

THIS INDEPENDENT ADVICE CIRCULAR ("IAC") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 23 MARCH 2010 ISSUED BY RHB INVESTMENT BANK BERHAD ON BEHALF OF EMPLOYEES PROVIDENT FUND BOARD WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in Malaysian Resources Corporation Berhad ("MRCB"), you should at once hand this IAC to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The consent of the Securities Commission Malaysia ("SC") for the despatch of this IAC does not imply that the SC concurs with the views and recommendation contained in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Malaysian Code on Take-Overs and Mergers, 1998.

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)
(Incorporated in Malaysia)

INDEPENDENT ADVICE CIRCULAR TO THE SHAREHOLDERS

IN RELATION TO THE

CONDITIONAL TAKE-OVER OFFER

BY

RHB INVESTMENT BANK BERHAD

(Company No. 19663-P)

ON BEHALF OF

EMPLOYEES PROVIDENT FUND BOARD

TO ACQUIRE

ALL THE REMAINING ORDINARY SHARES OF RM1.00 EACH IN MRCB ("MRCB SHARES") NOT ALREADY OWNED BY EMPLOYEES PROVIDENT FUND BOARD AND ALL THE NEW MRCB SHARES THAT MAY BE ISSUED PRIOR TO THE CLOSING OF THE OFFER (AS DEFINED HEREIN) ARISING FROM THE EXERCISE OF OUTSTANDING OPTIONS GRANTED PURSUANT TO MRCB'S EMPLOYEE SHARE OPTION SCHEME 2007 FOR A CASH CONSIDERATION OF RM1.50 PER MRCB SHARE

Independent Adviser

AmInvestment Bank Berhad

(Company No. 23742-V)

A member of



AmInvestment Bank

Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Independent Advice Circular is dated 2 April 2010

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, words and expressions defined in the Code (as defined hereunder) shall have the same meaning when used herein, and the following definitions shall apply throughout this IAC :-

| | |
|----------------------|--|
| Acceptance Condition | : EPF holding in aggregate, together with such MRCB Shares that are already acquired, held or entitled to be acquired or held by EPF, more than 50% of the voting shares of MRCB |
| Accepting Holder(s) | : Holder(s) who accepts the Offer |
| Act | : Companies Act, 1965 as amended from time to time including any re-enactment thereof |
| AmInvestment Bank | : AmInvestment Bank Berhad (23742-V) |
| Board | : Board of Directors of MRCB |
| Bursa Depository | : Bursa Malaysia Depository Sdn Bhd (165570-W) |
| Bursa Securities | : Bursa Malaysia Securities Berhad (635998-W) |
| Closing Date | : The First Closing Date unless extended or revised in accordance with the Code as the Offeror may decide and announced by RHB Investment Bank on behalf of the Offeror |
| Code | : Malaysian Code on Take-Overs and Mergers, 1998 as amended from time to time |
| EPF or Offeror | : Employees Provident Fund Board |
| EPS | : Earnings per share |
| ESOS | : Employees' Share Option Scheme and in the context of MRCB's ESOS, shall refer to the "Malaysian Resources Corporation Berhad Employee Share Option Scheme 2007" |
| ESOS Options | : The options granted / to be granted in accordance with the bye-laws of MRCB's ESOS to the eligible employees and directors of the MRCB Group |
| First Closing Date | : 5.00 p.m. on 13 April 2010, being twenty-one (21) days from the Posting Date |
| FYE | : Financial year ended |
| GDV | : Gross development value |
| Holder(s) | : Holder(s) of the Offer Shares |
| IAC | : This Independent Advice Circular to the shareholders of MRCB dated 2 April 2010 |
| IAL | : Independent Advice Letter |
| Interested Directors | : Collectively, Tan Sri Azlan Mohd Zainol, Shahril Ridza Ridzuan and Mohamad Lotfy Mohamad Noh, being the representatives of EPF on the Board |

DEFINITIONS (CONT'D)

| | |
|----------------------------|---|
| Listing Requirements | : Main Market Listing Requirements of Bursa Securities as amended from time to time |
| LBT | : Loss before taxation |
| LPS | : Loss per share |
| LPD | : 29 March 2010, being the latest practicable date prior to the printing of this IAC |
| Market Day | : A day between Monday and Friday, both days inclusive, which is not a public holiday and on which the Bursa Securities is open for the trading of securities |
| MI | : Minority interests |
| MRCB Group | : MRCB and its subsidiaries, collectively |
| MRCB or Offeree or Company | : Malaysian Resources Corporation Berhad (7994-D) |
| MRCB Share or Share | : Ordinary share of RM1.00 each in MRCB |
| NA | : Net assets |
| Notice | : Notice of the Offer dated 3 March 2010 served on the Board by RHB Investment Bank on behalf of EPF |
| Offer | : The conditional take-over offer by RHB Investment Bank on behalf of EPF to acquire all the Offer Shares at the Offer Price from the Holders in accordance with the terms and conditions set out in the Offer Document |
| Offer Document | : The Offer Document dated 23 March 2010 which sets out the details of the Offer together with the Form of Acceptance and Transfer |
| Offer Period | : The period commencing from 3 March 2010, being the date of the Notice, until the First Closing Date or the date the Offer becomes or is declared unconditional as to acceptances, lapses or is withdrawn with the consent of the SC, whichever is later |
| Offer Price | : Cash offer price of RM1.50 for each Offer Share |
| Offer Share(s) | : All the remaining MRCB Shares not already owned by EPF and all the new MRCB Shares that may be issued prior to the Closing Date arising from the exercise of outstanding ESOS Options |
| PAT | : Profit after taxation |
| PBR | : Price-to-book ratio |
| PER | : Price-earnings ratio |
| Posting Date | : 23 March 2010, being the date of despatch of the Offer Document |
| Registrar for the Offer | : Symphony Share Registrars Sdn Bhd (378993-D) |
| RHB Investment Bank | : RHB Investment Bank Berhad (19663-P) |
| Rights Issue | : MRCB's renounceable rights issue of up to 482,271,409 new MRCB Shares on the basis of one (1) new MRCB Share for every two (2) existing MRCB Shares held on 2 February 2010 at 5.00 p.m. at an issue price of RM1.12 for each new MRCB Share |

DEFINITIONS (CONT'D)

| | | |
|-----------------|---|---|
| Rights Share(s) | : | New MRCB Shares which were issued and allotted pursuant to the Rights Issue |
| RM | : | Ringgit Malaysia |
| SC | : | Securities Commission Malaysia |
| SCA | : | Securities Commission Act, 1993 as amended from time to time including any re-enactment thereof |
| Sq. ft. | : | Square foot or square feet |
| SOPV | : | Sum-of-parts value |
| VWAP | : | Volume weighted average market price |

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EXECUTIVE SUMMARY

This Executive Summary highlights the salient information of the Offer. Holders are advised to read the Letter from the Board (Part A of this IAC) and the IAL from AmlInvestment Bank (Part B of this IAC), the Independent Adviser to the Holders, as contained in this IAC for further information and recommendation in relation to the Offer.

This IAC should also be read in conjunction with the Offer Document issued by RHB Investment Bank.

1. THE OFFER

On 3 March 2010, RHB Investment Bank had, on behalf of EPF, served the Notice informing the Board of EPF's obligation to extend a conditional take-over offer under Part II of the Code in accordance with Section 12(3) of the Code to acquire the following:-

- (i) all the remaining MRCB Shares not already owned by EPF; and
- (ii) all the new MRCB Shares that may be issued prior to the closing of the Offer arising from the exercise of outstanding ESOS Options;

for a cash consideration of RM1.50 per MRCB Share.

The Offer is conditional upon the Offeror having received valid acceptances by 5.00 p.m. (Malaysian time) on the Closing Date (provided that they are not, where permitted, withdrawn) which would result in the Offeror holding, in aggregate, together with such MRCB Shares that are already acquired, held or entitled to be acquired or held by the Offeror, more than 50% of the voting shares of MRCB.

The SC had, vide its letter dated 22 March 2010 approved the Offer under the Equity Requirement for Public Companies, subject to RHB Investment Bank or EPF furnishing to the SC a list of acceptances in relation to each category of shareholders in MRCB and the effective equity structure of MRCB before and after the implementation of the Offer. The SC has also vide the same letter requested that RHB Investment Bank or EPF inform the SC upon completion of the Offer.

A copy of the Notice was sent to the Holders on 9 March 2010. Holders should also have by now received a copy of the Offer Document despatched on 23 March 2010 which sets out the terms and conditions of the Offer as well as the procedures for acceptance of the Offer.

2. SALIENT TERMS OF THE OFFER

The salient terms of the Offer, unless otherwise directed or permitted to be varied by the SC, are as follows: -

2.1 Consideration

The Offer Price for each Offer Share is RM1.50 and will be satisfied in cash.

Notwithstanding the above, if MRCB declares, makes or pays any dividend and/or distribution, the entitlement date of which is on or after the date of the Notice but before the Closing Date, and the Holder is entitled to retain such dividend and/or distribution declared, made or paid, the Offeror will reduce the Offer Price by the quantum of the net dividend and/or distribution per Offer Share which the Holders are entitled to retain.

Holders may accept the Offer in respect of all or part of their Offer Shares.

The Offeror will not pay fractions of a sen to any Accepting Holder. Entitlement to the cash payment will be rounded down to the nearest whole sen.

2.2 Condition of the Offer

The Offer is conditional upon the Offeror having received valid acceptances by 5.00 p.m. (Malaysian time) on the Closing Date (provided that they are not, where permitted, withdrawn) which would result in the Offeror fulfilling the Acceptance Condition.

Should the Offer be extended by the Offeror in accordance with the Code, the Offer shall lapse if the Acceptance Condition is not fulfilled by 5.00 p.m. (Malaysian time) on 22 May 2010, being the sixtieth (60th) day from the Posting Date.

2.3 Duration of Offer

Except insofar as the Offer is withdrawn by the Offeror with the written consent of the SC and every person is released from any obligation incurred thereunder, the Offer shall remain open for acceptances for a period of not less than twenty-one (21) days from the Posting Date i.e. until 5.00 pm (Malaysian time) on 13 April 2010 unless extended or revised by the Offeror in accordance with the Code.

2.4 Method / Expected Date of Settlement

The settlement of the consideration for the Offer will be effected via remittance in the form of cheque(s), banker's draft(s) and/or cashier's order(s) which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the Accepting Holders' registered Malaysian address last maintained with Bursa Depository at their own risk in the following manner: -

- (a) where valid acceptances are received during the period when the Offer is still conditional, the Offeror (or the Registrar for the Offer) shall post the consideration for the Offer Shares within twenty-one (21) days from the date the Offer becomes or is declared unconditional; or
- (b) where valid acceptances are received during the period when the Offer has become or has been declared unconditional, the Offeror (or the Registrar for the Offer) shall post the consideration for the Offer Shares within twenty-one (21) days from the date of receipt of such valid acceptances;

or such other mode of settlement as may be acceptable to the Offeror subject to the above stipulated period.

Holders are advised to refer to Appendix II of the Offer Document for detailed information on the terms and conditions of the Offer.

3. ANALYSIS OF THE OFFER

Holders are to note that the market prices of MRCB Shares as shown in this IAC are ex-Rights Issue (i.e. after adjusting for the Rights Issue).

The following sets out the comparison between the respective market prices of MRCB Shares against the Offer Price :-

EXECUTIVE SUMMARY (CONT'D)

| | Market price RM | Offer Price RM | Premium/(Discount) of Offer Price over Market Price | |
|--|-----------------------|----------------------|---|--------|
| | | | RM | % |
| Last transacted price on 3 March 2010, being the last full market day prior to the service of the Notice on even date | 1.47 | 1.50 | 0.03 | 2.04 |
| Five (5)-day VWAP up to and including 3 March 2010, being the last full market day prior to the service of the Notice on 3 March 2010 | 1.41 | 1.50 | 0.09 | 6.38 |
| One (1)-month VWAP up to and including 3 March 2010, being the last full market day prior to the service of the Notice on 3 March 2010 | 1.37 | 1.50 | 0.13 | 9.49 |
| Three (3)-month VWAP up to and including 3 March 2010, being the last full market day prior to the service of the Notice on 3 March 2010 | 1.41 | 1.50 | 0.09 | 6.38 |
| Last transacted price on 22 March 2010, being the last full market day prior to the Posting Date | 1.51 | 1.50 | (0.01) | (0.67) |
| Five (5)-day VWAP up to and including 22 March 2010, being the last full market day prior to the Posting Date | 1.51 | 1.50 | (0.01) | (0.67) |
| Last transacted price on 31 March 2010 | 1.65 | 1.50 | (0.15) | (9.09) |
| Five (5)-day VWAP up to and including 31 March 2010 | 1.60 | 1.50 | (0.10) | (6.25) |

(Source: Bloomberg)

Holders should note that the above evaluation is intended for illustrative purposes only and is based on the historical market prices of MRCB Shares. The actual capital value/cash realisation for the Holders would depend on the subsequent movement of the market price of MRCB Shares as traded on Bursa Securities. Hence, Holders are advised to monitor the price movement of MRCB Shares as traded on Bursa Securities.

In addition, Holders should also take into consideration the transaction costs involved in realising the Offer Shares in the open market whereas there are no transaction costs to dispose them via an acceptance of the Offer, prior to making the investment decision.

Notwithstanding the above, Holders should take note that the last transacted price of MRCB Shares on 31 March 2010 was RM1.65, which is 15 sen or 10% above the Offer Price of RM1.50.

4. EVALUATION OF THE OFFER

In arriving at the recommendation in respect of the Offer, the Board (save for the Interested Directors) has taken into consideration the following evaluation by AmInvestment Bank as contained in Section 5 of the IAL (Part B of this IAC) :-

(i) The financial evaluation of the Offer Price are summarised below :-

- (a) The Offer Price represents a premium of 6.38% and 9.49% over the 5-day VWAP and 1-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010, of RM1.41 and RM1.37 respectively.
- (b) The premium offered is significantly below the premium offered in respect of the recent announced take-over offers which were at average premiums of 24.21% to 26.69% of the market prices of the securities to be acquired.
- (c) As at 31 March 2010, the closing price of MRCB Shares was RM1.65, which is 15 sen or 10% above the Offer Price. If, during the period prior to the Closing Date, the market price of the MRCB Shares continues to be higher than the Offer Price, it may be financially more beneficial (after taking into account the transaction costs) for the Holders who wish to immediately realise their investments to dispose of their investment in MRCB in the open market.

As set out under Section 5 of this IAL, MRCB Shares have not traded above the Offer Price in the past twelve (12) months up to 3 March 2010 save for a short period in January 2010. However, between 8 March 2010 and 31 March 2010, MRCB Shares have been trading at or above the Offer Price and traded at a high of RM1.71.

MRCB Shares are generally very liquid. In April to June 2009, the monthly trading volume was more than 50% of the issued and paid-up share capital of MRCB as at 31 December 2009. The average monthly trading volume of MRCB Shares during the period under review was 246,894,983 MRCB Shares, representing 27.2% of the issued and paid-up share capital of MRCB as at 31 December 2009.

- (d) The Offer Price represents a PER of 39.27 times based on the audited consolidated EPS for the FYE 31 December 2009.

We noted that the PER of 39.27 times is above the average PER of Comparable Companies (as defined in Section 5.2.3 of the IAL) of 23.24 times and within the PER range of Comparable Companies of 13.14 times to 46.13 times.

- (e) The Offer Price represents a PBR of 1.73 times based on the audited NA of MRCB for the FYE 31 December 2009 (after adjusting for the exercise of ESOS Options up to the LPD and Rights Issue but before taking into consideration the expenses relating to the Rights Issue). The PBR of the Offer Price is below the average PBR of Comparable Companies of 2.01 times and within the PBR range of Comparable Companies of between 1.23 times to 2.95 times.

Notwithstanding the above, for the past one (1) year prior to the service of the Notice, MRCB Shares were trading at PBR of between 1.12 times and 2.43 times and had mostly traded above the Offer Price PBR of 1.73 times. In addition, the Offer Price PBR of 1.73 times is slightly below the average trading PBR of MRCB Shares 1.80 times for the past one (1) year from 4 March 2009 to 3 March 2010.

- (f) The estimated SOPV per MRCB Share is RM1.91. Therefore, the Offer Price of RM1.50 represents a discount of RM0.41 or 21.5% to the SOPV per MRCB Share.

EXECUTIVE SUMMARY (CONT'D)

- (ii) MRCB will remain listed on the Official List of Bursa Securities since it is the intention of the Offeror to comply with the required public shareholding spread and maintain the listing status of MRCB. In this respect, Holders who choose to reject the Offer may still continue to hold listed MRCB Shares together with the Offeror.

If MRCB no longer complies with the public shareholding spread requirement due to acceptances of the Offer, the Offeror will explore various options or proposals to rectify the public shareholding spread of MRCB within three (3) months from the Closing Date or such extended timeframe as may be allowed by Bursa Securities. It is noted from the Offer Document that as at 18 March 2010, no arrangements on the above have been made. Where necessary, the actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time. Further, such rectification of the shortfall in the public shareholding spread of MRCB will be subject to the Offeror retaining an equity interest of more than 50% in MRCB.

However, there can be no assurance that the Offeror will be able to rectify the shortfall in the public shareholding spread of MRCB within the timeframe as allowed by the relevant authorities or that Bursa Securities will not suspend the trading of MRCB Shares due to non-compliance with the public shareholding spread or that the relevant authorities will grant any further extension of time.

5. RECOMMENDATION

Holders should consider carefully the merits and demerits of the Offer based on pertinent factors such as the future plans of the Offeror for the MRCB Group, the listing status of MRCB, the financial evaluation of the Offer and any other qualitative and quantitative considerations including those set out in this IAC and the Offer Document, before arriving at the decision on whether to accept or reject the Offer.

AmInvestment Bank has assessed and evaluated the terms of the Offer as contained in Part B of this IAC and is of the view that the Offer is not fair and not reasonable to the Holders. Therefore, AmInvestment Bank recommends that Holders reject the Offer.

After careful examination of the terms of the Offer as contained in the Offer Document and the evaluation as contained in the IAL (Part B of this IAC), the Board (save for the Interested Directors who are deemed interested in the Offer and have abstained from making any recommendation) **CONCURS** with the recommendation of AmInvestment Bank and recommends that you **REJECT** the Offer.

