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MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD (“MRCB”) OF 30% EQUITY INTEREST IN P.J SENTRAL DEVELOPMENT SDN BHD FROM PKNS HOLDINGS SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM85,300,000

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Transaction Arranger



Astramina Advisory Sdn Bhd
(Company No. 810705-K)

(A licensed corporate finance advisory firm)

Main Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting (“**EGM**”) of MRCB which will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 23 September 2014 at 2.30 p.m. or at any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

You are entitled to vote at the EGM. Should you be unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete and deposit the Form of Proxy at our share registrar’s office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the date and time fixed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 8 September 2014

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

5 June 2013 Circular	:	Circular to shareholders of MRCB dated 5 June 2013 in relation to, amongst others, the Acquisition of NGD Subsidiaries, the Acquisition of GHC, the Acquisition of GGS and the Proposed Acquisition of 30% of P.J Sentral
Acquisition of 70% of P.J Sentral	:	The acquisition by MRCB of 70% equity interest in P.J Sentral from NGD for a total purchase consideration of RM199,000,000 upon the terms and subject to the conditions set out in the NGD SSA (as amended and varied by the Supplemental NGD SSA and the NGD Letter). The Acquisition of 70% of P.J Sentral was completed on 24 June 2014
Acquisition of GGS	:	The acquisition by MRCB of the entire equity interest in Gapurna Global Solutions Sdn Bhd from Mohd Imran bin Tan Sri Mohamad Salim and Hanif Ahmad bin Nisar Ahmad. The Acquisition of GGS was completed on 27 August 2013
Acquisition of GHC	:	The acquisition by MRCB of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd from Mohd Imran bin Tan Sri Mohamad Salim, Tan Sri Mohamad Salim bin Fateh Din and Puan Sri Yasmin binti Mohamad Ashraff. The Acquisition of GHC was completed on 27 August 2013
Acquisition of NGD Subsidiaries	:	The acquisitions by MRCB of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as the Acquisition of 70% of P.J Sentral from NGD. The Acquisition of NGD Subsidiaries (save for the Acquisition of 70% of P.J Sentral) was completed on 27 August 2013 and the Acquisition of 70% of P.J Sentral was completed on 24 June 2014
Act	:	Companies Act, 1965
Astramina Advisory	:	Astramina Advisory Sdn Bhd (810705-K)
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Circular	:	This circular to shareholders of MRCB dated 8 September 2014 in relation to the Proposed Acquisition of 30% of P.J Sentral
EGM	:	Extraordinary general meeting
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
Group	:	MRCB and its subsidiary companies, collectively
GSB	:	Gapurna Sdn Bhd (213716-K)
LAT	:	Loss after taxation
LATNCI	:	Loss after taxation and non-controlling interests

DEFINITIONS (Cont'd)

LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	15 August 2014, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per share
M&A	:	Memorandum and Articles of Association
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Shares or Shares	:	Ordinary shares of RM1.00 each in MRCB
NA	:	Net assets
NGD	:	Nusa Gapurna Development Sdn Bhd (566521-X)
NGD Letter	:	The exchange of letters between NGD and MRCB on 19 August 2013 for the purposes of varying/modifying certain terms and conditions of the NGD SSA and the Supplemental NGD SSA
NGD SSA	:	Conditional share sale agreement dated 8 February 2013 (as amended and varied by the Supplemental NGD SSA and the NGD Letter) entered into between MRCB and NGD for the Acquisition of NGD Subsidiaries. The NGD SSA has been completed on 24 June 2014
P.J Sentral	:	P.J Sentral Development Sdn Bhd (541142-D)
P.J Sentral Sale Shares	:	58,247,400 ordinary shares of RM1.00 each and 83,679 RPS representing 30% of the issued and paid-up capital of P.J Sentral held by PKNS
PKNS	:	PKNS Holdings Sdn Bhd (190684-D)
PKNS Consideration	:	The total purchase consideration of RM85,300,000 for the Proposed Acquisition of 30% of P.J Sentral to be settled by MRCB entirely in cash
PKNS SSA	:	Share sale agreement dated 20 June 2014 entered into between MRCB and PKNS for the Proposed Acquisition of 30% of P.J Sentral
Proposed Acquisition of 30% of P.J Sentral	:	Proposed acquisition by MRCB of the P.J Sentral Sale Shares for the PKNS Consideration upon the terms and subject to the conditions set out in the PKNS SSA
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
RM and sen	:	Ringgit Malaysia and sen, respectively
RPS	:	Redeemable preference shares of RM1.00 each in P.J Sentral
s.m.	:	Square metres
Supplemental NGD SSA	:	Supplemental agreement to the NGD SSA entered into between MRCB and NGD on 3 June 2013 for the purposes of amending and varying certain clauses in the NGD SSA

DEFINITIONS (Cont'd)

All references to “**our Company**”, “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to MRCB, and where the context otherwise requires, shall include our subsidiary companies. References to “**our Group**” are to our Company and our subsidiary companies. All references to “**you**” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa, and words denoting the masculine shall include the feminine and/or neuter gender and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that MRCB’s plans and objectives will be achieved.

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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

8 September 2014

Board of Directors

Tan Sri Azlan Zainol (*Non-Independent Non-Executive Chairman*)
Tan Sri Mohamad Salim Fateh Din (*Group Managing Director*)
Datuk Shahril Ridza Ridzuan (*Non-Independent Non-Executive Director*)
Dato' Abdul Rahman Ahmad (*Independent Director*)
Dato' Chong Pah Aung (*Independent Director*)
Jamaludin Zakaria (*Independent Director*)
Dato' Ishak Haji Mohamed (*Non-Independent Non-Executive Director*)
Tan Sri Ahmad Fuad Ismail (*Independent Director*)
Dato' Johari Razak (*Independent Director*)
Rohaya Mohammad Yusof (*Non-Independent Non-Executive Director*)

To : Our shareholders

Dear Sir/Madam,

PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

1. INTRODUCTION

On 8 February 2013, RHB Investment Bank, on behalf of your Board, announced that our Company had entered into, amongst others, the NGD SSA for the Acquisition of NGD Subsidiaries.

On 23 April 2013, RHB Investment Bank, on behalf of your Board, announced that our Company had on 22 April 2013, notified NGD that your Board resolved that they are agreeable to acquire the remaining equity interest not held by NGD in P.J Sentral, comprising 58,247,400 ordinary shares of RM1.00 each and 83,679 RPS, representing 30% of the issued and paid-up capital of P.J Sentral held by PKNS, upon the same terms as those applicable for the Acquisition of 70% of P.J Sentral.

Subsequently, our Company was informed by NGD that it had, on 23 April 2013, served a notice to PKNS pursuant to the terms of the shareholders' agreement between NGD, PKNS and P.J Sentral dated 3 September 2010 ("**Shareholders' Agreement**") to, amongst others, request PKNS to participate in the sale of the entire issued and paid-up share capital in P.J Sentral to our Company for a total indicative consideration of up to RM85,300,000 ("**Drag Along Notice**"). The total indicative consideration of up to RM85,300,000 will be satisfied via a combination of cash amounting to RM13,008,715 and the issuance to PKNS or its nominee(s) of up to 46,639,539 MRCB Shares at an issue price of RM1.55 per MRCB Share, together with up to 13,325,583 free detachable warrants ("**Warrants**") on the basis of two (2) Warrants for every seven (7) MRCB Shares issued.

On 3 June 2013, RHB Investment Bank, on behalf of your Board, announced that our Company had entered into, amongst others, the Supplemental NGD SSA to amend and vary certain clauses in the NGD SSA.

On 19 June 2013, your Board announced that our Company through its solicitors had been served with a sealed Writ and Statement of Claim both dated 19 June 2013 by the solicitors of PKNS, which amongst others, claimed that NGD had breached the Shareholders' Agreement and our Company had intentionally or recklessly procured a breach of the Shareholders' Agreement. PKNS had sought, amongst others, an order to restrain NGD and our Company from implementing and performing the NGD SSA in respect of the Acquisition of 70% of P.J Sentral and to compel NGD to dispose its 70% equity interest in P.J Sentral to PKNS ("**Suit**").

Notwithstanding our Company's receipt of the Writ and Statement of Claim, your Board had deliberated and decided to proceed with the EGM held on 20 June 2013 to seek the approval of the shareholders of our Company for, amongst others, the Acquisition of NGD Subsidiaries, the Acquisition of GHC, the Acquisition of GGS and the Proposed Acquisition of 30% of P.J Sentral, in view that the hearing proceedings of the Suit had not commenced.

In view of the service of the Drag Along Notice which entitles NGD to compel PKNS to participate in the sale of shares in P.J Sentral, our Company was obliged to fulfil its obligation in respect of the implementation and completion of the Proposed Acquisition of 30% of P.J Sentral. As such, in the 5 June 2013 Circular, our Company had set out the indicative terms of the draft share sale agreement to be entered into between our Company and PKNS for the Proposed Acquisition of 30% of P.J Sentral for shareholders' deliberation, notwithstanding that our Company had not, at the time the 5 June 2013 Circular was despatched to the shareholders of our Company, entered into any formal agreement with PKNS. At the EGM held on 20 June 2013, the shareholders of our Company had approved the ordinary resolutions relating to the Acquisition of NGD Subsidiaries, the Acquisition of GHC, the Acquisition of GGS and the Proposed Acquisition of 30% of P.J Sentral.

On 21 June 2013, our Company was served with a sealed copy of a Notice of Application for an injunction dated 19 June 2013 by the solicitors of PKNS to restrain NGD and our Company from implementing or performing the NGD SSA or from continuing to implement or perform the NGD SSA or from taking any action or steps with a view to implementing or performing the NGD SSA with regards to the Acquisition of 70% of P.J Sentral and an order, amongst others, to compel NGD to dispose its 70% equity interest in P.J Sentral to PKNS.

The hearing of the injunction was fixed on 22 July 2013 before the High Court Judge. On the day of the said hearing, PKNS had discontinued the application for the injunction against our Company with no order to costs. On 1 August 2013, the High Court Judge dismissed the injunction application, and thereafter, PKNS applied for an interim prohibitory injunction pending the filing of an appeal before the Court of Appeal. The High Court Judge had granted the application for interim prohibitory injunction pending the determination of PKNS' appeal to the Court of Appeal.

On 22 August 2013, your Board had announced, amongst others, that the conditions precedent as set out in the respective share sale agreements for the Acquisition of NGD Subsidiaries, Acquisition of GHC and Acquisition of GGS have been fulfilled, met and/or waived as at 22 August 2013. It was further announced that your Board had deliberated and had agreed to proceed with the completion of the Acquisition of NGD Subsidiaries (save for the completion of the Acquisition of 70% of P.J Sentral which was deferred until after the resolution of the Suit), Acquisition of GHC and Acquisition of GGS. In this regard, our Company and NGD had on even date, executed the NGD Letter to vary/modify the NGD SSA and Supplemental NGD SSA to facilitate the completion of the Acquisition of NGD Subsidiaries (save for the Acquisition of 70% of P.J Sentral). Simultaneously, our Company and the respective vendors for the Acquisition of GHC and Acquisition of GGS had also executed letters to vary/modify the respective share sale agreements to facilitate the completion of the Acquisition of GHC and Acquisition of GGS.

In light of the above, on 27 August 2013, RHB Investment Bank had, on behalf of your Board, announced the completion of the Acquisition of NGD Subsidiaries (save for the Acquisition of 70% of P.J Sentral), Acquisition of GHC and Acquisition of GGS.

On 27 February 2014, the Suit was heard by the High Court and the High Court dismissed PKNS' claim against NGD and our Company, and allowed NGD's counterclaim against PKNS. On 28 February 2014, PKNS filed an appeal against the decision made by the High Court and our Company was served with a Notice of Appeal by the solicitors of PKNS on 10 March 2014. The High Court on 17 March 2014 granted an Erinford injunction to PKNS until 16 April 2014 to restrain our Company and NGD from taking any action or steps to perform or implement the Acquisition of 70% of P.J Sentral pending the hearing and final disposal of PKNS' appeal to the Court of Appeal. The hearing of the Suit together with PKNS' injunction appeal against NGD had subsequently been adjourned to 23 June 2014 ("**Hearing Date**") and accordingly the Erinford injunction against NGD only had also been extended to the Hearing Date.

Subsequent to the afore-mentioned events, the solicitors of NGD and our Company have been approached by the solicitors of PKNS to negotiate a settlement for the Suit prior to the Hearing Date. In this regard, on 20 June 2014, RHB Investment Bank had, on behalf of your Board, announced that our Company together with NGD had entered into a settlement agreement with PKNS ("**Settlement Agreement**") to resolve all disputes, conflicts, differences, claims and complaints against each other arising directly or indirectly from the NGD SSA, the Suit and the pending appeals in the Court of Appeal ("**Appeals**") and all ancillary issues in connection therewith ("**Settlement**").

In conjunction with the Settlement Agreement, our Company had also entered into a share sale agreement dated 20 June 2014 with PKNS in respect of the Proposed Acquisition of 30% of P.J Sentral for a total cash consideration of RM85,300,000. Simultaneous with the execution of the Settlement Agreement, P.J Sentral and PKNS had entered into a development agreement dated 20 June 2014 ("**Development Agreement**") for the purposes of granting development rights to PKNS over the development of a building identified as 'Tower 2' which is to be constructed/developed on a parcel of development land held by P.J Sentral ("**Development Rights**") for the agreed value of RM91,119,462.27 ("**Development Rights Consideration**").

Subsequently, on 23 June 2014, your Board announced that PKNS had on 20 June 2014 filed the notices of discontinuance in respect of the Appeals without liberty to file afresh, thereby signifying the settlement of the entire dispute brought before the Court of Appeal between our Company, NGD and PKNS. Pursuant thereof, your Board had decided to proceed with the completion of the Acquisition of 70% of P.J Sentral in accordance with the terms and conditions of the NGD SSA.

On 24 June 2014, RHB Investment Bank, on behalf of your Board, announced that our Company had allotted 108,807,365 MRCB Shares and 31,087,819 Warrants, and paid the balance cash consideration of RM26,013,072 in respect of the settlement of the purchase consideration for the Acquisition of 70% of P.J Sentral, on 23 June 2014 and 24 June 2014 respectively, to the following parties as nominated by NGD:-

	←-----Mode of settlement-----→			
	Balance cash consideration ^	MRCB Shares		Warrants
	(RM)	(RM)	No.	No.
NGD	5,084,488	-	-	-
GSB #	12,557,150	101,190,850	65,284,419	18,652,691
EPF #	8,371,434	67,460,566	43,522,946	12,435,128
Total	26,013,072	168,651,416	108,807,365	31,087,819

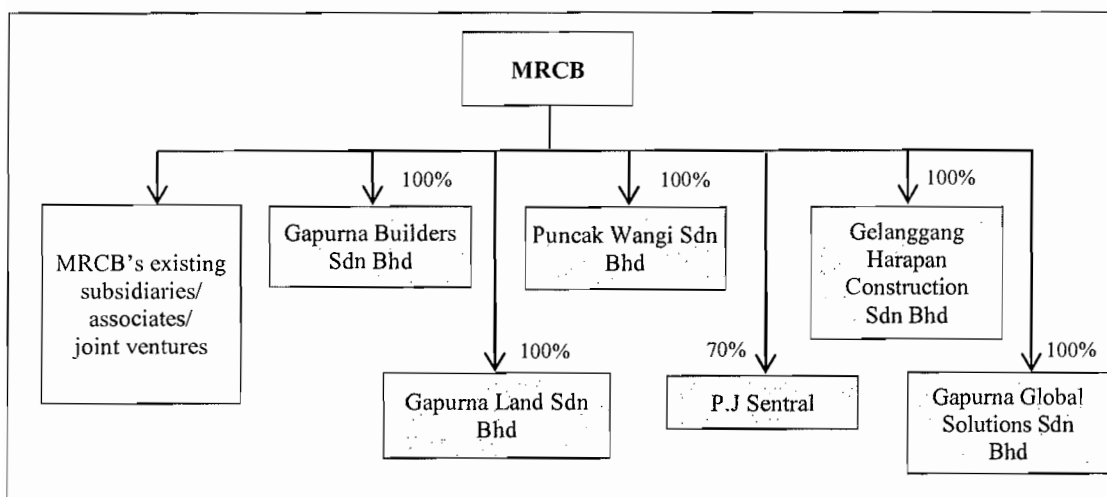
Notes:-

^ Excluding the deposit amounting to RM4,335,512 which was paid upon execution of the NGD SSA.

