



MALAYSIAN RESOURCES CORPORATION BERHAD
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Date: 18 June 2026

Minority Shareholder Watch Group (MSWG)

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Confidential

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

Dear Sir,

Malaysian Resources Corporation Berhad ("MRCB" / "the Group")
55th Annual General Meeting ("AGM") on Thursday, 18 June 2026

We refer to your letter dated 12 June 2026 in respect of the above matter.

We are pleased to submit our replies to your queries, which we presented at the AGM on 18 June 2026. Our replies are:

Operational & Financial Matters

1. The ECE Division recorded FY2025 revenue of RM944.8 million, with operating profit declining 26% to RM113.1 million, mainly due to the near completion of the LRT3 project (Source: Page 30 of IAR2025). Although several new projects were secured, including Kompleks Sukan Shah Alam (KSSA) redevelopment, LRT3 station reinstatement works, and PLUS Expressway additional lanes, most remained in early stages of design, mobilisation, or construction, with no physical work commenced for the reinstated LRT3 stations during the year, resulting in limited earnings contribution. (Source: Page 29 of IAR2025)
 - a) With the LRT3 project nearing completion, how sustainable are the current profit margins over the next 2–3 years, and can replacement projects maintain a similar level of profitability?

Answer:

Margins on our replacement projects are comparable to those of recently completed projects. With RM5.5 billion in contracts already secured in 2025 and more than RM13 billion in our open tender book, we expect profitability to remain at a similar level as further construction contracts are secured.

- b) As no physical work commenced on the reinstated LRT3 stations, what are the key reasons for the delay, and does this expose the Group to potential cost escalation or compliance risks?

Answer:

There is no delay in the commencement of the LRT3 Reinstatement works. The contract for the reinstated LRT3 stations can only begin after the original contract is completed. The original contract has only very recently been completed and handed over to the client and the Notice to Proceed (NTP) from the client has been officially received. This will not affect our project milestones or result in cost escalations, as the contract period of 4 years for the project delivery only commences from the date of the Notice to Proceed. Physical construction work will begin this month, although site clearing works, securing approval permits and the tendering process began some time ago.

- c) Could the Board provide an update on when each of the KSSA redevelopment, LRT3 reinstatement works, and PLUS additional lane projects is expected to generate meaningful earnings contribution?

Answer:

Now that the demolition phase of the KSSA Redevelopment is ending, and we have received the Notice to Proceed for the LRT3 Station Reinstatement Works, revenue contributions from both these projects are set to accelerate and both projects are expected to contribute to earnings during 2026, with more meaningful contributions expected from the second half of 2026 onwards. Both these projects will be key earnings drivers for the Group in 2027 and 2028 as higher-value construction activities ramp up. Meanwhile, the PLUS the PLUS Senai-Sedenak Additional Lane project is progressing on schedule and is already contributing to earnings in line with its 20% physical construction progress.

2. The Group's gearing strategy is supported by asset-backed borrowings and planned monetisation of key landbanks in Cyberjaya and Bukit Jalil, with net debt expected to gradually improve between 2026 and 2027 (Source: Page 31 of IAR2025).

This is supported by capital deployment and asset recycling initiatives, including land consolidation in Cyberjaya and full control of a 76-acre Bukit Jalil site. The Group targets a gearing range of 70%–80%, with further improvement dependent on successful monetisation and revenue inflows from 2027 onwards (Source: Page 34 of IAR2025).

- a) When would the Board revise this strategy if market conditions or asset monetisation underperform expectations?

Answer:

The Board and Management continuously monitor the Group's performance, market conditions and the progress of all initiatives during the Board and Executive

Committee meetings. Should the monetisation plan underperform expectations or conversely, if a more advantageous market opportunity presents itself, the Board and Management will promptly review and pivot our strategy accordingly. This is an ongoing process rather than a fixed scheduled event, ensuring the Group remains agile in protecting our financial position, capitalising on better opportunities, and adapting swiftly to the changing market conditions.

- b) To what extent does the projected gearing improvement rely on asset monetisation in Cyberjaya and Bukit Jalil, and what contingency measures have been implemented if these initiatives are delayed or underperform?

