THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

PROPOSED SUBSCRIPTION OF 700,000 NEW ORDINARY SHARES OF RM1.00 EACH, REPRESENTING 70% EQUITY INTEREST IN KWASA DEVELOPMENT (2) SDN. BHD., A SPECIAL PURPOSE VEHICLE INCORPORATED TO UNDERTAKE THE MIXED DEVELOPMENT OF 64.07 ACRES OF LAND TO BE A TOWN CENTRE OF THE PROPOSED KWASA DAMANSARA TOWNSHIP FOR A SUBSCRIPTION PAYMENT OF RM816,614,180 IN CASH ("PROPOSED SUBSCRIPTION")

PART B

INDEPENDENT ADVICE LETTER FROM PUBLIC INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB") IN RELATION TO THE PROPOSED SUBSCRIPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

Maybank Investment Bank

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

The Notice of 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, Kuala Lumpur, 50200 on Thursday, 12 February 2015 at 9.00 a.m. or any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

You are entitled to vote at our EGM. Should you be unable to attend the EGM, you are entitled to appoint a proxy to attend and vote on your behalf. 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 no later than 48 hours before the date and time fixed for the EGM or 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 16 January 2015

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following words and abbreviations shall have the following meaning:

Act	:	Companies Act, 1965
Board	:	Board of Directors
BNM	:	Bank Negara Malaysia
Bursa Securities	:	Bursa Malaysia Securities Berhad
Business Day(s)	:	A day on which banks are open for business in Kuala Lumpur and Selangor, and not being a Saturday, Sunday or public holiday
Conditional Period	:	Twelve (12) months from the date of the Shareholders' Agreement, failing which, the period shall be extended for a further period of twelve (12) months or such other period as may be agreed between the Parties
Conditions Precedent	:	Conditions precedent to the Shareholders' Agreement as set out in Section 2.4.1 of Part A of this Circular
Circular	:	This circular dated 16 January 2015 in relation to the Proposed Subscription
EGM	:	Extraordinary General Meeting
EPF	:	Employees Provident Fund Board
Feasibility Report	:	A market and feasibility study report on Project MX-1 dated 25 August 2014 prepared by Rahim & Co
FPE	:	Financial period(s) ended/ending, as the case may be
FYE	:	Financial year(s) ended/ending, as the case may be
GDV	:	Gross development value
Government	:	Government of Malaysia
Group	:	Collectively, our Company and our subsidiaries
IAL	:	Independent advice letter
ICSA	:	Infrastructure Cost Sharing Agreement dated 8 August 2014 between Kwasa Land and KDSB for Kwasa Land to undertake the construction and completion of the Level 1 Infrastructure and KDSB agrees to share the cost of the Level 1 Infrastructure in accordance with the terms and conditions of the said agreement
Interested Directors	:	Collectively, Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof
KDSB	:	Kwasa Development (2) Sdn. Bhd.

KDSB Shares	:	Ordinary shares of RM1.00 each in KDSB
Kwasa Land	:	Kwasa Land Sdn. Bhd.
Kwasa Land Share(s)	:	Ordinary share(s) of RM1.00 each in Kwasa Land
Level 1 Infrastructure	:	Roadworks, drainage works, water supply pipes, sewerage system and mechanical and electrical infrastructure comprising electrical supply, street lighting on common roads, telecommunications system and other related mechanical and electrical infrastructure to be provided by Kwasa Land subject to approvals and changes as may be imposed by the authorities or Kwasa Land's design consultant pursuant to the ICSA
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	26 December 2014, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per Share
Maybank IB	:	Maybank Investment Bank Berhad
MRCB or Company	:	Malaysian Resources Corporation Berhad
MRT	:	Mass rapid transit
MX-1 Land	:	Based on the Shareholders' Agreement, a parcel of 64.07 acres of mixed development leasehold land located within Kwasa Damansara development, which as at the LPD forms part of the land held under master title PN105602, Lot 85114, Mukim Sungai Buloh, District of Petaling, State of Selangor. The land held under master title PN105602, Lot 85114, Mukim Sungai Buloh, District of Petaling, State of Selangor was subdivided from the land held under master title PN94453, Lot 3636, Mukim Sungai Buloh, District of Petaling, State of Selangor on 18 November 2014 due to land acquisition made by Klang Valley MRT project
NA	:	Net assets
Party(ies)	:	Our Company, Kwasa Land and KDSB collectively or individually, as the case may be
NTA	:	Net tangible assets
PIVB or Independent Adviser	:	Public Investment Bank Berhad
Project MX-1	:	The mixed development of MX-1 Land to be a town centre of the proposed Kwasa Damansara Township
Proposed Subscription	:	Proposed subscription of 700,000 new KDSB Shares representing 70% equity interest in KDSB, a special purpose vehicle incorporated to undertake Project MX-1, for the Subscription Payment by our Company

Rahim & Co	:	Rahim & Co Research Sdn. Bhd.
RFP	:	Request for proposal
RPS	:	Redeemable preference shares with par value of RM0.01 each in KDSB
RM	:	Ringgit Malaysia
Share(s) or MRCB Share(s)	:	Ordinary share(s) of RM1.00 each in our Company
Shareholders' Agreement	:	Shareholders' agreement dated 14 August 2014 between our Company, Kwasa Land and KDSB in relation to, *inter-alia*, the Proposed Subscription
Subscription Payment	:	The sum of RM816,614,180 payable in cash by our Company to KDSB in accordance with the terms and conditions set out in the Shareholders' Agreement
Unconditional Date	:	The day on which all the Conditions Precedent are fulfilled or waived
Valuation Certificate	:	The valuation certificate on MX-1 Land dated 5 October 2014 prepared by WTW
Valuation Report	:	The valuation report on MX-1 Land dated 5 October 2014 prepared by WTW
WTW	:	CH Williams Talhar & Wong Sdn. Bhd.

All references to "**our Company**" in this Circular are to MRCB. Reference to "**our Group**" is to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and where the context requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

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

Any reference to any enactment in this Circular is a reference to that enactment as amended or re-enacted from time to time.

Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

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 our 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 our Group's plans and objectives will be achieved.

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NOTICE OF EGM **ENCLOSED**

FORM OF PROXY **ENCLOSED**

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED SUBSCRIPTION

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Act)

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

16 January 2015

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' Johari Razak *(Independent Director)*
Rohaya Mohammad Yusof *(Non-Independent Non-Executive Director)*

To: Our shareholders

Dear Sir/Madam,

PROPOSED SUBSCRIPTION

1. INTRODUCTION

On 30 June 2014, our Company announced the receipt of the letter of award from Kwasa Land for the development of Project MX-1 ("**Letter of Award**"). The Letter of Award was subject to a definitive agreement to be entered into between our Company and Kwasa Land.

On 14 August 2014, Maybank IB had, on behalf of our Board, announced that our Company has entered into the Shareholders' Agreement.

In view of the interests of EPF, our major shareholder, and the Interested Directors as set out in Section 10 of Part A of this Circular, the Proposed Subscription is deemed a related party transaction. Accordingly, pursuant to Paragraph 10.08(2)(c) of the Listing Requirements our Board had on 11 August 2014, appointed PIVB as the Independent Adviser to advise our non-interested shareholders on the Proposed Subscription. The IAL from PIVB to our non-interested shareholders in relation to the Proposed Subscription is set out in Part B of this Circular.

The purpose of this Circular is to provide you with the details of the Proposed Subscription and to seek your approval for the resolution pertaining to the Proposed Subscription to be tabled at our forthcoming EGM. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR AND THE IAL FROM PIVB BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SUBSCRIPTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1 Purpose of the Shareholders' Agreement

Our Company was selected as the development partner to develop MX-1 Land via the Letter of Award dated 30 June 2014 pursuant to a RFP exercise carried out by Kwasa Land to select a developer for MX-1 Land. The successful tenderer is required to subscribe for new KDSB Shares, representing 70% equity interest in KDSB, the vehicle undertaking Project MX-1. To this end, on 8 August 2014, Kwasa Land, a wholly-owned subsidiary of EPF, has entered into a sale and purchase agreement with KDSB for the sale of MX-1 Land from Kwasa Land to KDSB ("**SPA**"). Pursuant to the terms of the SPA, the vacant possession and beneficial ownership of MX-1 Land have passed to and vested in KDSB on 8 August 2014.

The Parties have entered into the Shareholders' Agreement, *inter-alia*, to regulate the relationship between the Parties, to set out the respective rights, duties, obligations and mutual covenants relating to their relationship as shareholders of KDSB and to record their mutual understanding and commitment in respect of the relationship and obligations of the Parties with respect to the undertaking of Project MX-1 or such other business as the Parties may agree.

2.2 Background information on the Proposed Subscription

The Proposed Subscription entails the subscription of 700,000 new KDSB Shares, representing 70% equity interest in KDSB by our Company for the Subscription Payment.

The Subscription Payment will be fully satisfied in cash in the following manner:

(i) RM81,661,418 as an advanced payment ("**Advanced Subscription Payment**") which has been paid upon execution of the Shareholders' Agreement. The Advanced Subscription Payment is refundable without interest if the Conditions Precedent as set out in Section 2.4.1 of Part A of this Circular are not fulfilled or satisfied within the Conditional Period or at such later period, if any, as the Parties may mutually agree to in writing; and

(ii) RM734,952,762 to be paid in full upon the Unconditional Date ("**Balance Subscription Payment**").

Upon the Unconditional Date, KDSB shall:

(i) capitalise the Advanced Subscription Payment and issue 70,000 KDSB Shares to our Company; and

(ii) issue an additional 630,000 KDSB Shares to our Company upon payment of the Balance Subscription Payment,

which collectively represent 70% of the enlarged issued and paid-up share capital of KDSB.

The amount to be subscribed shall be subject to adjustment in the event that upon the Subdivision (as defined in Section 2.4.1 of Part A of this Circular), the size of MX-1 Land as described in a separate title is less or more than 64.07 acres. The Parties agree that the amount to be subscribed shall be reduced or increased based on the proportion of the difference in the size of MX-1 Land and the number of KDSB Shares to be issued shall be adjusted accordingly.

Notwithstanding, for ease of implementation, we intend to seek Kwasa Land's agreement to adjust the amount to be subscribed only in the event such adjustment needs to be undertaken. Accordingly, strictly for illustrative purposes only, assuming that the size of MX-1 Land is reduced to 60.0 acres after the Subdivision (as defined in Section 2.4.1 of Part A of this Circular) and Subscription Payment per acre of MX-1 Land of approximately RM12.7 million per acre (based on RM816.6 million divided by 64.07 acres), the amount to be subscribed for the KDSB Shares shall be adjusted downwards to approximately RM762.0 million with the number of KDSB Shares to be issued remaining unchanged.

2.3 Basis and justification for the Subscription Payment

The Subscription Payment is the tender bid price submitted as part of the RFP submission. Our Company had taken into consideration, amongst others, the following in arriving at the Subscription Payment:

(i) earnings potential of Project MX-1 and its expected contribution to our Group based on the cashflow forecast and projections of Project MX-1 after taking into account the planned launches and sales to be derived from Project MX-1;

(ii) potential enhancement to MX-1 Land after taking into account the Lease Extension, Conversion, Subdivision (all of which are defined in Section 2.4.1 of Part A of this Circular) and the construction of certain Level 1 Infrastructure by Kwasa Land up to the boundary of MX-1 Land; and

(iii) the RFP was conducted through a competitive bidding process. Twenty (20) tier-1 developers (large scale companies with shareholders' funds or paid-up capital of RM1 billion and above) were selected for the RFP. Our Company was selected to be the development partner to develop MX-1 Land among six (6) developers who submitted their bid for the Project MX-1.

On 16 July 2014, our Company has appointed WTW, the independent registered valuer to undertake the valuation of MX-1 Land. The market value of MX-1 Land as at 18 July 2014 as appraised by WTW based on both Residual Method of Valuation and Comparison Method of Valuation is RM1,090,000,000 ("**Market Value**"). Accordingly, our Company's 70% interest in MX-1 Land would be valued at RM763,000,000.

[The rest of this page has been intentionally left blank]

WTW had adopted the Residual Method of Valuation as the principal valuation method in arriving at the Market Value in view that MX-1 Land is part of Project MX-1 with a fixed plot ratio and development mix (commercial and residential). Under the Residual Method of Valuation, consideration is given to the GDV of the project and deducting therefrom the estimated costs of development (after taking into consideration the feasibility study conducted by Rahim & Co) including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the project. WTW had also used the Comparison Method of Valuation as a check in arriving at the Market Value. The Comparison Method of Valuation entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in locality, visibility/exposure, size, tenure, shape/terrain, planning approval, title restrictions, if any, and other relevant characteristics to arrive at the market value.

The Valuation Certificate is set out in **Appendix III** of this Circular.

Although the Subscription Payment is at a premium of RM53,614,180 or 7.0% to the Market Value, our Board is of the view that the Subscription Payment is reasonable given the prospects of Project MX-1, further details of which are set out in Section 6.4 of Part A of this Circular, and the competitive bidding process involved, further details of which are set out in Section 2.3(iii) of Part A of this Circular.

2.4 Salient terms of the Shareholders' Agreement

2.4.1 Conditions Precedent

The Shareholders' Agreement is subject to and conditional upon the following Conditions Precedent being fulfilled within the Conditional Period:

(i) the leasehold period of MX-1 Land has been extended to 99 years ("**Lease Extension**");

(ii) the category of land use of MX-1 Land has been converted to 'building' ("**Conversion**");

(iii) the subdivided title to MX-1 Land ("**Subdivision**") has been issued and the memorandum of transfer in favour of KDSB has been duly executed, stamped and presented at the relevant land office; and

(iv) the approval of our shareholders for our Company to enter into the Shareholders' Agreement and all related agreements.

The Parties may, subject to the extent permitted by law or the rules of the relevant regulatory authorities, waive any of the Conditions Precedent at any time by notice in writing to the other Party. Upon all the Conditions Precedent being fulfilled or waived, the Shareholders' Agreement shall become unconditional.

If the Conditions Precedent are not fulfilled or satisfied within the Conditional Period, the Parties may mutually agree in writing to extend the Conditional Period, failing which the Shareholders' Agreement shall lapse and be of no further effect and KDSB shall refund the Advanced Subscription Payment without interest to our Company within twenty-one (21) Business Days from the date thereof and thereafter, the Shareholders' Agreement shall be deemed null and void and neither Party shall have any further claim against the other, save in respect of any antecedent breach.

2.4.2 Obligations during the Conditional Period

The key obligations of the Parties during the Conditional Period include, *inter-alia*:

(i) Upon the payment of the Advanced Subscription Payment, Kwasa Land shall appoint a nominee of our Company as a board member of KDSB. The Parties agree that the existing Memorandum and Articles of Association shall regulate our relationship as shareholders.

Subsequent to the Shareholders' Agreement, Tan Sri Mohamad Salim Fateh Din, our Group Managing Director, has been appointed as our nominee on the board of KDSB.

(ii) KDSB is to undertake the Conversion and Lease Extension.