As nominated by NGD.

Accordingly, the Acquisition of 70% of P.J Sentral was completed on 24 June 2014.

The corporate structure of our Company reflecting the completion of the Acquisition of NGD Subsidiaries (including the Acquisition of 70% of P.J Sentral), Acquisition of GHC and Acquisition of GGS is as illustrated below:-



For information purposes, Paragraph 8.22(1) of the Listing Requirements stipulates that “*where a proposal has been approved by shareholders in general meeting and a listed issuer proposes to make a material amendment, modification or variation to such proposal, the listed issuer must issue a circular to its shareholders and seek its shareholders’ approval for such material amendment, modification or variation*”. Paragraph 8.22(2) of the Listing Requirements further stipulates that “*an amendment, modification or variation is considered material if it can be reasonably expected to have a material effect on the decision of a holder of securities of the listed issuer in relation to such proposal*”.

Under the terms of the PKNS SSA, the PKNS Consideration shall now be satisfied by our Company entirely in cash, as opposed to a combination of cash and the issuance of new MRCB Shares together with Warrants, which was previously approved by the shareholders of our Company at the EGM held on 20 June 2013 (“**Amended Terms**”). In view that the Amended Terms is considered a material variation under Paragraph 8.22(1) of the Listing Requirements, your approval is therefore sought for the Proposed Acquisition of 30% of P.J Sentral, further details of which are set out in the ensuing sections of this Circular.

A comparison of the key revised terms contained in the NGD Letter against the terms set out in the NGD SSA and the Supplemental NGD SSA are set out in Appendix III of this Circular, whilst a comparison of the key revised terms contained in the PKNS SSA against the indicative terms set out in the 5 June 2013 Circular are set out in Appendix IV of this Circular, for information purposes.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL, TO SET OUT YOUR BOARD’S RECOMMENDATION THEREON AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

Under the terms of the PKNS SSA, PKNS agrees to sell and our Company agrees to purchase the P.J Sentral Sale Shares free from all encumbrances together with all rights attached thereto and all dividends or distributions declared paid or made in respect thereof on and after the completion of the sale and purchase of the P.J Sentral Sale Shares for the PKNS Consideration in accordance with the terms of the PKNS SSA.

For information purposes, the PKNS Consideration of RM85.3 million remains the same as the consideration which was approved by the shareholders of our Company at the EGM held on 20 June 2013 in respect of the Proposed Acquisition of 30% of P.J Sentral. However, the mode of settlement has been varied as follows:-

	<-----Mode of settlement----->			Total consideration
	Cash consideration (RM)	MRCB Shares (RM)	Warrants No.	
Approved by the shareholders of our Company on 20 June 2013	13,008,715	72,291,285	46,639,539	85,300,000
Revised under the PKNS SSA	85,300,000	-	-	85,300,000

The salient terms of the PKNS SSA are set out in Section 2.8 of this Circular.

2.1. Basis and justification of arriving at the PKNS Consideration

The PKNS Consideration was arrived at on the same basis as the purchase consideration for the Acquisition of 70% of P.J Sentral. For information purposes, the purchase consideration for the Acquisition of 70% of P.J Sentral was arrived at after taking into consideration the following:-

- (i) NGD's effective interest in the audited NA of P.J Sentral as at the FYE 31 December 2011 and after adjusting for the capitalisation of advances from NGD into RPS in P.J Sentral on 5 July 2012; and
- (ii) NGD's effective interest in the indicative open market value of the the property held by P.J Sentral as appraised by the independent valuer, C H Williams Talhar and Wong Sdn Bhd, vide their valuation report dated 11 March 2013 and net of deferred tax amounting to RM4,726,412 as agreed between our Company and NGD.

Premised on the above, your Board had considered the following factors in arriving at the PKNS Consideration:-

- (a) the audited consolidated NA of P.J Sentral as at the FYE 31 December 2011, as set out in Section 8, Appendix I of this Circular, of RM57,441,420 (based on PKNS' 30% effective interest in P.J Sentral) and after adjusting for the capitalisation of approximately RM8.37 million advances from PKNS into RPS in P.J Sentral on 5 July 2012; and
- (b) the indicative open market value of the property held by P.J Sentral as appraised by the independent valuer, C H Williams Talhar and Wong Sdn Bhd, vide their valuation report dated 11 March 2013 (further details of which are set out in Section 9 of Appendix I of this Circular), amounting to RM79,500,000 (based on PKNS' 30% effective interest in P.J Sentral and net of deferred tax amounting to approximately RM2.03 million as agreed between our Company and PKNS).

The details in arriving at the PKNS Consideration are set out below:-

Company	PKNS' effective interest %	Audited NA as at the FYE 31 December 2011 (RM)	Net revaluation surplus (RM)	Deferred tax adjustment (RM)	Adjusted NA (RM)
P.J Sentral	30.0	57,441,420	21,552,600	(2,025,605)	76,968,415
			Add: Capitalisation of advances ⁽ⁱ⁾		8,367,900
					85,336,315
				PKNS Consideration	85,300,000

Note:-

⁽ⁱ⁾ Being the advances granted by PKNS to P.J Sentral from 1 January 2012 up to LPD which were capitalised into RPS in P.J Sentral on 5 July 2012. As at LPD, P.J Sentral does not have any immediate plans to redeem the RPS in issue after the completion of the Proposed Acquisition of 30% of P.J Sentral. However, P.J Sentral may redeem the RPS in the future depending on the earnings and cash flows generated from its property development projects. The salient terms of the RPS are set out in Section 2 of Appendix 1 of this Circular.

2.2. Mode of settlement for the PKNS Consideration

In accordance with the terms of the PKNS SSA, the PKNS Consideration shall be paid by our Company in the following manner:-

- (i) Upon the execution of the PKNS SSA, a sum of RM1,706,000 (being the retention sum of 2% of the PKNS Consideration) shall be paid to our solicitors who shall be authorised to pay such sum to the Director-General of Inland Revenue in accordance with the Real Property Gains Tax Act 1976 or any amendments or statutory modification or any orders thereof; and
- (ii) On 25 September 2014 or such other date as PKNS and our Company shall agree (“**Completion Date**”), the balance of RM83,594,000 shall be paid to P.J Sentral on behalf of PKNS, and for its account in or towards part satisfaction of the Development Rights Consideration payable by PKNS to P.J Sentral under the Development Agreement.

2.3. Source of funding

As at LPD, our Company intends to fund the PKNS Consideration via internally generated funds. However, depending on the actual cash flow position and working capital requirements of our Company as at the Completion Date, we may procure bank borrowings to fund all or part of the PKNS Consideration.

2.4. Liabilities to be assumed by MRCB

Save for such amount which may be required to replace any guarantee provided by PKNS to the financiers/creditors of P.J Sentral upon the completion of the Proposed Acquisition of 30% of P.J Sentral, if applicable, there is no liability, contingent liability or guarantee to be assumed by our Company pursuant to the Proposed Acquisition of 30% of P.J Sentral.

2.5. Estimated financial commitments

Save for the development costs for the development of the land held by P.J Sentral (excluding Tower 2), your Board does not foresee any other financial commitment required to put the assets acquired on-stream. The costs to be incurred may be funded by our Group through borrowings and/or internally generated funds after taking into consideration our Group’s cash flow position, gearing level and its working capital requirements.

The actual costs to be incurred by our Group will depend on, amongst others, the type of developments to be undertaken on the said land. Notwithstanding that the development orders for the land have been obtained, our Group may alter such approved development orders as your Board may deem fit from time to time.

2.6. Brief information on P.J Sentral

P.J Sentral was incorporated in Malaysia under the Act on 7 March 2001 as a private limited company. The principal activities of P.J Sentral are dealing in land, properties and other development related activities.

As at LPD, P.J Sentral has an authorised share capital of RM502,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and 2,000,000 RPS of RM1.00 each while the issued and paid-up share capital of P.J Sentral is RM194,436,930 comprising 194,158,000 ordinary shares of RM1.00 each and 278,930 RPS of RM1.00 each.

As at LPD, the shareholders of P.J Sentral are MRCB and PKNS with their proportionate shareholdings of 70% and 30% respectively.

As at LPD, the directors of P.J Sentral are Tan Sri Abdul Halim bin Ali, Ann Wan Tee and Kwan Joon Hoe.

Further details on P.J Sentral are set out in Appendix I of this Circular.

2.7. Information on PKNS

PKNS was incorporated in Malaysia under the Act on 11 December 1989 as a private limited company. The principal activities of PKNS is investment holding. PKNS is a wholly-owned subsidiary of Perbadanan Kemajuan Negeri Selangor.

As at LPD, PKNS has an authorised share capital of RM20,015,000 comprising 20,000,000 ordinary shares of RM1.00 each, 50,000 redeemable preference shares-1 of RM0.10 each and 100,000 redeemable preference shares-2 of RM0.10 each. Its issued and paid-up share capital is RM272,726.80 comprising 264,144 ordinary shares of RM1.00 each, 15,828 redeemable preference shares-1 of RM0.10 each and 70,000 redeemable preference shares-2 of RM0.10 each.

As at LPD, the directors of PKNS are Azlan bin Md Alifiah, Noraida binti Mohd Yusof, Datin Paduka Norazlina binti Zakaria and Ahmad Sabki bin Yusof.

2.8. Salient terms of the PKNS SSA

The salient terms of the PKNS SSA includes, amongst others, the following:-

- (a) The P.J Sentral Sale Shares shall be acquired free from encumbrances at the PKNS Consideration;
- (b) Completion shall take place on 25 September 2014 or such other date as PKNS and our Company shall agree in writing (“**Completion**”);
- (c) PKNS has provided a set of warranties that relates to, amongst others, capacity and authority to contract, title to the P.J Sentral Sale Shares and that on Completion it will have the unrestricted right to transfer the P.J Sentral Sale Shares free from encumbrances;
- (d) PKNS agrees, covenants and undertakes with our Company that pending Completion, PKNS will, within seven (7) days upon receipt of a circular resolution approving the obtaining of any loan or facility by P.J Sentral and/or the provision of any security in relation thereto or the issuance of any preference shares, sign such circular resolution provided that PKNS will not be required to provide any form of security in relation to the loan or facility obtained by P.J Sentral or be required to subscribe for the preference shares or be subject to any liability with respect to such loan or facility or preference shares;
- (e) If PKNS fails to complete the sale of the P.J Sentral Sale Shares in accordance with the terms set out in the PKNS SSA, our Company shall be entitled in our sole and absolute discretion:-
 - (i) to pursue an action for, amongst others, specific performance⁽¹⁾ of the PKNS SSA and/or compensation in addition to or in lieu of specific performance; or

- (ii) alternatively to elect to terminate the PKNS SSA by serving a termination notice at any time on PKNS, and to, amongst others, claim a refund of RM1,706,000 (being the retention sum of 2% of the PKNS Consideration) (which shall be refunded within seven (7) days from the date of the termination notice, failing which PKNS shall pay interest on the outstanding sum at the rate of 8% per annum from and including the due date up to and including the date of receipt of the outstanding sum by our Company) and all loss or damage which our Company may suffer as a consequence of non-completion by PKNS (including but not limited to all costs and expenses incurred by our Company, stamp duties and legal costs on a solicitor and client basis).
- (f) If our Company fails to complete the sale of the P.J Sentral Sale Shares in accordance with the terms set out in the PKNS SSA, PKNS shall be entitled in its sole and absolute discretion:-
- (i) to pursue an action for, amongst others, specific performance⁽¹⁾ of the PKNS SSA and/or compensation in addition to or in lieu of specific performance; or
 - (ii) alternatively to elect to terminate the PKNS SSA by serving a termination notice at any time on our Company, and to, amongst others, claim all loss or damage which PKNS may suffer as a consequence of non-completion by our Company (including but not limited to all costs and expenses incurred by PKNS and legal costs on a solicitor and client basis).

Note:-

⁽¹⁾ *“Specific performance” is a remedy provided under the Specific Relief Act 1950 available to an innocent party, at the discretion of the court, to enable the innocent party to compel the defaulting party to fulfil the obligations under a contract.*

- (g) PKNS represents and warrants to MRCB:-
- (i) that it is the registered and beneficial owner of the P.J Sentral Sale Shares, which are as at the date of the PKNS SSA, subject only to the HSBC Pledge⁽²⁾, and PKNS will, on Completion, have the unrestricted right to transfer the P.J Sentral Sale Shares free from all encumbrances;
 - (ii) that the HSBC Facilities⁽²⁾ have been granted by HSBC Amanah Malaysia Berhad (“**HSBC**”) to PKNS alone, that PKNS is therefore ready, willing and able to redeem the P.J Sentral Sale Shares from HSBC and discharge the HSBC Pledge, and that the amount outstanding as at 17 June 2014 under the HSBC Facilities is RM46,785,862.58;

Note:-

⁽²⁾ *The P.J Sentral Sale Shares are currently pledged by PKNS in favour of HSBC as security in relation to financing facilities amounting to RM140.5 million (“**HSBC Facilities**”) granted by HSBC to PKNS (“**HSBC Pledge**”).*

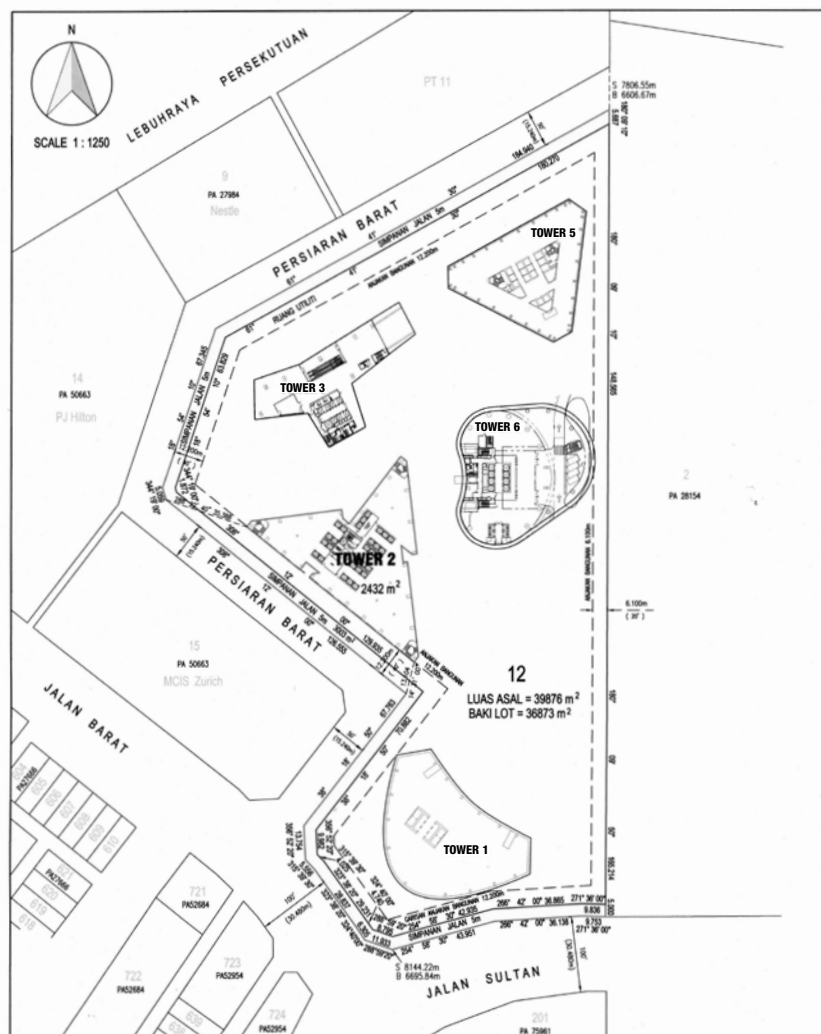
- (iii) that upon the execution of the PKNS SSA, PKNS shall not create any further encumbrances over the P.J Sentral Sale Shares in any manner whatsoever and/or for whatsoever reason;
- (iv) that it has full power to enter into and perform the PKNS SSA and has taken all necessary corporate action (including obtaining, where required by law, the approval of its shareholders) for the execution and implementation of the PKNS SSA and the PKNS SSA constitutes, when executed, valid and binding obligations of PKNS in accordance with its terms;
- (v) as far as PKNS is aware, no order has been made or petition presented or resolution passed for the winding up of PKNS nor has any distress, execution or other process been levied against PKNS or action taken to repossess goods in PKNS’ possession;

- (vi) no steps have been taken for the appointment of an administrator or receiver of any part of PKNS' property; and
 - (vii) PKNS has not made or proposed any arrangement or composition with its creditors or any class of its creditors.
- (h) MRCB represents and warrants to PKNS that that it has full power to enter into and perform the PKNS SSA and has taken all necessary corporate action (including obtaining, where required by law, the approval of its shareholders) for the execution and implementation of the PKNS SSA and the PKNS SSA constitutes valid and binding obligations of MRCB in accordance with its terms.