Answer:

Gearing is expected to increase as the Group transitions into its growth phase. Notwithstanding this, Management will maintain proactive and dynamic monitoring of its gearing position to ensure that the net gearing remains at approximately 70%-80%.

Central to this approach is strategic asset monetisation. In particular, the Group is actively evaluating its portfolio to identify assets ready for monetisation including its Cyberjaya land, other non-strategic assets and Ascott Sentral in KL Sentral that can be divested to accelerate profitability, debt reduction and strengthen cash flow generation, thereby supporting the targeted gearing profile.

Our strategy for the Bukit Jalil landbank is multifaceted. We view our Bukit Jalil lands not merely as an asset for outright monetisation, but as a prime strategic opportunity. The Group is exploring a broader spectrum of value-creation avenues for this 76-acre site, including direct property development and hyperscale data centre development, to maximise its long-term yield and development potential.

Complementing this primary initiative, the Group has also put in place additional measures to provide financial flexibility in the event that asset monetisation is delayed or does not achieve the intended outcomes, ensuring potential growth opportunities are not limited. These include the following:

- a) Potential issuance of equity-like instruments such as perpetual sukuk, which would provide funding for projects to support portfolio growth;**
- b) Off-balance sheet financing structures such as receivable financing or asset-backed securitisation for our construction projects; and**
- c) Joint venture partnerships for our property development projects, which would allow the Group to share capital commitments and manage funding requirements more efficiently.**

As these initiatives come to fruition, we expect gearing to normalise through progressive value extraction, ultimately enhancing shareholder value. For further information, please refer to our responses to Questions 3, 9 and 13 in the Group Managing Director's Review section of the IAR 2025 (pages 31, 34 and 37).

- c) Despite the Group's commitment to prudent financial management and governance oversight, could the Board clarify whether any equity fundraising exercises may still be required if targeted monetisation proceeds fall below expectations?

Answer:

The Board has no plans to undertake any equity fundraising exercises. Our primary focus remains strictly on deleveraging via operational cash flows and asset monetisation initiatives. If the targeted monetisation proceeds fall below expectations, we will undertake the measures outlined in our response to Question 2(b) above to continue supporting our growth opportunities.

3. The Group's international developments in 2025 delivered strong performance, with RM2.2 billion in new launches including MARIS and The Symphony Centre. VISTA remained the main contributor, representing 72% of all units sold, while MARIS achieved strong early sales, together generating RM1.3 billion in unbilled sales. (Source: Page 32 of IAR2025)

A recent report highlights growing concerns among economists that Australian house prices could fall by around 6% or more due to weakening demand, high interest rates, and affordability constraints, although the outlook remains mixed. (<https://www.news.com.au/finance/real-estate/buying/6pc-drop-rogueeconomists-house-price-call-as-growing-number-of-experts-forecast-market-decline/news-story/6afe5b410a5556f96c20397e2ee954f4>)

Considering uncertainties in the Australian property market, the Group's Australian property developments may face near-term headwinds, including softer demand, slower sales momentum, and potential pricing pressure, which could affect future launches and sales performance.

- a) Given Morgan Stanley's forecast of a 5–10% decline in Australian house prices, how sensitive are the financial projections for MARIS and VISTA to downside scenarios involving weaker demand and pricing pressures?

Answer:

While Morgan Stanley forecasts a national decline, the Gold Coast submarket is supported by strong local fundamentals. The region grows by 15,000 people annually, yet only about 1,450 apartments are completed each year, less than a quarter of the underlying demand. Strong interstate migration has made Surfers Paradise the highest cash settlement suburb in Australia. With vacancy rates at 1.1% and nearly 60% of the 2027-2028 pipeline at risk of delay or withdrawal, supply remains constrained. Due to this population-led demand and structural shortage, we anticipate minimal downside risk for the Gold Coast compared to the rest of the country.

- b) To what extent is the RM1.3 billion unbilled sales pipeline exposed to potential settlement delays or cancellations if borrowing conditions tighten across key markets?