(iii) KDSB may use such Advanced Subscription Payment to defray such operational costs for the Conversion, Lease Extension, Subdivision and CP Planning Works (as defined below).

(iv) KDSB is to undertake and our Company shall provide all assistance required to undertake the following works ("**CP Planning Works**"):

(a) the preparation and finalisation of the development, building and layout plans for MX-1 Land carried out after the date of the Shareholders' Agreement; and

(b) the obtaining of all the necessary approvals from the relevant authority with respect to the aforesaid plans.

(v) KDSB shall appoint Kwasa Land to undertake the maintenance of all the rubber trees on MX-1 Land at Kwasa Land's own cost. For such purpose, Kwasa Land shall be entitled to appoint such contractor to manage and maintain the rubber trees and the income, revenue and proceeds generated therefrom shall be for the account of Kwasa Land. Such appointment shall terminate within one (1) month from the Unconditional Date.

2.4.3 Shareholding of the parties

KDSB shall have an issued and paid-up share capital of RM1,000,000 comprising 1,000,000 KDSB Shares. The shareholding of Kwasa Land and our Company in KDSB upon the Unconditional Date shall be as follows:

Name	No. of KDSB Shares	Shareholding in KDSB
Kwasa Land	300,000	30%
MRCB	700,000	70%
Total	**1,000,000**	**100%**

2.4.4 Working capital injection

The Parties agree that they may, from time to time, make shareholders' advance to KDSB. The first shareholders' advance will be made within thirty (30) days from the Unconditional Date in the sum of RM10,000,000 and shall be made towards the initial working capital of KDSB, in accordance with the shareholding proportion as set out in Section 2.4.3 of Part A of this Circular.

The first shareholders' advance in the sum of RM10,000,000 will be used by KDSB to defray among others:

(a) the costs incurred for the CP Planning Works;

(b) the development charges as may be imposed by the relevant authorities in relation to MX-1 Land, if any;

(c) KDSB's operating costs; and

(d) any shareholders' advance made by Kwasa Land together with an interest of seven per cent (7%) per annum calculated on a daily basis from the date the money is disbursed until the payment is made.

For clarity, the shareholders' advance in the sum of RM10,000,000 is primarily to put the company on-stream and to finance the initial working capital expected to be incurred by KDSB and defray costs incurred for the CP Planning Works which are not covered by the Advanced Subscription Payment as set out in Section 2.4.2 of Part A of this Circular.

2.4.5 MRCB's covenants

Our key covenants include, *inter-alia*, the following:

(i) our Company guarantees that KDSB shall have minimum profit after tax ("**Warranted PAT**") as follows:

End of financial year ("Period")[(1)]	Warranted PAT (RM' million)	Cumulative Warranted PAT (RM' million)
5	150	150
8	350	500
11	600	1,100
13	450	1,550
15	450	2,000

Note:

(1) From the Unconditional Date.

For clarity, the Warranted PAT is one of the pre-requisites for the RFP and was based on the cashflow forecast and projections of Project MX-1 after taking into account the planned launches and sales to be derived from Project MX-1.

The Warranted PAT is subject to the qualifications and assumptions mutually agreed by the Parties. In the event of any material variations to the said qualifications and assumptions, the Warranted PAT will be adjusted accordingly.

For example, variations to the said qualifications and assumptions may include but not limited to variations in land size which may subsequently affect planned launches and sales to be derived from Project MX-1 which may affect the PAT of KDSB. Where necessary, in the event of such material variation, the Parties will mutually agree on the adjustments to be made to the Warranted PAT.

In the event of a shortfall in the Warranted PAT in any one of the said Period, our Company shall pay to KDSB an amount equivalent to the Agreed Shortfall (as defined below) within a period of fourteen (14) days from the date of the adoption of the audited accounts by the Board of KDSB. The Agreed Shortfall shall mean:

(a) the actual shortfall in the Warranted PAT for the Period in question LESS

(b) such amount of any profit earned by KDSB in the preceding Period in excess of the Warranted PAT in the preceding Period.

The Parties agree that our Company is entitled to seek repayment of any Agreed Shortfall previously paid after being mutually agreed between the Parties, in the event that KDSB exceeds the cumulative Warranted PAT in the subsequent Period.

(ii) our Company shall ensure that the GDV of Project MX-1 shall not be lower than RM8.0 billion.

(iii) subject to the provisions relating to infrastructure delay, our Company guarantees that Project MX-1 shall be completed (i.e. upon the launching and commencement of construction of the last phase of Project MX-1) within twelve (12) years from the date of the Shareholders' Agreement, failing which it shall be deemed to be a material default by our Company of the terms and conditions of the Shareholders' Agreement wherein Kwasa Land may request our Company to purchase and our Company shall purchase all of Kwasa Land's KDSB Shares at a price per KDSB Share equivalent to a fifteen percent (15%) premium ("**Premium**") above the higher of:

(a) the par value per KDSB Share; or

(b) the NTA per KDSB Share and its subsidiaries as determined by an independent auditor appointed jointly by both Kwasa Land and our Company, failing which, such auditor from the four (4) biggest audit firm in Malaysia as may be nominated by the President of Malaysian Institute of Accountants. The cost of such appointment shall be borne by KDSB.

The Premium was one of the terms in the Shareholders' Agreement which had formed part of the RFP which our Company views to be a commercially acceptable term because based on our Company's experience in developing KL Sentral integrated transport hub and the overall prospects of Project MX-1, the timing to launch and commence the construction of the last phase of Project MX-1 of within twelve (12) years is a reasonable timeframe. In addition, based on management's assessment of the value of Project MX-1 which was derived at based on the proposed development plans, we expect Project MX-1 to be a viable project with a positive return as well as earnings-accretive. Based on the assumptions used for Project MX-1, the income stream from Project MX-1 could sufficiently cover the costs that we may incur for the purchase of all the KDSB Shares held by Kwasa Land which would have included the Premium.

Please refer to Section 10 of Part B of the Circular for the Independent Adviser's evaluation of the terms of the Shareholders' Agreement.

In the event the Level 1 Infrastructure is not completed within thirty-six (36) months from the Unconditional Date, the obligation of our Company to ensure that KDSB shall complete Project MX-1 shall be extended by such time of delay that Kwasa Land or KDSB as the case may be, takes to complete the Level 1 Infrastructure under the ICSA provided that the Parties will also then discuss the definition for the Period (as defined in Section 2.4.5(i) of Part A of this Circular).

(iv) our Company shall ensure that KDSB shall comply with the layout plan and the approved project Urban Design Guidelines as set out in the Shareholders' Agreement.

2.4.6 Utilisation of the Subscription Payment by KDSB

KDSB shall utilise the Subscription Payment received from our Company on the Unconditional Date only for the following matters unless otherwise agreed to by the Parties and the Parties further agree that our Company shall not be required to contribute any further funds (whether in the form of equity or advances or otherwise) towards the cost of the following matters:

(i) for all cost incurred by KDSB for the Lease Extension, Conversion and Subdivision;

(ii) for all cost incurred by KDSB for the payment of the Level 1 Infrastructure under the ICSA including the stamp duty of the said agreement (if any);

(iii) the remaining purchase price under the SPA including any interest payable; and

(iv) for the redemption of the RPS issued by KDSB solely to Kwasa Land.

For clarity, the interest payable under item (iii) above refers to an interest of seven percent (7%) per annum that shall be chargeable and payable by KDSB on a daily basis for the amount of the purchase price remaining unpaid from the completion date until the date of payment thereof in accordance with the SPA.

In the event the Subscription Payment is insufficient for the payment of the matters set out in (i) to (iii) above, Kwasa Land shall be solely responsible for making up the shortfall (without recourse to KDSB for reimbursement).

2.4.7 First right of refusal to Kwasa Land and/or EPF

Kwasa Land and/or the EPF shall be given a first right of refusal, but not the obligation to purchase any commercial development or property valued more than RM100,000,000 within MX-1 Land. This provision shall not be applicable if the sale is made to any of the real estate investment trusts where our Company holds an interest (whether direct or indirect) therein.

2.4.8 Termination

Should either Party (the "**Defaulting Party**"):

(i) commit any act of insolvency as defined in the relevant insolvency or bankruptcy legislation; or

(ii) be wound up, whether provisionally or finally and whether compulsorily or voluntarily or be placed under judicial management; or

(iii) enter into any arrangement or compromise with any of its creditors; or

(iv) be the subject of any resolution passed for its winding-up or dissolution; or

(v) has a judgment given against it in any court of law which, if applicable, is not appealed against within the period allowed for the lodging of such appeal or if not subject to an appeal, remains unsatisfied for a period of ten (10) days; or

(vi) materially breach of any of the terms and conditions of the Shareholders' Agreement (and has not remedied the same within thirty (30) days of the service of any written notice by any Party complaining of such breach save in the case of payment obligation, in which case such remedy period shall not be applicable),

then without prejudice to any other rights and remedies which any Party may have, and unless otherwise provided by law, the non-Defaulting Party shall have the right, until the date which is ninety (90) days after the receipt by the Defaulting Party of a written notice to require the Defaulting Party to sell all shares held by the Defaulting Party in KDSB at a price per share equal to ninety percent (90%) ("**Default Price**") of the lower of:

(i) the par value per KDSB Share; or

(ii) the NTA per share of KDSB and its subsidiaries as determined by an independent auditor appointed jointly by both Kwasa Land and our Company, failing which, such auditor from the four (4) biggest audit firm in Malaysia as may be nominated by the President of Malaysian Institute of Accountants. The cost of such appointment shall be borne by the Defaulting Party.

The Default Price was one of the terms in the Shareholders' Agreement which had formed part of the RFP which our Company views to be a commercially acceptable term as the discount of 10% is akin to a penalty which is normally payable by a Defaulting Party based on a certain percentage of the consideration of the transaction, which is a common term in other transactions by companies involved in property development. Furthermore, the said term is meant to safeguard the interest of the non-Defaulting Party from the non-performance of the Defaulting Party. As a property developer with a long and successful track record, coupled with the overall prospects of Project MX-1, we believe we would be able to manage the risks of default as set out in the Shareholders' Agreement.

Please refer to Section 10 of Part B of the Circular for the Independent Adviser's evaluation of the terms of the Shareholders' Agreement.

2.5 Liabilities to be assumed

Our Company will not assume any liabilities (including contingent liabilities and corporate guarantee) pursuant to the Proposed Subscription.

2.6 Additional financial commitment

Save as disclosed in Section 2.4.4 of Part A of this Circular, our Company does not expect to incur additional financial commitment to put the business of KDSB on-stream.

2.7 Source of funding

The Advanced Subscription Payment was funded via internally generated funds. Our Company intends to fund the Balance Subscription Payment via internally generated funds and/or bank borrowings. As the Balance Subscription Payment is payable only on the Unconditional Date which may take up to twenty four (24) months from the date of the Shareholders' Agreement, our Company is not able to provide the actual breakdown of the source of funds at this juncture, as this would depend on the cashflow position and working capital requirements of our Company at the time of payment.

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3. BACKGROUND INFORMATION ON KDSB AND KWASA LAND

3.1 KDSB

KDSB was incorporated in Malaysia under the Act on 18 April 2014 as a private limited company. The principal activity of KDSB is the undertaking of Project MX-1.

As at the LPD, the authorised share capital of KDSB is RM1,500,000 comprising 1,000,000 KDSB Shares and 50,000,000 RPS, of which 300,000 KDSB Shares and 48,737,254 RPS have been issued and fully paid-up.

As at the LPD, KDSB is a wholly-owned subsidiary of Kwasa Land and does not have any subsidiary or associated company.

As KDSB was incorporated on 18 April 2014, it does not have any audited financial statements.

3.2 Kwasa Land

Kwasa Land was incorporated in Malaysia under the Act on 16 March 2009 as Kwasa Cochrane Sdn. Bhd. and subsequently changed its name to Kwasa Land Sdn. Bhd. on 6 September 2010. Kwasa Land is the master developer of 2,330 acres of the Kwasa Damansara land in Sungai Buloh, a prime piece of land in the heart of the Klang Valley.

As at the LPD, the authorised share capital of Kwasa Land is RM50,000,000 comprising 50,000,000 Kwasa Land Shares, of which 32,463,002 Kwasa Land Shares have been issued and fully paid-up.

The directors of Kwasa Land are Tan Sri Samsudin bin Osman, Mohamad Lotfy bin Mohamad Noh, Dato' Seri Yam Kong Choy, Dato' Mohd Fadzil bin Mohd Khir, Lim Tuang Ooi, Nor Hazqiah binti Che Idris and Halim bin Haji Din.

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4. BACKGROUND INFORMATION ON PROJECT MX-1

Based on the Shareholders' Agreement, the MX-1 Land is a parcel of 64.07 acres of mixed development leasehold land located within Kwasa Damansara development. The MX-1 Land which is almost rectangular in shape and fronts onto Jalan Sungai Buloh, will be a town centre of the Kwasa Damansara Township. It is surrounded by Section 7 of Kota Damansara on the northeast, Sungai Buloh New Village on the north, Rubber Research Institute of Malaysia on the southwest and Taman Sains Selangor on the southeast. It is easily accessible to the key centers in the Kuala Lumpur and Klang Valley region, i.e. Kuala Lumpur City Centre, Petaling Jaya, Subang Jaya, Putrajaya, Cyberjaya, Shah Alam, and Port Klang via the New Klang Valley Expressway, Guthrie Highway, Damansara-Puchong Highway and the proposed Damansara-Shah Alam Elevated Expressway.

(Source: Feasibility Report)

Legend:

Kwasa Damansara

Further information on MX-1 Land is as follows:

Owner	:	Pursuant to the terms of the SPA, the vacant possession and beneficial ownership of MX-1 Land have passed to and vested in KDSB on 8 August 2014 but the legal ownership of MX-1 Land shall be presented at the relevant land office or registry for transfer in favour of KDSB upon Subdivision
Lot and title no.	:	As at the LPD, MX-1 Land forms part of the land held under master title PN105602, Lot 85114, Mukim Sungai Buloh, District of Petaling, State of Selangor. The land held under master title PN105602, Lot 85114, Mukim Sungai Buloh, District of Petaling, State of Selangor was subdivided from the land held under master title PN94453, Lot 3636, Mukim Sungai Buloh, District of Petaling, State of Selangor on 18 November 2014 due to land acquisition made by Klang Valley MRT project
Land area	:	64.07 acres based on the Shareholders' Agreement
Location	:	Located within Kwasa Damansara development along Jalan Sungai Buloh, 47000 Sungai Buloh, Selangor
Tenure	:	Leasehold land with the intended leasehold period of 99 years after the Lease Extension which is one of the Conditions Precedent
Category of land use	:	As at the LPD, the category of land use is agriculture (Pertanian). However, the category of land use of MX-1 Land will be converted to 'building' which is one of the Conditions Precedent
Express condition	:	As at the LPD, the express condition is rubber plantation (Tanaman getah). However, once the category of land use of MX-1 Land has been converted to 'building', the express condition will be converted accordingly
Encumbrances	:	Nil[(1)]
Market value as at 18 July 2014 as appraised by WTW	:	RM1,090,000,000

Note:

(1) *The withdrawal of private caveat was registered on 2 January 2015 based on land search conducted on the land held under master title PN105602, Lot 85114, Mukim Sungai Buloh, District of Petaling, State of Selangor on 7 January 2015*

Our Company and Kwasa Land intend to develop the MX-1 Land into a residential and commercial hub with a plot ratio of 1 to 3.5, of which 60% is designated for commercial use and the remaining 40% is designated for residential use with retail, office, civic centre, cafes, apartments and townhouses. The residential and commercial hub will be interlaced with urban parks and public spaces, which will augur well around the two (2) proposed MRT stations to be built in the township, i.e. Kwasa Sentral and Kwasa Damansara MRT stations.