2.9. Details of the granting of Development Rights

P.J Sentral is the registered and beneficial owner of a piece of land held under PN 71105, Lot 12, Seksyen 26, Bandar Petaling Jaya, Daerah Petaling Jaya, Negeri Selangor measuring approximately 39,876 s.m. in area (“**Lot 12**” or “**Master Land**”). P.J Sentral is developing the Master Land as part of a mixed commercial development known as ‘P.J Sentral Garden City’ (“**Proposed Development**”).

P.J Sentral has obtained a development order dated 30 June 2010 (reference number (8) dlm.MBPJ/040100/T/P23/S52/5667/2010), the extended development order dated 2 June 2011 (reference number (14) dlm.MBPJ/040100/T/P23/S52/5667/2010), the amended development order dated 22 February 2013 (reference number (68) dlm.MBPJ/040100/T/P23/S52/5667/2010) and the amended development order dated 29 August 2013 (reference number (3) dlm.MBPJ/040100/T/P23/S52/5667/2010 Jld.2) (collectively, the “**Development Orders**”) in its favour for the said Proposed Development which includes, *inter alia*, the approval for development of an office tower known as ‘Tower 2’ within the boundaries of and in accordance with the building footprint layout. For information purposes, the building footprint layout plan of the Master Land is set out below:-



In conjunction with the Settlement, P.J Sentral and PKNS have entered into the Development Agreement to set out the mutual covenants and terms and conditions pursuant to which P.J Sentral shall grant to PKNS the Development Rights in connection with the development of Tower 2 and PKNS' undertakings and covenants in relation to the Development Rights granted therein, the salient terms of which are set out in Section 2.9.6 of this Circular.

P.J Sentral and PKNS agree that the beneficial ownership, rights, interest and benefits in respect of Tower 2 shall pass to PKNS upon completion and issuance of a certificate of completion and compliance in respect of Tower 2. Notwithstanding P.J Sentral granting to PKNS the rights to construct and complete Tower 2, all vehicle parking bays located below Tower 2 or any part of the Master Land, are and shall continue to be the absolute private property of P.J Sentral and shall not form part of Tower 2 or the common property.

2.9.1. Basis and justification of arriving at the Development Rights Consideration

The Development Rights Consideration was arrived at based on the net floor area ("NFA") of Tower 2 of 80,130 s.m. ("Approved NFA") as a proportion of the total NFA of all the properties to be erected on Lot 12 of 250,012 s.m. (based on Development Orders approved by Majlis Bandaraya Petaling Jaya) and multiplied by the total acquisition price to be incurred by our Company for a 100% equity stake in P.J Sentral amounting to approximately RM284.3 million.

2.9.2. Mode of settlement for the Development Rights Consideration

On the Completion Date, P.J Sentral and PKNS agree that the Development Rights Consideration shall be paid by the respective parties in the following manner:-

- (i) a sum of RM83,594,000 shall be paid by our Company on behalf of PKNS to P.J Sentral in accordance with the PKNS SSA; and
- (ii) concurrently, the balance of the Development Rights Consideration of RM7,525,462.27 shall be paid by PKNS to P.J Sentral.

2.9.3. Utilisation of proceeds raised pursuant to the granting of Development Rights

Our Group will receive net proceeds amounting to approximately RM5.8 million arising from the granting of Development Rights, representing the differential amount between the PKNS Consideration and the Development Rights Consideration.

Such proceeds shall be utilised to finance the working capital requirements of our Group. The proceeds will be placed in deposits with financial institutions and/or short-term money market instrument(s) in the event that the proceeds are not immediately utilised.

2.9.4. Liabilities to be assumed by PKNS

There is no liability, contingent liability or guarantee to be assumed by PKNS pursuant to the granting of Development Rights.

2.9.5. Original cost of investment

The market value of Lot 12, which formed the basis of the purchase consideration for the Acquisition of 70% of P.J Sentral and the Proposed Acquisition of 30% of P.J Sentral (as set out in Section 2.1 of this Circular) amounts to RM265.0 million as at 23 January 2013, being the material date of valuation by C H Williams Talhar and Wong Sdn Bhd vide their valuation report dated 11 March 2013. In this regard, the proportionate cost of investment (based on the Approved NFA of Tower 2 as a proportion of the total NFA of all the properties to be erected on Lot 12) will amount to approximately RM84.9 million.

2.9.6. Salient terms of the Development Agreement

The salient terms of the Development Agreement includes, amongst others, the following:-

(a) Grant of Development Rights

P.J Sentral will grant to PKNS the right to carry out the development of the office tower known as 'Tower 2' based on the approved NFA of 80,130 s.m..

(b) Effective date

The grant of the development rights will only be effective from the date of P.J Sentral's receipt of the full sum of RM91,119,462.27, being the agreed value ("**Agreed Value**") of the development rights granted therein ("**Effective Date**").

(c) Manner of payment of the Agreed Value

The Agreed Value shall be paid in the following manner:-

(i) a sum of RM83,594,000.00 shall be paid to P.J Sentral in accordance with the PKNS SSA; and

(ii) concurrently, the balance thereof to be paid by PKNS to P.J Sentral.

(d) Delivery of possession of footprint platform*

Subject to such extension of time as permitted under the Development Agreement, P.J Sentral shall, on or prior to the expiry of thirty (30) months from the Effective Date or such extended period as may be mutually agreed between P.J Sentral and PKNS, deliver possession of the footprint platform and to procure right of access from the public road to the boundaries of the footprint platform as more particularly shown in the access layout plan to the Development Agreement.

Note:-

* *The 'footprint platform' consists of ground floor structure slabs with starter bar for columns and lift core(s), sewerage and drainage connection points at the boundaries of Tower 2.*

(e) Warranty on design of footprint platform

There is a warranty provided by P.J Sentral to PKNS in relation to the consultant's design of the footprint platform for a period of ten (10) years from the handover date of the footprint platform to PKNS.

(f) PKNS' covenants relating to development of Tower 2

Specific covenants are made by PKNS in the Development Agreement in relation to the development works of Tower 2, including the completion of the Tower 2 in accordance with the agreed development schedule and in compliance with building footprint layout plan, building design guidelines, the health and safety policy and guidelines, and all requirements for the purpose of achieving the Leadership in Energy & Environmental Design (Gold) Status, Green Building Index (Gold) Status and/or such other directions or orders issued by P.J Sentral from time to time.

(g) Costs

PKNS would be responsible to bear and/or contribute to the following costs:-

(i) all costs and expenses for the design, construction and completion of the development of Tower 2, the issuance of certificate of completion and compliance and approvals for the development;

- (ii) contributions towards the common costs calculated at the prescribed percentage in the Development Agreement;
- (iii) contributions towards the cost of construction of the platform (which shall not include the cost in respect of the construction of car park structures) calculated at the prescribed percentage in the Development Agreement;
- (iv) contributions towards service charges at the rate of RM0.30 per square foot per month and sinking fund at the rate of RM0.10 per square foot per month.

(h) Provision of infrastructures and common facilities

P.J Sentral will construct the basic and common infrastructures and provision of specific list of common facilities and services more particularly set out in the Development Agreement.

(i) Execution of Deed of Mutual Covenants and Car Park Agreement

- (i) PKNS will enter into the Deed of Mutual Covenants on the Effective Date;
- (ii) P.J Sentral shall allocate 1,600 car park bays or such other ratio as stipulated in the relevant development orders, whichever is the lower for use by PKNS at such rental rates and upon the terms set out in Car Park Agreement. In this respect, PKNS and P.J Sentral shall execute the Car Park Agreement on the Effective Date.

(j) Issuance and transfer of strata title

- (i) P.J Sentral shall procure the issuance of a single strata title in respect of Tower 2. All costs and expenses incurred for the application and issuance of the strata title shall be borne by PKNS.
- (ii) Upon issuance of the strata title and subject to payment by PKNS of the service charge, maintenance charge, sinking fund and all other payments payable by PKNS to P.J Sentral, P.J Sentral shall execute the memorandum of transfer in respect of the strata title in favour of PKNS and deliver the transfer together with the original strata title and all other documents which are required to enable registration of transfer.

(k) Right of first refusal

There is a provision for right of first refusal granted by PKNS to P.J Sentral or its affiliates to purchase the Tower 2 or any part thereof for the period commencing from the Effective Date until completion and issuance of certificate of completion and compliance in respect of Tower 2.

(l) Prohibition of charge and/or caveat

PKNS is not entitled to charge or to lodge any private caveat over the Master Land or any part thereof pending the issuance and transfer of strata title in favour of PKNS.

(m) Termination

In the event that prior to the construction and/or completion of Tower 2, PKNS fails or defaults in compliance with any of the covenants or stipulations and undertakings on its part, or is in breach of any of the terms and conditions and fails to remedy such default or breach within fourteen (14) business days or having commenced the development works, fails to complete the Tower 2 development, P.J Sentral shall be entitled to terminate the Development Agreement.

The Development Agreement shall forthwith terminate and lapse if the PKNS SSA is terminated pursuant to the provisions in the PKNS SSA.

3. RATIONALE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

In view that the Acquisition of 70% of P.J Sentral has been completed on 24 June 2014, the Proposed Acquisition of 30% of P.J Sentral will allow our Company to fully control and consolidate the future earnings of P.J Sentral. P.J Sentral is the registered and beneficial owner of Lot 12, which will be developed as part of P.J Sentral Garden City, a mixed development project. P.J Sentral Garden City is poised to be the new green central business district of Selangor and is easily accessible via major highways.

4. RISK FACTORS FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

4.1. Risks inherent in property development

4.1.1. Business risk

There are certain risks inherent in the property development sector which include, amongst others, timely commencement and/or completion of projects, satisfactory performance by building contractors appointed to complete the development projects, availability of labour and building materials, fluctuations in the prices of raw materials, demand and supply for properties, changes in the general economic and business conditions as well as the legal and environmental framework in the property development industry.

Notwithstanding the above, your Board is confident that these business risks can be mitigated through, amongst others, efficient project management, close monitoring of work progress in order to ensure timely completion of the property development projects, continued fostering of long-term relationships with reliable suppliers or building contractors and effective human resource planning.

In addition, our Group has an extensive and established track record in the property development industry. We will take into consideration the market demand when planning our property launches, offering innovative property products which focuses on specific niche markets, continuously sourcing for opportunities to acquire landbanks in strategic areas, adhere to timely delivery commitment and emphasise on product quality and after sales service.

Our Group has also established long-term relationships with suppliers and where necessary, we also make bulk purchase of the building materials in order to reduce the risk of shortage of material supplies.

4.1.2. Competition risk

Our Group faces competition from various property developers. Lately, the local property industry has seen intense competition among property developers for strategically located and reasonably priced landbanks, and for labour as well as building materials. There is also strong competition in respect of selling prices and types of properties. There can be no assurance that we will always be able to compete effectively against our competitors. In the event we are not able to compete successfully, our business, financial condition, results of operations and prospects could be adversely affected.

To mitigate this risk, our Group will continue to take measures such as undertaking market intelligence surveys and continuously assessing and innovating our development and marketing strategies in response to changing economic conditions and market demand.

4.1.3. Delay in commencement and completion of projects

There are many external factors which are beyond the control of our Group that could affect the timely completion of property development projects, including obtaining the necessary approvals as scheduled, securing building materials in adequate amounts and satisfactory performance of the appointed building contractors.

Our property development projects are subject to various approvals from the district and state land offices, including the planning authorities and local councils. Any prolonged delay in the completion of the projects could materially and adversely affect our businesses, financial condition, results of operations and prospects.

To mitigate this risk, we will continue to monitor the work schedules of our development projects closely and proactively liaise with the relevant authorities or parties.

4.1.4. Compulsory acquisition

Pursuant to the Land Acquisition Act, 1960, the Government of Malaysia has the power to compulsorily acquire any land in Malaysia in accordance with the aforesaid act. In the event of any compulsory acquisition of land by the Government of Malaysia, the amount of compensation to be awarded shall be computed on the basis prescribed in the First Schedule of the Land Acquisition Act, 1960. At any point of time, the amount of such compensation may be less than the market price of the land.

In the event of any compulsory acquisition on lands held by our Group, our Group will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act, 1960 in relation to its rights to submit an objection in respect of the compensation, where necessary.

4.2. Interest rate risk

Our Group may consider funding the PKNS Consideration and the future development activities for the landbank acquired via bank borrowings, and in such event, our Group may be exposed to fluctuation in interest rates which could affect the interest charges incurred on the borrowings and hence affect our Group's future financial performance.

In order to mitigate such risks, our Group has been and will continue to review our debt portfolio and will take into consideration our gearing level, interest cost as well as our cash flows in achieving an optimal capital structure.

5. OVERVIEW AND PROSPECTS

5.1. Overview and outlook of the Malaysian economy

Global economic activity continued to expand at a moderate pace in the second quarter of 2014. The recovery in the United States resumed after an unusual weather-related weakness in the first quarter. Growth in Japan was, however, affected by the implementation of the increase in the consumption tax in April. In Asia, economic activity continued to expand, albeit at a more moderate pace in most economies.

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (First quarter ("1Q") 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the quarter. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%). Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting lower spending on emoluments, and supplies and services by the Government of Malaysia. Public investment declined by 3.3% (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

Going forward, the global economy is expected to continue on a moderate growth path. Recent improvements in economic activity suggest that a cyclical recovery remains underway in some advanced economies. This will continue to benefit international trade activity. In Asia, domestic demand is expected to remain supportive of growth. Nevertheless, country specific developments may affect the overall pace of growth in these economies. The overall balance of risks for the global economy thus remains biased towards the downside due to uncertainty over policy adjustments in the key economies as well as geopolitical developments. Persistent geopolitical tensions in Eastern Europe and the Middle East could heighten financial market volatility and weigh down on the ongoing global economic recovery.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of the year, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2014, BNM)

5.2. Overview and outlook of the Malaysian property development sector

The property market performed moderately with lesser in number of transactions but at higher value. The year 2013 recorded 381,130 transactions worth RM152.37 billion as opposed to 427,520 transactions worth RM142.84 billion in 2012, indicating a reduction of 10.9% in volume and an increase of 6.7% in value.

The year 2013 observed a fair and sustainable sales performance of 45.1% (2012: 47.7%), as units launched decreased by 14.9% (2013: 48,617; 2012: 57,162 units). The overhang situation continued to improve as the number of residential overhang dropped further to 13,547 units in 2013 (2012: 15,091; 2011: 19,607 units). On the contrary, the overhang value increased from RM4.74 billion to RM4.80 billion in 2013. On the supply side, completion of residential, shop and industrial sub-sectors improved with 8.3%, 18.2% and 15.8% increments respectively. Similarly, construction activities for residential, shop and industrial sub-sectors continued to grow with more starts and new planned supply.

The construction performance for both purpose built office (PBO) and shopping complex improved with recorded growth of 45.7% and 5.6% respectively. Office and retail completion contracted by 71.2% and 29.0% respectively. PBO starts and new planned supply increased significantly (Starts: 2013: 270,799 s.m., 2012: 185,865 s.m.; Planned supply: 2013: 86,741 s.m., 2012: 31,097 s.m.). Shopping complex increased marginally by 5.6% in starts and 63.8% in new planned supply. The occupancy rates of PBOs and retail sub-sectors remained strong at 82.9% (2012: 81.2%) and 79.5% (2012: 78.9%) respectively despite more new spaces entering the market.

The Malaysian property market recorded a moderate growth which saw a contraction of 10.9% in volume but with a marginal increase of 6.7% in value. The residential sub-sector continued to spearhead the property market activities, taking up 64.6% share. BNM's pre-emptive strategies to preserve household sector resilience through application of 70% loan-to-value ratio on third housing loans onwards as well as guidelines on responsible funding, had gradually impacted the housing market.