6. IMPORTANT DATES AND EVENTS

| Event | Date |
|--------------------------------|---------------|
| Despatch of the Offer Document | 23 March 2010 |
| Issuance of this IAC | 2 April 2010 |
| First Closing Date | 13 April 2010 |

Note :- The Offer shall be kept open for acceptances for not less than 21 days from the date of despatch of the Offer Document unless revised or extended as may be announced by RHB Investment Bank on behalf of EPF

PART A

LETTER FROM THE BOARD



MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)
(Incorporated in Malaysia)

Registered office
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

2 April 2010

Board of Directors

| | |
|-----------------------------------|---|
| Tan Sri Azlan Mohd Zainol | <i>(Non-Independent Non-Executive Chairman)</i> |
| Mohamed Razeek Md Hussain Maricar | <i>(Chief Executive Officer)</i> |
| Datuk Ahmad Zaki Zahid | <i>(Executive Director)</i> |
| Shahril Ridza Ridzuan | <i>(Non-Independent Non-Executive Director)</i> |
| Dato' Ahmad Ibnihajar | <i>(Independent Director)</i> |
| Dato' Abdul Rahman Ahmad | <i>(Independent Director)</i> |
| Dr. Roslan A. Ghaffar | <i>(Independent Director)</i> |
| Mohamad Lotfy Mohamad Noh | <i>(Non-Independent Non-Executive Director)</i> |
| Che King Tow | <i>(Independent Director)</i> |

To : The Holders

Dear Sir / Madam,

CONDITIONAL TAKE-OVER OFFER BY RHB INVESTMENT BANK ON BEHALF OF EPF TO ACQUIRE ALL THE REMAINING MRCB SHARES NOT ALREADY OWNED BY EPF AND ALL THE NEW MRCB SHARES THAT MAY BE ISSUED PRIOR TO THE CLOSING DATE ARISING FROM THE EXERCISE OF OUTSTANDING ESOS OPTIONS FOR A CASH CONSIDERATION OF RM1.50 PER OFFER SHARE

1. INTRODUCTION

On 5 November 2009, MRCB had proposed to undertake a renounceable rights issue to raise gross proceeds of up to RM566.0 million.

Subsequently on 19 November 2009, it was announced that the issue price for the Rights Issue had been fixed at RM1.12 for each new MRCB Share based on an entitlement basis of one (1) new MRCB Share for every two (2) existing MRCB Shares held ("**Rights Shares**").

On 24 February 2010, it was announced that as at the close of the Rights Issue at 5:00 p.m. on 19 February 2010, the total acceptances and excess applications received for the Rights Issue were for 796,349,461 Rights Shares, representing an oversubscription of approximately 74.87% over the 455,389,159 Rights Shares available for subscription under the Rights Issue.

On 3 March 2010, EPF was allotted 171,471,576 new MRCB Shares pursuant to EPF's entitlement to subscribe and application for excess Rights Shares under the Rights Issue. As a result, EPF's shareholding in MRCB has increased to 461,520,600 MRCB Shares, representing 33.78% of the issued and paid-up share capital of MRCB as at 3 March 2010, being the latest practicable date prior to the service of the Notice.

EPF's shareholding in MRCB before and after the allotment of the Rights Shares are as follows:-

| Name | ←-----As at 3 March 2010-----→ | | | |
|------|---|-------|--|-------|
| | Before the allotment of Rights Shares by MRCB | | After the allotment of Rights Shares by MRCB | |
| | No. of MRCB Shares | % | No. of MRCB Shares | % |
| EPF | 290,049,024 | 31.84 | 461,520,600 | 33.78 |

As EPF's shareholding in MRCB arising from the allotment of the new MRCB Shares pursuant to the Rights Issue had exceeded 33% of the issued and paid-up share capital of MRCB as at 3 March 2010, RHB Investment Bank had, on behalf of EPF, served the Notice informing the Board of EPF's obligation to extend a conditional take-over offer under Part II of the Code in accordance with Section 12(3) of the Code to acquire the following:-

- (i) all the remaining MRCB Shares not already owned by EPF; and
- (ii) all the new MRCB Shares that may be issued prior to the closing of the Offer arising from the exercise of outstanding ESOS Options,

for a cash consideration of RM1.50 per MRCB Share.

The Offer is conditional upon the Offeror having received valid acceptances by 5.00 p.m. (Malaysian time) on the Closing Date (provided that they are not, where permitted, withdrawn) which would result in the Offeror holding, in aggregate, together with such MRCB Shares that are already acquired, held or entitled to be acquired or held by the Offeror, more than 50% of the voting shares of MRCB.

The SC had, vide its letter dated 22 March 2010 approved the Offer under the Equity Requirement for Public Companies, subject to RHB Investment Bank or EPF furnishing to the SC a list of acceptances in relation to each category of shareholders in MRCB and the effective equity structure of MRCB before and after the implementation of the Offer. The SC has also vide the same letter requested that RHB Investment Bank or EPF inform the SC upon completion of the Offer.

AmInvestment Bank has been appointed by MRCB to act as the Independent Adviser for the Offer on 4 March 2010 and the appointment was approved by the SC on 24 March 2010.

Tan Sri Azlan Mohd Zainol, Shahril Ridza Ridzuan and Mohamad Lotfy Mohamad Noh, being representatives of EPF, are deemed interested in the Offer and have abstained from all deliberations and making any recommendation in relation to the Offer.

A copy of the Notice was sent to the Holders on 9 March 2010. Holders should also have by now received a copy of the Offer Document despatched on 23 March 2010 which sets out the terms and conditions of the Offer as well as the procedures for acceptance of the Offer.

The purpose of this IAC is to highlight the relevant information relating to the Offer and to provide the Holders with the Board's (save for the Interested Directors) views and recommendation on the Offer together with the recommendation of AmInvestment Bank.

2. RATIONALE FOR THE OFFER

The Board (save for the Interested Directors) has taken note of the rationale for the Offer as set out in Section 3 of the Offer Document as follows:-

"The Offer is made in compliance with Section 6, Part II of the Code as a result of the subscription and allotment of new MRCB Shares to EPF pursuant to the Rights Issue which has caused the shareholding of EPF in MRCB to increase above 33%. As such, pursuant to the requirements of Part II of the Code, EPF is obliged to extend a mandatory take-over offer for all the remaining MRCB Shares not already owned by EPF after the Rights Issue and all the new MRCB Shares that may be issued prior to the Closing Date arising from the exercise of outstanding ESOS Options.

The Offer also provides the Holders with an opportunity to realise their investment in MRCB for cash at RM1.50 for each Offer Share. The Offer Price represents a premium of approximately 5% to the 2-month VWAP of MRCB Shares up to and including 3 March 2010, being the last trading day prior to the service of the Notice of approximately RM1.425."

The Board notes that the Offer is to be implemented by EPF in order to comply with Part II of the Code.

The Board also notes that the Offer provides the Holders an avenue to dispose of their investment in MRCB for cash consideration.

Notwithstanding this, due regards should be given to transaction costs in realising the MRCB Shares in the open market whereas there are no transaction costs via an acceptance of the Offer. The Board wishes to refer Holders to Section 5 of the IAL for further analysis on the Offer Price by AmlInvestment Bank.

3. DIRECTORS' COMMENTS ON THE FUTURE OF THE MRCB GROUP AND ITS EMPLOYEES

The Board has taken note of the future of the MRCB Group and its employees following the Offer, as set out in Section 9 of the Offer Document. It is noted that:-

(i) Continuation of MRCB Group's business

The Offeror presently intends to continue with the MRCB Group's existing business and operations within the next twelve (12) months from the Closing Date, subject always to any decision made by the Board in the best interest of MRCB.

(ii) Major changes to MRCB Group's business

The Offeror presently has no plans to introduce or effect major changes to the business of the MRCB Group within the next twelve (12) months from the Closing Date, including major change in the structure of the MRCB Group and/or major disposal and/or redeployment of fixed assets of the MRCB Group except where such disposal and/or redeployment is necessary to rationalise the business activities and/or directions of the MRCB Group or to improve the utilisation of resources, subject always to any decision made by the Board in the best interest of MRCB.

(iii) **Employees of MRCB Group**

The Offeror presently has no plans to dismiss or make redundant the employees of the MRCB Group as a direct consequence of the Offer within the next twelve (12) months from the Closing Date. Any changes with regards to staff employment may take place as a result of any rationalisation of business activities and/or to further improve efficiency of the operations of the MRCB Group, subject always to any decision made by the Board in the best interest of MRCB.

As at 18 March 2010, the Offeror has no knowledge of and has not entered into any negotiations or arrangements or understanding whatsoever with any third party with regards to any change in the MRCB Group's businesses, assets or MRCB's equity structure.

In summary, the Board notes that the Offeror does not have plans to introduce major changes to the existing businesses of the MRCB Group within the immediate twelve (12) months from the Closing Date.

In view that the Offeror has not put forth any alternative business plans to alter the MRCB Group's existing core businesses, the Board will continue to work together with EPF in its effort to create value for shareholders. The Board believes that with EPF as the controlling shareholder of MRCB Group, the MRCB Group would be in a better position to embark on its expansion plans.

4. **DETAILS OF ACCEPTANCES**

RHB Investment Bank has disclosed in the Offer Document that, the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer as at 18 March 2010.

As at LPD, there is no announcement made by RHB Investment Bank of any acceptance of the Offer Shares.

As at the LPD, to the best knowledge of the Board, no person (whose interests in the voting shares in MRCB, whether direct or indirect, which are required to be disclosed under the Code) had accepted or had given an irrevocable undertaking to accept the Offer.

5. **DIRECTORS' RECOMMENDATION**

After careful examination of the terms of the Offer as contained in the Offer Document and the evaluation and recommendation by AmlInvestment Bank as contained in the IAL (Part B of this IAC), the Board (save for the Interested Directors who are deemed interested in the Offer and have abstained from making any recommendation) **CONCURS** with the recommendation of AmlInvestment Bank and recommends that the Holders **REJECT** the Offer.

As at the LPD, save as disclosed below, none of the Directors of MRCB have any direct and/or indirect shareholdings in MRCB :-

| Name | Direct | | Indirect | |
|-----------------------|--------------------|------|--------------------|---|
| | No. Of MRCB Shares | % | No. Of MRCB Shares | % |
| Shahril Ridza Ridzuan | 2,400,000 | 0.18 | - | - |

Shahril Ridza Ridzuan will not accept the Offer in respect of his direct and/or indirect shareholdings in MRCB. By virtue of his position as a director of MRCB as well as the Deputy Chief Executive Officer of EPF, he has abstained from the Board's deliberation and recommendation in respect of the Offer and will not accept the Offer to avoid accruing a benefit pursuant to his position. Accordingly, Holders should not draw any inference (negative or otherwise) from his non-acceptance of the Offer.

HOLDERS ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC, IN PARTICULAR THE IAL FROM THE INDEPENDENT ADVISER, AmINVESTMENT BANK (PART B OF THIS IAC), BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) HAS NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER. THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) RECOMMENDS THAT ANY HOLDER WHO REQUIRES ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS, TO CONSULT THEIR RESPECTIVE STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Yours faithfully
For and on behalf of the Board
MALAYSIAN RESOURCES CORPORATION BERHAD

MOHAMED RAZEEK MD HUSSAIN MARICAR
Chief Executive Officer

PART B

IAL FROM AmINVESTMENT BANK



AmInvestment Bank Group

Registered Office :

22nd Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

2 April 2010

To : The Holders

Dear Sir / Madam,

CONDITIONAL TAKE-OVER OFFER BY RHB INVESTMENT BANK ON BEHALF OF EPF TO ACQUIRE ALL THE REMAINING MRCB SHARES NOT ALREADY OWNED BY EPF AND ALL THE NEW MRCB SHARES THAT MAY BE ISSUED PRIOR TO THE CLOSING DATE ARISING FROM THE EXERCISE OF OUTSTANDING ESOS OPTIONS FOR A CASH CONSIDERATION OF RM1.50 PER OFFER SHARE

1. INTRODUCTION

On 5 November 2009, MRCB had proposed to undertake a renounceable rights issue to raise gross proceeds of up to RM566.0 million.

Subsequently on 19 November 2009, it was announced that the issue price for the Rights Issue had been fixed at RM1.12 for each new MRCB Share based on an entitlement basis of one (1) new MRCB Share for every two (2) existing MRCB Shares held ("Rights Shares").

On 24 February 2010, it was announced that as at the close of the Rights Issue at 5.00 p.m. on 19 February 2010, the total acceptances and excess applications received for the Rights Issue were for 796,349,461 Rights Shares, representing an oversubscription of approximately 74.87% over the 455,389,159 Rights Shares available for subscription under the Rights Issue.

On 3 March 2010, EPF was allotted 171,471,576 new MRCB Shares pursuant to EPF's entitlement to subscribe and application for excess Rights Shares under the Rights Issue. As a result, EPF's shareholding in MRCB has increased to 461,520,600 MRCB Shares, representing 33.78% of the issued and paid-up share capital of MRCB as at 3 March 2010, being the latest practicable date prior to the service of the Notice.

EPF's shareholding in MRCB before and after the allotment of the Rights Shares are as follows:-

| Name | ←-----As at 3 March 2010-----→ | | | |
|------|--|-------|---|-------|
| | Before the allotment of Rights Shares by MRCB | | After the allotment of Rights Shares by MRCB | |
| | No. of MRCB Shares | % | No. of MRCB Shares | % |
| EPF | 290,049,024 | 31.84 | 461,520,600 | 33.78 |

AmInvestment Bank Berhad (23742-V)

A member of AmInvestment Bank Group) (A Participating Organisation of Bursa Malaysia Securities Berhad)

22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. P.O. Box 10233, 50708 Kuala Lumpur, Malaysia.

Tel: (603) 2036 2633 Fax: (603) 2078 2842 Telex: AIGB MA 34124 ambg.com.my

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As EPF's shareholding in MRCB arising from the allotment of the new MRCB Shares pursuant to the Rights Issue had exceeded 33% of the issued and paid-up share capital of MRCB as at 3 March 2010, RHB Investment Bank had, on behalf of EPF, served the Notice informing the Board of MRCB of EPF's obligation to extend a conditional take-over offer under Part II of the Code in accordance with Section 12(3) of the Code to acquire the following:-

- (i) all the remaining MRCB Shares not already owned by EPF; and
- (ii) all the new MRCB Shares that may be issued prior to the closing of the Offer arising from the exercise of outstanding ESOS Options,

for a cash consideration of RM1.50 per MRCB Share.

The Offer is conditional upon the Offeror having received valid acceptances by 5.00 p.m. (Malaysian time) on the Closing Date (provided that they are not, where permitted, withdrawn) which would result in the Offeror holding, in aggregate, together with such MRCB Shares that are already acquired, held or entitled to be acquired or held by the Offeror, more than 50% of the voting shares of MRCB.

The SC had, vide its letter dated 22 March 2010 approved the Offer under the Equity Requirement for Public Companies, subject to RHB Investment Bank or EPF furnishing to the SC a list of acceptances in relation to each category of shareholders in MRCB and the effective equity structure of MRCB before and after the implementation of the Offer. The SC has also vide the same letter requested that RHB Investment Bank or EPF inform the SC upon completion of the Offer.

AmlInvestment Bank has been appointed by MRCB to act as the Independent Adviser for the Offer on 4 March 2010 and the appointment was approved by the SC on 24 March 2010.

A copy of the Notice was sent to the Holders on 9 March 2010. Holders should also have by now received a copy of the Offer Document despatched on 23 March 2010 which sets out the terms and conditions of the Offer as well as the procedures for acceptance of the Offer.

The SC has on 1 April 2010 given its consent for the issuance of this IAL in relation to the Offer.

The purpose of this IAL is to provide the Holders with information on the Offer, our independent evaluation of the terms of the Offer together with our recommendation thereon, subject to the scope of our role and evaluation specified herein. Holders should nonetheless rely on their own examination of the merits of the Offer before making a decision on the course of action to be taken in respect of the Offer.

This IAL is solely for the use of the Holders for the purpose of considering the Offer and should not be used or relied upon by any other party.

WE ADVISE THE HOLDERS TO READ THIS IAL TOGETHER WITH THE OFFER DOCUMENT, A COPY OF WHICH THE HOLDERS SHOULD HAVE RECEIVED BY NOW. THIS IAL DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF. IF THE HOLDERS HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE OFFER, HOLDER SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. SALIENT TERMS OF THE OFFER

The salient terms of the Offer, unless otherwise directed or permitted to be varied by the SC, are as follows: -

2.1 Consideration

The Offer Price for each Offer Share is RM1.50 and will be satisfied in cash.

Notwithstanding the above, if MRCB declares, makes or pays any dividend and/or distribution, the entitlement date of which is on or after the date of the Notice but before the Closing Date, and the Holder is entitled to retain such dividend and/or distribution declared, made or paid, the Offeror will reduce the Offer Price by the quantum of the net dividend and/or distribution per Offer Share which the Holders are entitled to retain.

Holders may accept the Offer in respect of all or part of their Offer Shares.

The Offeror will not pay fractions of a sen to any Accepting Holder. Entitlement to the cash payment will be rounded down to the nearest whole sen.

2.2 Condition of the Offer

The Offer is conditional upon the Offeror having received valid acceptances by 5.00 p.m. (Malaysian time) on the Closing Date (provided that they are not, where permitted, withdrawn) which would result in the Offeror fulfilling the Acceptance Condition.

Should the Offer be extended by the Offeror in accordance with the Code, the Offer shall lapse if the Acceptance Condition is not fulfilled by 5.00 p.m. (Malaysian time) on 22 May 2010, being the sixtieth (60th) day from the Posting Date.

2.3 Duration of Offer

Except insofar as the Offer is withdrawn by the Offeror with the written consent of the SC and every person is released from any obligation incurred thereunder, the Offer shall remain open for acceptances for a period of not less than twenty-one (21) days from the Posting Date i.e. until 5.00 p.m. (Malaysian time) on 13 April 2010 unless extended or revised by the Offeror in accordance with the Code.