Our Company is unable to accurately ascertain the exact total costs to complete Project MX-1 or estimated profits to be derived from Project MX-1 as the development plan of MX-1 Land has yet to be submitted to the relevant authorities. KDSB intends to fund the development of Project MX-1 via a combination of bank borrowings and/or internal funds which will depend on, among others, the prevailing cashflow position and working capital requirements of the company at the point of development. As the development plan of MX-1 Land has yet to be submitted to the relevant authorities, our Company is unable to accurately ascertain the commencement of Project MX-1. However, the launching and commencement of construction of the last phase of Project MX-1 is expected to take place within twelve (12) years from the date of the Shareholders' Agreement.

5. RATIONALE AND BENEFITS OF THE PROPOSED SUBSCRIPTION

The MX-1 Land will be a town centre of the proposed Kwasa Damansara Township. Our Board believes that the key advantages of Project MX-1 are its strategic location and connectivity to key roads and two (2) MRT stations. Our Company's track record in developing the KL Sentral integrated transport hub is pivotal in executing Project MX-1, i.e. integrated development with public transportation infrastructure.

The development of Project MX-1 is also part of our Group's strategy to seek good opportunities to expand our operations and our involvement in Project MX-1 via the Proposed Subscription also augurs well with our vision to create shareholder value by achieving strong and sustainable long-term growth.

Following the completion of the Proposed Subscription, KDSB will become our subsidiary which will enable our Group to reap the benefits to be derived from Project MX-1.

6. OVERVIEW AND PROSPECTS

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a stronger than expected growth of 6.3% in the first half of 2014, supported by resilient domestic demand and strong recovery in exports consumption. The Malaysian economy has benefited from several initiatives and reforms taken over the years to enhance its resilience and competitiveness. Meanwhile, the faster pace of recovery, particularly in the United States of America, United Kingdom and selected euro economies provided strong support to the Malaysian export-oriented industries and trade-related services. The Malaysian economy is expected to sustain its positive growth of 5% to 6% in 2015, supported by improved global economic conditions and resilient domestic demand.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

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6.2 Overview and outlook of the Malaysian property market

The construction sector continued to register a double-digit growth of 14.3% during the first half of 2014 (January – June 2013: 12%). During the period, 19,649 construction projects were undertaken with contract value of RM50.1 billion. The civil engineering subsector contributed 33% to the total constructions works, followed by the non-residential (32.3%), residential (29.6%) and special trade (5%). The higher construction activity was led by the residential and non-residential subsectors while growth in civil engineering subsector moderated. The construction sector is expected to grow 12.7% in 2014 (2013:10.9%). Growth in the non-residential subsector turned around sharply by 14% (January – June 2013: -1%) in line with healthy business activity during the first half of 2014. This was reflected by increased construction activities especially for commercial buildings with the incoming supply of shops increasing to 72,117 units (January – June 2013: 66,167 units). Meanwhile, construction starts for purpose-built offices decreased substantially to 2,965 square metres (January – June 2013: 263,284 square metres). However, the national occupancy rate of office buildings remained stable at 83.4% (end-June 2013: 82%) despite an additional 194,798 square metres space. The incoming supply of shopping complexes declined 22% while construction starts dropped 64.2% during the first half of 2014. However, the overall occupancy rate remained high at 81.3% (end-June 2013:79.6%), reflecting strong retail activities supported by resilient private consumption. The residential subsector expanded strongly by 22.1% during the first half of 2014 (January – June 2013: 15.7%) supported by higher growth in incoming supply at 9.5% (January – June 2013: 6.8%; 72,461 units). Despite the decline in housing starts at 5.3% to 70,346 units (January – June 2013: 21.1%; 74,270 units), residential activity is expected to remain stable.

The value of total property transactions increased to RM82.0 billion in the first (1st) half of 2014 (vis-à-vis RM68.8 billion in the first (1st) half of 2013) with volume expanding 3.3% to 193,405 transactions during the first six (6) months of 2014. Residential property transactions formed the bulk with a share of 63.5%. However, following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first (1st) half of 2014 (vis-à-vis 5.1% increase from July to December 2013). During the same period, residential transactions declined in Kuala Lumpur (-4.8%) and Selangor (-2.1%), while Johor and Pulau Pinang registered positive growth of 17.5% and 2.7%, respectively. Meanwhile, the residential overhang declined 11.5% to 12,105 units during the first (1st) half of 2014 (vis-à-vis declined of 15.1% to 13,673 units from January to June 2013) with a total value of RM4.5 billion (vis-à-vis RM5.0 billion from January to June 2013).

House prices in Malaysia continue to rise, albeit at a slower pace, amid several measures to curb rising house prices since 2010. The increase in house prices was driven by strong demand following favourable labour market conditions and growing household income. The Malaysian House Price Index, which measures the change in prices paid for an average house, increased moderately by 6.6%, in the second (2nd) quarter of 2014, compared with 11.3% in the corresponding period in 2013. This was the lowest quarterly rate of increase since the third (3rd) quarter of 2010. Higher than average prices were recorded in Selangor (10.1%), Pulau Pinang (9.6%) and Kuala Lumpur (9.1%). The highest price increase was recorded for terrace houses, which grew 8.2% followed by high-rise units (7.9%), detached houses (2.5%) and semi-detached houses (2.4%).

Growth in non-residential subsector turned around sharply by 14% (-1% in 2013) in line with healthy business activity during the first (1st) half of 2014. National occupancy rate of office buildings remained stable at 83.4% in the first (1st) half of 2014 despite an additional 194,798 square metres of space whilst occupancy rate for shopping complexes remained high at 81.3% (vis-à-vis 79.6% from January to June 2013) reflecting strong retail activities supported by resilient private consumption.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

Overall property investment will continue to be relatively more popular than other forms of investments. As investors hold out from selling to reap the benefits of lower real property gains tax, only a temporary lull in market activity in 2014 is expected. In the longer term, a continued trend of strong growth in capital values of properties in the Klang Valley is expected.

(Source: Property Market 2014, WTW)

6.3 Summary of the Feasibility Report on Project MX-1

Based on the Executive Summary of the Feasibility Report on Project MX-1 prepared by Rahim & Co who was appointed by our Company on 18 July 2014 as set out in **Appendix II** of this Circular, there are four (4) key success factors of Project MX-1 as follows:

(i) Surrounding of Kwasa Damansara Township

As MX-1 Land is surrounded by matured centres/township neighborhood centres such as Kota Damansara, Mutiara Damansara, Bandar Utama and Ara Damansara, it has a good mix of residential population from medium to high income levels. Thus, Rahim & Co believes that Project MX-1 will fetch good demand from these neighbourhood centres with sizeable population catchment and labour force.

(ii) Decentralisation of Kuala Lumpur City Centre

Over the years, the development trend has moved towards southern, western and northern boundaries of Kuala Lumpur City Centre. This can be seen through the rise of Kuala Lumpur Sentral, Midvalley City, Eco City, Bangsar South and Petaling Jaya Sentral on the west whilst the growth trend on north west has expanded from Taman Tun Dr Ismail, Bandar Utama, Mutiara Damansara and Kota Damansara.

MX-1 Land is located at northern region of Greater Klang Valley where to-date there are no similar developments in the region. As such, MX-1 Land may become a prime landmark or the second Kuala Lumpur Sentral in the northern region of Greater Klang Valley.

(iii) Development concept

The development concept is aligned with Kwasa Damansara Township's master plan towards energy, water, materials savings and waste reduction and also to be the leading model for low carbon township. Project MX-1 will attempt to achieve global environment related standards and certifications for instance, Leadership in Energy and Environmental Design (LEED), Green Building Index (GBI) and American Society of Heating, Refrigerating and Air-conditioning Engineers (ASHRAE).

Project MX-1 will provide a ground level exclusively for pedestrian use whilst the inflow and outflow of vehicles will be restricted to below ground level. This will not only increase the safety of the working population, visitors, patrons and residents, as vehicles are not allowed on the ground level, but it will also help to create a more vibrant working and living environment at ground level.

(iv) Infrastructure and accessibility

The expected completion of two (2) MRT stations in the region in 2016/2017 will shorten the travel distance within the Klang Valley.

The completion of the proposed Damansara-Shah Alam Elevated Expressway will also provide easy access to Kwasa Damansara Township from Shah Alam and Damansara and therefore, further enhance the existing good connectivity.

Based on Rahim & Co's assessment of Project MX-1, Rahim & Co believes that Project MX-1 would be marketable and well-received by the market, provided that Project MX-1 is priced competitively and marketed professionally using appropriate marketing strategies. Accordingly, based on Rahim & Co's assumptions, Project MX-1 is expected to be viable.

6.4 Prospects of Project MX-1

Kwasa Land is the master developer of 2,330 acres of the Kwasa Damansara land in Sungai Buloh, a prime piece of land in the heart of the Klang Valley. The proposed Kwasa Damansara Township is an integrated residential and commercial development based on a visionary master plan by Kwasa Land. The value of Project MX-1 hinges significantly on its strategic location which is within close proximity to major centres such as Kota Damansara, Bandar Utama and Petaling Jaya. The MX-1 Land is well-connected to a network of highways, namely the North Klang Valley Expressway, Guthrie Highway, Damansara-Puchong Highway and the proposed Damansara Shah-Alam Elevated Expressway, and the proposed Kwasa Sentral and Kwasa Damansara MRT stations. Further, all facilities and public amenities such as schools, higher education centres and hospital will be available within the vicinity.

In view of the above and having considered the outlook of the Malaysian property market as set out in Section 6.2 of Part A of this Circular as well as the conclusion from the Feasibility Report, our Board is of the view that the prospects of Project MX-1 will be favourable.

7. RISK FACTORS

As our Group is currently involved in property development, our Group is already exposed to risks inherent in the property sector which include among others:

(i) delay in completion of development projects;

(ii) fluctuation in the cost of materials and development projects which will inevitably affect our Group's profit margin if our Group is not able to fully pass on the cost increase to property buyers;

(iii) economic slowdown and oversupply in the Malaysian property market; and

(iv) political, economic and regulatory considerations, for instance, the implementation of a maximum loan-to-value ratio of 70% by BNM, the abolishment of Developers' Interest Bearing Scheme and the revision of Real Property Gains Tax to curb speculative activity in the property sector.

We will continue to take reasonable steps to mitigate these risks based on our track record, experience and expertise, which include, but not limited to, close monitoring of project schedule and material prices, leveraging on our relationship with suppliers for bulk purchases, proactive liaison with the relevant authorities or parties to obtain relevant approvals as scheduled and careful deliberation and study of on-going economic conditions prior to any property launch.

In addition, pursuant to the Land Acquisition Act, 1960 ("**Land Act**") the Government has the power to compulsorily acquire any land in Malaysia in accordance with the Land Act. In the event of any compulsory acquisition of land by the Government, the amount of compensation to be awarded shall be computed on the basis prescribed in the First Schedule of the Land Act. At any point in time, such compensation may be less than the then market price of the land. In the event of such compulsory acquisition of lands (including the MX-1 Land) held by our Group, our Group will on a best effort basis minimise any potential losses from such situations by invoking the relevant provisions in the Land Act in relation to our rights to submit an objection to the said compensation, where necessary.

The risk factors associated with the Proposed Subscription, which are by no means exhaustive, are as follows:

(i) Completion risk

The completion of the Proposed Subscription is subject to the fulfillment of the Conditions Precedent, which may be beyond our control. In the event any of the Conditions Precedent are not fulfilled or waived, the Shareholders' Agreement will lapse and our Company will not be able to complete the Proposed Subscription.

Nevertheless, Kwasa Land and KDSB have via the Shareholders' Agreement provided their covenant to our Company to promptly and expeditiously take the necessary steps to satisfy the Conditions Precedent in relation to the Lease Extension, Conversion and Subdivision and shall furnish documentary evidence and notify our Company of the satisfaction or fulfillment of such Conditions Precedent immediately.

(ii) Indebtedness of our enlarged Group

The Balance Subscription Payment will be funded via internally generated funds and/or bank borrowings. Therefore, the indebtedness of our Group may increase pursuant to the Proposed Subscription. Our Group may be exposed to fluctuation in interest rates which could affect the interest charges incurred on the borrowings and thereafter, affect our Group's future financial performance. While our management expects the prospects of Project MX-1 to be favourable and will contribute positively to the future earnings of our Group over the longer term, the ability to fulfill our debt obligations in relation to Project MX-1 is still dependent upon the success of Project MX-1.

We will continue to take reasonable steps to mitigate such risk by constantly reviewing our debt level and closely monitoring our cashflows and debt repayment schedule.

8. EFFECTS OF THE PROPOSED SUBSCRIPTION

The proforma effects of the Proposed Subscription are set out as follows:

8.1 Issued and paid-up share capital

The Proposed Subscription, where the Subscription Payment will be fully satisfied in cash, will not have any effect on the issued and paid-up share capital in our Company.

8.2 Substantial shareholders' shareholdings

The Proposed Subscription, where the Subscription Payment will be fully satisfied in cash, will not have any effect on the shareholdings of the substantial shareholders in our Company.

8.3 NA, NA per Share and gearing

For illustrative purposes only, the proforma effects of the Proposed Subscription on the NA, NA per Share and gearing of our Group based on the latest audited consolidated statements of financial position of our Company as at 31 December 2013 and on the assumption that the Proposed Subscription had been effected on that date are as follows:

	Audited as at 31 December 2013	After the Proposed Subscription
	RM '000	**RM '000**
Share capital	1,651,311	1,651,311
Share premium	247,780	247,780
Accumulated losses	(275,056)	(275,056)[1]
Other reserves	51,381	51,381
Equity/NA attributable to equity holders of MRCB	**1,675,416**	**1,675,416**
Non-controlling interest	61,318	61,618
Total equity/NA	**1,736,734**	**1,737,034**
No. of Shares in issue ('000)	1,651,311	1,651,311
NA per Share (RM)[2]	1.01	1.01
Total borrowings (RM'000)	3,510,591	4,245,544[3]
Gearing (times)[4]	2.10	2.53

Notes:

(1) *Assuming the estimated expenses in relation to the Proposed Subscription of approximately RM1.94 million will be capitalised as part of the land cost and hence no impact on the accumulated losses.*

(2) *Calculated as NA attributable to equity holders of MRCB divided by number of Shares in issue.*

(3) *Assuming the Balance Subscription Payment is fully financed via bank borrowings.*

(4) *Calculated as total borrowings divided by equity/NA attributable to equity holders of MRCB.*

8.4 Earnings and LPS

The Proposed Subscription is not expected to have any material effect on our Group's earnings for the FYE 31 December 2014 as the Proposed Subscription is only expected to be completed in the third (3rd) quarter of 2015. However, the Proposed Subscription is expected to contribute positively to the future earnings of our Group over the long term through the progressive developments and launches of Project MX-1.