Market activities softened across the board with all sub-sectors recorded decreases in the transaction activity. The commercial sub-sector led with 16.5% followed by the industrial sub-sector 15.7%, agricultural sub-sector 12.4%, residential sub-sector 9.7% and development land by 6.8%. By market share, residential sub-sector continued to dominate with 64.6% and trailed by agricultural (18.5%), commercial (9.0%), development land (5.6%) and industrial sub-sectors (2.2%).

In terms of value, with exception to development land and agricultural sub-sectors which declined by 8.8% and 7.0% respectively, all other sub-sectors sustained growth albeit at a smaller pace. Commercial, residential and industrial sub-sectors grew by 28.0%, 6.3% and 2.7% respectively.

The property market activity is expected to be driven largely by the residential sector. Affordable housing is foreseen to remain in focus in the coming years. The Government of Malaysia is concerned over soaring house prices, inadequate supply of houses and difficulty in getting financing especially for the low and medium income groups. Thus, the 2014 Budget continue to address housing supply through 1Malaysia Housing Programme, Syarikat Perumahan Nasional Berhad and National Housing Department (National Registration Department of Malaysia).

In the commercial property sub-sector the outlook for shopping complex and PBO is expected to be challenging with increasing supply of space and slower take-up rate. The performance of shopping complexes is expected to be moderated in tandem with bleak Business Condition Index (BCI) and Consumer Sentiment Index (CSI). As for the office sub-sector, it is expected that occupancy and rental will sustain in the coming year until the completion of mega developments. The leisure sub-sector is expected to benefit from continuous efforts and initiatives taken to attract more tourists into the country.

In the industrial sub-sector, there are emerging signs of improvement. More investments are expected to flow into the country in 2014 given the number of on-going and upcoming projects. As at November 2013, the entry projects are estimated at RM106.00 billion. Projects to be implemented include the construction of the West Coast Expressway and double-tracking projects from Ipoh to Padang Besar, and later from Gemas to Johor Bahru. In the oil and gas sector, among projects to be undertaken by Petronas include the Sabah Ammonia Urea Project (SAMUR) in Sipitang, the integrated oil and gas production development project in Keabangan and the regasification terminal project in Lahad Datu, all located in Sabah whilst the Refinery and Petrochemical Integrated Development Project (RAPID) is in Pengerang, Johor. In addition, the Regional Economic Corridors projects are estimated at RM1.6 billion. These projects are anticipated to spur industrial development and drive the country's economy to a more competitive level.

Considering all the concerted efforts taken by the Government of Malaysia to stimulate the national economy which would have direct or indirect impact on the property sectors, the property market on the whole is expected to remain resilient in the coming year.

(Source: Press Release: Malaysian Property Market 2013 dated 22 April 2014, Valuation & Property Services Department (JPPH), Ministry of Finance Malaysia)

5.3. Prospects of P.J Sentral

The Proposed Acquisition of 30% of P.J Sentral would enable our Company to fully control and consolidate the future earnings of P.J Sentral. The key asset to be acquired will be Lot 12 which forms part of the P.J Sentral Garden City project that is modelled on the success of mixed development projects in the Klang Valley region such as KL Sentral and Mid Valley City. P.J Sentral Garden City is one of the 11 key Economic Transformation Programme Projects announced by YAB Dato' Sri Mohd Najib Tun Razak on 16 November 2012 and shall form part of the Greater Kuala Lumpur/Klang Valley National Key Economic Area ("NKEA") which is one of the 12 NKEAs being implemented under the Economic Transformation Programme to elevate the country to developed-nation status by the year 2020. The development will span across 40 acres and is poised to be the new green central business district of Selangor, supporting Kuala Lumpur and other business hubs around the city and state. The project is expected to redevelop and revitalise the area around Section 52 in Petaling Jaya.

The trend for mixed developments are noticeable in the Kuala Lumpur vicinity, as the Government of Malaysia through its wholly-owned subsidiary, 1 Malaysia Development Berhad has initiated another mixed development project in Kuala Lumpur as part of the Economic Transformation Programme termed the Kuala Lumpur International Financial District. The property held by P.J Sentral is strategically located in the heart of Petaling Jaya town centre and clustered by prominent government and private sector buildings such as Menara MBPJ, Amcorp Mall and PJ Hilton Hotel. The area is also well-connected to surrounding areas via the Federal Highway, Lebuhraya Damansara-Puchong, New Pantai Expressway and Lebuhraya Shah Alam. The existing Taman Jaya LRT is within walking distance as well.

P.J Sentral had on 12 December 2012 entered into a conditional sale and purchase agreement with MBSB Tower Sdn Bhd (formerly known as Ambang Hartamas Sdn Bhd), a wholly-owned subsidiary of Malaysia Building Society Berhad, for the sale of an office tower to be developed and identified as 'Tower 3' for a total cash consideration of RM239,236,750.

Further, P.J Sentral had, on 18 March 2013, also entered into a conditional sale and purchase agreement with Perbadanan Harta Intelek Malaysia for the sale of a 24 storey office building to be developed and identified as 'Tower 6' for a total cash consideration of RM250 million.

(Sources: Valuation report on P.J Sentral; Management of MRCB and P.J Sentral)

6. EFFECTS OF THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

6.1. Share capital and substantial shareholders' shareholdings

The Proposed Acquisition of 30% of P.J Sentral will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings in our Company as the PKNS Consideration shall be satisfied entirely in cash.

6.2. NA per MRCB Share and gearing

Based on our audited consolidated statement of financial position as at 31 December 2013 and the assumption that the completion of the Proposed Acquisition of 30% of P.J Sentral had been effected on that date, the proforma effects on the NA per MRCB Share and gearing of our Group are as follows:-

	Audited as at 31 December 2013 (RM'000)	I	II
		After the completion of the Acquisition of 70% of P.J Sentral (RM'000)	After I and the Proposed Acquisition of 30% of P.J Sentral [^] (RM'000)
Share capital	1,651,311	1,760,118 ⁽¹⁾	1,760,118
Share premium	247,780	279,334 ⁽²⁾	279,334
Accumulated losses	(275,056)	(275,464) ⁽³⁾	(300,572) ⁽⁴⁾
Other reserves	51,381	58,376 ⁽¹⁾⁽²⁾	58,376
Shareholders' funds/NA	1,675,416	1,822,364	1,797,256
No. of MRCB Shares in issue ('000)	1,651,311	1,760,118	1,760,118
NA per MRCB Share (RM) ⁽⁵⁾	1.01	1.04	1.02
Total borrowings	3,510,591	3,510,591	3,510,591
Gearing (times) ⁽⁶⁾	2.10	1.93	1.95

Notes:-

[^] Including the effects arising from the granting of the Development Rights and assuming that the completion of the Proposed Acquisition of 30% of P.J Sentral and the granting of the Development Rights will take place simultaneously.

⁽¹⁾ After taking into consideration the 108,807,365 MRCB Shares and 31,087,819 Warrants issued pursuant to the Acquisition of 70% of P.J Sentral.

- ⁽²⁾ Although the Financial Reporting Standard 3 (revised): Business Combinations requires the recognition of the fair value of the MRCB Shares and Warrants issued as consideration for the Acquisition of 70% of P.J Sentral based on the traded price of the MRCB Shares and Warrants as at the completion date of the Acquisition of 70% of P.J Sentral, for the purpose of illustrating the proforma effects on the audited net assets for FYE 31 December 2013, we have adopted the closing prices of MRCB Shares and Warrants as at 31 December 2013 of RM1.29 and RM0.225 respectively.
- ⁽³⁾ After defraying estimated stamp duties amounting to RM408,300 in relation to the Acquisition of 70% of P.J Sentral.
- ⁽⁴⁾ Primarily after taking into consideration the effects of transactions with non-controlling interests resulting in an increase in accumulated losses of RM24.67 million, net profit after tax arising from the disposal of the Development Rights of RM0.69 million, as well as after defraying estimated expenses amounting to approximately RM1.13 million in relation to the Proposed Acquisition of 30% of P.J Sentral such as advisory fees, regulatory fees, printing and advertising costs, stamp duties and miscellaneous expenses.
- ⁽⁵⁾ NA per MRCB Share is computed as shareholders' funds/NA over number of MRCB shares in issue.
- ⁽⁶⁾ Gearing is computed as total borrowings divided by shareholder' funds.

6.3. Earnings and EPS

The Proposed Acquisition of 30% of P.J Sentral is not expected to have any material effect on the earnings of MRCB for the FYE 31 December 2014 as it is only expected to be completed by the third (3rd) quarter of 2014.

For illustration purposes, assuming that the Proposed Acquisition of 30% of P.J Sentral was completed on 1 January 2013, our proforma EPS would be as follows:-

	RM mil
LATNCI of MRCB for the FYE 31 December 2013	(109.13)
Add: LATNCI of P.J Sentral for the FYE 31 December 2013	(4.01)
Less: Estimated expenses	(1.54)
Proforma LATNCI	(114.68)
Adjusted weighted average number of Shares (million) *	1,588.30
LPS for FYE 31 December 2013 (sen)	(7.38)
Proforma LPS (sen)	(7.22)

Note:-

- * Includes the new MRCB Shares issued pursuant to the Acquisition of 70% of P.J Sentral.

Based on the illustration above, our LPS for FYE 31 December 2013 would reduce from 7.38 sen to 7.22 sen.

Notwithstanding the above, the Proposed Acquisition of 30% of P.J Sentral is expected to contribute positively to the future earnings of our Group for the ensuing financial years, due to, amongst others, the earnings contribution from the development of P.J Sentral's land.

7. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

In accordance with Paragraph 8.22(1) of the Listing Requirements, where a proposal has been approved by shareholders in general meeting and a listed issuer proposes to make a material amendment, modification or variation to such proposal, the listed issuer must issue a circular to its shareholders and seek its shareholders' approval for such material amendment, modification or variation.

Paragraph 8.22(2) of the Listing Requirements further stipulates that an amendment, modification or variation is considered material if it can be reasonably expected to have a material effect on the decision of a holder of securities of the listed issuer in relation to such proposal.

In view that the Amended Terms are considered to be a material variation under Paragraph 8.22(1) of the Listing Requirements, the approval of the shareholders of our Company will be sought for the Proposed Acquisition of 30% of P.J Sentral at the forthcoming EGM.

The Proposed Acquisition of 30% of P.J Sentral is not conditional upon any other corporate proposal of our Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition of 30% of P.J Sentral, the granting of Development Rights and as disclosed below, there is no other corporate exercise/scheme which our Company has announced but is pending completion as at 20 August 2014:-

- (i) **Proposed disposal by MRCB Sentral Properties Sdn Bhd (“MSP”), a wholly-owned subsidiary of MRCB, of Platinum Sentral (as defined herein) to Maybank Trustees Berhad (“MTB”), acting solely in the capacity as Trustee for Quill Capita Trust (“QCT”), a real estate investment trust (“REIT”)**

On 10 April 2014, RHB Investment Bank and CIMB Investment Bank Berhad had, on behalf of your Board, announced that MSP, had entered into a conditional sale and purchase agreement (“**Platinum SPA**”) with MTB, acting solely in the capacity as trustee for QCT, for the disposal of a parcel of freehold land together with a commercial development comprising 5 blocks of 4 to 7-storey commercial buildings consisting of office-cum retail space, a multi-purpose hall together with 2 levels of car parks including all the plant and equipment, fixtures and fittings attached to them (excluding the fixtures and fittings belonging to existing tenants and third parties including those with whom the existing tenants have entered into a hire purchase and/or leasing arrangement in respect of such fittings and fixtures), and the benefits and obligations in respect of existing tenancies (“**Platinum Sentral**”) for a total disposal consideration of RM750 million, of which RM486 million will be satisfied in cash and RM264 million will be satisfied via the proposed issuance of 206.25 million units in QCT (“**Units**”) at an issue price of RM1.28 per Unit, upon the terms and subject to the conditions as set out in the Platinum SPA. The proposal is expected to be completed by the 4th quarter of 2014.

- (ii) **Proposed acquisition of 41% equity interests in Quill Capita Management Sdn Bhd (being the management company of QCT) (“QCM”) from Capitaland RECM Pte Ltd (“CRPL”) and Coast Capital Sdn Bhd (“CCSB”)**

On 10 April 2014, RHB Investment Bank and CIMB Investment Bank Berhad had, on behalf of your Board, announced that simultaneous with the execution of the Platinum SPA, MRCB had entered into various share sale agreements with CRPL and CCSB to acquire 40% equity interests and 1% equity interest in QCM respectively (“**QCM SSAs**”), for a total cash consideration of RM5,882,835.80 upon the terms and subject to the conditions as set out in the respective QCM SSAs. The proposal is expected to be completed by the 4th quarter of 2014.

- (iii) **Proposed subscription of new ordinary shares of RM1.00 each representing a 70% equity interest in Kwasa Development (2) Sdn Bhd (“KDSB”)**

On 30 June 2014, our Company had announced the receipt of a letter of award from Kwasa Land Sdn Bhd (“**Kwasa Land**”) for the development of 64.07 acres of land identified to be the town centre of the proposed Kwasa Damansara Township (“**Project MX-1**”).

Subsequently, our Company had, on 14 August 2014, entered into a shareholders’ agreement with Kwasa Land and KDSB in relation to, *inter alia*, the proposed subscription of 700,000 new ordinary shares of RM1.00 each representing a 70% equity interest in KDSB, a special purpose vehicle incorporated to undertake Project MX-1, for a subscription payment of approximately RM816.6 million (“**Proposed Subscription**”). The Proposed Subscription is expected to be completed by the third quarter of 2015.

9. TENTATIVE TIMELINE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL

The tentative timeline in relation to the Proposed Acquisition of 30% of P.J Sentral is as follows:-

Date	Events
Mid September 2014	<ul style="list-style-type: none">• EGM to approve the Proposed Acquisition of 30% of P.J Sentral
End September 2014	<ul style="list-style-type: none">• Completion of the Proposed Acquisition of 30% of P.J Sentral

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of our directors and/or major shareholders or any persons connected with them have any interest, direct and/or indirect, in the Proposed Acquisition of 30% of P.J Sentral.

It should be noted that EPF, a major shareholder of our Company, had abstained from voting on the resolution pertaining to the Proposed Acquisition of 30% of P.J Sentral as a result of the conditionality of the Proposed Acquisition of 30% of P.J Sentral on the Acquisition of NGD Subsidiaries, Acquisition of GHC and Acquisition of GGS (collectively referred to as the “**Other Acquisitions**”). However, the inter-conditionality only applied insofar as the approvals required, such as the approval from the relevant authorities (namely Bursa Securities, BNM and the Securities Commission), the shareholders of our Company and relevant creditors/financiers where applicable, and the fulfilment of the conditions precedent to the respective share sale agreements (“**SSAs**”) for the Other Acquisitions and the Proposed Acquisition of 30% of P.J Sentral were concerned. To date, the relevant approvals and conditions precedent required for the completion of the respective SSAs for the Other Acquisitions have been fulfilled/obtained and all the Other Acquisitions have been completed. As such, the Proposed Acquisition of 30% of P.J Sentral is no longer conditional upon the fulfilment of any of the conditions precedent under the respective SSAs for the Other Acquisitions.

The Proposed Acquisition of 30% of P.J Sentral is therefore now being undertaken independently of the Other Acquisitions and accordingly EPF is no longer deemed interested in the Proposed Acquisition of 30% of P.J Sentral as a result of the previous conditionality with the Other Acquisitions. As such, EPF is not obliged to abstain from voting on the resolution pertaining to the Proposed Acquisition of 30% of P.J Sentral.

In view that EPF is no longer deemed interested in the Proposed Acquisition of 30% of P.J Sentral, both the Non-Independent Non-Executive Directors of our Company, namely Datuk Shahril Ridza Ridzuan (being the Chief Executive Officer of EPF) and Rohaya Mohammad Yusof (being the Head of Capital Market Department of EPF), are not obliged to abstain from Board deliberations and voting in respect of the Proposed Acquisition of 30% of P.J Sentral. They are also not obliged to abstain from voting in respect of their direct and/or indirect interest in our Company on the resolution pertaining to the Proposed Acquisition of 30% of P.J Sentral to be tabled at the forthcoming EGM.