2.4 Method / Expected Date of Settlement

The settlement of the consideration for the Offer will be effected via remittance in the form of cheque(s), banker's draft(s) and/or cashier's order(s) which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the Accepting Holders' registered Malaysian address last maintained with Bursa Depository at their own risk in the following manner: -

- (a) where valid acceptances are received during the period when the Offer is still conditional, the Offeror (or the Registrar for the Offer) shall post the consideration for the Offer Shares within twenty-one (21) days from the date the Offer becomes or is declared unconditional; or
- (b) where valid acceptances are received during the period when the Offer has become or has been declared unconditional, the Offeror (or the Registrar for the Offer) shall post the consideration for the Offer Shares within twenty-one (21) days from the date of receipt of such valid acceptances;

or such other mode of settlement as may be acceptable to the Offeror subject to the above stipulated period.

Please refer to Appendix II of the Offer Document for further information on the other terms and conditions of the Offer.

3. DETAILS OF ACCEPTANCES

RHB Investment Bank has disclosed in the Offer Document that the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer as at 18 March 2010.

As at LPD, there is no announcement made by RHB Investment Bank of any acceptance of the Offer Shares.

As at the LPD, to the best knowledge of the Board, no person (whose interests in the voting shares in MRCB, whether direct or indirect, which required to be disclosed under the Code) had accepted or had given an irrevocable undertaking to accept the Offer.

4. LIMITATIONS TO THE EVALUATION OF THE OFFER

Our scope as Independent Adviser is limited to expressing an independent opinion on the terms of the Offer based on information and documents provided to us or which are available to us, including the following :-

- (i) information contained in the Offer Document;
- (ii) information furnished to us by MRCB; and
- (iii) publicly available information.

We have relied on the Company and its Directors and management to take due care to ensure that all the information, documents and representations provided to us by them to facilitate our evaluation are accurate, valid and complete in all material aspects. Accordingly, we have not independently verified such information as stated above for its reasonableness, reliability, accuracy and/or completeness and have not undertaken any independent investigation into the business of the MRCB Group.

In preparing this IAL, we have taken into consideration those factors that we believe are of importance to an assessment of the terms of the Offer as set out in Section 5 of this IAL and therefore of concern to the Holders. We have not taken into consideration any specific investment objectives, financial situation and particular needs of any individual Holder or any specific group of Holders. We recommend that any Holder who requires specific advice in relation to the Offer in the context of their individual investment objectives, financial situation or particular needs, to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The scope of AmInvestment Bank's responsibility with regard to its evaluation and recommendation is based on the consideration set out in the ensuing sections of this IAL and where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure.

Our opinion as set out in this IAL is based on prevailing market, economic, industry and other conditions (if applicable) and the information/documents made available to us as of the LPD.

The Board has confirmed that they have seen and approved this IAC and they individually and collectively accept full responsibility for the accuracy of the information given and the directors confirm that they have taken reasonable care to ensure that the facts stated and the opinions expressed in this IAC are fair and accurate, after having made all reasonable enquiries and to the best of their knowledge and belief, no material facts has been omitted which will make any statement herein false or misleading or the omission of which constitutes a breach of the provisions of the Code.

5. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have considered the following :-

- (i) Rationale for the Offer;
- (ii) Financial evaluation of the Offer;
- (iii) Prospects of the MRCB Group;
- (iv) Overview and prospects of the industry in which the MRCB Group operates;
- (v) Financial performance of the MRCB Group;
- (vi) Listing status of MRCB and compulsory acquisition; and
- (vii) The future of the MRCB Group and its employees.

5.1 Rationale For The Offer

The rationale for the Offer as extracted from Section 3 of the Offer Document is as follows:-

"The Offer is made in compliance with Section 6, Part II of the Code as a result of the subscription and allotment of new MRCB Shares to EPF pursuant to the Rights Issue which has caused the shareholding of EPF in MRCB to increase above 33%. As such, pursuant to the requirements of Part II of the Code, EPF is obliged to extend a mandatory take-over offer for all the remaining MRCB Shares not already owned by EPF after the Rights Issue and all the new MRCB Shares that may be issued prior to the Closing Date arising from the exercise of outstanding ESOS Options.

The Offer also provides the Holders with an opportunity to realise their investment in MRCB for cash at RM1.50 for each Offer Share. The Offer Price represents a premium of approximately 5% to the 2-month VWAP of MRCB Shares up to and including 3 March 2010, being the last trading day prior to the service of the Notice of approximately RM1.425."

Comments :-

We note that the Offer is a mandatory offer made in compliance with Part II of the Code as a result of the subscription and allotment of new MRCB Shares to EPF pursuant to the Rights Issue which has caused the shareholding of EPF in MRCB to increase above 33%.

Although the Offer provides an opportunity for Holders to dispose of their investment in MRCB for cash at RM1.50 for each Offer Share, as at 31 March 2010, the closing market price of MRCB Shares was RM1.65, which is 15 sen or 10% above the Offer Price. During the period after the date of the Notice up until 31 March 2010, MRCB Shares have traded at a high of RM1.71 and a low of RM1.47. Holders should note that it may be financially more beneficial for the Holders who wish to immediately realise their investments to dispose of their investment in MRCB in the open market. Notwithstanding this, due regard must be given to the transaction costs in realising the Offer Shares in the open market whereas there are no transaction costs to dispose them via an acceptance of the Offer.

We further note that the Offeror has no plans to introduce major changes to the existing businesses of the MRCB Group within the immediate twelve (12) months after from the Closing Date. We also note that any decision on the change in MRCB Group's businesses, assets or structures will be made by the Board in the best interest of MRCB.

5.2 Financial Evaluation Of The Offer

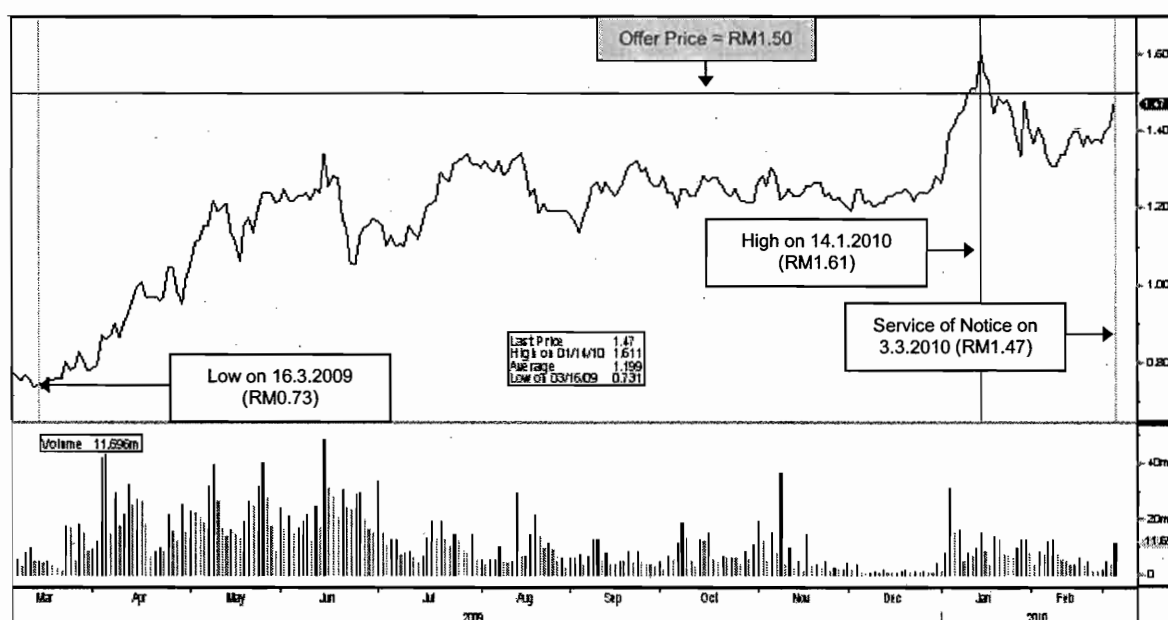
In evaluating the Offer, Holders should consider the financial considerations and implications involved, including the following :-

- (a) Historical price performance and trading volume of MRCB Shares;
- (b) Capital value;
- (c) Earnings and NA;
- (d) Comparison of the Offer Price with those of the recent take-over offers; and
- (e) SOPV of MRCB Group.

5.2.1 Historical Price Performance And Trading Volume Of MRCB Shares

In considering the Offer, Holders should take into consideration the historical movement of the market price and trading volume of MRCB Shares as traded on the Main Market of Bursa Securities.

The movement in the market price and trading volume of MRCB Shares for the past one (1) year up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice, is shown in the chart below :-



Note: Market price based on daily closing price.

(Source : Bloomberg)

Holders are to note that the market prices of MRCB Shares as shown in the chart above and hereunder are ex-Rights Issue (i.e. after adjusting for the Rights Issue).

From 4 March 2009 up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010, the highest closing market price of MRCB Shares was RM1.61 on 14 January 2010 whilst the lowest was RM0.73 on 16 March 2009. The average market price of MRCB Shares during the same period was approximately RM1.20, which is 20% below the Offer Price.

In addition, it can be seen that MRCB Shares have mostly traded below the Offer Price save for a short period in January 2010 when it traded above RM1.50 and touched a high of RM1.61. We also note that there was an immediate increase in the market price of MRCB Shares after the serving of the Notice and since 8 March 2010, MRCB Shares have been trading at or above the Offer Price of RM1.50 up until 31 March 2010 and reached a high of RM1.71 on 30 March 2010.

The last transacted market price of MRCB Shares on 3 March 2010 immediately before the service of the Notice was RM1.47 and the last transacted market price as at 31 March 2010 was RM1.65, which is 15 sen or 10% above the Offer Price.

The premium of the Offer Price, as compared to the 5-day VWAP, 1-month VWAP, 3-month, 6-month and 1-year VWAP (after adjusting for the Rights Issue) up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010 as well as the last transacted market price and the 5-day VWAP up to and including 31 March 2010, are as follows:-

| | Market price | Offer Price | Premium/(Discount) of Offer Price over Market Price | |
|--|--------------|-------------|---|--------|
| | RM | RM | RM | % |
| Last transacted price on 31 March 2010 | 1.65 | 1.50 | (0.15) | (9.09) |
| Five (5)-day VWAP up to and including 31 March 2010 | 1.60 | 1.50 | (0.10) | (6.25) |
| Last transacted price on 3 March 2010 | 1.47 | 1.50 | 0.03 | 2.04 |
| Five (5)-day VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010 | 1.41 | 1.50 | 0.09 | 6.38 |
| One (1)-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010 | 1.37 | 1.50 | 0.13 | 9.49 |
| Three (3)-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010 | 1.41 | 1.50 | 0.09 | 6.38 |
| Six (6)-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010 | 1.32 | 1.50 | 0.18 | 13.64 |
| One (1)-year VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice on 3 March 2010 | 1.18 | 1.50 | 0.32 | 27.12 |

(Source : Bloomberg)

As shown above, the Offer Price represents a premium of 6.38% and 9.49% respectively over the 5-day VWAP and 1-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of Notice on 3 March 2010 and a premium of 27.12% over the one (1) year VWAP up to and including 3 March 2010. However, the Offer Price is at a discount of 9.09% to the closing market price on 31 March 2010.

In addition, the monthly highest and lowest closing market price and trading volume of MRCB Shares for the past twelve (12) months up to March 2010 are as follows :-

| | High RM | Low RM | Volume traded |
|---------------------------------------|------------|-----------|--------------------|
| 2009 | | | |
| April | 1.06 | 0.79 | 457,666,000 |
| May | 1.24 | 1.07 | 456,446,700 |
| June | 1.34 | 1.06 | 514,663,000 |
| July | 1.34 | 1.10 | 249,470,500 |
| August | 1.34 | 1.18 | 183,261,600 |
| September | 1.33 | 1.14 | 120,272,100 |
| October | 1.29 | 1.20 | 189,754,400 |
| November | 1.31 | 1.20 | 138,909,100 |
| December | 1.29 | 1.19 | 30,185,800 |
| 2010 | | | |
| January | 1.61 | 1.31 | 217,238,800 |
| February | 1.41 | 1.31 | 90,184,100 |
| March | 1.65 | 1.40 | 314,687,700 |
| Average monthly trading volume | | | 246,894,983 |

(Source: Bloomberg)

MRCB Shares are generally very liquid. In April to June 2009, the monthly trading volume was more than 50% of the issued and paid-up share capital of MRCB as at 31 December 2009. The average monthly trading volume of MRCB Shares during the period under review was 246,894,983 MRCB Shares, representing 27.2% of the issued and paid-up share capital of MRCB as at 31 December 2009.

Holders should monitor carefully the market prices of MRCB Shares before arriving at a decision whether to accept or reject the Offer. We wish to highlight that the daily closing price of MRCB Shares have been at or above the Offer Price since 8 March 2010 up to and including 31 March 2010 and as at 31 March 2010, MRCB Shares closed at RM1.65. During the period after the date of the Notice up until 31 March 2010, MRCB Shares reached a high of RM1.71 on 30 March 2010. If during the period prior to the Closing Date, the market price of MRCB Shares continues to be higher than the Offer Price, it may be financially more beneficial (after taking into account transaction costs) for the Holders who wish to immediately realise their investments to dispose of their investment in MRCB in the open market.

The future performance of MRCB Shares will depend upon, amongst others, prevailing market conditions, prospects and fundamentals of the MRCB Group, outlook and prospects of the industry and markets in which the MRCB Group operates as well as the domestic and global economic environment. It is important to note that it is the intention of the Offeror to maintain the listing status of MRCB.

5.2.2 Capital Value

A comparison of the financial position of a Holder with 1,000 Offer Shares in terms of capital value if the Holder were to accept or reject the Offer is illustrated below based on the following scenarios :-

| Scenarios | Rejects the Offer and disposes in open market * (RM) | Accepts the Offer at the Offer Price (RM) | Potential gain/(loss) if accepts the Offer (RM) (%) | |
|--|---|--|--|---------|
| Last transacted price on 3 March 2010, being the last full Market Day prior to the service of the Notice | 1,470 | 1,500 | 30 | 2.04 |
| Five (5)-day VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice | 1,410 | 1,500 | 90 | 6.38 |
| One (1)-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice | 1,370 | 1,500 | 130 | 9.49 |
| Three (3)-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of the Notice | 1,410 | 1,500 | 90 | 6.38 |
| Last transacted price on 22 March 2010, being the last Market Day prior to the Posting Date | 1,510 | 1,500 | (10) | (0.67) |
| Five (5)-day VWAP up to and including 22 March 2010, being the last Market Day prior to the Posting Date | 1,510 | 1,500 | (10) | (0.67) |
| Last transacted price on 31 March 2010 | 1,650 | 1,500 | (150) | (10.00) |
| Five (5)-day VWAP up to and including 31 March 2010 | 1,600 | 1,500 | (100) | (6.67) |

Note:

* before deducting any transaction costs

Based on the above, Holders who wish to immediately realise their investment during the period prior to the Closing Date should dispose their Offer Shares in the open market so long as the market price of MRCB Shares traded on Bursa Securities is higher than the Offer Price (after taking into account transaction costs).

In any event, Holders should note that the above evaluation is intended for illustrative purposes only and has been based on the historical market price of MRCB Shares. As such, there can be no assurance that the future market price of MRCB Shares will correspond to the historical market price of MRCB Shares. The actual capital value / cash realisation for the Holders would depend on the subsequent movement in the market price of MRCB Shares as traded on the Main Market of Bursa Securities. Holders should monitor carefully the market price of MRCB Shares before arriving at a decision on whether to accept or reject the Offer.

In addition, Holders should also take into consideration the transaction costs involved in realising the Offer Shares in the open market whereas there are no transaction costs to dispose them via an acceptance of the Offer, prior to making the investment decision.

5.2.3 Earnings and NA

The comparison of the Offer Price against the consolidated EPS and NA per MRCB Share to arrive at the PER and PBR implied by the Offer Price are summarised in the tables below:-

Earnings

| | EPS (sen) | PER based on Offer Price (times) |
|--|------------------------|--|
| Audited consolidated EPS for the FYE 31 December 2009 | 3.82 | 39.27 |
| Proforma based on audited consolidated EPS for the FYE 31 December 2009 after adjusting for the exercise of ESOS Options up to the LPD and the Rights Issue but before taking into consideration the expenses relating to the Rights Issue | 2.53 ⁽¹⁾⁽²⁾ | 59.29 |

NA

| | NA per share (RM) | PBR based on Offer Price (times) |
|--|-------------------------|--|
| Audited NA as at 31 December 2009 | 0.74 | 2.03 |
| Proforma based on audited NA as at 31 December 2009 after adjusting for the exercise of ESOS Options up to the LPD and the Rights Issue but before taking into consideration the expenses relating to the Rights Issue | 0.87 ⁽¹⁾ | 1.73 |

Notes:

- (1) Based on the issued and paid-up share capital of MRCB as at LPD.
 (2) The EPS has not taken into account the potential enhancement in earnings pursuant to the utilisation of proceeds from the Rights Issue as a significant portion of the proceeds has yet to be utilised. Accordingly, the corresponding PER is higher.

Further, a comparison has been made against the trading PBR of MRCB Shares for the past one (1) year prior to the date of service of Notice over the audited consolidated NA as at 31 December 2009 (after adjusting for the exercise of ESOS Options up to the LPD and the Rights Issue but before taking into consideration the expenses relating to the Rights Issue) of RM0.87 per MRCB Share as shown in the graph below:-



(Source : Bloomberg)

Comments :-

Based on the graph above, for the past one (1) year prior to the service of the Notice, MRCB Shares were trading at PBR of between 1.12 times and 2.43 times and had mostly traded above the Offer Price PBR of 1.73 times (based on the audited NA as at 31 December 2009). In addition, the Offer Price PBR of 1.73 times is slightly below the average trading PBR for the past one (1) year prior to the service of Notice of 1.80 times.

MRCB Group's revenue is derived mainly from its engineering and construction, property development activities, and infrastructure and environmental engineering activities.

There are no companies listed on Bursa Securities that are similar or directly comparable to MRCB Group in terms of composition of business, scale of operations, track record, shareholders' profile, marketability and liquidity of the shares and future prospects. The comparable companies were selected based on their principal activities being broadly similar to the broad segment of MRCB Group.