For illustrative purposes only, the proforma effects of the Proposed Subscription on the earnings and LPS of our Group based on the latest audited consolidated financial statements of our Company for the FYE 31 December 2013 and on the assumption that the Proposed Subscription had been effected at the beginning of the financial year and before taking into account of the potential earnings arising from the Project MX-1 are as follows:

	Audited for the FYE 31 December 2013	After the Proposed Subscription
	RM '000	RM '000
Net loss	109,132	143,307[1]
Weighted average no. of Shares ('000)	1,479,495	1,479,495
LPS (sen)	7.38	9.69

Note:

(1) *After interest expense arising from the borrowings for the Balance Subscription Payment of approximately RM34.2 million assuming the weighted average interest rate of 4.65% per annum based on the audited financial results of our Group for the FYE 31 December 2013.*

9. APPROVALS REQUIRED

The Proposed Subscription is subject to the following approvals being obtained:

(i) our shareholders at the forthcoming EGM;

(ii) the relevant authorities pursuant to the Conditions Precedent; and

(iii) any other relevant authorities/parties, if required.

The Proposed Subscription is not conditional upon any other corporate exercise/scheme which has been announced by our Company but pending completion as set out in Section 16 of Part A of this Circular.

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

Save for the following, none of our Directors or major shareholders as well as persons connected to them have any interest, direct or indirect, in the Proposed Subscription:

(i) Major shareholder

EPF, our major shareholder, is deemed interested in the Proposed Subscription by virtue of it being the sole shareholder of Kwasa Land which in turn wholly-owns KDSB.

Accordingly, EPF will abstain and has undertaken to ensure that persons connected with it will abstain from voting in respect of its/their direct and/or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed Subscription to be tabled at our forthcoming EGM.

(ii) Interested Directors

(a) Tan Sri Azlan Zainol is our Non-Independent Non-Executive Chairman and the representative of EPF on our Board;

(b) Datuk Shahril Ridza Ridzuan is our Non-Independent Non-Executive Director and the representative of EPF on our Board; and

(c) Rohaya Mohammad Yusof is our Non-Independent Non-Executive Director and the representative of EPF on our Board.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of our Company in relation to the Proposed Subscription. The Interested Directors will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed Subscription to be tabled at our forthcoming EGM.

As at the LPD, the direct and indirect shareholdings of EPF and the Interested Directors in our Company are as follows:-

	Direct		Indirect	
	No. of MRCB Shares	**%**	**No. of MRCB Shares**	**%**
EPF	685,457,897	38.94	-	-
Tan Sri Azlan Zainol	-	-	-	-
Datuk Shahril Ridza Ridzuan	500,000	0.03	-	-
Rohaya Mohammad Yusof	-	-	-	-

11. DIRECTORS' RECOMMENDATION

Our Board, save for the Interested Directors, having considered all aspects of the Proposed Subscription including the rationale and benefits of the Proposed Subscription, the salient terms of the Shareholders' Agreement, the basis and justification for the Subscription Payment as well as the prospects of Project MX-1, is of the opinion that the Proposed Subscription is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Subscription to be tabled at our forthcoming EGM.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee (save for Rohaya Mohammad Yusof, being one of the Interested Directors), after taking into consideration the advice of the Independent Adviser, is of the opinion that the Proposed Subscription is:

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interests of the non-interested shareholders of our Company.

In forming its view, the Audit Committee has taken into consideration, amongst others, the following:

(i) the rationale and benefits of the Proposed Subscription;

(ii) the salient terms of the Shareholders' Agreement;

(iii) the basis and justification for the Subscription Payment;

(iv) the effects of the Proposed Subscription; and

(v) the prospects of Project MX-1.

13. INDEPENDENT ADVISER

In view of the interest of EPF, our major shareholder, and the Interested Directors in the Proposed Subscription as set out in Section 10 of Part A of this Circular, PIVB has been appointed by our Company to act as the Independent Adviser to undertake the following in relation to the Proposed Subscription:

(i) comment as to:

  (a) whether the Proposed Subscription is fair and reasonable in so far as the non-interested shareholders are concerned; and

  (b) whether the Proposed Subscription is to the detriment of the non-interested shareholders,

  and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) advise the non-interested shareholders whether they should vote in favour of the Proposed Subscription; and

(iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraphs (i) and (ii) above.

The IAL is set out in **Part B** of this Circular.

14. TRANSACTIONS WITH RELATED PARTY FOR THE PAST 12 MONTHS

Save for the Proposed Subscription and total amount transacted (not being a transaction within the ordinary course of business) between our Group and EPF of approximately RM79.6 million, there are no other related party transactions with EPF for the twelve (12) months preceding the LPD.

15. TENTATIVE TIMETABLE

The tentative timetable in relation to the Proposed Subscription is as follows:

Event	Tentative timeline
EGM	12 February 2015
Unconditional Date	Third (3^{rd}) quarter of 2015
Completion of the Proposed Subscription	Third (3^{rd}) quarter of 2015

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16. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below and the Proposed Subscription, there are no other corporate exercise/scheme which we have announced but pending completion as at the LPD:

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

On 10 April 2014, RHB Investment Bank Berhad ("**RHB IB**") and CIMB Investment Bank Berhad ("**CIMB IB**") had, on behalf of our 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 fixtures and fittings), 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 ("**Unit**") at an issue price of RM1.28 per Unit, upon the terms and subject to the conditions as set out in the Platinum SPA. On 9 September 2014, RHB IB and CIMB IB had, on behalf of our Board announced that the disposal consideration for Platinum Sentral will be adjusted from RM750 million to RM740 million where the difference of RM10 million will be adjusted from the cash portion of the disposal consideration. The proposal is expected to be completed by the 1st quarter of 2015.

(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 IB and CIMB IB had, on behalf of our Board, announced that simultaneous with the execution of the Platinum SPA, our Company 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 1st quarter of 2015.

17. EGM

Our 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, Kuala Lumpur, 50200 on Thursday, 12 February 2015 at 9.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution pertaining to the Proposed Subscription.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf. You should complete and deposit the Form of Proxy at our share registrar's office at Symphony Share Registrars Sdn. Bhd., at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia by Tuesday, 10 February 2015 at 9.00 a.m., or in the event that our EGM is adjourned, not less than 48 hours before our adjourned EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

18. FURTHER INFORMATION

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

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

Tan Sri Mohamad Salim bin Fateh Din
Group Managing Director

PART B

IAL FROM PIVB TO OUR NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED SUBSCRIPTION

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE "*DEFINITIONS*" SECTION AND CONTEXT OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED SUBSCRIPTION. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THE IAL FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM PIVB, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED SUBSCRIPTION. THE IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SUBSCRIPTION AT THE FORTHCOMING EGM OF MRCB.

1. INTRODUCTION

On 14 August 2014, Maybank IB had, on behalf of the Board of MRCB, announced that the Company had on even date, entered into the Shareholders' Agreement with Kwasa Land and KDSB in relation to the Proposed Subscription.

In compliance with Paragraph 10.08(2)(c) of the Listing Requirements, the Board of MRCB had on 11 August 2014, appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB as to whether the Proposed Subscription is fair and reasonable and whether the Proposed Subscription is detrimental to the interests of the non-interested shareholders of MRCB.

The purpose of this IAL is to provide the non-interested shareholders of MRCB with an independent evaluation on the fairness and reasonableness of the Proposed Subscription together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in the IAL, in relation to the Proposed Subscription.

2. EVALUATION OF THE PROPOSED SUBSCRIPTION

In arriving at our opinion and recommendation of the Proposed Subscription, we had taken into consideration the following bases and analyses:

(i) Rationale for the Proposed Subscription

MX-1 Land is strategically located and is easily accessible from Kuala Lumpur city centre, Petaling Jaya and Shah Alam and will be further enhanced with two (2) nearby Klang Valley MRT ("**KVMRT**") stations i.e. Kwasa Damansara and Kwasa Sentral stations which are currently under construction.

The Proposed Subscription will allow MRCB to participate in Project MX-1 which is slated to be the flagship development of Kwasa Damansara and MRCB would be able to leverage its experience in the property development business, in particular, transit hub-oriented developments as well as MRCB's familiarity and brand recognition in the Klang Valley property development projects.

The Proposed Subscription will also substantially expand the Group's property development operations and its development projects' GDV by at least RM8.00 billion from approximately RM20.87 billion as at 30 September 2014 and is in line with the Group's strategy to seek good opportunities to expand its operations and ensure sustainable long-term growth for the Group.

The Proposed Subscription will result in MRCB owning a controlling stake in KDSB. Hence, MRCB will be able to consolidate the financial performance of KDSB and this is expected to enhance the consolidated revenue and earnings of the Group during the course of the development of MX-1 Land through the progressive sale of properties.

(ii) Financial evaluation of the Proposed Subscription

We have noted that KDSB is a special purpose vehicle incorporated by Kwasa Land to undertake the development of Project MX-1. As KDSB does not own any other material assets save for MX-1 Land, in evaluating the valuation of MRCB's stake in KDSB, we have taken into account the market value of MX-1 Land.

The Board had appointed WTW to appraise the market value of MX-1 Land. WTW had adopted the Residual Method as the primary method of valuation and the Comparison Method as a check. The adoption of the Residual Method as the primary method of valuation is appropriate given that MX-1 Land is expected to generate cashflows through the sale of property units and it takes into consideration the various factors such as location, development concept, size, accessibility and other relevant characteristics.

The market value of MX-1 Land as arrived at using the Residual Method and Comparison Method by WTW is RM1,090.00 million. Based on that, the market value of the seventy percent (70%) stake in KDSB is approximately RM763.00 million. In essence, the Subscription Payment of RM816.61 million represents a premium of RM53.61 million or 7.03% over the market value of seventy percent (70%) of MX-1 Land.

Notwithstanding the premium of 7.03%, we are of the view that the Subscription Payment is reasonable in view of, amongst others, the following:

(a) the competitive bidding process;

(b) the rationale for the Proposed Subscription;

(c) the potential profit to be generated by KDSB from Project MX-1;

(d) the implied price paid for MX-1 Land of RM418 per square foot which is within the range of the adjusted values of the comparable transactions under the Comparison Method as a check;

(e) the key success factors of Project MX-1 as identified in the Feasibility Report such as the surrounding of Kwasa Damansara Township, decentralisation of Kuala Lumpur city centre, development concept and infrastructure and accessibility;

(f) the current market price of MX-1 Land which does not take into consideration any potential price increases that may arise from future projects within Kwasa Damansara Township as well as the price enhancements arising from the completion of the two (2) KVMRT stations; and

(g) the prospects of Project MX-1.

(iii) Evaluation of the salient terms of the Shareholders' Agreement

The salient terms of the Shareholders' Agreement were mutually agreed upon pursuant to the Proposed Subscription and includes, amongst others, the Conditions Precedent, obligations during the Conditions Precedent, shareholding of the parties, MRCB's covenants, utilisation of subscription payment by KDSB, first right of refusal to Kwasa Land and/or EPF, as well as termination clauses. The salient terms contained in the Shareholders' Agreement are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

(iv) Effects of the Proposed Subscription

(a) No effect on the share capital and substantial shareholders' shareholdings of the Company as the Proposed Subscription does not involve any issuance of new MRCB Shares.

(b) Assuming that the Balance Subscription Payment is fully funded by bank borrowings, the gearing of the Group is expected to increase from 2.10 times to 2.53 times.

(c) No material effect on the NA per MRCB Share which remains at RM1.01.

(d) No material effect on the Group's earnings for the FYE 31 December 2014. However, the Proposed Subscription is expected to contribute positively to the future earnings of the Group over the long term.

(v) **Risk factors**

As the Group is already involved in the property development business, the risk factors as discussed in Section 12(i) of the IAL are inherent to the Group. Accordingly, the Proposed Subscription could be viewed as an expansion or complementary to the Group's businesses and hence, would not necessarily result in a greater degree of exposure to the risks inherent from the Proposed Subscription.

We are of the view that the additional risks such as completion risk and indebtedness of the enlarged Group are acceptable and mitigated to the extent possible by the management of MRCB.

(vi) **Overview and prospects of the Malaysian economy, the Malaysian property market, the Selangor property market, MX-1 Land and the Group**

The prospects of the Malaysian economy, the property market in Malaysia and Selangor are expected to be satisfactory for the next twelve (12) months. Although the rising house prices may affect the market temporarily, the overall performance of the property market is expected to be sustained. Selangor, being the main growth driver of the property market is expected to be supported by the State Government initiatives and other planned mega projects.

The Proposed Subscription is in line with the Group's strategy to seek good opportunities to expand its operations, particularly in transit hub-oriented developments and green technology, in view of the proposed KVMRT line to the MX-1 Land and its strategic location.

The prospects of the Group are expected to be favourable in the medium to long term, in view of the existing property development and engineering and construction projects, as well as the planned development of MX-1 Land pursuant to the Proposed Subscription which is expected to contribute positively to the business of the Group.

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed Subscription, we are of the opinion that the Proposed Subscription is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders of MRCB.

Accordingly, we recommend that the non-interested shareholders of MRCB **vote in favour** of the resolution pertaining to the Proposed Subscription to be tabled at the forthcoming EGM of MRCB.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders. We recommend that any non-interested shareholders who require advice in relation to the Proposed Subscription in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

NON-INTERESTED SHAREHOLDERS OF MRCB ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SUBSCRIPTION TO BE TABLED AT THE FORTHCOMING EGM OF MRCB.

PUBLIC INVESTMENT BANK
大众投资银行

Registered Office:

27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

16 January 2015

To: **The non-interested shareholders of Malaysian Resources Corporation Berhad**

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MALAYSIAN RESOURCES CORPORATION BERHAD IN RELATION TO THE PROPOSED SUBSCRIPTION

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1. PREAMBLE

This independent advice letter ("**IAL**") is prepared for inclusion in the circular to the shareholders of MRCB dated 16 January 2015 in relation to the Proposed Subscription ("**Circular**") and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "*Definitions*" section of the Circular, except where the context otherwise requires or where otherwise defined herein.

2. INTRODUCTION

On 30 June 2014, the Company had announced the receipt of the letter of award from Kwasa Land, a wholly-owned subsidiary of EPF, for the development of Project MX-1. The said letter of award was subject to a definitive agreement to be entered into between MRCB and Kwasa Land.