11. DIRECTORS’ STATEMENT

Your Board, after having considered all aspects of the Proposed Acquisition of 30% of P.J Sentral including, but not limited to, the terms and conditions of the PKNS SSA, the rationale for the Proposed Acquisition of 30% of P.J Sentral, the proforma effects of the Proposed Acquisition of 30% of P.J Sentral on our Group, the prospects of P.J Sentral as well as after discussion with the various advisers appointed by our Company and after further careful deliberation, is of the opinion that the Proposed Acquisition of 30% of P.J Sentral is in the best interests of the Company. Accordingly, your Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition of 30% of P.J Sentral to be tabled at the forthcoming EGM.

12. ADVISERS

RHB Investment Bank and Astramina Advisory have been appointed as the Main Adviser and Transaction Arranger for the Proposed Acquisition of 30% of P.J Sentral respectively.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition of 30% of P.J Sentral is expected to be completed by the 3rd quarter of 2014.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 23 September 2014 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Acquisition of 30% of P.J Sentral.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at our share registrar's office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully

For and on behalf of the Board

MALAYSIAN RESOURCES CORPORATION BERHAD

TAN SRI MOHAMAD SALIM FATEH DIN

Group Managing Director

INFORMATION ON P.J SENTRAL

1. HISTORY AND BUSINESS

P.J Sentral was incorporated in Malaysia under the Act on 7 March 2001 as a private limited company. The principal activities of P.J Sentral are dealing in land, properties and other development related activities.

As at LPD, P.J Sentral does not have any subsidiary or associated company.

2. SHARE CAPITAL

As at LPD, P.J Sentral has an authorised share capital of RM502,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and 2,000,000 RPS of RM1.00 each while the issued and paid-up share capital of P.J Sentral is RM194,436,930 comprising 194,158,000 ordinary shares of RM1.00 each and 278,930 RPS of RM1.00 each.

The RPS shall not be convertible but shall be redeemable at RM100 per RPS at any time from the issue date at the option of P.J Sentral. There is no fixed tenure for the RPS.

The salient terms of the RPS are set out below:-

Issuer	:	P.J Sentral
Issue date	:	5 July 2012
Dividends	:	<p>(a) The rights to any dividends in the company payable out of distributable profits as determined by the Board of Directors in priority to any payment to the holders or any class of shares but the RPS shall not entitle the RPS holder to any further or other participation in the profits or assets of the company or to receive notice or attend to vote at any general meeting save for the proposals or resolutions as mentioned below; and</p> <p>(b) Notwithstanding any other provision, no dividend shall be declared or paid unless in the sole discretion of the Board of Directors and there are sufficient distributable profits and cash available for such payment</p>
Meetings and Votings	:	<p>(a) The RPS holder shall not be entitled to attend and/or has any voting rights at a general meeting of the company except on any proposal or resolution –</p> <p>(i) Relating to or involving the winding up of the company;</p> <p>(ii) Which directly or indirectly varies or affects any of the rights, privileges or conditions; or</p> <p>(iii) As specifically provided under the Act in relation to redeemable preference shares</p> <p>(b) In the event of winding up of the company, RPS holders shall redeem their RPS (after payments to creditors of the company, whether secured or unsecured) in the manner stated below</p>
Redemption	:	The RPS shall not be convertible but shall be redeemable at any time from the issue date at the option of the company or in the event of winding up of the company

INFORMATION ON P.J SENTRAL (Cont'd)

3. SUBSTANTIAL SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The particulars of the substantial shareholders and their respective shareholdings in P.J Sentral as at LPD are set out below:-

Shareholders/ RPS holders	Place of incorporation/ Nationality	<-----Direct----->		<-----Indirect----->		
		No. of shares/ RPS	%	No. of shares/ RPS	%	
<u>Ordinary shares</u>						
MRCB	Malaysia	135,910,600	70	-	-	
PKNS	Malaysia	58,247,400	30	-	-	
GSB	Malaysia	-	-	135,910,600 ⁽¹⁾	70	
EPF	Malaysia	-	-	135,910,600 ⁽¹⁾	70	
Tan Sri Mohamad Salim bin Fateh Din	Malaysian	-	-	135,910,600 ⁽²⁾	70	
<u>RPS</u>						
MRCB	Malaysia	195,251	70	-	-	
PKNS	Malaysia	83,679	30	-	-	
GSB	Malaysia	-	-	195,251 ⁽¹⁾	70	
EPF	Malaysia	-	-	195,251 ⁽¹⁾	70	
Tan Sri Mohamad Salim bin Fateh Din	Malaysian	-	-	195,251 ⁽²⁾	70	

Notes:-

⁽¹⁾ Deemed interested by virtue of their interest in MRCB pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of his interest in GSB pursuant to Section 6A of the Act.

4. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The particulars of the directors and their respective shareholdings in P.J Sentral as at LPD are set out below:-

Name	Designation	Nationality	<-----Direct----->		<-----Indirect----->	
			No. of shares/ RPS	%	No. of shares/ RPS	%
Tan Sri Abdul Halim bin Ali	Director	Malaysian	-	-	-	-
Ann Wan Tee	Director	Malaysian	-	-	-	-
Kwan Joon Hoe	Director	Malaysian	-	-	-	-

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at LPD, there is no material commitment or contingent liability incurred or known to be incurred which, upon being enforced, may materially and adversely impact the financial performance or position of P.J Sentral.

INFORMATION ON P.J SENTRAL (*Cont'd*)

6. MATERIAL CONTRACTS

Save as disclosed below, as at LPD, P.J Sentral has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD:-

- (i) Conditional sale and purchase agreement dated 12 December 2012 between P.J Sentral and MBSB Tower Sdn Bhd (formerly known as Ambang Hartamas Sdn Bhd), a wholly-owned subsidiary of Malaysia Building Society Berhad, for the sale of an office tower to be developed and identified as 'Tower 3' for a total cash consideration of RM239,236,750. As at LPD, the office tower is in the midst of being constructed and is expected to complete by the 4th quarter of 2016.
- (ii) Conditional sale and purchase agreement dated 18 March 2013 between P.J Sentral and Perbadanan Harta Intelek Malaysia for the sale of a 24 storey office building to be developed and identified as 'Tower 6' for a total cash consideration of RM250 million. P.J Sentral and Perbadanan Harta Intelek Malaysia has vide a letter dated 3 May 2013 confirmed that certain conditions precedent of the sale and purchase agreement have been fulfilled as at 3 May 2013. As at LPD, the office tower is in the midst of being constructed and is expected to complete by the 3rd quarter of 2016.
- (iii) Development agreement dated 20 June 2014 between P.J Sentral and PKNS for the granting of development rights to PKNS over the development of a building identified as 'Tower 2' which is to be constructed/developed on a parcel of development land held by P.J Sentral for a total cash consideration of RM91,119,462.27.

7. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, P.J Sentral is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of P.J Sentral and, to the best of the Board of P.J Sentral's knowledge and belief, the Board of P.J Sentral is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of P.J Sentral.

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INFORMATION ON P.J SENTRAL (Cont'd)

8. SUMMARY OF FINANCIAL INFORMATION AND COMMENTARY

The audited financial information of P.J Sentral for the past three (3) FYE 31 December 2013 are set out below:-

	<----- Audited ----->		
	FYE 31 December 2011	FYE 31 December 2012	FYE 31 December 2013
	(RM)	(RM)	(RM)
Revenue	693,558 ⁽¹⁾	- ⁽¹⁾	45,000 ⁽¹⁾
LBT	(1,483,747) ⁽²⁾	(2,690,034) ⁽²⁾	(4,008,089) ⁽²⁾
LAT/LATNCI	(1,476,430) ⁽²⁾	(2,690,034) ⁽²⁾	(4,008,089) ⁽²⁾
Gross LPS	(0.01)	(0.01)	(0.02)
Net LPS	(0.01)	(0.01)	(0.02)
Share capital	194,158,000 ⁽³⁾	194,436,930 ⁽⁴⁾	194,436,930
Shareholders' funds/NA	191,471,399 ⁽³⁾	216,674,365 ⁽⁴⁾	212,666,276
NA per share	0.99	1.12	1.09
Current ratio (times)	0.14	1.94 ⁽⁵⁾	8.01 ⁽⁵⁾
Total borrowings	-	-	-
Gearing (times)	-	-	-

Notes:-

- ⁽¹⁾ Revenue in the FYE 31 December 2011 was derived from rentals for Lot 12 received from the Selangor State Development Corporation, Imej Parking Sdn Bhd and Scicom Academy Sdn Bhd. The tenancies were only for a 9-month period from December 2010 to August 2011 and were discontinued thereafter to make way for the demolition works and site clearance. Revenue in the FYE 31 December 2013 was derived from the rental of part of Lot 12 to Cemex Concrete (M) Sdn Bhd for the in-house batching plant which commenced in October 2013 with monthly rental of RM15,000.
- ⁽²⁾ LBT and LAT for the FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013 were mainly attributable to management fees for shared services paid to Gapurna Strategic Alliance Sdn Bhd (a wholly-owned subsidiary of GSB) such as finance, accounting, secretarial, business development, human resource and administration amounting to approximately RM1.5 million for the FYE 31 December 2011 and FYE 31 December 2012 respectively, and RM1.25 million for the FYE 31 December 2013. LBT and LAT for the FYE 31 December 2012 and FYE 31 December 2013 also included staff costs amounting to approximately RM683.0 thousand and RM2.3 million respectively.
- ⁽³⁾ In the FYE 31 December 2011, P.J Sentral issued 193,158,000 new ordinary shares of RM1.00 each at par to its shareholders to finance the acquisition of a land in year 2010.
- ⁽⁴⁾ In the FYE 31 December 2012, P.J Sentral issued 278,930 RPS at RM100.00 each to its shareholders to fund the development cost of its projects. The increase in NA in the FYE 31 December 2012 is mainly attributable to the share premium arising from the RPS issuance.
- ⁽⁵⁾ The increase in the current ratio as at FYE 31 December 2012 was mainly due to the increase of approximately RM7.1 million in cash and cash equivalents and a decrease in trade and other payables from the repayment of amounts owing to related parties. The significant increase in the current ratio as at FYE 31 December 2013 was mainly attributable to the reclassification of land held for property development and development costs from non-current assets to current assets due to the commencement of development projects during the financial year.

P.J Sentral has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved.

There is no audit qualification for the financial statements of P.J Sentral for the FYE 31 December 2011 to FYE 31 December 2013.

INFORMATION ON P.J SENTRAL (Cont'd)

9. DETAILS OF THE LAND HELD BY P.J SENTRAL

For information purposes, the details of the land held by P.J Sentral, as previously disclosed in the 5 June 2013 Circular, are as set out below:-

Registered owner(s)	P.J Sentral
Type/ Identification	Land/ PN 71105, Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor
Land area (square feet)	429,221
Tenure (years)	Leasehold 99 years expiring on 9 February 2108
Existing/ Proposed use	Vacant/ Commercial building
Original cost of investment/ Date	RM193,158,000/ 3 September 2010
Audited net book value *	RM193,158,000
Valuation/ Date	RM265,000,000/ 23 January 2013
Valuer	C H Williams Talhar & Wong Sdn Bhd
Method(s) of valuation	Residual Method and Comparison Method
Encumbrance	Nil
Development potential (if applicable)	Five (5) blocks of office building and one (1) block of hotel from 25 to 60-storey with 1-storey of utility and service level together with 4-storey of basement car park ^
Expected commencement/ completion date	2013/ 2020 ^
Expected gross development value ("GDV") #	RM2,977,527,900 ^
Expected gross development cost #	RM2,454,336,921 ^
Expected profits to be derived #	RM523,190,979 ^
Stage of completion (%)	7.5% ^ &
Source of funds for development	Internally generated funds and/or bank borrowings, the proportions of which have yet to be determined at this juncture
Relevant approvals obtained/ date obtained	Revised Planning Approval bearing reference no. (65) dlm. MBPJ/040100/T/P23/S52/5667/2010Jld. 1 issued by Majlis Bandaraya Petaling Jaya was obtained on 3 December 2012. Final endorsement of the Amended DO bearing reference no. (68) dlm. MBPJ/040100/T/P23/S52/5667/2010 Jld.1 was obtained on 22 February 2013 ^

Notes:-

- * Based on the latest available audited financial statements.
- ^ Including the land held by Puncak Wangi Sdn Bhd which is located next to the land held by P.J Sentral. The two (2) pieces of land were valued under a single valuation certificate dated 11 March 2013 which was included in the 5 June 2013 Circular as the two pieces of land are being developed under the same development order. For information purposes, the valuation certificate dated 11 March 2013 ascribes an aggregate valuation of RM320,000,000 for the two (2) pieces of land. The development forms part of P.J Sentral Garden City, a mixed development project.
- # Extracted from the valuation report dated 11 March 2013 and may be subject to further changes and does not represent the actual GDV that could be derived by MRCB.
- & Stage of completion as at LPD.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013

1

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2013

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2013.

Principal activities

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land.

There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Loss for the year	4,008,089

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Halim Bin Ali
Dato' Saw Choo Boon
Saidatul Hishan Binti Mohammad Salleh
Mohamed Azmin Bin Ali
Datin Paduka Norazlina Binti Zakaria
Nor Azlina Binti Amran (Alternate director to Datin Paduka Norazlina Binti Zakaria)

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

2

Company No. 541142-D

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or]
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

3

Company No. 541142-D

Other statutory information (continued)

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

On 18 March 2013, the Company entered into a Sale and Purchase Agreement with Perbadanan Harta Intelek Malaysia (MyIPO) to sell Tower 6, Lot No. 12, Seksyen 26 No. Hakmilik 71105, Bandar Petaling Jaya, Daerah Petaling Jaya, Selangor with a total net lettable area of 294,317 square feet for total considerations of RM250,000,000. The condition precedents have not been met as at the end of the financial year ended 31 December 2013.

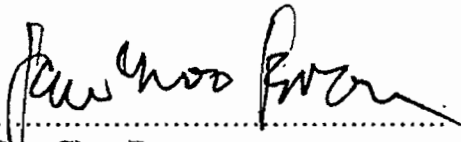
AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

Company No. 541142-D

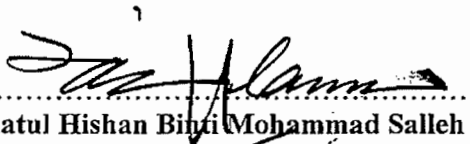
Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Dato' Saw Choo Boon



.....
Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 11 FEB 2014

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)

(Incorporated in Malaysia)

Statement of financial position as at 31 December 2013

	Note	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Assets				
Plant and equipment	3	177,514	117,059	-
Total non-current asset		<u>177,514</u>	<u>117,059</u>	<u>-</u>
Inventories	4	222,259,084	212,049,355	205,285,563
Other receivables	5	361,477	710,136	848,746
Tax recoverable		-	170,657	128,907
Cash and cash equivalents	6	20,181,587	8,426,057	1,286,716
Total current asset		<u>242,802,148</u>	<u>221,356,205</u>	<u>207,549,932</u>
Total assets		<u><u>242,979,662</u></u>	<u><u>221,473,264</u></u>	<u><u>207,549,932</u></u>
Equity				
Share capital		194,436,930	194,436,930	194,158,000
Share premium		27,614,070	27,614,070	-
Accumulated losses		(9,384,724)	(5,376,635)	(2,686,601)
Total equity attributable to owner of the Company	7	<u>212,666,276</u>	<u>216,674,365</u>	<u>191,471,399</u>
Liabilities				
Trade and other payables	8	30,313,386	4,798,899	16,078,533
Total current liabilities		<u>30,313,386</u>	<u>4,798,899</u>	<u>16,078,533</u>
Total equity and liabilities		<u><u>242,979,662</u></u>	<u><u>221,473,264</u></u>	<u><u>207,549,932</u></u>

The notes on pages 9 to 25 are an integral part of these financial statements.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)

(Incorporated in Malaysia)

**Statement of profit or loss and other comprehensive
income for the year ended 31 December 2013**

	Note	2013 RM	2012 RM
Other income		45,000	-
Administrative expenses		(4,097,145)	(2,690,034)
Result from operating activities		<u>(4,052,145)</u>	<u>(2,690,034)</u>
Finance income		44,056	-
Loss before tax	9	<u>(4,008,089)</u>	<u>(2,690,034)</u>
Tax expense	10	-	-
Loss/Total comprehensive expense for the year		<u><u>(4,008,089)</u></u>	<u><u>(2,690,034)</u></u>

The notes on pages 9 to 25 are an integral part of these financial statements.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)