For comparison purposes, we have considered the PER and PBR of the following comparable companies which are listed on Bursa Securities ("**Comparable Companies**"):-

| Name of Company | Principal activities |
|------------------------------|---|
| Gamuda Berhad | The principal activities of the company are that of investment holding and civil engineering construction. Through its subsidiaries, the company provides earthwork construction, manufactures and supplies road surfacing materials and operates quarry and road laying projects. |
| WCT Berhad | The principal activities of the company are that of civil engineering works specialising in earthworks, construction of highway, building and related infrastructure works, investment and property holding and provision of management services to the subsidiaries. Its subsidiaries are involved in civil engineering and construction works, property development and investment. |
| IJM Corporation Berhad | The company is principally engaged in construction and investment holding activities. The group's principal activities are in construction, property development, manufacturing and quarrying, hotel operations, port operations, tollway operations, plantations and investment holding. |
| Hock Seng Lee Berhad | The principal activity of the company is to carry on business as a marine engineering, civil engineering and construction contractor while the principal activities of its subsidiaries are in property development and building construction. |
| Loh & Loh Corporation Berhad | The principal activity of the company is investment holding company. Through its subsidiaries, the company operates in building and civil construction, and civil engineering and related services. It also invests in properties. |
| UEM Land Holdings Berhad | The principal activity of the company is investment holding. The principal activities of the subsidiaries are property development, turnkey development and construction, land trading, property investment, project procurement and management and investment holding. |

(Source : Bloomberg)

The PER and PBR of the Comparable Companies are as follows:-

| Name of Company | Market price ⁽¹⁾ (RM) | PER ⁽²⁾ (times) | PBR ⁽²⁾ (times) |
|------------------------------|-------------------------------------|-------------------------------|-------------------------------|
| Gamuda Berhad | 2.80 | 29.02 | 1.78 |
| WCT Berhad | 2.66 | 20.27 | 1.73 |
| IJM Corporation Berhad | 4.52 | 13.76 | 1.23 |
| Hock Seng Lee Berhad | 1.30 | 17.11 | 2.95 |
| Loh & Loh Corporation Berhad | 4.60 | 13.14 | 1.59 |
| UEM Land Holdings Berhad | 1.43 | 46.13 | 2.75 |
| Average | | 23.24 | 2.01 |
| High | | 46.13 | 2.95 |
| Low | | 13.14 | 1.23 |

Notes:

(1) Based on the closing market price of respective companies on 3 March 2010.

(2) Computed based on the latest audited financial statements of respective Comparable Companies.

(Source : Bloomberg and audited financial statements of respective Comparable Companies)

Comments :-

Based on the above, we note that the Offer Price represents a PER of 59.29 times based on the adjusted audited consolidated EPS of MRCB for the FYE 31 December 2009 (after adjusting for the exercise of ESOS Options up to the LPD and the Rights Issue but before taking into consideration the expenses relating to the Rights Issue).

The implied PER based on the Offer Price of 59.29 times is significantly above the average PER of Comparable Companies of 23.24 times and above the range of 13.14 times to 46.13 times.

However, the PER of 59.29 times may not be comparable as a significant portion of the proceeds from the Rights Issue has not been utilised and the enhancement in earnings pursuant to the utilisation of the proceeds has not been factored in whilst the share capital base has enlarged. Hence, it may be more appropriate to compare the PER based on the audited consolidated EPS for the FYE 31 December 2009 without adjusting for the Rights Issue of 39.27 times. We noted that the PER of 39.27 times is above the average PER of Comparable Companies of 23.24 times and within the PER range of Comparable Companies of 13.14 times to 46.13 times.

We also note that the Offer Price represents a PBR of 1.73 times based on the adjusted audited NA of MRCB as at 31 December 2009 (after adjusting for the exercise of ESOS Options up to the LPD and the Rights Issue but before taking into consideration the expenses relating to the Rights Issue).

The implied PBR based on the Offer Price of 1.73 times is below the average PBR of Comparable Companies of 2.01 and within the PBR range of Comparable Companies of 1.23 times to 2.95 times.

5.2.4 Comparison Of The Offer Price With Those Of Recent Take-Over Offers

We have also compared the Offer Price with that of recently announced take-over offers from January 2009 up to the LPD, the summary of which are as follows :-

| Date of announcement / serving of first notice ("1 st Date") | Offeree / Target company | Offer price (RM) | Last transacted price prior to 1 st Date (RM) | Premium (%) | 5-day VWAP up to 1 st Date (RM) | Premium (%) | 1-month VWAP up to 1 st Date (RM) | Premium (%) |
|---|-----------------------------|---------------------|---|----------------|---|----------------|---|----------------|
| 17 March 2010 | Astro All Asia Networks plc | 4.30 | 3.56 | 20.79 | 3.54 | 21.47 | 3.47 | 23.92 |
| 1 February 2010 | Tai Kwong Yokohama Berhad | 1.35 ⁽³⁾ | 1.17 | 15.38 | 1.14 | 18.42 | 1.14 | 18.42 |
| 14 January 2010 | Hume Industries (M) Berhad | 4.50 ⁽³⁾ | 4.00 | 12.50 | 3.99 | 12.78 | 3.98 | 13.07 |
| 6 November 2009 ⁽¹⁾ | Transocean Holdings Berhad | 1.00 | 0.865 | 15.61 | 0.68 | 47.06 | 0.68 | 47.06 |
| 29 October 2009 ⁽²⁾ | LKT Industrial Berhad | 2.10 | 1.80 | 16.67 | 1.84 | 14.13 | 1.79 | 17.32 |
| 19 October 2009 | Sarawak Energy Berhad | 2.65 | 2.14 | 23.83 | 2.11 | 25.59 | 2.12 | 25.00 |
| 28 August 2009 ⁽¹⁾ | PadiBeras Nasional Berhad | 2.08 | 1.89 | 10.05 | 1.85 | 12.43 | 1.92 | 8.33 |
| 20 August 2009 ⁽¹⁾ | Kumpulan Jetson Berhad | 1.00 ⁽³⁾ | 0.72 | 38.89 | 0.69 | 44.93 | 0.63 | 58.73 |
| 25 June 2009 | Goh Ban Huat Berhad | 1.50 ⁽³⁾ | 1.05 | 42.86 | 0.99 | 50.15 | 0.97 | 54.64 |
| 17 June 2009 ⁽¹⁾ | Premium Nutrients Berhad | 0.25 | 0.20 | 25.00 | 0.21 | 19.05 | 0.20 | 25.00 |
| 13 April 2009 | Johor Land Berhad | 1.55 | 1.37 | 13.14 | 1.37 | 13.14 | 1.32 | 17.42 |
| 4 February 2009 | IOI Properties Berhad | 2.598 | 2.22 | 17.03 | 2.16 | 20.28 | 2.15 | 20.84 |
| 23 January 2009 ⁽²⁾ | Isyoda Corporation Berhad | 0.715 | 0.63 | 13.49 | 0.62 | 15.32 | 0.61 | 17.21 |
| Average | | | | 20.40 | | 24.21 | | 26.69 |
| High | | | | 42.86 | | 50.15 | | 58.73 |
| Low | | | | 10.05 | | 12.43 | | 8.33 |
| 3 March 2010 | MRCB | 1.50 | 1.47 | 2.04 | 1.41 | 6.38 | 1.37 | 9.49 |

Notes :-

- (1) Announcement of acquisition(s) which triggered the mandatory take-over offer obligation.
- (2) Announcement of voluntary withdrawal of listing.
- (3) Based on revised offer price.

(Source : Bloomberg and available public documents)

Comments :-

Based on the above, we note that the Offer Price only represents a premium of 6.38% over the five (5)-day VWAP up to 3 March 2009, prior to the service of Notice, which is significantly lower than the average premium for recent take-over offers of 24.21%.

In addition, we also note that the Offer Price only represents a premium of 9.49% over the one (1)-month VWAP up to 3 March 2009, prior to the service of Notice, which is significantly lower than the average premium for recent take-over offers of 26.69%.

The lowest premium offered for recent take-over offers based on the 5-day VWAP was 12.43%. Hence, the premium of 6.38% for the Offer Price of RM1.50 is below the premium offered for recent take-over offers.

5.2.5 SOPV of MRCB Group

MRCB is mainly involved in engineering & construction, property development, and infrastructure and environmental engineering activities. As such, we have evaluated the fair value of the sizeable investment properties, property development projects, building services, and infrastructure and concessions projects of the MRCB Group using various valuation methods to produce an indicative valuation based on SOPV. The SOPV analysis of the MRCB Group as provided by the management of MRCB is as follow:-

| | Note | Indicative valuation (RM'million) |
|--------------------------------------|------|-----------------------------------|
| Property investment | (a) | 283.36 |
| Property development | (b) | 844.90 |
| Engineering & Construction | (c) | 654.60 |
| Building services | (d) | 37.00 |
| Infrastructure & Concessions | (e) | 839.19 |
| Total SOPV | | 2,659.05 |
| Proceeds from Rights Issue | | 502.00 |
| Enlarged SOPV | | 3,161.05 |
| Less: Borrowings @ 31 December 2009 | | (548.00) |
| Total SOPV (net) | | 2,613.05 |
| | | ===== |
| Enlarged share capital as at LPD | | 1,366.23 |
| Estimated SOPV per share (RM) | | 1.91 |
| | | ===== |

Notes:

(a) Based on the property valuation carried out by Messrs C H Williams Talhar & Wong, an independent registered valuers, in August 2009, the purchase consideration of the relevant properties and management estimates (based on previous transacted market price of the relevant properties).

- (b) *The value was derived at by discounting the PAT of all on-going property development projects with GDV of approximately RM9.6 billion over the period which ranges from 2 to 7 years at the discount rate of 8%. The discount rate of 8% was used after considering the prevailing risk free rate and equity risk premium.*
- (c) *The value was derived by applying a PER of 10 times to the projected net profits of the projects of approximately RM66.44 million for the FYE 31 December 2010 which was in turn derived from the outstanding order book of RM4 billion as at 31 December 2009 for all the construction projects ranging from 2 to 7 years. The PER of 10 times was based on management estimates after taking into account the PER of comparable companies involved in engineering & construction which range from 8 to 35 times and the difference in the scale of operations, composition of business, future prospects of these companies. The PER method of valuation is more appropriate since the engineering and construction business is not asset-based.*
- (d) *The value was derived by applying a PER of 10 times to the net profits of building services for the FYE 31 December 2009 of approximately RM3.7 million. The PER of 10 times were arrived at based on management estimates after taking into consideration the industry PER of comparable real estate investment trusts (REITs) which range from 1 to 14 times. The PER method of valuation is more appropriate since it involves the provision of services.*
- (e) *Being the indicative valuations of the Eastern Dispersal Link ("EDL") in Johor Bharu and the Duta-Ulu Kelang Expressway ("DUKE") in Kuala Lumpur, both with 34 years concession period. The DUKE commenced its toll operation in May 2009 whereas the construction of EDL is expected to be completed by 2011. The indicative valuations were arrived at using the discounted cash flow method at a discount rate of 8% over the terms of the concessions. The discount rate of 8% was used after considering, amongst others, prevailing risk free rate and equity risk premium.*

(Source : Management of MRCB, Bloomberg, relevant announcements to Bursa Securities and Audited Financial Statements of MRCB for the FYE 31 December 2009)

The management of MRCB has assumed, *inter alia*, the following key assumptions in arriving at the SOPV of MRCB :-

- (i) MRCB Group will continue as a going concern and achieve the projected income;
- (ii) there will be no material changes in the existing management, operating and accounting policies of the MRCB Group;
- (iii) there will be no significant changes to the terms and conditions of various agreements entered into by the MRCB Group governing the business activities of MRCB Group;
- (iv) there will be no significant bearings and / or adverse impact on the financial and business prospects of the MRCB Group arising from the changes in political and economic conditions in the country in which the MRCB Group operates;

- (v) there are no material acquisitions or disposals of businesses, investments and construction contracts save for those already taken into account within the projected period; and
- (vi) all existing financing facilities will remain available to the MRCB Group at the existing rates and also able to obtain additional financing facilities as projected.

Comments :-

We noted from the above analysis that the estimated SOPV per MRCB Share is RM1.91. Therefore, the Offer Price of RM1.50 represents a discount of RM0.41 or 21.5% to the SOPV per MRCB Share. We have reviewed the basis and assumptions used by the management in deriving at the projected net profit and net cash flow and they appear to be reasonable. We are of the view that the methods used to value the different businesses of the MRCB Group are also appropriate.

Holders should note that the SOPV is not conclusive and was prepared for illustration purposes only based on assumptions on the MRCB Group's businesses as at the LPD. Events or circumstances occurring subsequent to the LPD may change the assumptions used and hence the SOPV of the MRCB Group. Further there is no assurance that the MRCB Shares will trade at the SOPV or that the shares can be realised at that value.

5.3 Prospects Of The MRCB Group

In evaluating the Offer, we have considered the prospects of the MRCB Group. The following is extracted from the Abridged Prospectus dated 2 February 2010 of MRCB:-

"Moving forward, our Company expects to be fully engaged with our ongoing construction projects and property development of more than six (6) million square feet of hotel, retail and office space within Kuala Lumpur Sentral. The massive development allows us to intensify our efforts to leverage our economies of scale and innovative value engineering to improve our Group's performance in the coming years.

We are also investing resources into the design and development of sustainable buildings that comply with international and Malaysian standards. The ongoing landmark office developments within the Kuala Lumpur Sentral, which includes: -

- (a) 348 Sentral, held under Geran 40094, Lot 348, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan or known as Lot 348;
- (b) Nu Sentral, held under Geran 46230, PT No. 26, Seksyen 72, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan or known as Lot G; and
- (c) KL Sentral Park, held under Geran 46222, Lot 73, Seksyen 70, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan or known as Lot E,

are expected to meet the USA's Leadership in Energy and Environmental Design Standard, Singapore's Building Commissioning Association's Greenmark Standard and Malaysia's Green Building Index Standard.

As at 31 October 2009, our Company's engineering and construction division's external order book was approximately RM1.6 billion and is expected to be fully completed in three (3) years time. Being one of the major local power transmission contractors and the biggest transport hub developer, our Company continues to explore new opportunities such as the upcoming Bakun Dam power transmission project and the LRT extension works to replenish our order book.

In addition to our 30% equity interest in the Duta Ulu Kelang Expressway which commenced operations in mid-2009, the Eastern Dispersal Link ("EDL") concession in Johor Bahru is another strategic concession which is expected to complement our Company's recurring income base. Work for the EDL had started in 2008 and completion is expected by end 2011. The EDL provides a long overdue connection between the North-South Expressway and the new customs, immigration and quarantine complex in Bukit Cagar, Johor Bahru."

For the FYE 31 December 2010, MRCB Group is expected to see full year results recognition from its massive on-going construction projects and property development of more than six (6) million sq. ft. of hotel, retail and office space within Kuala Lumpur Sentral.

As at 31 December 2009, the total engineering & construction external and internal order book of MRCB Group is RM3.9 billion.

The Rights Issue was completed on 5 March 2010 ("Listing Date") with the listing of 455,389,159 Rights Shares on the Main Market of Bursa Securities. The gross proceeds raised from the Rights Issue were approximately RM510 million and the corresponding utilisation will be as follows :-

| | Timeframe for utilisation from the Listing Date | RM'million |
|--|---|--------------|
| Equity investment in Nu Sentral Sdn Bhd | 12 months | 85.0 |
| Capital expenditure in relation to future business expansion | 3 years | 380.0 |
| Working capital requirements, general corporate purposes, capital expenditure and estimated expenses for the Rights Issue | 3 - 12 months | 45.0 |
| | | 510.0 |

The Board believes the capital raised above would assist in creating higher value for the shareholders of MRCB and strengthens the Company's core businesses as well as its recurring income operations.

Comments :-

In Kuala Lumpur Sentral, an area of approximately 7.6 million sq. ft. of hotel, retail and office space have been built since 1996. An estimated 13 million sq. ft. of floor space with GDV of approximately RM9 billion is expected to be completed by 2016. In addition to this, MRCB Group has property development projects in Bandar Seri Iskandar, Shah Alam and Senawang Sentral with GDV of approximately RM404 million that is expected to be completed by 2014. (Source : Management of MRCB)

Accordingly, if the developments proceed as planned, the MRCB Group would be assured of a steady stream of income until 2016 based on current projects in-hand.

Further, part of the proceeds received from the Rights Issue amounting to RM380 million will be utilised to finance the capital requirements of the MRCB Group in relation to potential future business investments and expansion of MRCB Group's principal activities, namely investment in prime land for property development, investment in environmental engineering and infrastructure, and investment in building services. As the proceeds from the Rights Issue will be utilised to facilitate future business expansion, it is expected to enhance and contribute positively to the future earnings of the MRCB Group.

We noted that the engineering & construction external and internal order book of the MRCB Group as at 31 December 2009 is RM3.9 billion. We understand from the management of MRCB that the order book of MRCB is expected to further increase as the Company is intending to tender for some of the major upcoming infrastructure and environmental projects. Given its track record, MRCB is poised to secure more contracts in the future.

Based on the above, the prospects of the MRCB Group going forward are expected to be positive and should augur well for the future performance of the MRCB Group.

5.4 Overview And Prospects Of The Industry In Which The MRCB Group Operates

In assessing the Offer, we have considered the overview and prospects of the Malaysian economy as well as the industry in which the MRCB Group operates, namely the engineering & construction, property development, infrastructure and environmental engineering industries as well as other relevant industries in which the MRCB Group is directly and/or indirectly exposed to.

5.4.1 Malaysian Economy

Overview

The Malaysian economy registered a positive growth of 4.5% in the fourth quarter (3Q 09: -1.2%), amid strengthened domestic and external demand. Sustained growth in private consumption and increased public sector spending contributed to higher domestic demand. The implementation of the fiscal stimulus measures had gained further momentum during the quarter, providing an additional impetus to growth. Meanwhile, Malaysia's export performance benefited from improvements in external demand, particularly from the regional economies, and from stronger commodity prices. On the supply side, all economic sectors recorded positive growth, with the exception of the mining sector. For the year as a whole, the Malaysian economy contracted by 1.7% (2008: 4.6%).