Answer:

We do not expect significant delays or cancellations. Over 90% of our purchasers are local, with MARIS 100% sold to local buyers. Our contracts include strict conditions to ensure orderly settlements, including financial liability for failure or delays. Furthermore, there have been significant price increases implemented at VISTA; if a purchaser does not proceed, most apartments can be resold well above original contract prices due to market growth. We will actively monitor sales to address any high-risk cases well ahead of settlement.

- c) How does the Group position MARIS and VISTA against local Australian developers in the same price segment in a challenging demand environment?

Answer:

Both projects are well-positioned in their respective suburbs in Gold Coast. As well as the strong sales we have achieved at VISTA in Surfers Paradise, MARIS is the top-performing project in the Southport suburb, in terms of sales volume and price, with over 90% of units (178 of 192) already contracted. VISTA is a premier lifestyle development in Surfers Paradise, a suburb with deep demand and the highest percentage of cash settlements in Australia. Our unsold stock primarily caters to owner-occupiers, who represent the bulk of the demand. Because both projects are already under construction, we are differentiated from most competitors, as purchasers are cautious about the risks of withdrawal or delays on projects without a builder.

Corporate Governance Matters

4. In 2025, the Group received three (3) whistleblowing reports, all of which were reviewed, investigated, and addressed appropriately. The investigation outcomes were reported to the Board through the quarterly Anti-Bribery and Corruption updates. (Source: Page 278 of IAR2025)
- a) Could the Board clarify the nature and severity of the three whistleblowing cases received in 2025?

Answer:

The Group received three low risk whistleblowing reports during FY2025, all from internal sources involving allegations relating to:

1. An alleged unauthorised work-from-home arrangement by an employee;
2. An anonymous report alleging bribery, which contained no specific information and alleged the incident had taken place on a date in the future (after the date the email was sent); and
3. An alleged unauthorised overseas visit involving an employee and a project subcontractor.

All reports were reviewed and assessed in accordance with the Group's Whistleblowing Policy and investigation procedures. Thorough investigations were

conducted to determine whether there was any evidence of misconduct or breaches of the Group's policies and procedures.

The investigations established that the work-from-home arrangements and overseas visits had been appropriately authorised in accordance with applicable internal procedures. In respect of the anonymous bribery report, there was no information provided in the report to enable any investigation, and it contained very material inconsistencies (a date alleging the action itself took place in the future). It was therefore regarded as frivolous.

The Group welcomes Whistleblowing Reports, as it demonstrates that it has a well-functioning whistleblowing channel in which internal and external stakeholders have the confidence to report any concerns they may have in the firm knowledge that they will be thoroughly investigated without fear of reprisal, and if any wrongdoing is found, action will be taken.

- b) What actions were taken in relation to the whistleblowing cases that were 'addressed appropriately', and did any of these cases lead to disciplinary action or escalation to regulatory or enforcement authorities?

Answer:

Each whistleblowing report was reviewed and investigated by the Integrity and Discipline Department and assessed based on the information and evidence available. The investigation outcomes were documented and subsequently reported to the Audit & Risk Management Committee ("ARMC") and the Board through quarterly Anti-Bribery and Corruption updates.

The investigative actions taken included document reviews, verification of approvals and records, interviews with relevant personnel, and assessment of compliance with the Group's policies and procedures.

Based on the investigation findings, no misconduct or policy breaches could be substantiated. Accordingly, no disciplinary action was taken, and none of the cases required escalation to any external regulatory or enforcement authority.

- c) Does the Board consider current whistleblowing disclosures sufficiently transparent, and will it enhance future reporting with more detailed breakdowns of cases and outcomes?

Answer:

The Board is of the view that the current whistleblowing disclosures in the Annual Report provide an appropriate level of transparency while balancing the need to preserve confidentiality, protect whistleblowers, and safeguard the integrity of the investigation process. The disclosures are intended to provide stakeholders with meaningful information on the effectiveness of the Group's whistleblowing

framework without compromising sensitive information relating to individuals or investigations.

The Board remains committed to continuously strengthening the Group's whistleblowing framework and governance practices. During the year, the Group enhanced its Whistleblowing Policy by introducing a dedicated Whistleblowing E-Form on the Company's website, providing an easier and more accessible and structured reporting channel for stakeholders.