(Incorporated in Malaysia)

**Statement of changes in equity for the year ended
31 December 2013**

	Ordinary shares RM	Redeemable preference shares RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2012	194,158,000	-	-	(2,686,601)	191,471,399
Issue of redeemable preference shares	-	278,930	27,614,070	-	27,893,000
Loss/Total comprehensive expense for the year	-	-	-	(2,690,034)	(2,690,034)
At 31 December 2012/ 1 January 2013	194,158,000	278,930	27,614,070	(5,376,635)	216,674,365
Loss/Total comprehensive expense for the year	-	-	-	(4,008,089)	(4,008,089)
At 31 December 2013	194,158,000	278,930	27,614,070	(9,384,724)	212,666,276
	Note 7	Note 7			

The notes on pages 9 to 25 are an integral part of these financial statements.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)

(Incorporated in Malaysia)

**Statement of cash flow for the year ended
31 December 2013**

	2013 RM	2012 RM
Cash flows from operating activities		
Loss before tax	(4,008,089)	(2,690,034)
<i>Adjustment for:</i>		
Depreciation of plant and equipment	25,818	16,036
Operating loss before changes in working capital	<u>(3,982,271)</u>	<u>(2,673,998)</u>
Changes in working capital:		
Inventories	(10,209,729)	(6,763,792)
Other receivables	348,659	(1,164,295)
Trade and other payables	25,514,487	4,047,807
Amount due to holding company	-	614,433
Cash from/(used in) operations	<u>11,671,146</u>	<u>(5,939,845)</u>
Income tax refund/ (paid)	170,657	(41,750)
Net cash from/(used in) operating activities	<u>11,841,803</u>	<u>(5,981,595)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(86,273)	(133,095)
Net cash used in investing activities	<u>(86,273)</u>	<u>(6,114,690)</u>
Cash flows from financing activities		
Issue of shares	-	27,893,000
Advances from holding company	-	5,500,000
Repayment to holding company	-	(20,138,969)
Net cash from financing activities	<u>-</u>	<u>13,254,031</u>
Net increase in cash and cash equivalents	11,755,530	7,139,341
Cash and cash equivalents at 1 January	8,426,057	1,286,716
Cash and cash equivalents at 31 December	<u><u>20,181,587</u></u>	<u><u>8,426,057</u></u>

The notes on pages 9 to 25 are an integral part of these financial statements.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)

(Incorporated in Malaysia)

Notes to the financial statements

P.J Sentral Development Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office

Level 15

Wisma AmFIRST Tower 2

Jalan SS7/15

47301 Kelana Jaya

Selangor Darul Ehsan

The Company is principally engaged in the businesses of dealing in land, properties and other development related activities.

The immediate and ultimate holding companies are Nusa Gapurna Development Sdn. Bhd. and Gapurna Sdn. Bhd., respectively. Both aforesaid holding companies were incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 11 February 2014.

1. Basis of preparation**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRS and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Company were prepared in accordance with Private Entity Reporting Standards ("PERS"). The transition to MFRS has no financial impact to the financial statements of Company.

Company No. 541142-D

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Company plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the above standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Company upon their first adoption.

Company No. 541142-D

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis on the assumption that the Company is a going concern.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Company No. 541142-D

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Company at 1 January 2012 (the transition date to MFRS framework), unless otherwise stated.

(a) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see note 2(d)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Company No. 541142-D

2. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on purchase price, and include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(c) Cash and cash equivalent

Cash and cash equivalents consist of bank balances and deposits with banks.

Company No. 541142-D

2. Significant accounting policies (continued)

(d) Impairment

(i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(ii) Other assets

The carrying amount of other assets (except for inventories), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Company No. 541142-D

2. Significant accounting policies (continued)

(e) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Company No. 541142-D

2. Significant accounting policies (continued)

(f) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Company No. 541142-D

2. Significant accounting policies (continued)

(f) Plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current periods are as follows:

- Computer equipment & software 2.5 years
- Renovation 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

3. Plant and equipment

	Computer equipment & software RM	Renovation RM	Total RM
<i>Cost</i>			
At 1 January 2012	-	-	-
Additions	9,088	124,007	133,095
At 31 December 2012/ 1 January 2013	9,088	124,007	133,095
Additions	3,850	82,423	86,273
At 31 December 2013	12,938	206,430	219,368
<i>Accumulated depreciation</i>			
At 1 January 2012	-	-	-
Depreciation for the year	3,635	12,401	16,036
At 31 December 2012/ 1 January 2013	3,635	12,401	16,036
Depreciation for the year	5,175	20,643	25,818
	8,810	33,044	41,854
<i>Net book value</i>			
At 31 December 2013	4,128	173,386	177,514
At 31 December 2012	5,453	111,606	117,059
At 1 January 2012	-	-	-

4. Inventories

	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Land held for property development	193,158,000	193,158,000	193,158,000
Development costs	29,101,084	18,891,355	12,127,563
	222,259,084	212,049,355	205,285,563

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

5. Other receivables

	Note	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Other receivables	5.1	361,097	709,756	848,746
Deposit paid		380	380	-
		<u>361,477</u>	<u>710,136</u>	<u>848,746</u>

5.1 Included in other receivables is the amount due from related party as at 31 December 2012 was the rental income receivables from The Selangor State Development Corporation. The amount due from related company is non-trade in nature, unsecured, interest free and repayable on demand.

6. Cash and cash equivalents

	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Deposits are placed with licensed banks	19,044,056	-	-
Cash and bank balances	1,137,531	8,426,057	1,286,716
	<u>20,181,587</u>	<u>8,426,057</u>	<u>1,286,716</u>

7. Share capital

	Amount 31.12.2013 RM	Number of shares 31.12.2013	Amount 31.12.2012 RM	Number of shares 31.12.2012	Amount 1.1.2012 RM	Number of shares 1.1.2012
Authorised:						
Ordinary shares of RM1 each	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Redeemable preference shares of RM1 each	2,000,000	2,000,000	2,000,000	2,000,000	-	-
At 31 December	<u>502,000,000</u>	<u>502,000,000</u>	<u>502,000,000</u>	<u>502,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:						
Ordinary shares of RM1 each	194,158,000	194,158,000	194,158,000	194,158,000	194,158,000	194,158,000
Redeemable preference shares of RM1 each	278,930	278,930	278,930	278,930	-	-
At 31 December	<u>194,436,930</u>	<u>194,436,930</u>	<u>194,436,930</u>	<u>194,436,930</u>	<u>194,158,000</u>	<u>194,158,000</u>

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

7. Share capital (continued)

7.1 Redeemable preference shares ("RPS")

The holder of the RPS of RM1 with RM99 premium each:

- a) shall have the rights to any dividends in the Company payable out of distributable profits as decided by the Board of Directors in priority to any payment to the holders or any other class of shares but shall not entitled to any further or other participation in the profits or assets of the Company;
- b) shall not be entitled to attend and/or has any voting rights at a general meeting of the Company except on any proposal or resolution:
 - (i) relating to or involving the winding up of Company;
 - (ii) which directly or indirectly varies or affects any of the rights, privileges or conditions attaching to the RPS or the exercise of any of those rights, privileges or conditions; or
 - (iii) as specifically provided under the Act in relation to RPS;
- c) in the event of a winding up of the Company, the RPS holders shall redeem their RPS shares after payments to creditors of the Company, whether secured or unsecured; and
- d) the RPS shall not be convertible but shall be redeemable at any time from the issue date at the option of the Company.

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

8. Trade and other payables

	Note	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Trade payables		-	-	687,691
Other payables and accrued expenses	8.1	30,313,386	4,798,899	63,401
Amount due to immediate holding company	8.2	-	-	14,024,536
Amount due to related companies	8.2	-	-	1,302,905
		<u>30,313,386</u>	<u>4,798,899</u>	<u>16,078,533</u>

- 8.1 Included in other payables and accrued expenses is the deposit received of RM25,000,000 from Perbadanan Harta Intelek Malaysia ("MyIPO") for the sale of Tower 6, Lot 12 land as per the Sale and Purchase Agreement ("SPA") between the Company and MyIPO dated 18 March 2013.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

8. Trade and other payables (continued)

8.2 Amount due to immediate holding and related companies as at 1 January 2012 was unsecured, interest free and repayable on demand. The amount due to related company as at 1 January 2012 was related to the acquisition of land from Bisraya Construction Sdn. Bhd.

9. Loss before tax

	2013 RM	2012 RM
Loss before tax is arrived at charging:		
Auditor's remuneration		
- Statutory audit	15,000	13,500
- Non-statutory audit	8,000	-
Staff costs		
- Wages, salaries and others	2,285,113	683,222
	<u>2,306,113</u>	<u>706,722</u>

The number of employees of the Company at the end of the year was 22 (2012: 6).

10. Tax expense

	2013 RM	2012 RM
Reconciliation of effective tax benefit		
Loss before tax	(4,008,089)	(2,690,034)
Tax at Malaysian tax rate of 25%	(1,002,022)	(672,509)
Non-deductible expenses	5,322	13,453
Effect of deferred tax assets not recognised	974,120	659,056
Other items	22,580	-
Tax expense	<u>-</u>	<u>-</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	31.12.2013 RM	31.12.2012 RM	1.1.2012 RM
Tax losses carry forward	7,746,216	3,908,366	1,275,778
Plant and equipment	25,693	3,635	-
	<u>7,771,909</u>	<u>3,912,001</u>	<u>1,275,778</u>

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

10. Tax expense (continued)

Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

11. Related parties

For the purposes of these financial statements, parties are considered to be related to the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

	2013 RM	2012 RM
Immediate holding company:		
Interest on loan capitalised	-	613,869
Related company:		
Management fees paid	1,250,021	1,455,875
Demolition works	-	1,109,942
	<u> </u>	<u> </u>

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

12. Financial instruments

12.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R"); and

(b) Other financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R/ (FL) RM
31 December 2013		
Financial assets		
Other receivables	361,477	361,477
Cash and cash equivalents	20,181,587	20,181,587
	<u>20,543,064</u>	<u>20,543,064</u>
Financial liabilities		
Other payables	<u>(30,313,386)</u>	<u>(30,313,386)</u>
31 December 2012		
Financial assets		
Other receivables	710,136	710,136
Cash and cash equivalents	8,426,057	8,426,057
	<u>9,136,193</u>	<u>9,136,193</u>
Financial liabilities		
Other payables	<u>(4,798,899)</u>	<u>(4,798,899)</u>
1 January 2012		
Financial assets		
Other receivables	848,746	848,746
Cash and cash equivalents	1,286,716	1,286,716
	<u>2,135,462</u>	<u>2,135,462</u>
Financial liabilities		
Other payables	<u>(16,078,533)</u>	<u>(16,078,533)</u>

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

12. Financial instruments (continued)

12.2 Net gains and losses arising from financial instruments

	2013 RM	2012 RM
Net gains on:		
Loans and receivables	44,056	-

12.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

12.2 Financial risks management

The Company has exposure to financial risks from its use of financial instruments:

- (a) credit risk arising from other receivables and bank balance; and
- (b) liquidity risk from its trade and other payables.

The Directors are of the view that the above risks are not significant.

The Company maintains a level of bank balance deemed adequate by the Directors to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The ultimate holding company has also agreed to provide continuous financial support to the Company to enable it to fulfill its obligations as and when they fall due.

12.3 Fair value of financial instruments

The carrying amounts of bank balance, short-term receivables and payables approximate their fair values due to the relatively short-term nature of these financial instruments.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

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Company No. 541142-D

13. Capital management

The Company's capital is represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an ongoing basis and rely on the continuous financial support from the ultimate holding company.

There is no external capital requirement imposed on the Company.

14. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Company for the financial year ended 31 December 2013, the comparative information presented in these financial statements for the financial year ended 31 December 2012 and in the preparation of the opening MFRS statement of financial position at 1 January 2012 (the Company's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the financial statements of the Company.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

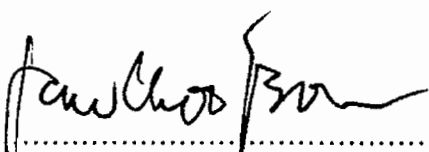
P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

**Statement by Directors pursuant to
Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 5 to 25 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:


.....
Dato' Saw Choo Boon


.....
Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 11 FEB 2014

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)

P.J Sentral Development Sdn. Bhd.

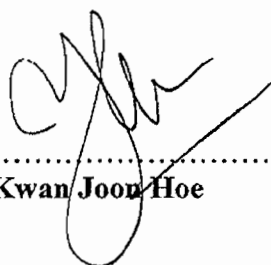
(Company No. 541142-D)

(Incorporated in Malaysia)

**Statutory declaration pursuant to
Section 169(16) of the Companies Act, 1965**

I, Kwan Joon Hoe , the officer primarily responsible for the financial management of P.J Sentral Development Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 25 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on
11 FEB 2014



.....
Kwan Joon Hoe

Before me:



149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)



KPMG (Firm No. AF 0758)
Chartered Accountants
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Internet www.kpmg.com.my

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Independent auditors' report to the members of P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of P.J Sentral Development Sdn. Bhd., which comprise the statement of financial position as at 31 December 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 25.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITED FINANCIAL STATEMENT OF P.J SENTRAL FOR THE FYE 31 DECEMBER 2013
(Cont'd)



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Company No. 541142-D

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

As stated in Note 1 to the financial statements, Gapurna Builders Sdn. Bhd. adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2013 with a transition date of 1 January 2012. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2012 and 1 January 2012, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2013 do not contain misstatements that materially affect the financial position as of 31 December 2013 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya, Malaysia

Date: 11 February 2014

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

APPENDIX III

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA

The following is the comparison of the key revised terms contained in the NGD Letter against the terms set out in the NGD SSA and the Supplemental NGD SSA:-

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
<p>Manner of completion of the Proposed Acquisitions</p>	<p>Clause 2.3(a) The proposed acquisitions of the (i) entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as the 70% equity interest in P.J Sentral (“Proposed Acquisition of NGD Subsidiaries”); (ii) entire equity interest in Gelanggang Harapan Construction Sdn Bhd (“Proposed Acquisition of GHC”); and (iii) entire equity interest in Gapurna Global Solutions Sdn Bhd (“Proposed Acquisition of GGS”) (collectively, the “Proposed Acquisitions”) shall be inter-conditional upon each other and completion of the Proposed Acquisition of NGD Subsidiaries pursuant to the terms and conditions of the NGD SSA shall take place concurrently or immediately thereafter with the completion of the other Proposed Acquisitions pursuant to the terms of the other relevant share sale agreements.</p>	<p>Clause 2.2 Clause 2.3(a) of the NGD SSA shall be wholly deleted in its entirety and replaced with the following provision: “The parties agree that the Proposed Acquisitions shall be completed only if all conditions precedent in respect of the Proposed Acquisitions are fulfilled and to the greatest extent possible, completion of the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral pursuant to the terms and conditions of the Supplemental NGD SSA shall take place concurrently with the completion of the other Proposed Acquisitions pursuant to the terms of the other relevant share sale agreements. It is contemplated by the parties that the completion of the sale and purchase of the shares of P.J Sentral need not necessarily occur simultaneously with the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral. The parties further agree that they may complete the sale and purchase of the shares of P.J Sentral at the same time or after the completion of the Proposed Acquisition of GHC, Proposed Acquisition of GGS and the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral.”</p>	<p>(a) NGD and our Company shall defer completion of the proposed acquisition of 70% equity interest in P.J Sentral (“Proposed Acquisition of 70% of P.J Sentral”) until after the resolution of Kuala Lumpur High Court Suit No. 22NCC-438-06/2013 (including interlocutory proceedings and any appeal to higher court) (“Legal Proceedings”) by a decision of a court of competent jurisdiction which:-</p> <p>(i) (1) is not subject to appeal by PKNS or which is not in fact appealed by PKNS within the period prescribed for appeals to be made under the relevant rules of court; and (2) gives effect to or permits or does not expressly or impliedly prohibit (by operation of law or otherwise) the completion of the Proposed Acquisition of 70% of P.J Sentral; or</p> <p>(ii) a binding written settlement being entered into between PKNS, NGD and our Company which permits or authorises completion of the Proposed Acquisition of 70% of P.J Sentral upon terms and conditions acceptable to NGD and our Company; (collectively, the “Legal Proceedings Resolution”); and</p>