On 14 August 2014, Maybank IB had on behalf of the Board of MRCB, announced that the Company had on even date, entered into the Shareholders' Agreement with Kwasa Land and KDSB in relation to the Proposed Subscription. Further details of the Proposed Subscription are set out in Section 2, Part A of the Circular.

In view of the interests of EPF, which is the major shareholder of MRCB and Interested Directors of MRCB as disclosed in Section 10, Part A of the Circular, the Proposed Subscription is deemed a related party transaction pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Pursuant thereto, the Board of MRCB had on 11 August 2014, appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposed Subscription.

The purpose of this IAL is to provide the non-interested shareholders of MRCB with an independent evaluation on the fairness and reasonableness of the Proposed Subscription together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposed Subscription. The non-interested shareholders of MRCB should nonetheless rely on their own evaluation of the merits of the Proposed Subscription before making a decision on the course of action to be taken.

NON-INTERESTED SHAREHOLDERS OF MRCB ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SUBSCRIPTION TO BE TABLED AT THE FORTHCOMING EGM OF MRCB.

PUBLIC INVESTMENT BANK BERHAD (20027-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
Head Office : 25th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur
Peti Surat 10988, 50732 Kuala Lumpur. Telephone : 03 - 21669382 (15 lines) Facsimile : 03 - 21669362
(Wholly-owned subsidiary of Public Bank Berhad)

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

3. DETAILS OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription entails the subscription of 700,000 new KDSB Shares, representing seventy percent (70%) equity interest in KDSB by the Company for the Subscription Payment. The Parties have entered into the Shareholders' Agreement, *inter-alia*, to regulate the relationship between the Parties, to set out the respective rights, duties, obligations and mutual covenants relating to their relationship as shareholders of KDSB and to record their mutual understanding and commitment in respect of the relationship and obligations of the Parties with respect to the undertaking of Project MX-1 or such other business as the Parties may agree.

The Subscription Payment will be fully satisfied in cash in the following manner:

(i) RM81,661,418 as an advanced payment ("**Advanced Subscription Payment**") which has been paid upon execution of the Shareholders' Agreement. The Advanced Subscription Payment is refundable without interest if the Conditions Precedent are not fulfilled or satisfied within the Conditional Period or at such later period, if any, as the parties may mutually agree to in writing; and

(ii) RM734,952,762 to be paid in full upon the Unconditional Date ("**Balance Subscription Payment**").

Upon the Unconditional Date, KDSB shall:

(i) capitalise the Advanced Subscription Payment and issue 70,000 KDSB Shares to MRCB; and

(ii) issue an additional 630,000 KDSB Shares to MRCB upon payment of the Balance Subscription Payment,

which collectively represent seventy percent (70%) of the enlarged issued and paid-up share capital of KDSB.

The amount to be subscribed shall be subject to adjustment in the event that upon the Subdivision (as defined in Section 2.4.1, Part A of the Circular), the size of MX-1 Land as described in a separate title is less or more than 64.07 acres. The Parties agree that the amount to be subscribed shall be reduced or increased based on the proportion of the difference in the size of MX-1 Land and the number of KDSB Shares to be issued shall be adjusted accordingly.

For further details on the Proposed Subscription, please refer to Section 2, Part A of the Circular.

4. SOURCES OF INFORMATION

In preparing this IAL, PIVB has relied upon the following sources of information and documents:

(i) the information contained in Part A of the Circular and the appendices attached thereto;

(ii) the Shareholders' Agreement;

(iii) the Valuation Certificate and Valuation Report;

(iv) the executive summary of the Feasibility Report ("**Executive Summary of the Feasibility Report**") and Feasibility Report;

(v) discussions with the management of MRCB;

(vi) other relevant information, documents, confirmations and representation furnished to us by the management of MRCB; and

(vii) other publicly available information.

5. LIMITATIONS TO THE EVALUATION OF THE PROPOSED SUBSCRIPTION

We have not been involved in the formulation of the Proposed Subscription and/or any negotiations pertaining to the terms and conditions of the Proposed Subscription. Our terms of reference pursuant to our appointment as the Independent Adviser to advise the non-interested directors of MRCB and non-interested shareholders of MRCB in relation to the Proposed Subscription are in accordance with the requirements relating to independent advisers as contained in the Listing Requirements. Our scope is limited to expressing an independent evaluation of the Proposed Subscription which is based on the sources of information highlighted in Section 4 of this IAL.

We have made all reasonable enquiries to the Board and management of MRCB and have relied upon the information and/or documents as mentioned in Section 4 of this IAL and that all relevant facts and information and/or representations necessary for our evaluation of the Proposed Subscription have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. We express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of MRCB and all relevant parties involved in the Proposed Subscription. Based on the above, we are satisfied with the disclosures from the Board and management of MRCB and have no reason to believe that any of the information is unreliable.

In rendering our advice, PIVB had taken note of pertinent issues, which we believe are necessary and of importance to an assessment of the implications of the Proposed Subscription and therefore of general concern to the non-interested shareholders of MRCB. As such:

(i) the scope of PIVB's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the terms and conditions of the Proposed Subscription and other implications of the Proposed Subscription only. Comments or points of consideration which may be commercially oriented such as the rationale and potential benefits of the Proposed Subscription are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of MRCB to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Subscription;

(ii) PIVB's views and advice as contained in this IAL only cater to the non-interested shareholders of MRCB at large and not to any non-interested shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and

(iii) we recommend that any individual non-interested shareholder or group of non-interested shareholders of MRCB who is in doubt as to the action to be taken or require advice in relation to the Proposed Subscription in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, shall consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD.

PIVB will notify the non-interested shareholders of MRCB if, after dispatching this IAL, we:

(i) become aware of a significant change affecting the information in this IAL;

(ii) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or

(iii) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of MRCB. We shall immediately notify the non-interested shareholders of MRCB of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this IAL.

PIVB confirms that it is not aware of any circumstances which exist or are likely to give rise to a possible conflict of interest situation for PIVB to carry out the role as the Independent Adviser in connection to the Proposed Subscription. PIVB also confirms that it has not had any professional relationship with MRCB in the past two (2) years.

PIVB is an approved corporate finance adviser within the meaning of the Principal Adviser Guidelines issued by the Securities Commission Malaysia. PIVB has undertaken the role as an independent adviser for corporate exercises in the past one (1) year prior to the execution of the Shareholders' Agreement, which include amongst others, the following:

(i) acquisition by Bina Darulaman Berhad of approximately 1,154.8 acres (467.4 hectares) of land located in Kedah Darul Aman, for a total consideration of RM202 million;

(ii) disposal by Goh Ban Huat Berhad ("**GBH**") and its wholly-owned subsidiary, GBH Land Sdn Bhd (formerly known as Kenangan Dimensi Sdn Bhd), of lands together with buildings erected thereon (collectively, the "**Properties**") to Keladi Maju Berhad for a total cash consideration of RM192,369,465 and the subsequent tenancy on the Properties by GBH;

(iii) conditional take-over offer by JT International Holding B.V. ("**Offeror**") through CIMB Investment Bank Berhad to acquire all the remaining ordinary shares of RM0.25 each in JT International Berhad which are not already held by the Offeror ("**JTI Offer Share(s)**") at a cash offer price of RM7.80 per JTI Offer Share;

(iv) conditional voluntary take-over offer by RHB Investment Bank Berhad on behalf of Better Education Enterprise Sdn. Bhd. to acquire all the ordinary shares of RM0.50 each in HELP International Corporation Berhad ("**HELP Offer Share(s)**") for a cash offer price of RM2.53 per HELP Offer Share; and

(v) conditional take-over offer by Censof Holdings Berhad through RHB Investment Bank Berhad to acquire all the remaining ordinary shares of RM0.20 each in Time Engineering Berhad which are not already owned by Censof Holdings Berhad and its persons acting in concert ("**TEB Offer Share(s)**") for a cash consideration of RM0.20 for every one (1) TEB Offer Share.

Premised on the foregoing, PIVB is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposed Subscription.

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6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the directors or major shareholders of MRCB and/or persons connected to them has any interest, direct or indirect, in the Proposed Subscription.

6.1 Interested major shareholder

EPF, the major shareholder of MRCB with a direct interest of 38.94% as at the LPD, is deemed interested in the Proposed Subscription by virtue of it being the sole shareholder of Kwasa Land and KDSB, by virtue of KDSB being a wholly-owned subsidiary of Kwasa Land as at the LPD.

Accordingly, EPF will abstain from voting in respect of its direct and/or indirect shareholdings in MRCB on the resolution pertaining to the Proposed Subscription at the forthcoming EGM of MRCB. EPF has also undertaken to ensure that persons connected to it will abstain from voting, in respect of their direct and/or indirect shareholdings in MRCB, if any, on the resolution pertaining to the Proposed Subscription at the forthcoming EGM of MRCB.

6.2 Interested Directors

(a) Tan Sri Azlan Zainol is the Non-Independent Non-Executive Chairman of MRCB and a representative of EPF on the Board of MRCB;

(b) Datuk Shahril Ridza Ridzuan is the Non-Independent Non-Executive Director of MRCB and a representative of EPF on the Board of MRCB. He also has a direct equity interest of 0.03% in MRCB; and

(c) Rohaya Mohammad Yusof is the Non-Independent Non-Executive Director of MRCB and a representative of EPF on the Board of MRCB.

(Collectively referred to as "**Interested Directors**")

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Subscription at the relevant Board meetings of MRCB. The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, in MRCB on the resolution pertaining to the Proposed Subscription at the forthcoming EGM of MRCB. The Interested Directors have also undertaken to ensure that persons connected to them will abstain from voting, in respect of their direct and/or indirect shareholdings, if any, in MRCB on the resolution pertaining to the Proposed Subscription at the forthcoming EGM of MRCB.

7. EVALUATION OF THE PROPOSED SUBSCRIPTION

PIVB's scope in arriving at our opinion and recommendation as the Independent Adviser to the non-interested shareholders of MRCB in relation to the Proposed Subscription is limited to the following bases and analyses:

(a)	Rationale for the Proposed Subscription	Section 8
(b)	Financial evaluation of the Proposed Subscription	Section 9
(c)	Evaluation of the salient terms of the Shareholders' Agreement	Section 10
(d)	Effects of the Proposed Subscription	Section 11
(e)	Risk factors	Section 12
(f)	Overview and prospects of the Malaysian economy, the Malaysian property market, the Selangor property market, MX-1 Land and the Group	Section 13

The views expressed by PIVB in this IAL are, amongst others, based on current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of MRCB should take further note of any announcements relevant to their consideration of the Proposed Subscription which may be released after the LPD.

8. RATIONALE FOR THE PROPOSED SUBSCRIPTION

Set out below are our comments on the rationale for the Proposed Subscription as stated in Section 5, Part A of the Circular:

8.1 Strategic location and connectivity of MX-1 Land

Kwasa Land is the master developer of the proposed Kwasa Damansara Township of which MX-1 Land represents the first parcel of land of the proposed development to be undertaken and is earmarked to be a town centre.

We note from the Valuation Report that MX-1 Land is strategically situated within the proposed Kwasa Damansara Township located along Jalan Sungai Buloh and is surrounded by the matured and upcoming mixed residential, commercial and industrial areas of Petaling Jaya, Subang and Sungai Buloh.

The location of MX-1 Land within the proposed Kwasa Damansara Township is illustrated in the map below:

(Source: Feasibility Report)

MX-1 Land which is within Kwasa Damansara Township is surrounded by matured township neighborhood centres such as Kota Damansara to the east and southeast, Subang to the west, Sungai Buloh to the north and Ara Damansara to the south. Due to the close proximity to the multi-economic sectors of Kuala Lumpur, Shah Alam, Subang Jaya and Petaling Jaya, MX-1 Land is in a strategic location within the Klang Valley.

We also note that the location of MX-1 Land is fronting the main trunk road of Jalan Sungai Buloh and that the overall accessibility is favourable as MX-1 Land is connected to major highways such as the North Klang Valley Expressway, North-South Expressway, Guthrie Corridor Expressway and the proposed Damansara-Shah Alam Highway.

In addition to the location of MX-1 Land, the accessibility of MX-1 Land is further enhanced by two (2) Klang Valley MRT ("**KVMRT**") stations i.e. Kwasa Sentral KVMRT station and Kwasa Damansara KVMRT station which are currently under construction. The Kwasa Damansara KVMRT station is located near MX-1 Land while the Kwasa Sentral KVMRT station is just located at the northwest boundary of MX-1 Land. There is also the Sungai Buloh railway station on the farther north of MX-1 Land and the Sultan Abdul Aziz Shah Airport in Subang to the southwest.

Premised on the above, we are of the view that the strategic location and accessibility of MX-1 Land represents a good investment opportunity for development in a prime location which can potentially enhance the future revenues and earnings of the Group.

8.2 Leveraging on MRCB's experience in transit hub-oriented developments

We note from MRCB's 2013 annual report that the Group is focusing on its competitive edge which is transit hub-orientated developments and green technology as part of its transformation plan to boost MRCB's status as a leading property investment, development and construction company.

The Proposed Subscription will allow MRCB to participate in Project MX-1 which is slated to be the flagship development of Kwasa Damansara. MRCB would be able to leverage its experience in the property development business, in particular, transit hub-oriented developments such as the successful development of Kuala Lumpur Sentral and the up and coming Penang Sentral.

We have also noted that MRCB has several projects which are located in the Klang Valley region, and hence, Project MX-1 should be able to leverage on MRCB's familiarity and brand recognition in Klang Valley property development projects. This is also complimented by the availability of future KVMRT stations close to MX-1 Land and the nearby Sultan Abdul Aziz Shah Airport in Subang.

8.3 Expansion of the property development operations of the Group

As disclosed in MRCB's 2013 annual report, the Group is principally engaged in property development and investment, building services, environmental engineering, infrastructure and engineering and construction related activities.

We noted that the property development segment was the largest contributor of revenue for the FYE 31 December 2012 and 2013, representing 52.29% and 48.89% of the total revenue to the Group (excluding inter-segment transactions), respectively. This business segment was also the largest contributor of profits to the Group since the FYE 31 December 2011, and had sustained its profitability in the FYE 31 December 2013. Hence, the Proposed Subscription will substantially expand the Group's property development operations and its development projects' GDV by at least RM8.00 billion from approximately RM20.87 billion as at 30 September 2014.

Further to the above, the Proposed Subscription would allow MRCB to participate in the flagship development of a new township in the Klang Valley and further strengthen the Company's position in the property development industry. The Proposed Subscription also represents an opportunity for the Group to further enhance its market presence and foothold in a prime and strategic location, which will also add credence to MRCB's line of existing projects such as, amongst others, Q Sentral, The Sentral Residences, 9 Seputeh, as well as the upcoming Semarak City in Kuala Lumpur.

As such, the Proposed Subscription which leads to MRCB's participation in Project MX-1 is in line with the Group's strategy to seek good opportunities to expand its operations and ensure sustainable long-term growth for the Group through the course of the development of MX-1 Land.