During the quarter, domestic demand increased by 3% (3Q 09: 0.4%) following sustained growth in private consumption and higher public sector spending. Private consumption spending, which expanded by 1.7% (3Q 09: 1.5%), was supported by better conditions in the labour market, a low level of inflation and higher spending for the year-end festive season amid improved consumer sentiments. The public sector continued to provide impetus to growth, with public consumption expanding by 1.3% supported by the expenditure on emoluments and supplies and services. Following accelerated implementation of the stimulus measures during the quarter, public sector capital expenditure also increased further. The bulk of the development expenditure was channelled into the trade and industry, public utilities, education and transportation sectors. Although private capital spending remained weak, there were signs of stabilisation as business sentiment continued to improve. As a result, gross fixed capital formation turned around to register a positive growth of 8.2% during the quarter (3Q 09: -7.9%).

On the supply side, all economic sectors registered improved performance during the quarter. In the services sector, growth was higher at 5.1% (3Q 09: 3.4%), driven primarily by strong performance in the finance and insurance, wholesale and retail trade, and real estate and business services sub-sectors. The manufacturing sector recovered to record a positive growth of 5.3% during the quarter (3Q 09: -8.6%), reflecting improvements in both external and domestic demand. Meanwhile, the construction sector expanded further by 9.2% (3Q 09: 7.9%), supported mainly by the continued progress in the implementation of projects under the stimulus packages. Growth in the agriculture sector was driven mainly by higher production of industrial crops, while the mining sector contracted at a slower pace due to lower production of crude oil.

The headline inflation rate, as measured by the change in the Consumer Price Index (CPI), declined at a more moderate annual rate of 0.2% in the fourth quarter (3Q 09: -2.3%). The decline in consumer prices was largely attributed to the continuing but waning effect of the cumulative downward adjustments in retail fuel prices in the second half of 2008.

In the external sector, the trade surplus remained large at RM32.4 billion as both gross exports and imports recovered to record positive growth rates. Gross exports turned around to register a positive growth of 5.1% in the fourth quarter, supported by higher external demand, especially from the region, and stronger commodity prices. Gross imports increased by 6.7% due to higher manufacturing production and an improvement in domestic demand activity.

The overnight policy rate (OPR) was left unchanged at 2.00% in the fourth quarter. Interbank rates for all maturities were relatively stable during the quarter. In terms of lending rates, the average base lending rate (BLR) remained unchanged from the previous quarter, while the average lending rate (ALR) continued decreasing to a historic low of 4.83% in December 2009.

Financing extended to the business and household sectors expanded significantly in the fourth quarter following the improvement in the economy, coupled with the prevailing low interest rate environment. Total gross financing raised by the private sector through the banking system and the capital market increased to RM216 billion during the quarter (3Q 09: RM180.9 billion). On a net basis, banking system loans and PDS outstanding rose by 8.5% as at end-December 2009 (end-September 2009: 7.2%).

Outlook

The recovery in the global economy had improved further in the fourth quarter of 2009. The advanced economies experienced a gradual pick-up in growth benefiting from the policy support, while the regional economies recorded a stronger recovery supported by favourable domestic demand and an increase in intra-regional trade. This positive trend is expected to continue in 2010, although the pace of the global recovery is expected to be gradual and uneven. The prospect for sustained global growth will depend importantly on the recovery in private sector demand, particularly when the effects of policy measures begin to diminish.

The Malaysian economy has recovered from the global crisis and turned around to record a positive growth in the fourth quarter. Going forward, the improvement experienced in the second half of 2009 is expected to strengthen in 2010. Higher domestic demand, particularly private consumption spending, is expected given the stable labour market conditions, improved consumer and business confidence, and continued access to financing. Further improvements in external demand, following the gradual recovery in the global economy, is also expected to provide further impetus to the domestic economy.

(Source: Economic and Financial Developments in Malaysia in the 4th Quarter of 2009 by Bank Negara Malaysia ("BNM") dated 24 February 2010)

The Malaysian economy contracted by a smaller-than-expected 1.7% in 2009. Recovery in the second half of the year had been aided by improvement in exports, a rebound in commodity prices, higher government stimulus spending and a gradual return of consumer confidence as the downturn had not significantly affected the job and credit markets.

The Malaysian economy is expected to post a moderate growth of 4.9% in 2010. A strengthening of consumer and business confidence, together with supportive fiscal and monetary policies and more concerted economic restructuring efforts, is seen to sustain the recovery momentum in 2010.

(Source: Economics Outlook 2010 by Rating Agencies Malaysia dated 25 February 2010)

5.4.2 Overview and outlook of the construction, infrastructure and environmental engineering sectors

Overview

The construction sector expanded 2.0% during the first (1st) half of 2009 (January – June 2008: 4.5%) attributed to strong performance of residential, non-residential and special trade works sub-sector. This was driven by implementation of various projects under the stimulus packages, which among others, include building low-and medium-cost houses as well as upgrading, repairing and maintenance of public buildings and rural roads. As at 30 September 2009, a total of 84,729 projects worth RM13.7 billion were implemented. Apart from increased Government spending, improved consumer sentiment and stabilizing job market conditions as well as strong performance of FBM KLCI are expected to augur well for the sector. As such, the sector is expected to expand 3.5% in 2009, the third successive year of positive growth.

Construction activity in the leisure property expanded further supported by the Government's continuous effort in promoting tourism-related industries. This helped to boost the construction of 77 hotels with 20,921 rooms (January – June 2008: 72 hotels; 18,827 rooms). In the first (1st) half of 2009, eight new hotels were completed, comprising 1,208 rooms (July – December 2008: five hotels; 933 rooms).

(Source: Economic Report 2009/2010)

Under the Budget Speech 2010, the Government has put emphasis in the following areas:-

Promoting Construction Industry

In 2010, allocation totaling RM9 billion is provided to finance infrastructure projects including:

First: Provision of RM4.7 billion for road and bridge projects as well as RM2.6 billion for water supply and sewerage services; and

Second: Provision of RM899 million for rail facilities, RM820 million for ports and sea services as well as RM276 million for airport projects.

Development of Regional Economic Corridors

To support the implementation of private sector projects in regional corridors, the Government will allocate RM3.5 billion in 2010 for infrastructure and basic amenities as well as implement training programmes and socioeconomic projects. Among projects to be implemented include Projek Perumahan Awam and Pembersihan Sungai Segget in Iskandar Malaysia, Projek Pertanian Bersepadu dan Pusat Latihan Usahawan Tani in Northern Corridor Economic Region, Projek Perlebaran Jalan Persekutuan Kuala Krai-Gua Musang and Kuala Lipis-Raub-Bentong in East Coast Economic Region, Projek Kluster Industri Minyak Sawit Sandakan and Keningau Integrated Livestock Centre in Sabah Development Corridor as well as Projek Jalan Akses Empangan Murum and Projek Jalan Akses Empangan Baram in Sarawak Corridor of Renewable Energy.

Improving Public Transport

An efficient and effective public transport system will improve productivity and reduce traffic congestion. For this purpose, the following measures, amongst others, will be taken:

First: Expand special lanes and increase the number of buses for more frequent services in Kuala Lumpur. In addition, 4 new hubs will be constructed in Pulau Pinang to enhance bus services and increase the number of routes; and

Second: Fast-track construction of the integrated transport terminal in Gombak, which will significantly reduce congestion in the city centre.

(Source: Extracted from the Budget Speech 2010, Ministry of Finance Malaysia, 23 October 2009, where relevant)

Outlook

The construction sector is envisaged to expand 3.2% (2009: 3.5%), with all sub-sectors registering steady growth. The sector is expected to benefit from the economic recovery and ongoing construction activities under the second stimulus package. In addition, exploration activities by oil and gas industries are expected to spur the construction sector. The non-residential sub-sector is expected to pick up strongly spurred by better demand for property and commercial buildings. The residential sub-sector is also projected to strengthen following improved consumer sentiment and job prospects.

(Source: Economic Report 2009/2010)

5.4.3 Overview and outlook of the property sector

Overview

The residential sub-sector grew 3.6% during the first (1st) half of 2009 (January – June 2008: 3.5%) during the first (1st) half of 2009. The implementation of Home Ownership for the People (HOPE) project to provide affordable low-and medium-cost houses helped to offset sluggish private housing activities. Despite the sluggish private housing activity, the high-end property segment performed better, with newly launched condominium and apartments registering higher take-up rate of 32.0% to 1,178 units during the first (1st) half of 2009 (January – June 2008: 16.0%; 1,029 units). With developers being cautious, new launches of residential units were lower at 16,069 units (January – June 2008: 36,033 units).

In order to further stimulate demand, low-cost house buyers are given full stamp duty exemption, while medium cost property purchasers are given 50% stamp duty exemption for house priced up to RM250,000. The low interest rate and attractive packages offered by developers helped to renew buying interest, especially in high-end properties and preferred locations.

The Foreign Investment Committee guidelines for property transactions were substantially relaxed to stimulate foreign investment in the property market. Approval will only be required where it involves a dilution of Bumiputera and Government interest for properties valued at RM20 million and above.

The non-residential sub-sector expanded 6.3% during the first (1st) half of 2009 (January – June 2008: 1.6%) driven by ongoing construction activities of commercial properties, especially purpose-built office and hotels. Occupancy rate of purpose-built office in the second (2nd) quarter of 2009 increased to 85.7% (Q1 2009: 85.2%) following improved business confidence in the second (2nd) quarter of 2009. During the first (1st) half of 2009, 19 new shopping complexes offering 224,175 square metres ("sm") of new retail space were completed (July – December 2008: 16; 273,236 sm). Consequently, the stock of retail space expended 2.7% to 9.98 million sm as at end-June 2009 (end-March 2009: 2.9%, 9.72 million sm).

(Source: Economic Report 2009/2010)

Outlook

The non-residential sub-sector is expected to pick up strongly spurred by better demand for property and commercial buildings. The residential sub-sector is also projected to strengthen following improved consumer sentiment and job prospects.

(Source: Economic Report 2009/2010)

Comments:-

There are increasing signs that the conditions in the global economy have improved as the advanced economies experienced a gradual pick-up while regional economies recorded a stronger recovery.

The outlook and prospects of the Malaysian economy in general remains positive given the stronger signs of economic improvement and the expected moderate growth in gross domestic product for 2010.

The Government is expected to announce the 10th Malaysian Plan in mid-2010. As one of the leading infrastructure contractors in the country, MRCB Group stands to benefit from the contracts to be awarded to achieve the objectives under the 10th Malaysian Plan.

5.5 Financial Performance Of The MRCB Group

The profit and dividend record of the MRCB Group based on the respective audited consolidated financial statements for the past five (5) FYE 31 December 2005 to 2009 are as follows :-

| | Audited | | | | |
|--|-----------|-----------|---------|-----------|-----------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 323,825 | 527,929 | 903,702 | 788,552 | 921,616 |
| Gross profit | 106,766 | 106,078 | 242,035 | 104,349 | 140,989 |
| PBT / (LBT) | 15,169 | 30,266 | 69,831 | (42,155) | 46,492 |
| Net profit/(Net loss) for the financial year | 12,407 | 33,784 | 40,745 | (56,638) | 34,624 |
| EPS/(LPS) (sen) | 1.6 | 4.4 | 4.7 | (6.2) | 3.8 |
| Gross profit margin (%) | 33.0 | 20.1 | 26.8 | 13.2 | 15.3 |
| Total borrowings | 1,192,514 | 1,073,332 | 730,675 | 1,607,723 | 1,633,418 |
| NA | 405,608 | 440,107 | 705,531 | 635,167 | 671,919 |
| NA per share (RM) | 0.53 | 0.57 | 0.78 | 0.70 | 0.74 |
| Gearing (times) | 2.94 | 2.44 | 1.04 | 2.53 | 2.43 |
| Gross dividend rate (%) | - | - | 1.2 | - | 1.0* |

Note:

* Proposed final dividend for the FYE 31 December 2009, subject to shareholders' approval.

FYE 31 December 2006

MRCB Group recorded revenue of RM527.9 million for the FYE 31 December 2006, which represents an increase of RM204.1 million or approximately 63% as compared to revenue of RM323.8 million recorded for the FYE 31 December 2005. The increase was mainly attributable to the significant increase in contributions from the property development segment of which was led by the Kuala Lumpur Sentral project as well as from the engineering and construction segment. The infrastructure and building services segment also contributed higher revenue as MRCB Group continued to expand its business activities. MRCB Group also recorded a higher PBT of RM30.3 million for the FYE 31 December 2006 as compared to RM15.2 million recorded for the FYE 31 December 2005 which represents an increase of 99% year-on-year. Accordingly, the EPS increased to 4.4 sen for the FYE 31 December 2006 from 1.6 sen for the FYE 31 December 2005.

FYE 31 December 2007

MRCB Group recorded revenue of RM903.7 million for the FYE 31 December 2007 which represents an increase of RM375.8 million or approximately 71% as compared to revenue of RM527.9 million recorded for the FYE 31 December 2006. The increase was mainly attributable to higher contributions from the property development, engineering and construction segments due to the ongoing development at the Kuala Lumpur Sentral as well as the infrastructure related projects. The increase in revenue has contributed to an increase in operational profits. MRCB Group also recorded a higher PBT of RM69.8 million for the FYE 31 December 2007 as compared to RM30.3 million recorded for the FYE 31 December 2006 which represents an increase of 131% year-on-year. Accordingly, the EPS grew to 4.7 sen for the FYE 31 December 2007 from 4.4 sen for the FYE 31 December 2006.

FYE 31 December 2008

MRCB Group's revenue for the FYE 31 December 2008 declined by 12.7% to RM788.6 million as compared to revenue of RM903.7 million recorded for the FYE 31 December 2007. MRCB Group recorded revenue growth in most of the business segments except for property development which had registered relatively higher revenue for the FYE 31 December 2007 due to an en bloc sale of a fully constructed office tower in the Kuala Lumpur Sentral. MRCB Group incurred a LBT of RM42.0 million for the FYE 31 December 2008 which was mainly due to the provisions for remedial works and write downs on property development land bank and unsold property inventories, provisions for higher material costs for power transmission and substation works without recognition of the same potential variation order claims to the clients, provision for doubtful debts as well as reduced margins arising from escalated construction costs and a hike in electricity tariff. The impact of construction cost escalation was extreme during the first half of the year mainly for steel and cement requiring provisions to be made that could be progressively written back once claims are recovered. The higher electricity tariff has a negative impact on operating margins for the building services segment. As a result, the EPS for the FYE 31 December 2008 declined from 4.7 sen recorded for the FYE 31 December 2007 to a loss per Share of 6.2 sen.

FYE 31 December 2009

MRCB Group recorded revenue of RM921.6 million for the current financial year ended 31 December 2009 as compared to RM788.5 million recorded in the preceding financial year ended 31 December 2008. The higher revenue was recorded in most of the MRCB Group's business segments contributed from the increased activities of its ongoing works. However, the higher revenue was partly offset by the lower contribution from the property development segment which enjoyed relatively higher revenue recognition in the preceding period due to a one-off land sale in KL Sentral development.

Accordingly, MRCB Group achieved a PBT of RM46.5 million for the current financial year as compared to a loss of RM42.2 million recorded in the preceding financial year. The turnaround to profitability was due to the overall improved operational results mainly contributed from the positive margins of its engineering and construction division arising from partial recovery of material cost stability and the positive impact of its value engineering cost control efforts. In addition, the loss in the preceding year was also due to the high finance cost arising from the one-off premium charged on the early settlement of a bond issued by a subsidiary.

Comments :-

Based on the above, we note that for the past five (5) financial years from FYE 31 December 2005 to FYE 31 December 2009, the turnover and profitability of MRCB Group has been on an increasing trend save for 2008 when the MRCB Group registered a loss.

Further, based on the Company's announcement of the Fourth Quarter results, we note that barring any unforeseen circumstances, the Board is confident that MRCB Group will record growth in revenue and profitability for 2010.

5.6 Listing Status Of MRCB And Compulsory Acquisition

5.6.1 Listing Status Of MRCB

As stated in Section 6 of the Offer Document, it is the intention of the Offeror to comply with the required public shareholding spread so as to maintain the listing status of MRCB on the Main Market of Bursa Securities.

Paragraph 8.02(1) of the Listing Requirements states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer which fails to maintain the required shareholding spread may request for an extension of time to rectify the situation. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and suspend trading in the securities of the listed issuer pursuant to Paragraph 16.02 of the Listing Requirements.

If the level of acceptance received by the Offeror pursuant to the Offer result in the public shareholding spread of MRCB being less than 25%, the Offeror will explore various options or proposals to rectify the public shareholding spread of MRCB within three (3) months from the Closing Date or such extended timeframe as may be allowed by Bursa Securities. As at 18 March 2010, no arrangements on the above have been made. Where necessary, the actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time. Further, such rectification of the shortfall in the public shareholding spread of MRCB will be subject to the Offeror retaining an equity interest of more than 50% in MRCB.

5.6.2 Compulsory Acquisition

We note that the Offeror has no intention to invoke Section 34 of the SCA to compulsorily acquire any remaining Offer Shares not accepted pursuant to the Offer in the event that the Offeror receives acceptances for not less than nine-tenths in the nominal value of the Offer Shares (other than MRCB Shares already held at the date of the Offer by the Offeror) in view that it is the intention of the Offeror to maintain the listing status of MRCB.

Notwithstanding the above, if the Offeror receives acceptances from the Holders resulting in the Offeror holding not less than nine-tenths in the nominal value of the existing issued and paid-up share capital of MRCB on or before the Closing Date, a Holder may exercise his rights, under Section 34A of the SCA, by serving a notice on the Offeror to require the Offeror to acquire his MRCB Shares on the same terms as set out in the Offer Document or such other terms as may be agreed by the Offeror and the Holder concerned.

Comments :-

We note that it is the intention of the Offeror to comply with the required public shareholding spread so as to maintain the listing status of MRCB. In this respect, Holders who choose to reject the Offer may still continue to hold the listed MRCB Shares together with the Offeror.

We further note that whilst the Offeror intends to rectify the shortfall in the public shareholding spread of MRCB, if any, there can be no assurance that the Offeror will be able to rectify the shortfall in the public spread of MRCB within the timeframe as allowed by the relevant authorities or that Bursa Securities will not suspend the trading of MRCB Shares due to non-compliance with the public spread or that the relevant authorities will grant any further extension of time.