APPENDIX III

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
<p>Manner of completion of the Proposed Acquisitions (Cont'd)</p>	<p>Clause 2.3(b) The parties agree that NGD shall not be required to complete the Proposed Acquisition of NGD Subsidiaries unless all the Proposed Acquisitions take place simultaneously.</p>	<p>Clause 2.3 Clause 2.3(b) of the NGD SSA shall be wholly deleted in its entirety and replaced with the following provision:- “The parties agree that although the Proposed Acquisition of 30% of P.J Sentral shall be conditional upon the completion of the Proposed Acquisitions (including the Proposed Acquisition of 70% of P.J Sentral), the Proposed Acquisitions (including the Proposed Acquisition of 70% of P.J Sentral) shall not in any way be conditional upon the completion of the Proposed Acquisition of 30% of P.J Sentral. Further, notwithstanding the subsequent execution of a conditional share sale agreement between our Company and PKNS in respect of the Proposed Acquisition of 30% of P.J Sentral, for the purposes of expediency, the completion of the Proposed Acquisition of 30% of P.J Sentral upon the terms of such conditional share sale agreement need not occur simultaneously with the completion of the Proposed Acquisitions on the terms and conditions set out in the relevant share sale agreements (including but not limited to completion under the Supplemental NGD SSA) and such completion of the Proposed Acquisition of 30% of P.J Sentral may take place separately and independently.”</p>	<p>(b) completion of the Proposed Acquisitions (excluding the Proposed Acquisition of 70% of P.J Sentral) (“Remaining Acquisitions”) shall take place in accordance with the terms of the relevant share sale agreements upon the conditions precedent in respect of the NGD SSA having been fulfilled/obtained or waived pursuant to the terms of the relevant share sale agreements notwithstanding that the Legal Proceedings Resolution has not occurred prior to the scheduled completion date of the Remaining Acquisitions pursuant to the terms of the relevant share sale agreements and completion of the Proposed Acquisition of 70% of P.J Sentral shall be deferred in accordance with the terms of the NGD SSA, Supplemental NGD SSA and the NGD Letter. The Proposed Acquisitions shall remain inter-conditional upon each other and completion of the Proposed Acquisitions shall take place in accordance with the terms and conditions of the relevant share sale agreements. In the event that our Company does however in the future obtain the approval of its shareholders to render the Proposed Acquisitions not to be inter-conditional and the Remaining Acquisitions consequently not to be conditional upon the completion of the Proposed Acquisition of 70% of P.J Sentral, such completion of the Remaining Acquisitions shall not be affected, postponed or unwound nor shall our Company make any other claims (save for any rights or remedies that our Company may have to seek damages from NGD for any action, proceeding, demand or claim initiated by a third party), notwithstanding that the Proposed Acquisition of 70% of P.J Sentral is postponed, varied, not completed and/or terminated for any reason whatsoever (including but not limited to due to any order made or judgment given against any of the parties and relating to the Proposed Acquisition of 70% of P.J Sentral or the Legal Proceedings and whether or not attributable to any party or person’s act, default or omission).</p>

APPENDIX III

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
<p>Completion</p>	<p>Clause 5.2(a)(3) On the completion date, our Company shall issue to NGD the consideration shares together with the consideration warrants on the basis of 2 free warrants for every 7 consideration shares, attributable to each of the NGD Subsidiaries (as defined hereinafter) in the respective proportions and amounts set out in the NGD SSA.</p> <p>Clause 8.2(b)(1) In exchange for the delivery of the completion documents referred to in clause 8.2(a) of the NGD SSA, our Company shall pay the cash consideration and allot such number of consideration shares together with consideration warrants to NGD in the respective proportions set out in the NGD SSA.</p> <p>Clause 8.3 Following the allotment and issuance of the consideration shares and the consideration warrants upon completion, our Company shall take all steps as may be necessary to procure that the consideration shares together with the new MRCB Shares to be issued pursuant to the exercise of the consideration warrants are listed and quoted on Bursa Securities within 14 business days after the date of the allotment and issuance of the consideration shares and the consideration warrants and credited into the Bursa Securities Central Depository System account designated in writing by NGD.</p>	<p>None.</p>	<p>Notwithstanding the provisions of clauses 5.2(a)(3), 8.2(b)(1) and 8.3 of the NGD SSA (as amended and varied by the Supplemental NGD SSA), NGD agrees that:</p> <p>(a) the consideration warrants to be issued in connection with the Remaining Acquisitions shall not be issued together with the consideration shares to be issued in connection with the Remaining Acquisitions and such consideration warrants shall instead be issued within 21 days after the completion date of the Remaining Acquisitions and the listing and quotation of such consideration warrants will take place within 14 business days after the date of allotment and issuance of the consideration warrants; and</p> <p>(b) completion of the Remaining Acquisitions will be deemed only to have occurred upon the allotment of the consideration shares to be issued in connection with the Remaining Acquisitions, notwithstanding the deferral of issuance of the consideration warrants as described in paragraph (a) above.</p>

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
Termination	<p>Clause 11.2 - MRCB's right to terminate</p> <p>Without prejudice to the provisions in the NGD SSA, our Company shall be entitled to issue a notice in writing ("Notice of Termination") to NGD if, at any time prior to the completion as prescribed in the NGD SSA –</p> <p>(a) NGD commits any continuing or material breach of any of its/their obligations under the NGD SSA which is incapable of remedy or if capable of remedy, is not remedied within 30 days of it being given notice to do so;</p> <p>(b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of either Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd, Puncak Wangi Sdn Bhd and P.J Sentral (individually, the "NGD Subsidiary") and collectively, the "NGD Subsidiaries") and/or NGD;</p> <p>(c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of any NGD Subsidiaries and/or NGD;</p>	None.	<p>If at any time after the NGD SSA, the share sale agreement relating to the Proposed Acquisition of GHC and the share sale agreement relating to the Proposed Acquisition of GGS shall have become unconditional and is completed, the Legal Proceedings are adversely determined against NGD via a final non-appealable order or judgment of a court of competent jurisdiction and the effect of such order or judgment is that the implementation of the Proposed Acquisition of 70% of P.J Sentral is prohibited or restrained, our Company may terminate the NGD SSA by giving a Notice of Termination.</p> <p>In the event that if, for any reason whatsoever (including but not limited to due to any order made or judgment given against any of the parties and relating to the sale and purchase of the shares of P.J Sentral or the Legal Proceedings and whether or not attributable to any party's act, default or omission), the Proposed Acquisition of 70% of P.J Sentral is not or cannot be completed within three (3) years from the date of the NGD Letter or such other longer period as may be agreed by NGD and our Company, our Company may at any time after the date of the NGD Letter but no later than one (1) month of the expiry of the three (3) years period, serve a Notice of Termination to that effect to NGD to terminate the NGD SSA.</p> <p>NGD unconditionally and irrevocably agree to waive any and all rights which they may have to terminate the NGD SSA or the Remaining Acquisitions or to require the Remaining Acquisitions to be unwound by reason of the deferral or non-completion of the Proposed Acquisition of 70% of P.J Sentral.</p> <p>Upon termination in any of the circumstances set out above, neither NGD nor our Company shall make any claim whatsoever against the other arising in relation to the termination or non-completion of the Proposed Acquisition of 70% of P.J Sentral as a consequence of the Legal Proceedings, save for any rights or remedies that our Company may have to seek damages from NGD for any action, proceeding, demand or claim initiated by a third party or any expense, loss, damage or liability that may be owed to such third party which are more specifically set out in the NGD Letter.</p>

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
<p>Termination (Cont'd)</p>	<p>(d) any NGD Subsidiary and/or NGD become(s) insolvent or are unable to pay its/their debts or admits in writing its/their inability to pay its/their debts within 30 days of when they fall due or enter into any composition or arrangement with its/their creditors or makes a general assignment for the benefit of its/their creditors;</p> <p>(e) any NGD Subsidiary and/or NGD ceases or threaten to cease or carry on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the NGD SSA); or</p> <p>(f) any of the warranties of NGD is found at any time to be materially untrue or inconsistent,</p> <p>and such event would or may have a material adverse effect (taking into account the materiality threshold set out in the NGD SSA) on the net assets position of (i) NGD or (ii) the NGD Subsidiaries taken collectively.</p> <p>Clause 11.3 – NGD’s right to terminate</p> <p>Without prejudice to the provisions in the NGD SSA, NGD shall be entitled to issue a Notice of Termination to our Company if, at any time prior to the completion as prescribed in the NGD SSA –</p>		<p>The proportionate amount of refundable deposit sum attributable to the Proposed Acquisition of 70% of P.J Sentral amounts to RM4,335,512 (excluding any retention sum attributable to the shares of P.J Sentral, which shall be subject to a claim for refund from the Director-General of Inland Revenue) (“Deposit Sum”) and such Deposit Sum shall, notwithstanding the provisions of clause 5.6 of the NGD SSA, be held by the purchaser’s solicitors as stakeholders until the completion or termination (as the case may be) of the Proposed Acquisition of 70% of P.J Sentral. In the event that the parties proceed with the completion of the Proposed Acquisition of 70% of P.J Sentral, the purchaser’s solicitors shall and are authorised to release the Deposit Sum to NGD on the completion date of the Proposed Acquisition of 70% of P.J Sentral. In the event however that the Proposed Acquisition of 70% of P.J Sentral is terminated by our Company, the purchaser’s solicitors shall and are hereby authorised to refund the Deposit Sum to MRCB upon such termination in accordance with the provisions of clause 11 of the NGD SSA.</p>

APPENDIX III

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
<p>Termination (Cont'd)</p>	<p>(a) our Company commits any continuing or material breach of any of its obligations under the NGD SSA which is incapable of remedy or if capable of remedy, is not remedied within 30 days of it being given notice to do so;</p> <p>(b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of our Company or any of our subsidiary;</p> <p>(c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of our Company or any of our subsidiary;</p> <p>(d) our Company or any of our subsidiary becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts within 30 days of when they fall due or enter into any composition or arrangement with its creditors or make a general assignment for the benefit of its creditors;</p>		

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
Termination (Cont'd)	<p>(e) our Company or any of our subsidiary ceases or threatens to cease or carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the NGD SSA); or</p> <p>(f) any of the warranties of our Company is found at any time to be materially untrue or inconsistent,</p> <p>and such event would or may have a material adverse effect (taking into account the materiality threshold set out in the NGD SSA) on the net assets position of (i) our Company or (ii) the MRCB Group taken collectively.</p> <p>Clause 11.4 – Consequences of termination</p> <p>(a) Following the giving of a Notice of Termination under clause 11.2 of the NGD SSA –</p> <p>(1) NGD and its nominee(s) shall, within 14 days after receipt of the Notice of Termination –</p> <p>(i) return to our Company all documents, if any, delivered to any of them or its agents, advisers, representatives, accountants or solicitors by or on behalf of our Company;</p>		

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
Termination (Cont'd)	<p>(ii) NGD shall procure that the NGD Subsidiaries to return to our Company all such documents, if any; and</p> <p>(iii) return, refund and repay to our Company any and all moneys (including the deposit and the consideration cash but excluding the retention sum which NGD shall use its best endeavours to obtain a refund from the Director-General of Inland Revenue in favour of our Company), received by them towards account of the purchase consideration, free of interest, and return or surrender for cancellation any consideration shares and consideration warrants received by them; and</p> <p>(2) our Company shall, in exchange for the performance by NGD of their obligations under paragraph (a)(1) above, return to NGD all documents, if any, delivered to them by or on behalf of the NGD Subsidiary or NGD.</p> <p>(b) Following the giving of a Notice of Termination under clause 11.3 of the NGD SSA –</p>		

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE NGD LETTER AGAINST THE TERMS SET OUT IN THE NGD SSA AND THE SUPPLEMENTAL NGD SSA (Cont'd)

Key terms	NGD SSA	Supplemental NGD SSA	NGD Letter
<p>Termination (Cont'd)</p>	<p>(1) NGD and its nominee(s) shall return, within 14 days of the Notice of Termination, refund and repay to our Company any and all moneys (including the deposit and the consideration cash but excluding the retention sum which NGD shall use its best endeavours to obtain a refund from the Director-General of Inland Revenue in favour of our Company), received by them towards account of the purchase consideration, free of interest, and return or surrender for cancellation any consideration shares and consideration warrants;</p> <p>(2) our Company shall, within 14 days after its receipt of the Notice of Termination, return to NGD all documents, if any, delivered to it or its agents, advisors, representatives, accountants or solicitors by or on behalf of the NGD Subsidiary or NGD; and</p> <p>(3) NGD shall in exchange for the performance by our Company of its obligations under paragraph (b)(2) above, return to our Company all documents, if any, delivered to them by or on behalf of our Company.</p>		

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE PKNS SSA AGAINST THE INDICATIVE TERMS SET OUT IN THE 5 JUNE 2013 CIRCULAR

The following is a comparison of the key revised terms contained in the PKNS SSA against the indicative terms set out in the 5 June 2013 Circular:-

Key terms	As set out in the 5 June 2013 Circular	As set out in the PKNS SSA
<p>Manner of payment of the PKNS Consideration</p>	<p>Subject to the completion adjustment, the purchase consideration shall be satisfied by our Company in the following manner:-</p> <p>(a) Upon the execution of the share sale agreement for the Proposed Acquisition of 30% of P.J Sentral (“Initial PKNS SSA”), our Company shall pay a sum of RM1,858,388 as deposit and part payment of the pre-adjustment purchase consideration of RM85,300,000 (“Pre-Adjustment PKNS Consideration”) to our Company’s solicitors as stakeholders to hold and deal with in accordance with the terms of the Initial PKNS SSA (“PKNS Deposit”).</p> <p>(b) On or before the completion date as prescribed in the Initial PKNS SSA (being a business day falling 30 days after all the conditions precedent having been fulfilled and/or obtained, or such other date as may be agreed upon between the parties upon which the completion of the sale and purchase of the shares of P.J Sentral held by PKNS as contemplated under the Initial PKNS SSA is to take place), our Company shall pay a total fixed sum of RM11,150,327 payable in cash, to PKNS (“PKNS Cash Consideration”).</p> <p>(c) On the completion date, our Company shall issue 46,639,539 consideration shares, together with 13,325,583 consideration warrants, amounting to the remainder of the Pre-Adjustment PKNS Consideration, to PKNS, which is subject to the completion adjustment in accordance with the terms of the Initial PKNS SSA.</p>	<p>In accordance with the terms of the PKNS SSA, the PKNS Consideration shall be paid by our Company in the following manner:-</p> <p>(i) Upon the execution of the PKNS SSA, a sum of RM1,706,000 (being the retention sum of 2% of the PKNS Consideration) shall be paid to our solicitors who shall be authorised by the parties to pay such sum to the Director-General of Inland Revenue in accordance with the Real Property Gains Tax Act 1976 or any amendments or statutory modification or any orders thereof; and</p> <p>(ii) On the Completion Date, the balance consideration of RM83,594,000 shall be paid to P.J Sentral on behalf of PKNS, and for its account in or towards part satisfaction of the Development Rights Consideration payable by PKNS to P.J Sentral under the Development Agreement.</p>

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE PKNS SSA AGAINST THE INDICATIVE TERMS SET OUT IN THE 5 JUNE 2013 CIRCULAR (Cont'd)

Key terms	As set out in the 5 June 2013 Circular	As set out in the PKNS SSA
<p>Completion adjustment</p>	<p>(a) In the event that the open market value of the lands/assets/real properties/buildings held by P.J Sentral shall be varied/adjusted pursuant to comments provided by any regulatory authorities in respect of the property valuation reports, the aggregate nominal value of the consideration shares together with the consideration warrants to be allotted and issued by our Company to PKNS shall be adjusted upwards or downwards accordingly (“PKNS Consideration Adjustment”), and the total sale and purchase consideration payable by our Company following the PKNS Consideration Adjustment shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (a) provided always that the PKNS Consideration Adjustment pursuant to this provision shall amount to a sum of more than 1% of the Pre-Adjustment PKNS Consideration.</p> <p>(b) If the PKNS Consideration Adjustment pursuant to the provisions this paragraph (b) in respect of the Initial PKNS SSA shall amount to a sum equivalent to or less than 1% of the Pre-Adjustment PKNS Consideration, the parties agree that no completion adjustment under the provisions of paragraph (a) above shall take place notwithstanding that the valuation of the open market value of the property held by P.J Sentral shall be varied/adjusted pursuant to the property valuation reports.</p> <p>(c) If the PKNS Consideration Adjustment pursuant to the provisions of this paragraph (c) shall amount to an upward adjustment of more than 5% of the Pre-Adjustment PKNS Consideration, our Company shall be entitled to give notice to PKNS immediately terminating the Initial PKNS SSA.</p> <p>(d) If the PKNS Consideration Adjustment pursuant to the provisions of this paragraph (d) shall amount to a downward adjustment of more than 5% of the Pre-Adjustment PKNS Consideration, PKNS shall be entitled to give notice to our Company immediately terminating the Initial PKNS SSA.</p>	<p>None.</p>