8.4 Controlling stake in KDSB

As set out in Section 2.1, Part A of the Circular, on 8 August 2014, KDSB entered into a sale and purchase agreement for the purchase of MX-1 Land from Kwasa Land ("**SPA**"). The vacant possession and beneficial ownership of MX-1 Land have passed to and vested in KDSB following the deemed completion of the SPA on 8 August 2014 and is the vehicle undertaking Project MX-1.

The Proposed Subscription entails the subscription of seventy percent (70%) of the enlarged issued and paid-up share capital of KDSB, with the remaining thirty percent (30%) continued to be held by Kwasa Land. Upon the deemed completion of the Proposed Subscription, MRCB will have a controlling stake in KDSB.

As such, subject to certain salient terms and conditions of the Shareholders' Agreement, MRCB will have significant control of KDSB in its position as the largest shareholder. MRCB would be able to amongst others, appoint the majority of the directors of KDSB as well as the Managing Director/Chief Executive Officer of KDSB, thereby giving MRCB control over the day-to-day operations of the development of Project MX-1.

In addition, MRCB will be able to consolidate the financial performance of KDSB and this is expected to enhance the consolidated revenue and earnings of the Group during the course of the development of MX-1 Land through the progressive sale of properties.

In summary, the Proposed Subscription would enable the Group to be involved in the development of a town centre of the strategically-located and well-connected Kwasa Damansara Township. This may lay the path for MRCB to participate in other potential developments in Kwasa Damansara Township in the future.

The Proposed Subscription will also allow the Group to further enhance its market presence as a Tier-1 property developer (large scale companies with shareholders' funds or paid-up capital of RM1.00 billion and above) and further strengthen its visibility, in particular in the area of transit hub-oriented developments.

Premised on the above, we are of the opinion that the rationale for the Proposed Subscription is reasonable and not detrimental to the interests of the non-interested shareholders of MRCB. Nevertheless, the non-interested shareholders of MRCB should note that the potential benefits arising from the Proposed Subscription are expected to only be realised in the medium to long term and are subject to certain risk factors as disclosed in Section 12 of this IAL.

9. FINANCIAL EVALUATION OF THE PROPOSED SUBSCRIPTION

In evaluating the fairness and reasonableness of the terms of the Proposed Subscription, we have considered the valuation of MRCB's stake in KDSB as well as the Subscription Payment.

9.1 Valuation of KDSB

We take note of the basis and justification for the Subscription Payment as set out in Section 2.3, Part A of the Circular.

KDSB is a special purpose vehicle incorporated by Kwasa Land to undertake the development of Project MX-1. Following the deemed completion of the SPA with Kwasa Land, the vacant possession and beneficial ownership of MX-1 Land have passed to and vested in KDSB on 8 August 2014.

As set out in Section 10, Appendix I of the Circular, we have noted that save for MX-1 Land, KDSB does not own any other material assets. As such, in evaluating the valuation of MRCB's stake in KDSB, we have taken into account the market value of MX-1 Land.

In arriving at the market value of MX-1 Land, the following methods of valuation can be considered:

(i) Residual Method

In the Residual Method of valuation, consideration is given to the GDV of the project and deducting therefrom the estimated costs of development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the project.

(ii) Comparison Method

The Comparison Method of valuation entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in locality, visibility/exposure, size, tenure, shape/terrain, planning approval, title restrictions, if any and other relevant characteristics to arrive at the market value. Such comparables would have been inspected to ensure all dissimilarities have been fully considered.

The Board of MRCB had on 16 July 2014, appointed WTW, an independent registered valuer, to appraise the market value of MX-1 Land. The Valuation Certificate is attached in **Appendix III** of the Circular, while the Valuation Report can be inspected at the registered office of MRCB.

Based on the methods as disclosed above, we noted that WTW has adopted the Residual Method as the primary method and the Comparison Method as a check in deriving the market value of MX-1 Land.

We are of the view that the adoption of the Residual Method as the primary method of valuation is appropriate given that:

(i) the Residual Method is commonly applied for the valuation of land banks to be developed that is expected to generate cashflows and earnings in the medium to long term through the sale of property units;

(ii) while no development order has been granted as at the date of the Valuation Report by the relevant authorities, MRCB and Rahim & Co (via its Feasibility Report) has the indicative development components and gross floor area of Project MX-1;

(iii) there was sufficient information provided in the development guidelines of MRCB and the Feasibility Report, for WTW to reasonably determine the value of MX-1 Land; and

(iv) the Residual Method takes into consideration the various factors such as location, development concept, size, accessibility and other relevant characteristics.

We are of the view that the adoption of the Comparison Method as a check is appropriate given that:

(i) the Comparison Method provides a snapshot of market demand and supply conditions for similar types of properties which have been transacted;

(ii) WTW had identified comparable transactions for its analysis; and

(iii) while no exact comparable exists, WTW had made adjustments to the market values of the comparable transactions and selected what it considered the most applicable.

While the actual development order for Project MX-1 has not been granted as at the date of the Valuation Report, we are of the view that the basis and assumptions used by WTW to be acceptable for the purposes of valuation as the development plans were part of the successful tender bid by MRCB submitted as part of the RFP submission.

In addition, the relevant basis and assumptions also form part and parcel of the terms of the Shareholders' Agreement.

We also note that the valuation was prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

As extracted from the Valuation Certificate, the market value of MX-1 Land arrived at using the Residual Method and Comparison Method are set out below:

Method of valuation	**Market value (RM)**
Residual Method	1,090,000,000
Comparison Method	1,090,000,000

9.1.1 Residual Method

The basis and assumptions used by WTW in their valuation of Project MX-1 as extracted from the Valuation Report together with our views are as follows:

No.	**Basis and assumptions used**	**PIVB's comments**
1.	*The subject property is a parcel of mixed development land measuring 64.07 acres.*	While the individual title for the MX-1 Land has yet to be issued, the size and the proposed designation of land use is part of the Conditions Precedent and is consistent with the description set out in the Shareholders' Agreement.
2.	*It has a plot ratio of 1:3.5 and is designated for 60% of commercial use and 40% of residential use.*	The plot ratio is consistent with the development intention of MRCB in respect of Project MX-1.
3.	*It has an overall gross floor area of approximately 9,768,112 square feet excluding car park and a Gross Development Value of minimum RM7.00 billion.*	The gross floor area and the minimum GDV used in their assumptions of RM7.00 billion are consistent with the planned development components which was made available to WTW at the material date of their inspection. However, the actual minimum GDV has been subsequently agreed upon by the Parties in the Shareholders' Agreement at RM8.00 billion. Nevertheless, for the purposes of valuation, WTW derived the expected GDV of the planned development components based on the estimated gross floor area, the development mix and their independent analysis of past transacted prices.
4.	*A marketable and registrable individual title with building category of land use for mixed development use with a 99-year lease is issued.*	The issuance of a subdivided title for MX-1 Land with its category of land converted to 'building' and an extended lease to ninety-nine (99) years are part of the Conditions Precedent.

No.	Basis and assumptions used	PIVB's comments
5.	*The infrastructure outside the boundary of the subject property to serve the development area to be provided by Kwasa Land are as follows:* *(a) The common roads;* *(b) Drainage system;* *(c) Network of water pipes (waterworks);* *(d) Network of sewerage pipes (sewerage works); and* *(e) Mechanical and electrical (M&E) infrastructure consisting of the following:* *(i) electrical supply;* *(ii) street lighting on common roads;* *(iii) telecommunications system; and* *(iv) other related M&E infrastructure agreed upon by the parties.*	The infrastructure provided for in the Valuation Report is consistent with the construction of the Level 1 Infrastructure to be provided by Kwasa Land pursuant to the ICSA.

Premised on the bases and assumptions above, in arriving at the market value of MX-1 Land based on the Residual Method, WTW had adopted the total GDV of RM7,808,775,517 based on the following phases:

No.	Phase	Development components	Expected development time	Total selling price (after Bumiputera discount) (RM'million)
(i)	Phase 1	Shopping mall, offices, shop offices, retail, condominiums and car park	5 years	1,539.27
(ii)	Phase 2	Hotel, shopping mall, wellness centre, service apartments and car park	7 years	1,759.52
(iii)	Phase 3	Shopping mall, offices, condominiums and car park	8 years	1,039.75
(iv)	Phase 4	Offices, condominiums, community amenities and car park	9 years	1,070.50
(v)	Phase 5	Offices, shop offices, retail, condominiums and car park	12 years	1,364.75
(vi)	Phase 6	Premium condominiums, retail and car park	12 years	1,034.98
Total				**7,808.77**

(Source: Valuation Report)

We note that the total selling price of the six (6) phases above of RM7.81 billion is less than the minimum covenanted GDV of Project MX-1 of RM8.00 billion as stipulated in the Shareholders' Agreement. However, the selling prices above is based on the adopted current prices of the units to be developed and do not take into account any potential selling price increases in the progressive development phases due to the enhancements on the land and the overall development of Kwasa Damansara surrounding MX-1 Land.

In addition, based on the Executive Summary of the Feasibility Report, where the potential selling price increases in the progressive development phases was taken into consideration, Project MX-1 is expected to have a total GDV of RM8.48 billion. The Executive Summary of the Feasibility Report is attached as **Appendix II** of the Circular.

As such, the management of MRCB is confident that the GDV of Project MX-1 will meet the minimum GDV of RM8.00 billion.

We have noted that the proposed selling price adopted by WTW is in line with the range of the adjusted selling prices per square feet ("**sq ft**") of recent transactions in the Klang Valley or within a larger vicinity. Details in arriving at the GDV are set out below and in the Valuation Certificate as attached as **Appendix III** of the Circular.

WTW had made adjustments to the transacted prices to account for differences in location / visibility, building age / condition, design / finishes / specifications, size, strata/individual title, tenure, public amenities and other relevant characteristics, if any, to arrive at the final proposed selling prices.

Component	**Proposed selling price (RM)**	**Justification**
Shopping mall	1,650 per sq ft	Based on the analysis of the transacted prices of shopping malls within the Klang Valley, the adjusted values range from RM877 to RM1,882 per sq ft. Proposed development of shopping mall is to be developed into a premium regional mall which is linked to the proposed MRT station. In view of the above, WTW had adopted RM1,650 per sq ft.
Office	1,000 per sq ft	Based on the analysis of the transacted prices of offices within the Klang Valley, the adjusted values range from RM937 to RM1,117 per sq ft.
Shop offices	650 per sq ft	Based on the analysis of the transacted prices and developer's selling prices of shop offices within a larger vicinity, the adjusted values range from RM594 to RM715 per sq ft.
Retail	1,200 per sq ft	Based on the analysis of the transacted prices of retail units within a larger vicinity, the adjusted values range for ground floor ranges from RM1,329 to RM1,555 per sq ft whilst the first floor range from RM936 per sq ft to RM1,161 per sq ft. The subject property is proposed as 2-storey retail area. Hence, for the purpose of the valuation, WTW has adopted the average selling price for the ground and first floor of the retail units.
Residential – Condominium/serviced apartment/premium condominium	1,000 per sq ft to 1,200 per sq ft	Based on the analysis of the transacted prices and developer's selling prices of condominiums/serviced apartments/premium condominiums within a larger vicinity, the adjusted values range from RM1,077 to RM1,237 per sq ft.

Component	Proposed selling price (RM)	Justification
Hotel	1,500 per sq ft (approximately RM780,000 per room)	Based on the analysis of the transacted prices of hotels within a larger vicinity, the adjusted values range from RM773,295 to RM1,418,133 per room. The proposed hotel is to be developed into a 4 to 5-star category. For the purpose of this valuation, WTW had adopted the selling price for the hotel at RM1,500 per sq ft (estimated at approximately RM780,000 per room).
Wellness centre	1,200 per sq ft	As there were no transactions recorded for wellness centres, WTW had adopted the selling price for retail units above due to its similarity with retail units. Based on the analysis of the transacted prices of retail units within a larger vicinity, the adjusted values range for ground floor ranges from RM1,329 to RM1,555 per sq ft whilst the first floor range from RM936 per sq ft to RM1,161 per sq ft.
Car park	30,000 per bay	Based on the analysis of car park transactions in a larger locality, the market values range from RM30,000 to RM60,000 per bay. For the purpose of this valuation, WTW had adopted the selling price for the car park at RM30,000 per bay.

We have also taken note that the total gross development cost ("**GDC**") as adopted by WTW was based on the following material parameters:

Items	Rate adopted		Justification
Earthwork and site clearance	RM300,000 per acre		Based on estimations on the cost for the earthwork and site clearance of the subject property.
Building cost	Shopping mall	RM300 per sq ft	Based on the estimated cost by the quantity surveyors and construction cost consultants provided by MRCB and investigations by WTW.
	Office	RM220 per sq ft	
	Shop office	RM180 per sq ft	
	Retail	RM180 per sq ft	
	Condominium	RM190 per sq ft	
	Premium condominium	RM280 per sq ft	
	Serviced apartment	RM220 per sq ft	
	Hotel	RM500 per sq ft	
	Wellness centre	RM210 per sq ft	
	Car park	RM120 per sq ft	
	Community amenities	RM150 per sq ft	
Internal infrastructure works	RM850,000 per acre		Estimated based on WTW's survey and enquiries with developers.

Items	Rate adopted	Justification
External infrastructure works	RM450,000 per acre	Estimated based on WTW's survey and enquiries with developers.
Finance cost	8.00%	The finance cost of 8.00% per annum is based on WTW's enquiries with financial institutions, i.e. Base Lending Rate 6.85% per annum plus security margin of 1.00% to 2.50% per annum. Further to the above, we note that the weighted average year end effective interest rates as at the FYE 31 December 2013 for borrowings range from a low of 4.23% to a high of 7.06%. In view of the possibility of MRCB in funding the Balanced Subscription Payment via amongst others, bank borrowings, the gearing ratio of MRCB is expected to increase. Hence, we are of the opinion that the adopted finance cost of 8.00% per annum is reasonable as it is reflective of an increase in debt profile of the Group.
Professional fees	8.00% of total estimated cost of construction	The rate which is adopted at 8.00% is in line with the industry standard.
Developer's profit and risk	15% of GDV	The surveys and enquiries with developers conducted by WTW revealed that the rate of return of about 15% to 20% of GDV is required for a developer to commit to a project development.
Development period	12 years	WTW had adopted an estimation of development period of twelve (12) years as they considered the proposed development to be large.
Present value rate	8.00% per annum	In tandem with the finance rate based on WTW's enquiries with financial institutions, as well as based on the estimated return on the risk of the development of the MX-1 Land, which is in line with finance cost adopted for Project MX-1.

(Source: Valuation Certificate)

In valuing MX-1 Land, WTW had estimated the GDV of each individual phase and deducted the expected GDC of the respective phases. WTW had discounted the resultant residual value over the estimated development period of each phase.