5.7 Future Of The MRCB Group And Its Employees

As stated in Section 9 of the Offer Document, we note the following intentions of the Offeror :-

(i) Continuation of MRCB Group's business

The Offeror presently intends to continue with the MRCB Group's existing business and operations within the next twelve (12) months from the Closing Date, subject always to any decision made by the Board in the best interest of MRCB.

(ii) Major changes to MRCB Group's businesses

The Offeror presently has no plans to introduce or effect major change to the business of the MRCB Group within the next twelve (12) months from the Closing Date, including major change in the structure of the MRCB Group and/or major disposal and/or redeployment of fixed assets of the MRCB Group except where such disposal and/or redeployment is necessary to rationalise the business activities and/or directions of the MRCB Group or to improve the utilisation of resources, subject always to any decision made by the Board in the best interest of MRCB.

(iii) Employees of the MRCB Group

The Offeror presently has no plans to dismiss or make redundant the employees of the MRCB Group as a direct consequence of the Offer within the next twelve (12) months from the Closing Date. Any changes with regards to staff employment may take place as a result of any rationalisation of business activities and/or to further improve efficiency of the operations of the MRCB Group, subject always to any decision made by the Board in the best interest of MRCB.

Comments :-

Based on the above, AmlInvestment Bank expects the existing businesses of the MRCB Group to remain status quo and does not foresee any major changes to the business operations of MRCB Group as well as the employment structure of the MRCB Group in the immediate future pursuant to the Offer. We also note that any decision on the change will be made by the Board in the best interest of MRCB.

6. FURTHER INFORMATION

Holders are advised to refer to the Appendices for further information on MRCB, the Offeror and other relevant information.

7. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the terms of the Offer and have set out our evaluation in Section 5 of this IAL. Holders should consider carefully the merits and demerits of the Offer based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAL and the Offer Document. In addition, Holders should monitor carefully the market price of the Offer Shares as traded on Bursa Securities during the period prior to the Closing Date, before arriving at a decision whether to accept or reject the Offer.

In arriving at our opinion on the Offer, we have taken into consideration the various pertinent factors as summarised below:-

- | | |
|---|--|
| <p>(a) Rationale for the Offer</p> | <p>The Offer is a mandatory requirement pursuant to the Code and provides an opportunity for Holders to dispose of their investment in MRCB for cash at RM1.50 for each Offer Share.</p> |
|---|--|

**(b) Financial
evaluation of
the Offer**

- (i) The Offer Price represents a premium of 6.38% and 9.49% over the 5-day VWAP and 1-month VWAP up to and including 3 March 2010, being the last full Market Day prior to the service of Notice on 3 March 2010, of RM1.41 and RM1.37 respectively.
- (ii) The premium offered is significantly below the premium offered in respect of the recent announced take-over offers which were at average premiums of 24.21% to 26.69% of the market prices of the securities to be acquired.
- (iii) As at 31 March 2010, the closing price of MRCB Shares was RM1.65, which is 15 sen or 10% above the Offer Price. If, during the period prior to the Closing Date, the market price of the MRCB Shares continues to be higher than the Offer Price, it may be financially more beneficial (after taking into account transaction costs) for the Holders who wish to immediately realise their investments to dispose of their investment in MRCB in the open market.

As set out under Section 5 of this IAL, MRCB Shares have not traded above the Offer Price in the past twelve (12) months up to 3 March 2010 save for a short period in January 2010. However, between 8 March 2010 and 31 March 2010, MRCB Shares have been trading at or above the Offer Price and traded at a high of RM1.71.

MRCB Shares are generally very liquid. In April to June 2009, the monthly trading volume was more than 50% of the issued and paid-up share capital of MRCB as at 31 December 2009. The average monthly trading volume of MRCB Shares during the period under review was 246,894,983 MRCB Shares, representing 27.2% of the issued and paid-up share capital of MRCB as at 31 December 2009.

- (iv) The Offer Price represents a PER of 39.27 times based on the audited consolidated EPS for the FYE 31 December 2009 without adjusting for the Rights Issue.

We noted that the PER of 39.27 times is above the average PER of Comparable Companies of 23.24 times and within the PER range of Comparable Companies of 13.14 times to 46.13 times.

- (v) The Offer Price represents a PBR of 1.73 times based on the audited NA of MRCB for the FYE 31 December 2009 (after adjusting for the exercise of ESOS Options up to the LPD and Rights Issue but before taking into consideration the expenses relating to the Rights Issue). The PBR of the Offer Price is below the average PBR of Comparable Companies of 2.01 times and within the range of between 1.23 times to 2.95 times.

Notwithstanding the above, for the past one (1) year prior to the service of the Notice, MRCB Shares were trading at PBR of between 1.12 times and 2.43 times and had mostly traded above the Offer Price PBR of 1.73 times. In addition, the Offer Price PBR of 1.73 times is slightly below the average trading PBR of MRCB Shares of 1.80 times for the past one (1) year from 4 March 2009 to 3 March 2010.

- (vi) We noted from the SOPV analysis that the estimated SOPV per MRCB Share is RM1.91. Therefore, the Offer Price of RM1.50 represents a discount of RM0.41 or 21.5% to the SOPV per MRCB Share.

(c) Financial performance of the MRCB Group

For the past five (5) financial years from FYE 31 December 2005 to FYE 31 December 2009, the turnover and profitability of MRCB Group has been on an increasing trend save for 2008 when the MRCB Group registered a loss.

Further, based on the Company's announcement of the Fourth Quarter results, barring any unforeseen circumstances, the Board is confident that MRCB Group will record growth in revenue and profitability for 2010.

(d) Prospects of the MRCB Group

Part of the proceeds received from the Rights Issue amounting to RM380 million will be utilised to finance the capital requirements of the MRCB Group in relation to potential future business investments and expansion of MRCB Group's principal activities, namely investment in prime land for property development, investment in environmental engineering and infrastructure, and investment in building services. As the proceeds from the Rights Issue will be utilised to facilitate future business expansion, it is expected to enhance and contribute positively to the future earnings of the MRCB Group.

We noted that the engineering & construction external and internal order book of the MRCB Group as at 31 December 2009 is RM3.9 billion. We understand from the management of MRCB that the order book of MRCB is expected to further increase as the Company is intending to tender for some of the major upcoming infrastructure and environmental projects. Given its track record, MRCB is poised to secure more contracts in the future.

Accordingly, the prospects of the MRCB Group going forward are expected to be positive and should augur well for the future performance of the MRCB Group.

(e) Listing status of MRCB and compulsory acquisition

MRCB will remain listed on the Official List of Bursa Securities since it is the intention of the Offeror to comply with the required public shareholding spread and maintain the listing status of MRCB. In this respect, Holders who choose to reject the Offer may still continue to hold listed MRCB Shares together with the Offeror.

If MRCB no longer complies with the public shareholding spread requirement due to acceptances of the Offer, the Offeror will explore various options or proposals to rectify the public shareholding spread of MRCB. It is noted from the Offer Document that as at 18 March 2010, no arrangements on the above have been made. Where necessary, the actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time. Further, such rectification of the shortfall in the public shareholding spread of MRCB will be subject to the Offeror retaining an equity interest of more than 50% in MRCB.

However, there can be no assurance that the Offeror will be able to rectify the shortfall in the public shareholding spread of MRCB within the timeframe as allowed by the relevant authorities or that Bursa Securities will not suspend the trading of MRCB Shares due to non-compliance with the public shareholding spread or that the relevant authorities will grant any further extension of time.

After taking into account the evaluation of the Offer, we are of the view that the Offer is **NOT FAIR** and **NOT REASONABLE** to the Holders. We advise and recommend the Holders to **REJECT** the Offer.

The advice of AmlInvestment Bank as contained in this letter is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their objectives, financial situation and particular needs should consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Yours faithfully,
For and on behalf of
AmlInvestment Bank Berhad

FOONG YEIN FUN
Director, Corporate Advisory Services
Corporate Finance

LIN SHUEH FEN
Director
Corporate Finance

APPENDIX I – INFORMATION ON THE OFFEREE

1. HISTORY AND BUSINESS

MRCB was incorporated in Malaysia as a private limited company under the Act on 21 August 1968 under the name of Perak Carbide Corporation Sdn Bhd. Subsequently, MRCB was listed on the stock exchange in Malaysia on 22 March 1971 and is presently listed on the Main Market of Bursa Securities. On 12 October 1981, MRCB assumed its present name.

MRCB is principally an investment holding company. MRCB also engages in construction related activities, infrastructure, property development and investment and provision of management services to its subsidiaries. MRCB Group is principally involved in property development and investment, building services, environmental engineering, infrastructure and engineering and construction related activities.

Further details of its subsidiaries, associated companies and jointly-controlled companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of MRCB as at the LPD are as follows: -

| | No. of MRCB Shares | Par value (RM) | Amount (RM) |
|------------------------|--------------------|-------------------|----------------|
| Ordinary shares | | | |
| Authorised | 2,000,000,000 | 1.00 | 2,000,000,000 |
| Issued and paid-up | 1,366,338,435 | 1.00 | 1,366,338,435 |

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholder of MRCB (holding 5% or more) based on the Record of Depositors is as follows: -

| Name | Country of Incorporation | < ----- Direct ----- > | | < ----- Indirect ----- > | |
|------|-----------------------------|------------------------|-------|--------------------------|---|
| | | No. of MRCB Shares | % | No. of MRCB Shares | % |
| EPF | Malaysia | 531,699,205 | 38.91 | - | - |

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APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

4. BOARD OF DIRECTORS

The particulars of the Directors of MRCB and their respective shareholdings as at the LPD are as follows :-

| Name | Nationality | < — Direct — > | | < — Indirect — > | |
|-----------------------------------|-------------|--------------------|------|--------------------|---|
| | | No. of MRCB Shares | % | No. of MRCB Shares | % |
| Tan Sri Azlan Mohd Zainol | Malaysian | - | - | - | - |
| Mohamed Razeek Md Hussain Maricar | Malaysian | - | - | - | - |
| Datuk Ahmad Zaki Zahid | Malaysian | - | - | - | - |
| Shahril Ridza Ridzuan | Malaysian | 2,400,000 | 0.18 | - | - |
| Dato' Ahmad Ibnihajar | Malaysian | - | - | - | - |
| Dato' Abdul Rahman Ahmad | Malaysian | - | - | - | - |
| Dr. Roslan A. Ghaffar | Malaysian | - | - | - | - |
| Mohamad Lotfy Mohamad Noh | Malaysian | - | - | - | - |
| Che King Tow | Malaysian | - | - | - | - |

5. SUBSIDIARY, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES

As at the LPD, the subsidiaries, associated companies and jointly-controlled entities of MRCB are as follows: -

| Name of company | Date and Place of Incorporation | Effective equity interest [^] (%) | Principal activities |
|--|---------------------------------|---|---|
| SUBSIDIARIES | | | |
| Excellent Bonanza Sdn Bhd | 05.06.2007 Malaysia | 60.0 | Property development |
| KONSORTIUM KOP-HG-MRCB-ISOPLAS | Unincorporated | 100.0 | Design and build transmission line and substation |
| Kuala Lumpur Sentral Sdn Bhd | 07.11.1994 Malaysia | 64.4 | Property development |
| Held through 100.0% ownership by Kuala Lumpur Sentral Sdn Bhd | | | |
| • Unity Portfolio Sdn Bhd | 14.03.1997 Malaysia | 64.4 | Provision of management |
| • Landas Utama Sdn Bhd | 24.08.1995 Malaysia | 100.0 | Investment holding |
| • MRCB Utama Sdn Bhd | 12.05.1983 Malaysia | 100.0 | Property development |

APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

| Name of company | Date and Place of Incorporation | Effective equity interest [^] (%) | Principal activities |
|--|---------------------------------|---|--|
| <i>Held through 100.0% ownership by MRCB Utama Sdn Bhd</i> | | | |
| • Country Annexe Sdn Bhd | 16.07.1997 Malaysia | 100.0 | Pre-operating |
| MRCB Sentral Properties Sdn Bhd | 14.11.1990 Malaysia | 100.0 | Property development and property investment and management |
| MRCB Engineering Sdn Bhd | 27.02.1982 Malaysia | 100.0 | Engineering services and construction |
| <i>Held through 100.0% ownership by MRCB Engineering Sdn Bhd</i> | | | |
| • MRCB (Thailand) Ltd. | 09.08.2006 Thailand | 100.0 | Pre-operating |
| MRCB Environmental Services Sdn Bhd | 23.11.2000 Malaysia | 100.0 | Investment holding |
| <i>Held through 55.0% ownership by MRCB Environmental Services Sdn Bhd</i> | | | |
| • MRCB Environment Sdn Bhd | 14.11.2000 Malaysia | 55.0 | Infrastructure and environmental engineering |
| MRCB Prasarana Sdn Bhd | 23.01.1978 Malaysia | 100.0 | Project management and investment holding |
| <i>Held through 100.0% ownership by MRCB Prasarana Sdn Bhd</i> | | | |
| • MRCB Lingkar Selatan Sdn Bhd | 27.11.2000 Malaysia | 100.0 | Construction, development, design, project management, operations and maintenance and financing of the expressway known as Eastern Dispersal Link, Johor Bahru |
| <i>Held through 100.0% ownership by MRCB Lingkar Selatan Sdn Bhd</i> | | | |
| • MRCB Southern Link Bhd | 28.11.1995 Malaysia | 100.0 | Construction, development, design, project management, and financing of expressway and infrastructure related projects |
| MRCB Technologies Sdn Bhd | 14.11.2000 Malaysia | 100.0 | Information technology services and professional outsourcing |
| Malaysian Resources Development Sdn Bhd | 22.01.1976 Malaysia | 100.0 | Property development and investment holding |
| <i>Held through 100.0% ownership by Malaysian Resources Development Sdn Bhd</i> | | | |
| • MR Properties Sdn Bhd | 19.05.1982 Malaysia | 100.0 | Property development |

APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

| Name of company | Date and Place of Incorporation | Effective equity interest^ (%) | Principal activities |
|---|---------------------------------|-----------------------------------|--|
| • Bitar Enterprise Sdn Bhd | 14.02.1969 Malaysia | 100.0 | Property investment |
| • Golden East Corporation Sdn Bhd | 27.09.1977 Malaysia | 100.0 | Property development and management |
| • Seri Iskandar Utilities Corporation Sdn Bhd | 06.12.1995 Malaysia | 100.0 | Pre-operating |
| • Sunrise Properties Sdn Bhd | 14.08.1981 Malaysia | 100.0 | Property development |
| • Taiyee Development Sdn Bhd | 15.04.1981 Malaysia | 100.0 | Property development |
| • MRCB Property Development Sdn Bhd | 23.05.1979 Malaysia | 100.0 | Investment holding |
| <i>Held through 100.0% ownership by MRCB Property Development Sdn Bhd</i> | | | |
| • MRCB Cahaya Mutiara Sdn Bhd | 28.08.1981 Malaysia | 100.0 | Property development and management |
| <i>Held through 70.0% ownership by Malaysian Resources Development Sdn Bhd</i> | | | |
| • Seri Iskandar Development Corporation Sdn Bhd | 03.04.1978 Malaysia | 70.0 | Property development |
| Malaysian Resources Sentral Sdn Bhd | 15.08.2000 Malaysia | 100.0 | Provision of facility management |
| Milmix Sdn Bhd | 17.12.1991 Malaysia | 100.0 | Civil and infrastructure building contractor |
| Onesentral Park Sdn Bhd | 13.02.1996 Malaysia | 51.0 | Property development |
| Prema Bonanza Sdn Bhd | 11.12.2006 Malaysia | 51.0 | Property development |
| Semasa Sentral Sdn Bhd | 04.05.1982 Malaysia | 100.0 | Operation, management and maintenance of Stesen Sentral Kuala Lumpur |
| Semasa Services Sdn Bhd | 11.08.1978 Malaysia | 100.0 | Building services |
| Semasa Parking Sdn Bhd | 06.08.1997 Malaysia | 100.0 | Car park management |
| Sooka Sentral Sdn Bhd | 27.11.2000 Malaysia | 100.0 | Operation, management and maintenance of retail centre |
| SynarGym Sdn Bhd | 03.04.1996 Malaysia | 100.0 | Managing and operating a fitness centre |
| Superview Development Sdn Bhd | 27.12.1979 Malaysia | 100.0 | Property development, management and shares trading |

APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

| Name of company | Date and Place of Incorporation | Effective equity interest [^] (%) | Principal activities |
|--|---------------------------------|---|--|
| Transmission Technology Sdn Bhd | 07.06.1982 Malaysia | 100.0 | Engineering, construction and commissioning services to power transmission systems |
| Mafira Holdings Sdn Bhd [~] | 30.09.1981 Malaysia | 100.0 | Investment holding |
| <i>Held through 38.6% ownership by Mafira Holdings Sdn Bhd</i> | | | |
| • Zen Concrete Industries Sdn Bhd [~] | 08.03.1982 Malaysia | 38.6 | Manufacturing and sale of pre-stressed spun concrete poles |
| MR Securities Sdn Bhd ("MSSB") [*] | 16.07.1982 Malaysia | 100.0 | Investment holding |
| <i>Held through 100.0% ownership by MSSB</i> | | | |
| • Semasa Security Sdn Bhd [~] , ^Ω | 15.05.2000 Malaysia | 100.0 | Security guard services |
| MR Construction Sdn Bhd [~] | 29.04.1982 Malaysia | 51.0 | Construction |
| MR Enterprises Sdn Bhd [~] | 04.05.1982 Malaysia | 100.0 | Construction |
| MR Management Sdn Bhd [~] | 04.05.1982 Malaysia | 100.0 | Investment holding and management services |
| MR-H Piling and Civil Engineering (M) Sdn Bhd [~] | 27.01.1983 Malaysia | 51.0 | Piling and civil engineering |
| MRCB Ceramics Sdn Bhd [~] | 04.05.1982 Malaysia | 100.0 | Manufacturing, distribution and sale of ceramic tiles |
| MRCB Dotcom Sdn Bhd [~] | 22.02.1982 Malaysia | 100.0 | Planning and management services |
| MRCB Intelligent System and Control Sdn Bhd [~] | 05.02.1998 Malaysia | 100.0 | System maintenance and application services and other technological applications |
| Semasa District Cooling Sdn Bhd (formerly known as MRCB Smart Sdn Bhd) | 20.03.1998 Malaysia | 100.0 | One-stop card technology service provider |
| MRCB Land Sdn Bhd [~] | 09.09.1980 Malaysia | 100.0 | Project management and development services |
| MRCB Property Management Sdn Bhd [~] | 03.07.1973 Malaysia | 100.0 | Property investment and management |
| MRCB Trading Sdn Bhd [~] | 07.06.1982 Malaysia | 100.0 | Trading in building materials |
| Region Resources Sdn Bhd [~] | 25.04.1983 Malaysia | 100.0 | Quarry operations |

APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

| Name of company | Date and Place of Incorporation | Effective equity interest^ (%) | Principal activities |
|--|---------------------------------|-----------------------------------|--|
| Held through 100.0% ownership by Region Resources Sdn Bhd | | | |
| • Syarikat Gemilang Quarry Sdn Bhd | 26.10.1994 Malaysia | 100.0 | Quarry operations |
| Sibexlink Sdn Bhd [†] * | 13.02.1996 Malaysia | 100.0 | Sale of business information and website development |
| Cheq Point (M) Sdn Bhd [†] | 26.08.1983 Malaysia | 74.8 | Charge card services and investment holding |
| Harmonic Fairway Sdn Bhd [†] | 12.03.1997 Malaysia | 100.0 | Investment holding |
| MRCB Energy International Sdn Bhd | 05.02.1998 Malaysia | 100.0 | Pre-operating |
| Semasa Sentral (Penang) Sdn Bhd (formerly known as Malaysian Resources Technology Sdn Bhd) | 08.12.1995 Malaysia | 100.0 | Pre-operating |
| Semasa ACE Urusharta Sdn Bhd (formerly known as MRCB Transmission & Distribution) Sdn Bhd | 27.11.2000 Malaysia | 100.0 | Pre-operating |
| Nu Sentral Sdn Bhd (formerly known as Jewel Suprises Sdn Bhd) | 22.11.2006 Malaysia | 51.0 | Property investment and management |
| MRCB Green Energy Sdn Bhd | 27.07.2007 Malaysia | 100.0 | Pre-operating |
| ASSOCIATED COMPANIES | | | |
| GSB Sentral Sdn Bhd | 09.10.2006 Malaysia | 40.0 | Property related development and outsourcing activities |
| Nuzen Corporation Sdn Bhd | 24.06.1999 Malaysia | 30.0 | Investment holding |
| One IFC Sdn Bhd | 05.02.2007 Malaysia | 30.0 | Investment holding |
| Penang Sentral Sdn Bhd | 01.11.2007 Malaysia | 49.0 | Property development |
| Suasana Sentral Two Sdn Bhd | 16.03.2007 Malaysia | 30.0 | Property development |
| MRCB Multimedia Consortium Sdn Bhd | 19.08.1997 Malaysia | 29.0 | Applications services relating to information and technologies |
| Kota Francais (M) Sdn Bhd* | 26.04.1997 Malaysia | 20.0 | Franchising property management and consultancy |

APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

| Name of company | Date and Place of Incorporation | Effective equity interest [^] (%) | Principal activities |
|------------------------------------|---------------------------------|---|---|
| JOINTLY-CONTROLLED ENTITIES | | | |
| TTSB-SPK Consortium | Unincorporated | 50.0 | Design and build transmission line and substation |
| Cosy Bonanza Sdn Bhd | 01.10.2007 Malaysia | 44.5 | Property development |

Notes: -

[^] The effective equity interest is calculated based on MRCB's shareholdings of securities which carry voting rights in the particular companies in question

• Represent a company which is directly held by the company immediately stated above

* Dormant companies

Under liquidation

□ The shares are held on trust for MSSB by three (3) individuals, namely Hussin Mohd Ali, Dr Shahrizuan Shafiei and Mohd Roslan bin Mohamed Shariff

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of MRCB based on its audited consolidated financial statements for the past five (5) FYE 31 December 2005 to 2009 are as follows: -

| FYE 31 December | Audited | | | | |
|--------------------------------------|----------|----------|----------|----------|----------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Revenue | 323,825 | 527,929 | 903,702 | 788,552 | 921,616 |
| PBT/(LBT) | 15,169 | 30,266 | 69,831 | (42,155) | 46,492 |
| Taxation | (1,896) | 2,907 | (25,954) | (19,559) | (9,009) |
| Profit/(Loss) for the financial year | 13,273 | 33,173 | 43,877 | (61,714) | 37,483 |
| Attributable to: | | | | | |
| Equity holders of MRCB | 12,407 | 33,784 | 40,745 | (56,638) | 34,624 |
| MI | 866 | (611) | 3,132 | (5,076) | 2,859 |
| Profit/(Loss) for the financial year | 13,273 | 33,173 | 43,877 | (61,714) | 37,483 |
| EPS/(LPS) (sen) | 1.6 | 4.4 | 4.7 | (6.2) | 3.8 |
| Gross dividend rate (%) | - | - | 1.2% | - | *1.0% |

Note:

* Proposed final dividend for the FYE 31 December 2009, subject to shareholders' approval.

APPENDIX I – INFORMATION ON THE OFFEREE (CONT'D)

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the MRCB Group as at 31 December 2008 and 2009 respectively based on MRCB's audited consolidated financial statements are as follows: -

| As at 31 December | 2008 | 2009 |
|---|------------------|------------------|
| | (RM'000) | (RM'000) |
| ASSETS | | |
| <i>Non-current asset</i> | | |
| Property, plant and equipment | 61,327 | 94,143 |
| Investment properties | 146,512 | 140,503 |
| Prepaid land lease payment | 131,520 | 243,019 |
| Land held for property development | 533,965 | 569,451 |
| Associates | 162,472 | 162,853 |
| Jointly-controlled entities | - | 36,904 |
| Other investments | 379 | 444 |
| Deferred tax assets | 24,646 | 29,790 |
| | <u>1,060,821</u> | <u>1,277,107</u> |
| <i>Current asset</i> | | |
| Inventories | 21,461 | 19,075 |
| Property development costs | 216,517 | 200,368 |
| Trade and other receivables | 480,736 | 760,307 |
| Amounts due from jointly-controlled entities | 50,249 | 50,943 |
| Tax recoverable | 1,982 | 2,429 |
| Marketable securities | 1,807 | 2,291 |
| Bank balances and deposits | 1,082,438 | 806,232 |
| | <u>1,855,190</u> | <u>1,841,645</u> |
| Total Assets | <u>2,916,011</u> | <u>3,118,752</u> |
| EQUITY AND LIABILITIES | | |
| <i>Equity attributable to equity holders of MRCB</i> | | |
| Share capital | 907,537 | 907,625 |
| Reserves | (272,370) | (235,706) |
| | <u>635,167</u> | <u>671,919</u> |
| MI | 17,214 | 18,393 |
| Total Equity | <u>652,381</u> | <u>690,312</u> |
| LIABILITIES | | |
| <i>Non-current liabilities</i> | | |
| Loan stock at cost | 9,590 | 9,590 |
| Provisions for other liabilities and charges | 9,069 | - |
| Senior sukuk | 827,007 | 828,388 |
| Post-employment benefit obligations | 10,345 | 11,054 |
| Long term borrowings | 235,093 | 746,615 |
| Long term liabilities | 98,993 | 102,746 |
| Deferred tax liabilities | 34,402 | 32,979 |
| | <u>1,224,499</u> | <u>1,731,372</u> |
| <i>Current liabilities</i> | | |
| Provisions for other liabilities and charges | 12,513 | 12,140 |
| Trade and other payables | 477,322 | 618,587 |
| Current tax liabilities | 3,673 | 7,925 |
| Short term borrowings | 545,623 | 58,416 |
| | <u>1,039,131</u> | <u>697,068</u> |
| Total Liabilities | <u>2,263,630</u> | <u>2,428,440</u> |
| Total Equity and Liabilities | <u>2,916,011</u> | <u>3,118,752</u> |

APPENDIX II – INFORMATION ON THE OFFEROR (AS EXTRACTED FROM APPENDIX V OF THE OFFER DOCUMENT)

1. HISTORY AND PRINCIPAL ACTIVITIES

EPF, established under the EPF Ordinance 1951 which was later amended to the Employees Provident Fund Act, 1991, is the trustee of the Fund, which is a defined contribution scheme.

The principal activities of EPF are to receive and collect contributions, to meet all withdrawals of savings and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals and to invest its monies for the benefit of its members.

Details on the subsidiaries and associated companies of the Fund are set out in Section 3 of this Appendix.

2. MEMBERS OF THE BOARD OF EPF AND INVESTMENT PANEL

2.1 Members of the Board of EPF

The particulars of the members of the Board of EPF as at 18 March 2010 are as follows: -

| Name | Designation | Nationality |
|--|------------------|-------------|
| Tan Sri Samsudin Osman | Chairman | Malaysian |
| Datuk Latifah Datuk Abu Mansor | Member | Malaysian |
| Dato' Segarajah Ratnalingam | Member | Malaysian |
| Tan Sri Ismail Adam | Member | Malaysian |
| Datuk Amar Haji Mohamad Morshidi Abdul Ghani | Member | Malaysian |
| Datuk Hj. Sukarti Wakiman | Member | Malaysian |
| Dato' Azman Shah Haron | Member | Malaysian |
| Tan Sri Mustafa Mansur | Member | Malaysian |
| Mohd Hasnol Ayub | Member | Malaysian |
| Tuan Syed Shahir Syed Mohamud | Member | Malaysian |
| Ahmad Shah Mohd Zin | Member | Malaysian |
| Chin Yung Chiew @ Rebecca | Member | Malaysian |
| Andrew Lo Kian Nyan | Member | Malaysian |
| Tan Sri Lee Lam Thye | Member | Malaysian |
| Datuk Dr. Hussein Awang | Member | Malaysian |
| Halim Hj. Din | Member | Malaysian |
| Tan Sri Azlan Zainol | Ex-Officio | Malaysian |
| Datuk Nozirah Bahari | Alternate Member | Malaysian |

APPENDIX II – INFORMATION ON THE OFFEROR (AS EXTRACTED FROM APPENDIX V OF THE OFFER DOCUMENT) (CONT'D)

| Name | Designation | Nationality |
|----------------------------|------------------|-------------|
| Mohd Sahar Darusman | Alternate Member | Malaysian |
| Datuk Ab. Khalil Ab. Hamid | Alternate Member | Malaysian |
| Datu Abdul Ghafur Shariff | Alternate Member | Malaysian |
| Datuk Nordin Siman | Alternate Member | Malaysian |

2.2 Members of the Investment Panel

The particulars of the members of the Investment Panel of EPF as at 18 March 2010 are as follows: -

| Name | Designation | Nationality |
|-------------------------------------|-------------|-------------|
| Tan Sri Samsudin Osman | Chairman | Malaysian |
| Datuk Latifah Datuk Abu Mansor | Member | Malaysian |
| Nor Shamsiah Mohd Yunus | Member | Malaysian |
| Dato' Sri Mohamed Nazir Abdul Razak | Member | Malaysian |
| Dato' Mohammed Azlan Hashim | Member | Malaysian |
| David Lau Nai Pek | Member | Malaysian |
| Tan Sri Azlan Zainol | Ex-Officio | Malaysian |

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at 18 March 2010, the subsidiaries and associated companies of the EPF are as follows: -

| Name of company | Date and Place of Incorporation | Effective equity interest (%) | Principal activities |
|--|---------------------------------|-------------------------------|---|
| SUBSIDIARIES | | | |
| Malaysia Building Society Berhad | 17.03.1970 Malaysia | 67.3 | Operating of loans on the security of freehold and leasehold properties |
| Rashid Hussain Berhad (In members' voluntary liquidation) | 06.08.1987 Malaysia | 98.4 | Investment holding |
| YTR Harta Sdn Bhd | 11.12.1995 Malaysia | 81.0 | Property development |
| Affordable Homes Sdn Bhd | 21.06.1996 Malaysia | 100.0 | Property development |

APPENDIX II – INFORMATION ON THE OFFEROR (AS EXTRACTED FROM APPENDIX V OF THE OFFER DOCUMENT) (CONT'D)

| Name of company | Date and Place of Incorporation | Effective equity interest (%) | Principal activities |
|---|--|--------------------------------------|--|
| PPNK – Harta Sdn Bhd | 13.06.1999 Malaysia | 85.0 | Property development and management |
| Kwasa Properties Sdn Bhd (formerly known as Hartanah Progresif Sdn Bhd) | 06.10.2005 Malaysia | 100.0 | Property investment |
| ASSOCIATED COMPANIES | | | |
| RHB Capital Berhad | 24.08.1994 Malaysia | 45.0 | Investment holding |
| Projek Bandar Samariang Sdn Bhd | 19.05.1997 Malaysia | 40.0 | Property development and related construction works |
| MRCB | 21.08.1968 Malaysia | 38.4 | Investment holding, construction, property development and management and provision of management services |
| Bandar Eco – Setia Sdn Bhd | 13.11.2003 Malaysia | 34.0 | Property development |
| Malakoff Berhad (formerly known as Nucleus Avenue (M) Berhad) | 26.04.2006 Malaysia | 30.0 | Private power and water producer |
| Panca Pesona Sdn Bhd | 09.02.1994 Malaysia | 30.0 | Housing developer |
| Columbia Asia Sdn Bhd | 23.05.1996 Malaysia | 29.7 | Secondary healthcare |
| Iskandar Investment Berhad (formerly known as South Johor Investment Corporation Berhad) | 27.06.2007 Malaysia | 25.0 | Development of Wilayah Pembangunan Iskandar |
| HSBC Amanah Takaful (M) Sdn Bhd | 26.04.2006 Malaysia | 20.0 | Insurance |
| Sunway South Quay Sdn Bhd | 24.03.2006 Malaysia | 20.0 | Property development |

APPENDIX II – INFORMATION ON THE OFFEROR (AS EXTRACTED FROM APPENDIX V OF THE OFFER DOCUMENT) (CONT'D)

4. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the EPF based on the audited consolidated financial statements of the Fund for the past five (5) FYE 31 December 2004 to 2008 are as follows: -

| FYE 31 December | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Total income | 11,231,724 | 13,075,079 | 14,226,510 | 18,047,028 | 15,576,950 |
| Total expenditure | (930,510) | (1,068,851) | (1,135,977) | (1,127,191) | (1,045,204) |
| Net income | 10,301,214 | 12,006,228 | 13,090,533 | 16,919,837 | 14,531,746 |
| Share of results from associates | 353,055 | 43,895 | 528,540 | 198,834 | 521,834 |
| Profit before taxation and zakat | 10,654,269 | 12,006,228 | 13,609,073 | 17,118,671 | 15,053,580 |
| Taxation and zakat | (46,854) | 15,185 | 9,509 | 16,078 | (23,074) |
| Profit after taxation and zakat | 10,607,415 | 12,065,308 | 13,628,582 | 17,134,749 | 15,030,506 |
| MI | (11,607) | (13,819) | (14,846) | (6,735) | (11,096) |
| Net profit attributable to contributors of EPF | 10,595,808 | 12,051,489 | 13,613,736 | 17,128,014 | 15,019,410 |
| Gross dividend rate (%) | 4.75 | 5.00 | 5.15 | 5.80 | 4.50 |

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APPENDIX II – INFORMATION ON THE OFFEROR (AS EXTRACTED FROM APPENDIX V OF THE OFFER DOCUMENT) (CONT'D)

5. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the EPF as at 31 December 2007 and 2008 respectively based on the Fund's audited consolidated financial statements are as follows: -

| As at 31 December | 2007 | 2008 |
|---|--------------------|--------------------|
| | (RM'000) | (RM'000) |
| ASSETS | | |
| Deferred tax assets | 40,000 | 16,000 |
| Property, plant and equipment | 523,018 | 427,376 |
| Investment properties | 1,467,144 | 1,574,651 |
| Intangible assets | 52,500 | 43,866 |
| Prepaid land lease | 120,914 | 119,490 |
| Assets held for sale | 5,437,256 | 1,170,835 |
| Land held for property development | 64,946 | 64,946 |
| Property development costs | 153,932 | 153,473 |
| Investments in subsidiaries | - | - |
| Investments in associates | 5,257,156 | 7,017,328 |
| Investments | 221,558,803 | 244,195,726 |
| Loan, advances and financing | 63,648,732 | 75,778,158 |
| Inventories of completed properties | 166,672 | 152,457 |
| Receivables, deposits and prepayments | 808,208 | 141,522 |
| Tax recoverable | 936,686 | 891,149 |
| Accrued interest and dividend | 2,589,738 | 2,479,461 |
| Deposits with financial institutions | 20,657,439 | 19,051,871 |
| Bank and cash balances | 941,670 | 306,675 |
| Total Assets | 324,424,814 | 353,584,984 |
| LIABILITIES | | |
| Deferred tax liabilities | 19,686 | 17,203 |
| Provision for employees benefit | 91,961 | 107,694 |
| Provision for other liabilities and charges | - | - |
| Deferred profit guarantee | - | 307 |
| Provision for taxation | 19,439 | 21,275 |
| Loans and overdrafts | 606,619 | 309,735 |
| Contribution withdrawals payable | 88,846 | 80,521 |
| Deposits and advances | 5,540,918 | 6,476,800 |
| Payables and accrued liabilities | 742,069 | 377,421 |
| Total Liabilities | 7,109,538 | 7,390,956 |
| NA | 317,315,276 | 346,194,028 |
| MEMBERS' FUND | | |
| Contributions Account | 316,504,232 | 344,640,195 |
| Reserves | 239,426 | 959,814 |
| | 316,743,658 | 345,600,009 |
| MI | 571,618 | 594,019 |
| | 317,315,276 | 346,194,028 |

APPENDIX III – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This IAC has been seen and approved by the directors of MRCB and they individually and collectively accept full responsibility for the accuracy of the information given and the directors confirm that they have taken reasonable care to ensure that the facts stated and the opinions expressed in this IAC are fair and accurate, after having made all reasonable enquiries and to the best of their knowledge and belief, no material facts has been omitted which will make any statement herein false or misleading or the omission of which constitutes a breach of the provisions of the Code.

Information on the Offeror and the Offer has been extracted from the Offer Document and the responsibility of the Board shall be to ensure that the information in respect of the Offeror and the Offer is accurately reproduced in the IAC.