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE PKNS SSA AGAINST THE INDICATIVE TERMS SET OUT IN THE 5 JUNE 2013 CIRCULAR (Cont'd)

Key terms	As set out in the 5 June 2013 Circular	As set out in the PKNS SSA
<p>Conditions precedent</p>	<p>The Proposed Acquisition of 30% of P.J Sentral is conditional upon the following conditions precedent being obtained/fulfilled within a period of nine (9) months after the date of the Initial PKNS SSA, or such later date as the parties may mutually agree (“PKNS Cut-Off Date”):-</p> <p>(a) the approval of the shareholders of our Company at an EGM to be convened for the Proposed Acquisition of 30% of P.J Sentral (including issuance of the consideration shares together with the consideration warrants as part payment of the purchase consideration);</p> <p>(b) the approval or consent of the financiers of P.J Sentral, for, <i>inter-alia</i>, the sale and transfer of the shares of P.J Sentral held by PKNS in favour of our Company or its nominee(s), upon the terms and subject to the conditions of the Initial PKNS SSA, where required;</p> <p>(c) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with P.J Sentral, where required, in each case to the extent that at the completion date the same remain to be completed or performed or remain in force;</p> <p>(d) the approval or consent of Bursa Securities for the listing of and quotation for the consideration shares, the consideration warrants and the new MRCSB Shares arising from the exercise of the consideration warrants, where required;</p> <p>(e) approval or consent of the financier of PKNS for the release/discharge of any of the shares held by PKNS in P.J Sentral which have been pledged; and</p> <p>(f) all conditions precedent applicable in connection with the Proposed Acquisitions as set out in the respective share sale agreements having been fulfilled or obtained in accordance with the terms and conditions of the relevant share sale agreements (where applicable).</p>	<p>None.</p>

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE PKNS SSA AGAINST THE INDICATIVE TERMS SET OUT IN THE 5 JUNE 2013 CIRCULAR (Cont'd)

Key terms	As set out in the 5 June 2013 Circular	As set out in the PKNS SSA
<p>Termination in the event conditions precedent are not fulfilled</p>	<p>If:-</p> <ul style="list-style-type: none"> (a) at any time prior to the expiry of the PKNS Cut-Off Date, any of the conditions precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; or (b) on the expiry of the PKNS Cut-Off Date, any of the conditions precedent shall have not been obtained or fulfilled; or (c) at any time prior to the expiry of the PKNS Cut-Off Date, any of the conditions precedent shall have been granted subject to the terms and conditions which are not acceptable to the affected party being terms and conditions which affect the affected party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons, <p>then either party shall be entitled to terminate the Initial PKNS SSA by giving a notice of termination to that effect to the other party, whereupon PKNS shall return, refund and repay to our Company any and all moneys (including the PKNS Deposit but excluding a sum equivalent to 2% of the purchase consideration to be paid to the Director-General of Inland Revenue pursuant to Section 21B of the Real Property Gains Tax Act, 1976 ("PKNS Retention Sum") which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by it towards account of the purchase consideration free of interest and use its best endeavours to obtain a refund in favour of our Company of the PKNS Retention Sum from the Director-General of Inland Revenue and the parties shall not have any further rights under the Initial PKNS SSA except in respect of –</p> <ul style="list-style-type: none"> (a) any obligations under the Initial PKNS SSA which is expressed to apply after the termination of the other share sale agreements for the Proposed Acquisitions; and (b) any rights and obligations which have accrued in respect of any breach of any of the provisions of the Initial PKNS SSA to either party prior to such termination. 	<p>Not applicable.</p>

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE PKNS SSA AGAINST THE INDICATIVE TERMS SET OUT IN THE 5 JUNE 2013 CIRCULAR (Cont'd)

Key terms	As set out in the 5 June 2013 Circular	As set out in the PKNS SSA
<p>Termination of the PKNS SSA</p>	<p>(a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to completion as contemplated under the Initial PKNS SSA, the other party commits any continuing or material breach of any of its obligations under the Initial PKNS SSA which is incapable of remedy or if capable of remedy, is not remedied within 30 days of it being given notice so to do, or inter-alia, a winding up or insolvency events occurs.</p> <p>(b) If the Initial PKNS SSA is terminated by PKNS and PKNS elects not to pursue the remedy of specific performance as set out in the Initial PKNS SSA, PKNS shall, within 14 days after the notice of termination, return, refund and repay to us any and all moneys (including the PKNS Deposit and the PKNS Cash Consideration but excluding the PKNS Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the purchase consideration, free of interest, return or surrender for cancellation any consideration shares and the consideration warrants received by them and use best endeavours to obtain a refund in favour of our Company of the PKNS Retention Sum from the Director-General of Inland Revenue and we shall, within 14 days after receipt of the notice of termination, return to PKNS all documents, if any, delivered to it or its agents, advisors, representatives, accountants or solicitors by or on behalf of P.J Sentral or PKNS. PKNS shall, in exchange for the performance of such obligation by our Company, return to us all documents, if any, delivered to them by or on behalf of our Company.</p> <p>(c) If the Initial PKNS SSA is terminated by us and we elect not to pursue the remedy of specific performance as set out in the Initial PKNS SSA, PKNS shall, within 14 days after its receipt of notice of termination, return to us all documents, if any, delivered to any of them by or on behalf of our Company, procure P.J Sentral to return to us all such documents, if any, and return, refund and repay to us any and all moneys (including the PKNS Deposit and the PKNS Cash Consideration but excluding the PKNS Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the purchase consideration, free of interest, return or surrender for cancellation any consideration shares and the consideration warrants received by it and use best endeavours to obtain a refund in favour of our Company of the PKNS Retention Sum from the Director-General of Inland Revenue. We shall, in exchange for the performance by PKNS of such obligations, within 14 days after the notice of termination, return all documents, if any, delivered to it by or on behalf of P.J Sentral or PKNS.</p>	<p>If PKNS fails to complete the sale of the P.J Sentral Sale Shares in accordance with the terms set out in the PKNS SSA, our Company shall be entitled in our sole and absolute discretion:-</p> <p>(i) to pursue an action for, amongst others, specific performance of the PKNS SSA and/or compensation in addition to or in lieu of specific performance; or</p> <p>(ii) alternatively to elect to terminate the PKNS SSA by serving a termination notice at any time on PKNS, and to, amongst others, claim a refund of RM1,706,000 (being the retention sum of 2% of the PKNS Consideration) (which shall be refunded within 7 days from the date of the termination notice, failing which PKNS shall pay interest on the outstanding sum at the rate of 8% per annum from and including the due date up to and including the date of receipt of the outstanding sum by our Company) and all loss or damage which our Company may suffer as a consequence of non-completion by PKNS (including but not limited to all costs and expenses incurred by our Company, stamp duties and legal costs on a solicitor and client basis).</p> <p>If our Company fails to complete the sale of the P.J Sentral Sale Shares in accordance with the terms set out in the PKNS SSA, PKNS shall be entitled in its sole and absolute discretion:-</p>

APPENDIX IV

COMPARISON OF THE KEY REVISED TERMS CONTAINED IN THE PKNS SSA AGAINST THE INDICATIVE TERMS SET OUT IN THE 5 JUNE 2013 CIRCULAR (*Cont'd*)

Key terms	As set out in the 5 June 2013 Circular	As set out in the PKNS SSA
Termination of the PKNS SSA (<i>Cont'd</i>)		<p>(i) to pursue an action for, amongst others, specific performance of the PKNS SSA and/or compensation in addition to or in lieu of specific performance; or</p> <p>(ii) alternatively to elect to terminate the PKNS SSA by serving a termination notice at any time on our Company, and to, amongst others, claim all loss or damage which PKNS may suffer as a consequence of non-completion by our Company (including but not limited to all costs and expenses incurred by PKNS and legal costs on a solicitor and client basis).</p>

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by your Board who collectively and individually accept full responsibility for the accuracy of the information given. Your Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no other fact the omission of which would make any statement herein false or misleading.

Information relating to PKNS has been obtained from publicly available documents (where available) and other information/documents provided by PKNS and its directors/management. The sole responsibility of your Board has been to ensure that the information in relation to PKNS has been accurately reproduced.

2. CONSENTS

RHB Investment Bank, Astramina Advisory and C H Williams Talhar & Wong Sdn Bhd have given and have not subsequently withdrawn their written consents to the inclusion of their names (where applicable) and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

3.1 RHB Investment Bank

EPF is a common shareholder of MRCB and RHB Capital Berhad (being the holding company of RHB Investment Bank) (“**RHB Capital**”). Nevertheless, EPF is not involved in the day-to-day operations of RHB Investment Bank.

Haji Md Ja’far Abdul Carrim is a member of the board of directors of EPF and is also the Non-Independent Non-Executive Chairman and a Non-Independent Non-Executive Director of RHB Islamic Bank Berhad and RHB Insurance Berhad respectively, which are also subsidiaries of RHB Capital. Nevertheless, in view of his role as a non-executive director, he is not involved in the day-to-day operations of RHB Islamic Bank Berhad and RHB Insurance Berhad. In addition, he does not hold any directorship in either RHB Capital or RHB Investment Bank.

Tan Sri Azlan Zainol is a Non-Independent Non-Executive Chairman of MRCB and a Non-Independent Non-Executive Director of RHB Capital as well as a Non-Independent Non-Executive Chairman of RHB Bank Berhad. Nevertheless, in view of his role as a non-executive director, he is not involved in the day-to-day operations of both RHB Capital and RHB Bank Berhad.

In addition, Dato’ Saw Choo Boon is a former director of several subsidiaries of MRCB, namely Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd, Puncak Wangi Sdn Bhd and P.J Sentral, and is also an Independent Non-Executive Director of both RHB Capital as well as RHB Investment Bank. Nevertheless, he has resigned from his directorships in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd on 28 May 2014, and from P.J Sentral on 24 June 2014.

As at LPD, RHB Investment Bank and its related companies (collectively referred to as “**RHB Banking Group**”) have extended various credit facilities amounting to approximately RM986.87 million (with an amount of approximately RM523.52 million outstanding as at 15 August 2014) to MRCB and/or its subsidiaries.

The above credit facilities are provided by RHB Banking Group in the ordinary course of business and RHB Investment Bank does not receive or derive any financial interest or benefit from the Proposed Acquisition of 30% of P.J Sentral, save for the professional fees as the Main Adviser for the Proposed Acquisition of 30% of P.J Sentral.

FURTHER INFORMATION (Cont'd)

Notwithstanding the aforesaid, RHB Investment Bank confirms that there is no existing conflict of interest and is not aware of any circumstance which would or is likely to give rise to a possible conflict of interest by virtue of RHB Investment Bank's appointment as Main Adviser for the Proposed Acquisition of 30% of P.J Sentral.

3.2 Astramina Advisory

Astramina Advisory is the appointed Transaction Arranger of MRCB in respect of the Proposed Acquisition of 30% of P.J Sentral. Astramina Advisory is not aware of any conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of its role as Transaction Arranger in relation to the Proposed Acquisition of 30% of P.J Sentral.

4. MATERIAL COMMITMENTS

Save as disclosed below, as at LPD, your Board is not aware of any material commitment incurred or known to be incurred by our Company or our subsidiaries which upon becoming enforceable may have a material impact on the financial position of our Group:-

	RM'000
Authorised capital expenditure not contracted for: - property, plant and equipment	19,007

5. CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, your Board is not aware of any contingent liability which upon becoming enforceable may have a material impact on the financial position of our Group:-

	RM'000
Unsecured corporate guarantees given to financial institutions for trade and performance guarantees extended to third parties	173,226
Disputed claims from sub-contractor arising from business transactions ⁽¹⁾	4,681

Note:-

⁽¹⁾ *The disputed claims from sub-contractors arising from business transactions have not been provided for in the financial statements as your Board, based on legal advice, is of the opinion that the above claims are not likely to succeed and thus would not have a material effect on the financial position of the business of our Group and of our Company.*

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 21, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, 50470 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) M&A of our Company and the M&A of P.J Sentral;
- (ii) Our Group's audited financial statements for the past two (2) FYE 31 December 2012 and FYE 31 December 2013 and our unaudited financial statements for the six (6)-months FPE 30 June 2014;

FURTHER INFORMATION (Cont'd)

- (iii) Audited financial statements of P.J Sentral for the past three (3) FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013;
- (iv) The PKNS SSA and the Development Agreement;
- (v) The valuation report and valuation certificate for the property held by P.J Sentral prepared by C H Williams Talhar & Wong Sdn Bhd dated 11 March 2013;
- (vi) The material contracts of P.J Sentral as disclosed in Section 6 of Appendix I; and
- (vii) The letters of consent referred to in Section 2 above.

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Malaysian Resources Corporation Berhad (“MRCB” or “Company”) will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 23 September 2014 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, to pass with or without any modification the following resolution:-

ORDINARY RESOLUTION

PROPOSED ACQUISITION BY MRCB OF 30% EQUITY INTEREST IN P.J SENTRAL DEVELOPMENT SDN BHD (“P.J SENTRAL”) FROM PKNS HOLDINGS SDN BHD (“PKNS”) FOR A TOTAL CASH CONSIDERATION OF RM85,300,000 (“PROPOSED ACQUISITION OF 30% OF P.J SENTRAL”)

“**THAT**, subject to the approval of all the relevant authorities or parties being obtained (if required), approval be and is hereby given for the Company and/or its nominee(s) to acquire 30% equity interest in P.J Sentral from PKNS for a total purchase consideration of RM85,300,000 to be satisfied entirely in cash upon and subject to the terms and conditions as stipulated in the share sale agreement dated 20 June 2014 entered into between MRCB and PKNS (“PKNS SSA”) for the Proposed Acquisition of 30% of P.J Sentral.

AND THAT the board of directors of the Company (“Board”) be and is hereby authorised and empowered to give full effect to the Proposed Acquisition of 30% of P.J Sentral and the PKNS SSA with full power to complete and implement the Proposed Acquisition of 30% of P.J Sentral in such manner as the Board may deem fit or necessary, to negotiate, approve, agree and/or assent to any conditions, variations, revaluations, modifications and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute and deliver and/or cause to be executed and delivered the PKNS SSA and such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all such acts, things and matters as it may deem fit, necessary and/or expedient or in the best interests of the Company.”

By order of the Board

Mohd Noor Rahim Yahaya

MAICSA 0866820

Company Secretary

Kuala Lumpur

8 September 2014

Notes: -

1. Only members whose names appear in the Record of Depositors on 15 September 2014 (“General Meeting Record of Depositors”) shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
6. The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.

PROXY FORM

(Please see the notes below before completing the form)

CDS Account No.	
No. of Ordinary share(s) held	

*I/We (FULL NAME IN CAPITAL LETTERS)

*NRIC No./ Passport No./ Company No.

of (FULL ADDRESS)

being a *member/members of **MALAYSIAN RESOURCES CORPORATION BERHAD** hereby appoint

First Proxy

Full Name of Proxy in capital letters	Proportion of shareholdings	
	Number of shares	Percentage (%)
NRIC Number		

*and/or failing *him/her

Second Proxy

Full Name of Proxy in capital letters	Proportion of shareholdings	
	Number of shares	Percentage (%)
NRIC Number		

or failing *him/her the Chairman of the Meeting as *my/our proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held on Tuesday, 23 September 2014 at 2.30 p.m. and at any adjournment thereof.

*My/our proxy is to vote on the Resolution as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as *he/she thinks fit.

RESOLUTION	FOR	AGAINST
ORDINARY RESOLUTION – PROPOSED ACQUISITION OF 30% OF P.J SENTRAL		

Dated this _____ day of _____ 2014

Signature of Shareholders

* DELETE IF NOT APPLICABLE.

Notes:-

1. Only members whose names appear in the Record of Depositors on 15 September 2014 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
6. The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here