The Board will continue to review its reporting practices from time to time, taking into consideration evolving governance expectations, regulatory requirements, and the need to maintain confidentiality and fairness to all parties involved.

Sustainability Matters

5. The Group recorded several safety-related incidents during the year, all of which were investigated and addressed through corrective actions in line with HSE procedures. No fatalities or serious health impacts were reported. (Source: Page 212 of IAR2025)
- a) Do these repeated property damage incidents suggest weaknesses in site control and operational discipline, and could the Board disclose the total cost impact incurred in 2025?

Answer:

The Board takes all property damage incidents seriously and reviews them to strengthen operational resilience and site discipline. However, the incidents reported which were caused by a subcontractor were isolated and not serious, and do not indicate systemic weaknesses in site control, although the Group recognises the importance of continuous training and improvement in preventing recurrences.

The Group adopts a four-pronged approach to advise, monitor, educate and enforce. Site personnel and subcontractors are regularly advised on operational expectations, risk controls and lessons learned from legacy incidents through regular site based "toolbox" sessions. Compliance with procedures and site controls is closely monitored through inspections, audits and reviews. Ongoing education and competency programmes are conducted to reinforce safe work practices, hazard awareness and accountability. Where breaches of procedures or standards are identified, disciplinary and financial penalties and corrective measures are enforced to ensure compliance and prevent recurrence, including replacing workers.

Each incident is subject to a root-cause investigation, with corrective actions identified. There was no financial impact to the Group from the property damage incidents in 2025, as all costs were recovered from the subcontractors involved and all responsible personnel were removed from the site.

- b) Does the incidence pattern at Kwasa WPC 02 indicate elevated project risk or weaknesses in site management, and what enhanced control measures have been adopted?

Answer:

Once the negligent workers were removed from the site, there were no further incidents. Management continuously analyses incident trends across all project sites, including Kwasa WPC 02, to identify emerging risks and areas requiring additional attention. While the concentration of incidents at a particular site warrants enhanced scrutiny, it does not necessarily indicate fundamental weaknesses in site management.

Nevertheless, the Group treated the pattern as an early warning indicator and took proactive steps to strengthen controls. Enhanced measures implemented were based on the principles of advice, monitor, educate and enforce. Site teams and contractors were regularly advised on identified risk areas and required control measures. Monitoring activities have been intensified through increased supervisory presence, more frequent audits, inspections and performance reviews.

Additional education and targeted training programmes have been conducted to improve risk awareness, operational competency and adherence to procedures. At the same time, stricter enforcement of site requirements, permit-to-work systems, contractor obligations and accountability measures has been introduced to ensure compliance.

Management continues to monitor the effectiveness of these measures through key performance indicators, audit outcomes and periodic reviews.

- c) Despite strengthened HSE and ERM controls under KER 7, do recurring serious incidents indicate gaps in effectiveness, and what evidence shows improved incident rates and severity in 2025?

Answer:

We have a very firm stance on health and safety and have invested in education and targeted training programs. There were no serious safety incidents in 2025. Our incident rate has also been trending lower over the last 3 years from 2023 to 2025, and we have received no "Stop Work Orders" from DOSH or any other authority over this 3-year period, indicating that our HSE education and risk management programs are showing positive results. While no risk management framework can eliminate all operational risks, the objective of the HSE and ERM programs under KER 7 is to reduce the likelihood and severity of incidents through proactive risk identification, mitigation and oversight. We encourage all site-based workers to report any health and safety concerns they may have directly to HQ using QR codes that are displayed prominently at all our construction sites.

The effectiveness of these efforts is measured through key performance indicators such as incident frequency rates, lost-time injury rates, near-miss reporting trends, audit findings, corrective action closure rates and incident severity metrics. Any improvement in these indicators during 2025 compared with prior years provide objective evidence that the strengthened HSE and ERM controls are contributing to better risk outcomes, while recognising that continuous vigilance and improvement will always remain necessary.

We hope the above explanation is satisfactory. Kindly contact Nithiajothi Rajasingam (019-325 5260) 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