



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

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Date: 8 June 2021

**Minority Shareholder Watch Group (MSWG)**

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Confidential  
Facsimile (03-2070 9107)

Attention: **Mr. Devanesan Evanson**  
Chief Executive Officer

Dear Sir,

**Malaysian Resources Corporation Berhad (“MRCB” / “the Group”)  
50<sup>th</sup> Annual General Meeting (“AGM”) on Tuesday, 8 June 2021**

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We refer to your letter dated 25 May 2021 in respect of the above matter.

We are pleased to submit our replies to your queries which we presented at the AGM on 8 June 2021. Our replies are:

**Operational and Financial Matters**

- 1) The Group had licensed the MRCB Building System (“MBS”) to two international companies overseas for selected projects: a 19-storey Students’ Residence Project and temporary Quarantine Facility in Hong Kong, and a 12-storey Nursing Home and Senior Care Centre in Singapore. (page 23 of IR)
  - (a) What is the expected income from the licensing of MBS technology upon the completion of the two projects?

**Answer:**

***Income from licensing our MBS technology is a function of several components, which includes the licensing fee, retainer fee, success fee and royalty fee. Excluding any extension to the current licensing period and review of fees, we expect to receive approximately RM2 million in total fee income from the projects.***

- (b) Why do local contractors not adopt MBS as this method of construction is more efficient and costs less?

**Answer:**

***In Malaysia, the modular construction system or prefabricated prefinished volumetric construction method is still considered new technology and is categorised as an innovative method classified as a step further up from Industrialised Building Systems (IBS).***

***For the past two (2) years, MRCB has been actively approaching the Government, local authorities, and private developers to showcase MBS and promote its adoption in the construction sector. While we have made significant strides in this area, and have recently completed a project awarded by the Ministry of Education to design and build 35 classrooms for 5 schools in Putrajaya using MBS, adoption of this technology is still early, as the industry is still going through the learning curve with understanding its merits and intricacies of this new technology compared to conventional methods of construction. Efforts are underway to educate the industry of the benefits of MBS, among which include enhancing the consultancy expertise to develop the know-how of designing structures that can use the system and precast expertise, and most importantly improving user perceptions. In time, we should see a higher rate of adoption as more and more projects successfully adopt the MBS technology. In fact, MRCB is currently planning to develop its first residential development using its MBS technology. This project is our Kwasa Sentral Plot F project in Kwasa Sentral, a 660-unit residential building with an estimated GDV of RM275 million which will be launched in the third quarter of 2021. We believe this project will play an important role in catalysing interest and demand for the technology in Malaysia in the future.***

- 2) The Group is exploring the industrial, SOHO, and co-living, co-working and assisted living as a way of diversification. (page 25 of IA)

Has the Group started on this diversification? If yes, where are the property projects located and what is the Gross Development Value?

**Answer:**

**In 2021 we plan to develop and launch a 266-SOHO unit apartment development with an estimated GDV of RM229 million in Lot J, KL Sentral. We are also currently exploring a micro-home/co-living development, that will comprise smaller individual units and co-living units with shared amenities. These units will range from 170 sqft to 500 sqft, and are targeted towards fresh graduates, working executives and single occupants looking for affordable units with shared amenities with access to various lifestyle components in a prime location with excellent public transportation connectivity.**

- 3) The Group has launched 80 landed units at the Amaryllis development in Bandar Seri Iskandar with a GDV of RM15.3 million on 18 August 2020. (page 59 of IR)

What is the latest take-up rate of Amaryllis development?

**Answer:**

**Our Amaryllis development was launched only in August 2020, and has already achieved a 58% sales rate as at 31 March 2021. In 2021 alone, we have managed to sell an additional 18 units.**

- 4) One of the Group's 2021 priorities is to focus on completing the existing projects to make up for the revenue shortfall experienced in 2020 as a result of the COVID-19 pandemic. (page 59 of IR)

Please name the projects the Group is trying to complete along with the latest take-up rates as at March 2021?

**Answer:**

***Our performance in 2020 was significantly impacted by the multiple movement restrictions imposed by the Government, which greatly hampered construction progress at our project sites. As a result, many of our key projects were delayed and contributions from our two largest residential property projects were significantly impacted, with Sentral Suites in KL Sentral and TRIA 9 Seputeh only achieving 44% and 30% construction progress, respectively. As at 31 March 2021, Sentral Suites achieved sales rate of 84% and construction progress of 49%, while TRIA 9 Seputeh achieved sales rate of 40% and construction progress of 43%.***

***The movement restrictions also delayed the completion of the Damansara-Shah Alam Elevated Expressway (DASH) and Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) from the second quarter of 2020 to the second quarter of 2021. As at 31 March 2021, DASH has reached construction progress of 95%, while SUKE has reached 53%.***

***In 2021, we will focus on achieving much higher construction progress on all these projects, and target completing both the DASH and SUKE projects.***

- 5) The Group's 1060 Carnegie in Melbourne property project achieved financial settlement for 113 units from a total of 173 units launched. (page 59 of IR)

What is the latest number of units sold as at March 2021? What are the difficulties faced by the Group in selling the remaining units?

**Answer:**

***As at 31 March 2021, we have sold 141 or 82% of the total of 173 units available.***

***While demand for our 1060 Carnegie units in Melbourne, Australia remains strong, dropout rates for sales arose due to the economic toll from the pandemic and the ensuing negative wealth effect. This was underscored by recissions due to buyers being unable to secure the margin of financing they required.***

***In order to drive sales, we have moved our marketing campaigns online, and in 2020, we recorded 1,044 virtual viewings of our 1060 Carnegie project since the launch of its virtual sales gallery on 14 July 2020. We are also constantly engaging with our real estate agents to secure sales, and are also currently leveraging on the Australian government's stimulus programme to assist first time buyers and owners into the market, which has garnered positive feedback from the market.***

- 6) The Group invested RM301.8 million in unit trusts in FY2020 (FY2019: Nil) (page 93 of FS)
- (a) What was the reason for investing in unit trusts?

**Answer:**

***The Group invested RM301.8 million in unit trusts in FY2020 as the returns from these unit trusts are tax exempted.***

- (b) Which is the type of fund the Group has invested in?

**Answer:**

***The unit trusts invest in Islamic money market instruments and/or Islamic deposits. There are no sales charges and the management fee in FY2020 was 0.315%.***

- (c) What is yield from the unit trusts for FY2020?

**Answer:**

***The yield from the unit trusts in FY2020 was 2.39% after fees.***

We hope the above explanation is satisfactory. Kindly contact Yazmin (03-2859 7105) 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', with a stylized flourish at the end.

**AMARJIT CHHINA**  
**Chief Corporate Officer**