraordinary gain of RM22 million. If these disposal proceeds and gains are excluded, how should shareholders assess the Group's financial performance?	• **The disposal related to the Group's joint venture in Cyberjaya, where the land was previously held through a joint venture arrangement.** • **The Group disposed of its shares in the joint venture while simultaneously acquiring direct ownership of the land, enabling MRCB to regain 100% ownership and control of the landbank.** • **The transaction was undertaken as part of the Group's strategy to exit the joint venture structure and strengthen its long-term property development pipeline through direct ownership of its strategic landbanks.**
QUESTIONS	**ANSWERS**
ENGINEERING, CONSTRUCTION & ENVIRONMENT	
Kompleks Sukan Shah Alam Redevelopment 4. You mentioned that rising construction costs may affect ongoing projects. How will this impact the Kompleks Sukan Shah Alam redevelopment? Will there be any delay in completing the project? 5. What is the expected completion date for the Kompleks Sukan Shah Alam redevelopment project?	• **The Kompleks Sukan Shah Alam contract includes a Variation of Price (VOP) provision, which allows eligible increases in specified material costs to be recovered through the contractual certification and valuation process.**

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6. Will the public be able to use certain parts of the development before the entire project is completed?	• **The project is implemented under an open-book contractual arrangement with the Government, with clearly defined commercial terms and margins. Accordingly, the Group does not expect current cost escalation to materially affect the project's margins or completion timeline.** • **The overall project is targeted for completion in 2029.** • **The Group is exploring the possibility of completing and opening portions of the public facilities, particularly the park and surrounding public areas, ahead of the full completion of the stadium and buildings, subject to the necessary approvals.**
Supply Chain, Cost Escalation & Middle East Conflict 7. With the ongoing global disruption to trade routes arising from the Middle East conflict, is MRCB facing or expecting more commercial disputes? How is the Group managing the impact on supply chains and rising material costs? 8. What are MRCB's strategies should there be a shortage of construction materials for its ongoing projects? 9. Has the Middle East conflict increased the cost of the Group's current projects? If so, approximately by how much? 10. Which part of MRCB's business is more affected by the current situation, the property or construction segment? What measures are being taken to protect margins?	• **The Group continues to closely monitor developments arising from the Middle East conflict. At present, there has been no significant disruption to the supply of construction materials, and the Group does not expect any material commercial disputes arising from the current situation.** • **While prices of certain key construction materials, including bitumen, concrete, steel, copper and cables, have increased, the impact on ongoing projects remains within the Group's contingency provisions and risk management thresholds.** • **The current situation may affect both the construction and property development segments through higher construction material costs. While property demand has not been directly affected, the Group continues to adopt bulk procurement where appropriate, strengthen supply chain management and protect margins.** • **To mitigate supply chain risks, the Group continues to support its subcontractors by assisting with material procurement where appropriate, maintaining strategic stock levels and working closely with suppliers to minimise disruption to project delivery.**

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	• **Should there be a significant shortage of construction materials beyond the Group's control, the contractual provisions, including force majeure and extension of time (EOT), may be invoked where applicable. The Group will continue to work closely with its clients to minimise any impact on project delivery.** • **The Group is also monitoring the Government's proposed measures to address energy inflation, which are expected to provide further guidance to the industry in managing cost escalation and contractual matters.**
<u>LRT3 Project</u> 11. The LRT3 project was delayed by more than four years. What were the main reasons for the delay? Was it due to technical, professional or software issues? 12. Now that the project has been handed over to the Government, is there a warranty or defect liability period? 13. Does the defect liability period cover both the software and hardware systems? 14. Did MRCB incur any losses on the LRT3 project? 15. The Government may impose Liquidated Ascertained Damages (LAD) for the delay. How will this affect the Group, and what is the current status of the assessment? 16. If the signalling system supplied by Siemens was the cause of the delay, will MRCB seek compensation from Siemens?	• **The delay was primarily attributable to three factors: the COVID-19 pandemic, delays in Government payments during the project period, and the integration and stabilisation of the train signalling and communication systems supplied by Siemens and the rolling stock contractor.** • **The signalling system required extensive testing and certification to ensure safe and reliable operations before the railway could be handed over. Passenger safety remained the Group's highest priority throughout the testing and commissioning process.** • **The project has been handed over to the client. However, MRCB and the key system contractors will continue to provide operational support during the post-handover period, and the project remains subject to a two-year Defect Liability Period (DLP), which covers the contractual scope of works.** • **The Group did not incur a loss on the LRT3 project.** • **The assessment of Extension of Time (EOT), Liquidated Ascertained Damages (LAD), variation orders and other contractual claims remains subject to the contractual review and dispute resolution process between the relevant parties.**

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	• Where contractual responsibilities are established, the Group will pursue the appropriate contractual remedies in accordance with the relevant contractual arrangements.
QUESTIONS	**ANSWERS**
PROPERTY DEVELOPMENT & INVESTMENT	
Property Development Strategy 17. You mentioned that property development generally generates higher margins than construction. Does the Group intend to place greater emphasis on property development going forward? 18. Condominiums are difficult to sell. Why doesn't MRCB focus on landed property instead?	• **Property development generally delivers higher margins than construction and will continue to be an important earnings contributor for the Group. At the same time, the Group will continue to maintain a balanced portfolio between property development and engineering & construction, recognising that infrastructure projects provide scale, recurring business opportunities and healthy cash flows.** • **MRCB's existing landbank is predominantly located in high-density urban areas, making high-rise and Transit-Oriented Developments (TODs) the most suitable development model. The Group is focused on the high-end residential market, where demand remains resilient at appropriate price points.**
Data Centre Development 19. In relation to the proposed data centre development, what are the expected environmental impacts and what mitigation measures will be implemented?	• **The proposed data centre is designed based on a sustainable data centre platform and will incorporate water-cooling technology, which is more efficient than conventional air-cooling systems.** • **The development is expected to have minimal environmental impact. The facility will not be noise-intensive or water-intensive, while its power supply will be provided by Tenaga Nasional Berhad (TNB).** • **The choice of electricity source, including any green energy option offered by TNB, will be determined by the client.**