The breakdown of WTW's computations to derive at the market value of MX-1 Land based on the Residual Method is as follows:

	Total GDV (RM)	Total GDC (RM)	Residual value (RM)	Development period (years)	Market value* (RM)
Phase 1	1,539,269,263	1,127,354,662	411,914,601	5	280,349,077
Phase 2	1,759,518,277	1,382,760,387	376,757,890	7	219,838,229
Phase 3	1,039,752,515	705,312,463	334,440,052	8	180,697,960
Phase 4	1,070,502,305	757,770,738	312,731,567	9	156,428,330
Phase 5	1,364,750,971	976,662,911	388,088,060	12	154,109,769
Phase 6	1,034,982,186	776,482,429	258,499,757	12	102,650,254
Total					**1,094,073,619**
Adopted					**1,090,000,000**

Note:

* *The market values of each phase were derived by discounting the residual value by the expected development period at a discount rate of eight percent (8.00%) per annum, in tandem with the finance rate based on WTW's enquiries with financial institutions.*

(Source: Valuation Report)

Premised on the above, we are of the view that the valuation of MX-1 Land using the Residual Method as the primary valuation methodology is reasonable. We have also reviewed the basis and assumptions in deriving the GDV and GDC and believe that the basis and assumptions are reasonable. Premised on the above, we are of the view that the adopted market value of RM1,090.00 million is fair.

9.1.2 Comparison Method

In addition to the Residual Method, as a check, WTW had also assessed the market value of MX-1 Land using the Comparison Method.

The salient details of the comparable transactions which had been extracted by WTW from announcements made to Bursa Securities are as follows:

Details	Comparable 1*	Comparable 2	Comparable 3
Location	Lot 212 and 213, located along Persiaran Tropicana, 47400 Petaling Jaya, Selangor	No. 74, Jalan University, Section 13, 46200 Petaling Jaya, Selangor	Located along Jalan Damanlela and SPRINT Highway, Damansara Height
Type	Commercial development land	Industrial land with commercial potential	Commercial development land
Tenure	Leasehold 99 years expiring on 25 October 2090	Leasehold 99 years expiring on 6 August 2067	Freehold
Land area (sq ft)	279,302	258,746	276,482
Date of announcement on Bursa Securities	5 June 2013	31 May 2013	3 March 2014

Details	Comparable 1*	Comparable 2	Comparable 3
Consideration	RM116,123,925	RM124,200,000	RM450,000,000
Analysis (per sq ft)	RM416	RM480	RM1,628
Adjustments#	Adjustment is made on time, location - general, location - MRT station, size, tenure, plot ratio and category of land use		
Adjusted value (per sq ft)	RM394	RM517	RM692

(Source: Valuation Report)

Notes:

* *Comparable 1 was chosen as the best comparable for the adopted market rate per sq ft due to its similar characteristics in terms of location and tenure with MX-1 Land.*

\# *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Comparable 1	***Comparable 2***	***Comparable 3***
<u>Upward adjustments</u> *Comparable 1 does not have an MRT station in the vicinity and has a shorter remaining lease period* *<u>Downward adjustments</u>* *Comparable 1 is in a better location, has a smaller land size, has a higher plot ratio and is categorised for commercial land use.*	*<u>Upward adjustments</u>* *Comparable 2 does not have an MRT station in the vicinity and has a shorter remaining lease period* *<u>Downward adjustments</u>* *Comparable 2 is in a better location and has a smaller land size.*	*<u>Upward adjustments</u>* *No adjustment.* *<u>Downward adjustments</u>* *Comparable 3 is in a better location, has a smaller land size, is freehold, has a higher plot ratio and is categorised for commercial land use.*
Net downward adjustments	***Net upward adjustments***	***Net downward adjustments***

We are of the view that the Comparison Method adopted by WTW is fair and reasonable as the comparables have similar characteristics in terms of type and localities and the necessary adjustments have been made to account for relevant factors such as time of transaction, the location, size, plot ratio, tenure and category of land, use of the land and availability of MRT stations in the vicinity.

Consequently, WTW had adopted Comparable 1 as the best comparable due to its similar characteristics in terms of location and tenure with MX-1 Land, which WTW have placed more importance despite having the most adjustments. We note that WTW had adopted a rounded adjusted value of RM390 per sq ft for MX-1 Land. The adjusted value of RM390 per sq ft translates into a total market value for MX-1 Land of RM1,090.00 million.

Premised on the above, we are of the view that the valuation of MX-1 Land using the Comparison Method as a check is reasonable and the market value of MX-1 Land derived therefrom is fair.

9.2 Evaluation of the Subscription Payment

As set out in Section 2.3, Part A of the Circular, the Subscription Payment is the tender bid price submitted as part of the RFP submission. The RFP was conducted by Kwasa Land through a competitive bidding process where MRCB was successfully selected.

Based on the market value of RM1,090.00 million of MX-1 Land as ascribed by WTW, the value of the seventy percent (70%) stake in KDSB is RM763.00 million. In essence, the Subscription Payment of approximately RM816.61 million represents a premium of RM53.61 million or 7.03% over the market value of seventy percent (70%) of MX-1 Land.

Notwithstanding that the Subscription Payment is at a premium of RM53.61 million or 7.03%, we are of the view that the Subscription Payment is reasonable in view of the following:

(i) the competitive bidding process pursuant to the RFP exercise as set out in Section 2.3, Part A of the Circular where twenty (20) Tier-1 developers were selected to participate in the RFP. MRCB was selected to be the development partner to develop MX-1 Land among six (6) developers who submitted their bid for the Project MX-1;

(ii) the rationale for the Proposed Subscription as set out in Section 8 of this IAL;

(iii) the potential profit to be generated by KDSB from Project MX-1;

(iv) the implied price paid for MX-1 Land of RM418 per sq ft is within the range of the adjusted values of the above comparable transactions from RM394 to RM692 per sq ft under the Comparison Method as a check, set out in Section 9.1.2 of this IAL;

(v) the feasibility of Project MX-1 as laid out in the Feasibility Report.

The four (4) key success factors of Project MX-1 as extracted from the Section 6.3, Part A of the Circular are as follows:

(a) Surrounding of Kwasa Damansara Township

"As MX-1 Land is surrounded by matured centres/township neighborhood centres such as Kota Damansara, Mutiara Damansara, Bandar Utama and Ara Damansara it has a good mix of residential population from medium to high income levels. Thus, Rahim & Co believes that Project MX-1 will fetch good demand from these neighbourhood centres with sizeable population catchment and labour force."

PIVB's comments

We note from the Feasibility Report that MX-1 Land is surrounded by matured centres/townships which are growth conurbation areas. As such, with the increasing population in the Klang Valley, it is expected that Kwasa Damansara Township can capitalise on the increased demand for residential and commercial properties in the future.

Further, Project MX-1 will be a very competitive and attractive offering in the area due to its careful planning, environmentally friendly design, strategic location and planned role as a town centre of Kwasa Damansara development.

The location of MX-1 Land in comparison to the growth conurbation areas is shown in the image below:

(Source: Feasibility Report)

(b) ***Decentralisation of Kuala Lumpur City Centre***

"Over the years, the development trend has moved towards southern, western and northern boundaries of Kuala Lumpur City Centre. This can be seen through the rise of Kuala Lumpur Sentral, Midvalley City, Eco City, Bangsar South and Petaling Jaya Sentral on the west whilst the growth trend on north west has expanded from Taman Tun Dr Ismail, Bandar Utama, Mutiara Damansara and Kota Damansara.

MX-1 Land is located at northern region of Greater Klang Valley where to-date there are no similar developments in the region. As such, MX-1 Land may become a prime landmark or the second Kuala Lumpur Sentral in the northern region of Greater Klang Valley."

PIVB's comments

We note that the trends in property development has been moving away from the boundaries of the Kuala Lumpur city centre. MX-1 Land is located on the northern region of the Greater Klang Valley and is able to leverage on the recent trend of higher prices and scarcity of land in the city centre and its vicinity. Furthermore, we also note that there are presently no similar developments in terms of size and composition in the northern region of the Greater Klang Valley which leads to reduced competition and enhance the prospects of Project MX-1.

(c) ***Development concept***

"The development concept is aligned with the Kwasa Damansara Township's master plan towards energy, water, materials savings and waste reduction and also to be the leading model for low carbon township. Project MX-1 will attempt to achieve global environmental related standards and certifications for instance, Leadership in Energy and Environmental Design (LEED), Green Building Index (GBI) and American Society of Heating, Refrigerating and Air-conditioning Engineers (ASHRAE).

Project MX-1 will provide a ground level exclusively for pedestrian use whilst the inflow and outflow of vehicles will be restricted to below ground level. This will not only increase the safety of the working population, visitors, patrons and residents, as vehicles are not allowed on the ground level, but it will also help to create a more vibrant working and living environment at ground level."

PIVB's comments

Kwasa Damansara Township will be a new residential/commercial development project with a modern layout design and integrated sustainability initiatives in energy, water, materials and waste. Project MX-1 also strives to achieve global environmental standards much like Platinum Sentral, Menara Shell and 1 Sentrum which were developed by MRCB. The adoption of green rated buildings under green certification bodies would boost the marketability of the buildings to be developed under Project MX-1 to environmentally friendly-oriented tenants.

(d) ***Infrastructure and accessibility***

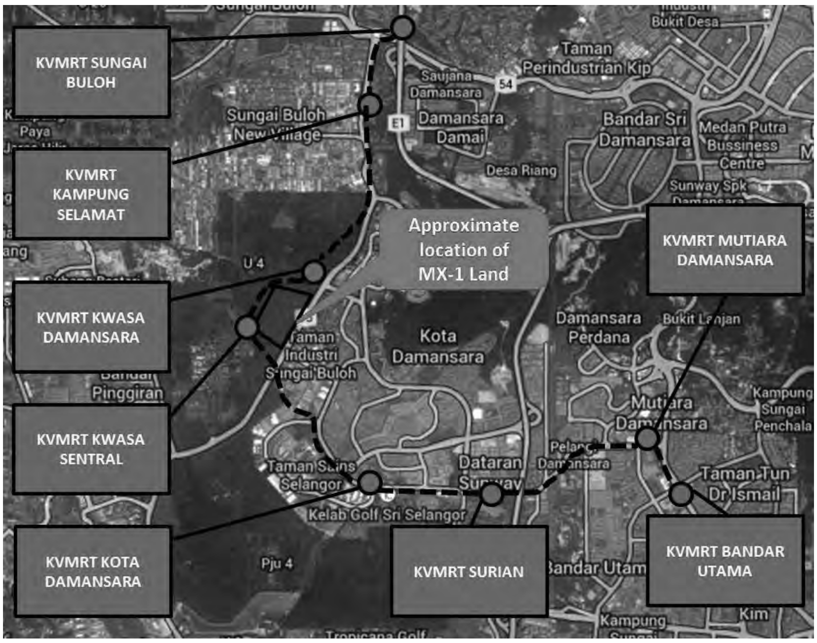
"The expected completion of two (2) MRT stations in the region in 2016/2017 will shorten the travel distance within the Klang Valley.

The completion of the proposed Damansara-Shah Alam Elevated Expressway will also provide easy access to Kwasa Damansara Township from Shah Alam and Damansara and further enhance the existing good connectivity."

PIVB's comments

The accessibility and public transport planned in the surrounding areas of Kwasa Damansara Township will enhance the prospects of the developments therein. Further, the linkages of Kwasa Damansara Township to other growth areas will allow unhindered growth of Project MX-1.

The location of MX-1 Land in comparison to the planned KVMRT line is shown in the image below:



(Source: http://www.mymrt.com.my)

(vi) the current market price of MX-1 Land does not take into consideration any potential price increases that may arise following the launch and implementation of other future projects within Kwasa Damansara Township, as well as the price enhancements arising from the completion of the two (2) KVMRT stations; and

(vii) the prospects of Project MX-1 as set out in Section 13 of this IAL.

Premised on the above, we are of the opinion that the Subscription Payment is reasonable.

10. EVALUATION OF THE SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

Our comments on the salient terms of the Shareholders' Agreement as extracted from Section 2.4, Part A of the Circular are as follows:

Salient terms of the Shareholder's Agreement	PIVB's comments
Conditions Precedent *The Shareholders' Agreement is subject to and conditional upon the following conditions precedent being fulfilled within the Conditional Period:* *(i) the leasehold period of MX-1 Land has been extended to ninety nine (99) years ("**Lease Extension**");* *(ii) the category of land use of MX-1 Land has been converted to 'building' ("**Conversion**");* *(iii) the subdivided title to MX-1 Land ("**Subdivision**") has been issued and the memorandum of transfer in favour of KDSB has been duly executed, stamped and presented at the relevant land office; and* *(iv) the approval of the shareholders, for MRCB to enter into the Shareholders' Agreement and all related agreements.* *(collectively to be referred to as "**Conditions Precedent**").* *The Parties may, subject to the extent permitted by law or the rules of the relevant regulatory authorities, waive any of the Conditions Precedent at any time by notice in writing to the other Party. Upon all the Conditions Precedent being fulfilled or waived, the Shareholders' Agreement shall become unconditional.* *If the Conditions Precedent are not fulfilled or satisfied within the Conditional Period, the Parties may mutually agree in writing to extend the Conditional Period, failing which the Shareholders' Agreement shall lapse and be of no further effect and KDSB shall refund the Advanced Subscription Payment without interest to MRCB within twenty-one (21) business days from the date thereof and thereafter, the Shareholders' Agreement shall be deemed null and void and neither Party shall have any further claim against the other, save in respect of any antecedent breach.*	The Conditions Precedent are reasonable as the terms are mainly approvals required from the relevant parties to give effect to the Proposed Subscription. Further, we note that the completion of the Lease Extension, Conversion and Subdivision would increase the marketability of MX-1 Land. It would also serve to facilitate the development of Project MX-1. We note that the Advanced Subscription Payment may be used to defray the costs related to the Conditions Precedent.