2. DISCLOSURE OF INTERESTS

2.1 By MRCB

- (a) MRCB does not hold, directly or indirectly, any voting shares or convertible securities in EPF as at LPD.
- (b) MRCB has not dealt in the voting shares or convertible securities of EPF during the period commencing six (6) months prior to the beginning of the Offer Period and ending on LPD.

2.2 By the Directors of MRCB

- (a) Save as disclosed below, none of the Directors of MRCB holds, directly or indirectly, any voting shares or convertible securities in MRCB or EPF as at the LPD:-

| Name | < ----- Direct ----- > | | < ----- Indirect ----- > | |
|-----------------------|------------------------|------|--------------------------|---|
| | No. Of MRCB Shares | % | No. Of MRCB Shares | % |
| Shahril Ridza Ridzuan | 2,400,000 | 0.18 | - | - |

| Name | No. of unexercised ESOS Options |
|-----------------------|---------------------------------|
| Shahril Ridza Ridzuan | 1,000,000 |

- (b) Save for Shahril Ridza Ridzuan as disclosed below, none of the Directors of MRCB has dealt, directly or indirectly, in the voting shares of MRCB and EPF during the period commencing six (6) months prior to 3 March 2010 (being the date of commencement of the Offer Period) and ending on the 18 March 2010 (being the latest practicable date prior to the Posting Date):-

APPENDIX III – FURTHER INFORMATION (CONT'D)

| Date of Transaction | Nature of Transaction | No. of MRCB Shares transacted | Average Transaction Price per MRCB Share | Total Consideration |
|---------------------|-----------------------|-------------------------------|--|---------------------|
| | | | (RM) | (RM) |

| | | | | |
|----------|---|---------|------|---------|
| 22.01.10 | Exercise of ESOS Options | 800,000 | 1.22 | 976,000 |
| 03.03.10 | Subscription pursuant to the Rights Issue | 800,000 | 1.12 | 896,000 |

- (c) Save as disclosed above, none of the Directors of MRCB holds any other interest in MRCB and EPF.

2.3 By the Offeror

(As extracted from Appendix VII of the Offer Document)

- (a) Save as disclosed below, the Offeror does not have any other interest, whether direct or indirect, in MRCB Shares as at 18 March 2010 :-

| <----- Direct -----> | | <----- Indirect -----> | |
|----------------------|-------------------|------------------------|---|
| No. of MRCB Shares | % | No. of MRCB Shares | % |
| EPF | 524,496,700 38.39 | - | - |

- (b) Save as disclosed below, the Offeror has not dealt in MRCB Shares during the period commencing six (6) months before 3 March 2010 (being the date of commencement of the Offer Period) and ending on 18 March 2010, being the latest practicable date prior to the Posting Date.

| Date of Transaction | Nature of Transaction | No. of MRCB Shares transacted | Average Transaction Price per MRCB Share (RM) | Total Consideration* (RM) |
|---------------------|-----------------------|-------------------------------|---|---------------------------|
| 03.02.2010 | Open market purchase | 1,084,700 | 1.3989 | 1,517,386.83 |
| 04.02.2010 | Open market purchase | 3,000,000 | 1.3943 | 4,182,900.00 |
| 05.02.2010 | Open market purchase | 2,000,000 | 1.3410 | 2,682,000.00 |
| 08.02.2010 | Open market purchase | 6,000,000 | 1.3110 | 7,866,000.00 |
| 08.02.2010 | Open market purchase | 3,000,000 | 1.3233 | 3,969,900.00 |
| 04.03.2010 | Open market purchase | 9,406,000 | 1.4794 | 13,915,236.40 |
| 05.03.2010 | Open market purchase | 24,756,900 | 1.4796 | 36,630,309.24 |
| 11.03.2010 | Open market purchase | 4,339,300 | 1.4998 | 6,508,082.14 |
| 12.03.2010 | Open market purchase | 9,649,400 | 1.5000 | 14,474,100.00 |

APPENDIX III – FURTHER INFORMATION (CONT'D)

| Date of Transaction | Nature of Transaction | No. of MRCB Shares transacted | Average Transaction Price per MRCB Share (RM) | Total Consideration* (RM) |
|---------------------|-----------------------|-------------------------------|---|---------------------------|
| 15.03.2010 | Open market purchase | 9,500,000 | 1.5000 | 14,250,000.00 |
| 16.03.2010 | Open market purchase | 4,216,000 | 1.5000 | 6,324,000.00 |
| 17.03.2010 | Open market purchase | 363,900 | 1.5000 | 545,850.00 |
| 18.03.2010 | Open market purchase | 744,600 | 1.5000 | 1,116,900.00 |

Note:

* excludes brokerage and other incidental costs.

3. MATERIAL LITIGATION

As at the LPD, save for the following, neither MRCB nor its subsidiaries is engaged in any material litigation either as plaintiff or defendant, claims or arbitration which will have a material effect on the financial position of the MRCB Group and the Board is also not aware of any proceedings pending or threatened against MRCB and/or its subsidiaries or any facts likely to give rise to any proceedings which might materially affect the financial position and business of the MRCB Group:-

(i) **Kuala Lumpur High Court Civil Suit S-22-1684-03, MRCB vs Mohd Razi Bin Shahadak and two (2) others**

The first two defendants, Mohd Razi bin Shahadak and Mohd. Zuhdi bin Muda, are shareholders and directors of the third defendant, ST Industrial Clay Sdn Bhd ("STI Clay"). MRCB had filed a claim against them to recover: -

- (a) the refund of RM6,500,000.00, being amounts paid to the first and second defendants under a conditional shareholders' agreement dated 4 April 1997 ("Contract") for the acquisition of the rights of allotment of 6,000,000 ordinary shares in the capital of STI Clay pursuant to a rights issue to be undertaken by STI Clay;
- (b) RM173,140.00, being an amount advanced by MRCB to STI Clay in respect of costs and expenses for the purpose of meeting the payment under the Contract for the proposed extraction of clay project; and
- (c) interest and costs.

The defendants in turn filed a counter claim for specific performance of the Contract or, in the alternative damages.

MRCB's claim against the defendants was dismissed with costs by the High Court on 13 March 2010. The High Court further allowed the defendants' counterclaim and granted damages in the sum of RM1,826,860.00 to the defendants in lieu of specific performance of the Contract.

MRCB has filed an appeal against the said decision and has also filed an application for a stay of execution of judgment. The application is fixed for hearing on 14 May 2010.

MRCB's solicitors are of the view that it is still too early to assess the probable outcome of decision of the appeal.

(ii) Kuala Lumpur High Court Civil Suit no. S5-22-250-2008, Juranas Sdn Bhd ("Juranas") vs MRCB

Juranas filed an action against MRCB for an alleged breach of the terms of the settlement agreement entered into between the parties in 2003 and claimed damages and loss amounting to RM43,889,100.00. The court has fixed the mention date for case management on 25 May 2010.

MRCB's solicitors are of the view that MRCB has reasonable grounds of defence to the plaintiff's claim.

(iii) Arbitration on a dispute pertaining to allegation of wrongful termination of contract between Syarikat Dayausaha Bumiputra-Putra Entrepreneur JV ("SDU") and MRCB Engineering Sdn Bhd ("MESB"), a wholly-owned subsidiary of MRCB, and MRCB

SDU alleged that it had been wrongfully terminated as the contractor for MESB's matriculation project at Labuan. The matter was referred to an arbitration based on an order made by the Kota Kinabalu High Court in 2008. The arbitrator has decided on 25 January 2010 that MRCB should be omitted from being a party to the arbitration and the claim should subsist only against MESB. SDU filed its points of claim on 3 March 2010 claiming for RM9,153,168.62 being the final claim for work done and for materials on site, with interest and cost. MESB is to file its statement of defence by 26 April 2010.

MRCB's solicitors are of the view that MESB has a good arguable defence to the claim.

(iv) Kuala Lumpur High Court Civil Suit No. S1-22-970-2007, Malaysian Resources Sentral Sdn Bhd ("MRSSB"), a wholly-owned subsidiary of MRCB, vs Consortium Park & Ride Sdn Bhd ("CPR")

MRSSB initiated the action against CPR seeking vacant possession of the car park area at Blocks A, B, C and D at Plaza Sentral, Jalan Travers, Kuala Lumpur Sentral, double rental amounting to RM180,000.00 per month to be calculated from 1 August 2007 until vacant possession is delivered to MRSSB. On 19 October 2007, MRSSB filed an application for summary judgment in respect of these claims. CPR counterclaimed for the alleged loss and damage in the sum of RM4,629,000.00 allegedly suffered by them as a result of the alleged wrongful conduct and breach on the part of Kuala Lumpur Sentral Sdn Bhd ("KLSSB"), effectively a 64.4%-owned subsidiary of MRCB. CPR further filed for an injunction against KLSSB and an application to strike out KLSSB's writ and statement of claim.

On 16 July 2008, the High Court allowed MRSSB's application for a summary judgment and dismissed CPR's application for an injunction and its application to strike out KLSSB's writ and statement of claim.

CPR filed an appeal against the decisions vide a notice of appeal dated 14 August 2008. The appeal is still pending.

MRCB's solicitors are of the view that it is still too early to assess the probable outcome of decision of the appeal as the record of appeal has yet to be filed.

- (v) **Kuala Lumpur High Court Suit No. S5-22-779-07, MRCB Selborn Corporation Sdn Bhd ("MRCB Selborn") (now known as MRCB Sentral Properties Sdn Bhd), a wholly-owned subsidiary of MRCB, vs Idaman Unggul Berhad ("IUB")**

This claim was filed by MRCB Selborn against IUB for outstanding rental of RM7,649,944.84 pursuant to a tenancy agreement for the rental of premises at Menara MRCB, Shah Alam.

MRCB Selborn had obtained summary judgment for the sum of RM3,624,782.44 on 29 June 2009. The claim for the balance sum is currently pending. Case management for the same has been fixed for 4 May 2010.

MRCB's solicitors are of the view that MRCB Selborn has a reasonable chance of success.

- (vi) **Kuala Lumpur High Court Suit No. S2-22-776-07, MRCB Selborn vs Tahan Insurance Malaysia Berhad ("TIMB")**

This claim was filed by MRCB Selborn against TIMB for outstanding rental of RM14,951,231.37 pursuant to a tenancy agreement for the rental of premises at Menara MRCB, Shah Alam.

The High Court had on 14 December 2007 ordered the matter to be transferred to the Sessions Court. The Session Court has fixed the mention date on 31 March 2010.

MRCB's solicitors are of the view that MRCB Selborn has a reasonable chance of success.

- (vii) **High Court Of Malaya At Shah Alam, Civil Suit MT3-22-69-2004, Kota Francais (M) Sdn Bhd ("KFSB"), an associate company of MRCB, vs MRCB Selborn**

A writ of summons was served on MRCB Selborn by KFSB on 8 March 2004, claiming (among others) RM27,300,000.00 of damages, cost, interest and declarations, due to an alleged wrongful termination by MRCB Selborn of a memorandum of agreement between MRCB Selborn and KFSB. MRCB Selborn had on 15 March 2003 filed a memorandum of appearance, and its defence was filed on 30 March 2004. The matter is fixed for mention on 14 April 2010.

MRCB's solicitors are of the view that MRCB Selborn has reasonable grounds of defence to the plaintiff's claim.

- (viii) **Arbitration on a dispute pertaining to supply of chilled water between Semasa Sentral Sdn Bhd ("Semasa Sentral"), a wholly-owned subsidiary of MRCB, and Express Rail Link Sdn Bhd ("ERLSB")**

Semasa Sentral and ERLSB are disputing in respect of chilled water supplied by Semasa Sentral to ERLSB. Both parties have agreed to refer the matter to arbitration to determine the applicable rate that should be payable for the chilled water supply. The arbitration hearings have been completed and the parties have submitted their respective final written submissions to the arbitral tribunal who are now in the process of final deliberations on the final award to be delivered.

MRCB's solicitors are of the view that Semasa Sentral has a reasonable chance of success.

APPENDIX III – FURTHER INFORMATION (CONT'D)

- (ix) **High Court Of Malaya at Shah Alam, Civil Suit, MT4-22-495-2004, Intelligent Essence Sdn Bhd ("IESB") vs TT Dotcom Sdn Bhd ("TDSB") and KLSSB**

TDSB had claimed against IESB for a sum of RM939,331.96 being payment for telecommunication services rendered. IESB then filed a counterclaim against TDSB as the first defendant for a sum of RM446,987.78 and KLSSB as the second defendant for a sum of RM1,319,239.00, being loss of profits for wrongful termination of contract, and RM108,872.02, being the unpaid telecommunication services. KLSSB had then counterclaimed against IESB, *inter alia*, for loss of profits amounting to RM42,500,000.00. The matter is fixed for hearing between 16 to 18 August 2010.

MRCB's solicitors are of the view that KLSSB has reasonable grounds of defence to the plaintiff's claim.

- (x) **Kuala Lumpur High Court Suit No. D7-22-648-2003, MRCB Property Development Sdn Bhd ("MPDSB"), a indirect wholly-owned subsidiary of MRCB, vs Suedy Suwendy & six (6) others**

MPDSB brought this action against the defendants for a breach of an agreement for the sale of shares in Taman Ratu Sdn Bhd ("TRSB").

The defendants were the legal and beneficial owners of 24,000,006 ordinary shares in TRSB. MPDSB and the defendants signed a share sale agreement on 2 January 2001 for the acquisition of the said shares. MPDSB then made payments totaling RM6.0 million to the first defendant as agent and/or representative of the other defendants for the said acquisition.

The conditions precedent under the share sale agreement were not fulfilled by the defendants and as such, MPDSB terminated the agreement and demanded a refund of the RM6.0 million. The defendants failed to refund the RM6.0 million. MPDSB then brought this action against the defendants. The defendants denied breaching the conditions precedent and filed a counter claim against MPDSB for an unquantified amount.

MPDSB's application for summary judgment against the defendants was dismissed. MPDSB subsequently withdrew the action against the 2nd, 4th and 5th defendants. The matter was then set down for case management. On 6 March 2008, the matter was fixed for final case management where the learned judge entered judgment for RM6.0 million with interest until full settlement against the defendants as the defendants had failed, refused and/or neglected to comply with the court's directions although an 'unless order' was issued and more over they were not present for the said case management.

The court had on 10 August 2009 dismissed the defendants' application to set aside the judgment as the learned judge was of the view that the defendants ought to have appealed against the decision of the court and not to file an application to set aside the said judgment. The defendants have filed an appeal to the Court of Appeal against the dismissal of their application to set aside the judgment. No date has been fixed for the said appeal.

MRCB's solicitors are of the view that it is probable that the appeal of the defendants may be dismissed the current trend seems to suggest that the courts view non-compliance with directions and proper procedure very seriously.

(xi) High Court of Malaya at Shah Alam, Suit No. 22-390-2008, TRSB vs MPDSB

In this action, TRSB alleged that MPDSB had wrongfully terminated the share sale agreement dated 2 January 2001 between MPDSB and the six (6) shareholders of TRSB. TRSB is claiming a sum of RM8,265,361.10 and unquantified damages for breach of contract and interest at 8% per annum from judgment to full settlement of the same.

MPDSB filed an application to strike out TRSB's claim on the basis that TRSB does not have locus standi to bring this action as TRSB is not a party to the share sale agreement. Parties have filed their respective submissions. The court has fixed 31 March 2010 for decision.

MRCB's solicitors are of the view that the trend is for the courts to only strike out a claim when it is plainly unsustainable.

On a related note, as more particularly described above, pursuant to an action brought by MPDSB against the six (6) shareholders vide Kuala Lumpur High Court Suit No. D7-22-648-2003, the Kuala Lumpur High Court had on 6 March 2008 awarded judgment in favour of MPDSB for RM6.0 million with interest until full settlement. The shareholders have filed an appeal to the Court of Appeal against the dismissal of their application to set aside the judgment in favour of MPDSB.

4. MATERIAL CONTRACTS

As at the LPD, MRCB and/or its subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years immediately preceding the LPD, save as disclosed below:-

- (i) the underwriting agreement dated 7 January 2010 between Maybank Investment Bank Berhad, RHB Investment Bank (collectively referred to as "**Joint Underwriters**") and MRCB whereby the Joint Underwriters agreed to underwrite up to a maximum of 343,289,247 Rights Shares ("**Underwritten Shares**") in consideration of an underwriting commission of 1.4% of the value of the Underwritten Shares based on an issue price of RM1.12 per Underwritten Share.

5. MATERIAL COMMITMENTS

As at LPD, the Board is not aware of any material commitments incurred or known to be incurred by MRCB or its subsidiaries, which upon becoming enforceable, may have a material impact on the profits or net asset value of the MRCB Group save as disclosed below:-

| | |
|---------------------------------|---------------|
| | RM'000 |
| Approved but not contracted for | 386,710 |

6. SERVICE CONTRACTS

Save as disclosed below, none of the Directors of MRCB has any existing and/or proposed service contract with MRCB or its subsidiaries, excluding contracts which are determinable by the employing company without payment or compensation (other than statutory compensation), within one (1) year from the LPD.

APPENDIX III – FURTHER INFORMATION (CONT'D)

MRCB has entered into service contracts with the executive Directors of MRCB, namely Mohamed Razèek Md Hussain Maricar and Datuk Ahmad Zaki Zahid (who also act as directors of certain subsidiaries of MRCB Group) which govern the terms of their employment with MRCB. Such contracts provide for payment of certain compensation if the said contracts are terminated by MRCB (save for summary dismissal of serious misconduct) prior to the expiry of the respective contract periods.

7. CONSENTS

The written consents of AmlInvestment Bank and RHB Investment Bank for the inclusion of their names in the form and context in which they appear in this IAC have been given and have not been subsequently withdrawn before the despatch of this IAC.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from Mondays and Fridays at the registered office of MRCB from the date of this IAC up to and including the Closing Date :-

- (a) The Memorandum and Articles of Association of MRCB;
- (b) The audited financial statements of the MRCB Group for the past five (5) FYE 31 December 2005 to 2009;
- (c) The relevant documents pertaining to the material litigation referred to in Section 3 above;
- (d) The material contracts referred to in Section 4 above;
- (e) The letters of consent referred to in Section 7 above; and
- (f) A copy of the Notice.

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