	• **MRCB's role is limited to the construction of the core and shell of the data centre. The operation and management of the completed facility will be undertaken by the client.**
<u>Ipoh Sentral</u> 20. When is the Ipoh Sentral development expected to be completed, and what income is it expected to generate for the Group?	• **Ipoh Sentral is a long-term Transit-Oriented Development (TOD) project that is expected to be developed over approximately 18 to 20 years, given its scale and complexity.** • **The Group is currently working with the relevant authorities to finalise the planning parameters, including development density and alignment requirements.** • **Development will commence with the Ipoh Sentral Park and supporting facilities around the railway station to enhance the surrounding area and catalyse future development.** • **As the master plan is still being finalised and the project will be developed in phases, it is premature to estimate the total income expected to be generated over the project's development period.**
QUESTIONS	**ANSWERS**
DIGITAL TRANSFORMATION	
<u>Artificial Intelligence & Productivity</u> 21. AI has become increasingly important in recent years. Is the Group leveraging AI to improve productivity and operational efficiency? 22. If the Group can improve productivity and increase its profit margin, this should enhance shareholder returns. What initiatives are being implemented to achieve this?	• **The Group began its digital transformation journey approximately three years ago by digitising operational data across its businesses to establish a reliable data source for analytics and decision-making.** • **The Group is currently collaborating with Google and Gemini to develop a specific language model to support analytics and improve construction productivity, time productivity and material management.**

QUESTIONS	ANSWERS
	• **In addition to AI initiatives, the Group continues to optimise its technology platforms and operating costs. For example, migrating certain digital services from Microsoft to Google has generated annual cost savings of approximately RM1 million, contributing directly to the Group's bottom line.** • **The Group believes that continued improvements in productivity and cost efficiency will support stronger financial performance over time.**
QUESTIONS	**ANSWERS**
HUMAN CAPITAL	
<u>Staff Turnover</u> 23. Staff turnover was 27.8% last year and 19.1% this year. Given the relatively high turnover over the past few years, how will the Group ensure it has sufficient talent and experience to deliver its projects?	• **The reported staff turnover largely relates to project-specific employees engaged on fixed-term contracts for specialised projects, particularly the LRT3 project, and does not reflect turnover within the Group's core workforce.** • **As major projects are completed, specialised personnel engaged for those projects naturally complete their contracts. This is a common practice within the construction industry.** • **The Group's core team remains stable, and there is no material concern regarding the retention of key personnel or organisational capability.** • **When similar specialised expertise is required for future projects, the Group will recruit personnel with the relevant experience to meet project requirements.**
QUESTIONS	**ANSWERS**
GOVERNANCE & ETHICS	
<u>Whistleblowing & Anti-Corruption</u> 24. When was MRCB's Whistleblowing Policy introduced?	

25. Has MRCB recorded any corruption cases involving its employees? 26. Have any employees been dismissed for corruption? 27. Have there been cases involving fraud or other misconduct? 28. What action was taken against those involved?	• **MRCB's Whistleblowing Policy has been in place since 2014, providing employees with a formal channel to report suspected misconduct.** • **To date, the Group has not recorded any corruption cases involving its employees.** • **There have been cases involving fraud and other forms of misconduct, for which disciplinary action, including dismissal, has been taken. Where appropriate, police reports have been lodged, and any subsequent investigation or prosecution is a matter for the relevant enforcement authorities.** • **Whistleblowing reports cover a broad range of matters, including fraud, abuse, harassment and other workplace misconduct, and are investigated in accordance with the Group's established procedures.** • **The Group has strengthened its internal controls through digitalisation and cashless operations within its parking business, which have significantly reduced fraud risks associated with cash handling.** • **Employees are encouraged to continue reporting suspected misconduct to uphold a strong culture of integrity and accountability.**
QUESTIONS	**ANSWERS**
SHAREHOLDER MATTERS	
EPF Shareholding 29. As MRCB's major shareholder, does EPF engage with the Board on the Group's performance and long-term value creation plans? 30. If the Group does not achieve its targeted shareholder returns, would EPF consider disposing of its shareholding?	• **EPF engages with the Board and Management regularly through its stewardship framework, including periodic discussions on the Group's performance, project progress and long-term value creation initiatives.**

	• **Management acknowledges shareholders' focus on improving returns and believes that the current performance reflects a temporary phase in the Group's project cycle. As new developments are launched and projects progress, the Group expects its performance to improve over time.** • **Note: *The question regarding EPF's future investment decisions was noted. As it relates to EPF's investment considerations, the Chairman did not comment further during the AGM.***
Dividends 31. When can shareholders expect higher dividends?	• **The Group is focused on rebuilding its earnings through the execution of its development pipeline and strategic investments.** • **As more projects are launched and the Group's investments begin to reap profits over the next few years, the Group expects improved financial performance, which will support its ability to enhance shareholder returns over time.**
AGM Feedback 32. Can the Company consider providing e-wallet credits or alternative arrangements instead of packed refreshments at future AGMs?	• **The suggestion has been noted.** • **The Company will review the shareholders' feedback on refreshments and transportation arrangements and consider how these can be improved for future Annual General Meetings.**