<table>
<tr><th>Salient terms of the Shareholder's Agreement</th><th>PIVB's comments</th></tr>
<tr><td>
Obligations during the Conditional Period
The key obligations of the Parties during the Conditional Period include, inter-alia:
(i) Upon the payment of the Advanced Subscription Payment, Kwasa Land shall appoint a nominee of MRCB as a board member of KDSB. The Parties agree that the existing Memorandum and Articles of Association shall regulate our relationship as shareholders.
(ii) KDSB is to undertake the Conversion and Lease Extension.
(iii) KDSB may use such Advanced Subscription Payment to defray such operational costs for the Conversion, Lease Extension, Subdivision and CP Planning Works (as defined below); and
(iv) KDSB is to undertake and MRCB shall provide all assistance required to undertake the following works ("CP Planning Works"):
(a) the preparation and finalisation of the development, building and layout plans for MX-1 Land carried out after the date of the Shareholders' Agreement; and
(b) the obtaining of all the necessary approvals from the relevant authority with respect to the aforesaid plans.
(v) KDSB shall appoint Kwasa Land to undertake the maintenance of all the rubber trees on MX-1 Land at Kwasa Land's own cost. For such purpose, Kwasa Land shall be entitled to appoint such contractor to manage and maintain the rubber trees and the income, revenue and proceeds generated therefrom shall be for the account of Kwasa Land. Such appointment shall terminate within one (1) month from the Unconditional Date.
</td><td>
The key obligations are reasonable as they provide confirmation from the Parties of their respective roles and obligations during the Conditional Period. The key obligations are also consequences derived from the Conditions Precedent as stipulated above.
Further to the payment of the Advanced Subscription Payment, we note from Section 2.4.2, Part A of the Circular, that Kwasa Land has appointed a nominee of MRCB as a board member of KDSB. This allows MRCB to protect its interest in KDSB.
The term for the appointment of Kwasa Land to undertake the maintenance of the rubber trees on MX-1 Land is reasonable as it will be maintained at Kwasa Land's own expense. Further, MX-1 Land will not be developed and the rubber trees will be maintained at Kwasa Land's own expense until the fulfillment of all the Conditions Precedent and the appointment of Kwasa Land will automatically terminate within one (1) month from the Unconditional Date.
</td></tr>
<tr><td>
Shareholding of the parties
KDSB shall have an issued and paid-up share capital of RM1,000,000 comprising of 1,000,000 KDSB Shares. The shareholding of Kwasa Land and MRCB in KDSB upon the Unconditional Date shall be as follows:
<table>
<tr><th>Name</th><th>No. of KDSB Shares</th><th>Shareholding in KDSB</th></tr>
<tr><td>Kwasa Land</td><td>300,000</td><td>30%</td></tr>
<tr><td>MRCB</td><td>700,000</td><td>70%</td></tr>
<tr><td>Total</td><td>1,000,000</td><td>100%</td></tr>
</table>
</td><td>
The terms are reasonable as the subscription of KDSB shares is based on the shareholding proportions which were mutually agreed between MRCB and Kwasa Land. Further, the terms serve to clarify the respective shareholdings of MRCB and Kwasa Land in KDSB.
</td></tr>
</table>

Salient terms of the Shareholder's Agreement	**PIVB's comments**
Working capital injection *The Parties agree that they may, from time to time, make shareholders' advance to KDSB. The first shareholders' advance will be made within thirty (30) days from the Unconditional Date in the sum of RM10,000,000 and shall be made towards the initial working capital of KDSB, in accordance with the shareholding proportion as set out in Section 2.4.3, Part A of the Circular.* *The first shareholders' advance in the sum of RM10,000,000 will be used by KDSB to defray among others:-* *(a) the costs incurred for the CP Planning Works;* *(b) the development charges as may be imposed by the relevant authorities in relation to MX-1 Land, if any;* *(c) KDSB's operating costs; and* *(d) any shareholders' advance made by Kwasa Land together with an interest of seven per cent (7%) per annum calculated on a daily basis from the date the money is disbursed until the payment is made.*	We note from Section 2.4.4, Part A of the Circular that the shareholders' advance in the sum of RM10,000,000 is to primarily put the company on-stream, to finance the initial working capital expected to be incurred by KDSB and defray costs incurred for the CP Planning Works not covered by the Advanced Subscription Payment. The terms are reasonable as such costs may include, amongst others, the expenses due to the hiring of personnel for initial development groundwork, as well as incidental and miscellaneous costs to facilitate the completion of the CP Planning Works. The working capital needs of KDSB are based on the judgment by the parties to the Shareholders' Agreement in undertaking a project of such size and nature. In addition, the injection of the first shareholders' advance will only occur once all the Conditions Precedents are fulfilled. We also note that KDSB is required to defray any shareholders' advance made by Kwasa Land together with an interest of seven percent (7%) per annum. This allows Kwasa Land to be compensated in the event Kwasa Land provides funds to KDSB in the intermediate period when the Conditions Precedent has been fulfilled and until the Balance Subscription Payment is paid. Further to the above, this term clarifies that MRCB and Kwasa Land have agreed that any additional capital contribution to KDSB shall be in proportion to their respective shareholdings.

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<table>
<tr><th>Salient terms of the Shareholder's Agreement</th><th>PIVB's comments</th></tr>
<tr><td>

MRCB's covenants

The key covenants include, inter-alia, the following:

(i) MRCB guarantees that KDSB shall have minimum profit after tax ("Warranted PAT") as follows:

<table>
<tr><th>End of financial year ("Period")(1)</th><th>Warranted PAT (RM'million)</th><th>Cumulative Warranted PAT (RM'million)</th></tr>
<tr><td>5</td><td>150</td><td>150</td></tr>
<tr><td>8</td><td>350</td><td>500</td></tr>
<tr><td>11</td><td>600</td><td>1,100</td></tr>
<tr><td>13</td><td>450</td><td>1,550</td></tr>
<tr><td>15</td><td>450</td><td>2,000</td></tr>
</table>

Note:

(1) From the Unconditional Date.

The Warranted PAT is subject to the qualifications and assumptions mutually agreed by the Parties. In the event of any material variations to the said qualifications and assumptions, the Warranted PAT will be adjusted accordingly.

In the event of a shortfall in the Warranted PAT in any one of the said Period, MRCB shall pay to KDSB an amount equivalent to the Agreed Shortfall (as defined below) within a period of fourteen (14) days from the date of the adoption of the audited accounts by the Board of KDSB. The Agreed Shortfall shall mean:

(a) the actual shortfall in the Warranted PAT for the Period in question LESS

(b) such amount of any profit earned by KDSB in the preceding Period in excess of the Warranted PAT in the preceding Period.

The Parties agree that MRCB is entitled to seek repayment of any Agreed Shortfall previously paid after being mutually agreed between the Parties, in the event that KDSB exceeds the guaranteed cumulative Warranted PAT in the subsequent Period.

</td><td>

The terms are reasonable in view of the prospects and profitability potential of Kwasa Damansara Township.

We note that in the event that if there are any excess in the Warranted PAT, the excess profit earned will be aggregated and taken into account for the next Period, to offset any shortfall arising in that next Period.

Further to the above, upon completion of the Proposed Subscription, MRCB will have a controlling stake in KDSB and that pursuant to Clause 8.5* of the Shareholders' Agreement, KDSB shall declare and distribute all available profits on a yearly basis save for working capital requirement of not more than RM10.00 million. As such, MRCB will eventually receive dividends equivalent to seventy percent (70%) of the amount paid to fulfill the Agreed Shortfall, in the event of a shortfall.

We also note that MRCB is entitled to seek repayment of any Agreed Shortfall previously paid in any case that KDSB exceeds the guaranteed cumulative Warranted PAT in the subsequent Period.

Although MRCB will be required to guarantee the Warranted PAT, we note that the management of MRCB is confident of achieving the cumulative Warranted PAT of RM2.00 billion based on its successful property development track record. This is also supported by the estimated gross development profit of RM2.01 billion from Project MX-1 as set out in the Executive Summary of the Feasibility Report.

We take comfort in the successes of the past and on-going projects of the Group, which are of similar characteristics, such as Kuala Lumpur Sentral, which is valued at approximately RM13.93 billion as at 30 September 2014, which indicates that MRCB has the marketing strategies and project management experience and expertise to complete large scale projects and meeting the required profitability.

</td></tr>
</table>

Note:

* *Clause 8.5 of the Shareholders' Agreement stipulates that "KDSB shall declare and distribute all available profits on a yearly basis save for working capital requirement of not more than RM10.00 million and any other amount mutually agreed as funding requirement and capital commitment consideration."*

Salient terms of the Shareholder's Agreement	PIVB's comments
(ii) *MRCB shall ensure that the GDV of Project MX-1 shall not be lower than RM8.0 billion.*	We note that the management of MRCB is confident of achieving a GDV of not less than RM8.00 billion. This is also further supported by the estimated GDV of RM8.48 billion for Project MX-1 as set out in the Feasibility Report. The parameters used by Rahim & Co in deriving at the estimated GDV are based on the development plans of Project MX-1, as well as independent surveys conducted by Rahim & Co.
(iii) *subject to the provisions relating to infrastructure delay, MRCB guarantees that Project MX-1 shall be completed (i.e. upon the launching and commencement of construction of the last phase of Project MX-1) within twelve (12) years from the date of the Shareholders' Agreement, failing which it shall be deemed to be a material default by MRCB of the terms and conditions of the Shareholders' Agreement wherein Kwasa Land may request MRCB to purchase and MRCB shall purchase all of Kwasa Land's KDSB Shares at a price per KDSB Share equivalent to a fifteen percent (15%) premium above the higher of:* *(a)* *the par value per KDSB Share; or* *(b)* *the NTA per KDSB Share and its subsidiaries as determined by an independent auditor appointed jointly by both Kwasa Land and MRCB, failing which, such auditor from the four (4) biggest audit firm in Malaysia as may be nominated by the President of Malaysian Institute of Accountants. The cost of such appointment shall be borne by KDSB.* *In the event the Level 1 Infrastructure is not completed within thirty-six (36) months from the Unconditional Date, the obligation of MRCB to ensure that KDSB shall complete Project MX-1 shall be extended by such time of delay that Kwasa Land or KDSB as the case may be, takes to complete the Level 1 Infrastructure under the ICSA provided that the Parties will also then discuss the definition for the Period (as defined in Section 2.4.5(i) of Part A of this Circular).*	The terms are considered reasonable as we note that KDSB would have a gestation period of twelve (12) years from the date of the Shareholders' Agreement to the launch and commencement of the last phase of Project MX-1. This gestation period is reasonable in view of the large scale of Project MX-1 which has been divided into six (6) major development phases (some of which will be developed concurrently), with each taking between three (3) to five (5) years to complete. Furthermore, in the event of a delay in the completion of Level 1 Infrastructure, the obligation of MRCB to ensure that KDSB shall complete Project MX-1 shall be extended by such time of delay that Kwasa Land or KDSB as the case may be, takes to complete the Level 1 Infrastructure. In the event MRCB is unable to complete Project MX-1 within the stipulated time period, we note that Kwasa Land may request MRCB to purchase and MRCB shall purchase all of Kwasa Land's KDSB Shares at a premium to the higher of either the par value per KDSB Share or the NTA per KDSB Share. Kwasa Land and MRCB may jointly appoint an independent auditor at the expense of KDSB, to determine the NTA per KDSB Share. The premium to be paid is to compensate Kwasa Land from the material default of not being able to complete Project MX-1 within the stipulated timeframe as the terms are to safeguard the interest of Kwasa Land in the event the default is due to MRCB. Nevertheless, based on the above discussion, we note that the phases of Project MX-1 may also be developed concurrently, which may expedite the development period of Project MX-1 to ensure the timely completion of Project MX-1.
(iv) *MRCB shall ensure that KDSB shall comply with the layout plan and the approved project Urban Design Guidelines as set out in the Shareholders' Agreement.*	The term is reasonable as it ensures that the development of MX-1 Land will be according to the plans and guidelines mutually agreed by the Parties in the Shareholders' Agreement.

Salient terms of the Shareholder's Agreement	PIVB's comments
Utilisation of the Subscription Payment by KDSB *KDSB shall utilise the Subscription Payment received from MRCB from the Unconditional Date only for the following matters unless otherwise agreed to by the Parties and the Parties further agree that MRCB shall not be required to contribute any further funds (whether in the form of equity or advances or otherwise) towards the cost of the following matters:* *(i) for all cost incurred by KDSB for the Lease Extension, Conversion and Subdivision;* *(ii) for all cost incurred by KDSB for the payment of the Level 1 infrastructure under the ICSA including the stamp duty of the said agreement (if any);* *(iii) the remaining purchase price under the SPA including any interest payable; and* *(iv) for the redemption of the RPS issued by KDSB solely to Kwasa Land.* *In the event the Subscription Payment is insufficient for the payment of the matters set out in (i) to (iii) above, Kwasa Land shall be solely responsible for making up the shortfall (without recourse to KDSB for reimbursement).*	The terms are reasonable as they provide confirmation on the utilisation of funds by KDSB. These terms were also mutually agreed upon between KDSB and MRCB pursuant to the Proposed Subscription. We note that Kwasa Land will be responsible for any shortfall, in excess of the Subscription Payment, for the cost incurred by KDSB in relation to the matters as listed.
First right of refusal to Kwasa Land and/or EPF *Kwasa Land and/or the EPF shall be given a first right of refusal, but not the obligation to purchase any commercial development or property valued more than RM100,000,000 within MX-1 Land. This provision shall not be applicable if the sale is made to any of the real estate investment trusts where MRCB holds an interest (whether direct or indirect) therein.*	The terms are reasonable as it provides KDSB with a potential ready buyer for properties valued more than RM100.00 million on terms to be agreed. It is noted that this term is neither favourable nor detrimental to any party as the eventual pricing would only be determined later of which the same pricing should be applicable to any other party.

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Salient terms of the Shareholder's Agreement	PIVB's comments
Termination *Should either Party (the "**Defaulting Party**"):* *(i) commit any act of insolvency as defined in the relevant insolvency or bankruptcy legislation; or* *(ii) be wound up, whether provisionally or finally and whether compulsorily or voluntarily or be placed under judicial management; or* *(iii) enter into any arrangement or compromise with any of its creditors; or* *(iv) be the subject of any resolution passed for its winding-up or dissolution; or* *(v) has a judgment given against it in any court of law which, if applicable, is not appealed against within the period allowed for the lodging of such appeal or if not subject to an appeal, remains unsatisfied for a period of ten (10) days; or* *(vi) materially breach of any of the terms and conditions of the Shareholders' Agreement (and has not remedied the same within thirty (30) days of the service of any written notice by any Party complaining of such breach save in the case of payment obligation, in which case such remedy period shall not be applicable),* *then without prejudice to any other rights and remedies which any Party may have, and unless otherwise provided by law, the non-Defaulting Party shall have the right, until the date which is ninety (90) days after the receipt by the Defaulting Party of a written notice to require the Defaulting Party to sell all shares held by the Defaulting Party in KDSB at a price per share equal to ninety percent (90%) of the lower of:* *(i) the par value per KDSB Share; or* *(ii) the NTA per share of KDSB and its subsidiaries as determined by an independent auditor appointed jointly by both Kwasa Land and MRCB, failing which, such auditor from the four (4) biggest audit firm in Malaysia as may be nominated by the President of Malaysian Institute of Accountants. The cost of such appointment shall be borne by the Defaulting Party.*	The terms are reasonable as they serve to safeguard the interests of the non-defaulting party in the event of a termination of the Shareholders' Agreement. We note that the terms also provide an avenue for the defaulting party to exit from the Shareholders' Agreement so as to avoid a deadlock situation.

Premised on the above, we are of the opinion that the terms contained in the Shareholders' Agreement are reasonable as far as the interests of MRCB are concerned and that the salient terms are not detrimental to the interests of the non-interested shareholders of MRCB.

11. EFFECTS OF THE PROPOSED SUBSCRIPTION

We take cognisance of the effects of the Proposed Subscription as detailed in Section 8, Part A of the Circular and set out below are our comments on the proforma effects thereon.

11.1 Share capital and substantial shareholders' shareholdings

The Proposed Subscription will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Proposed Subscription does not involve any issuance of new MRCB Shares.

11.2 NA, NA per share and gearing

We have noted that MRCB intends to fund the Balance Subscription Payment amounting to approximately RM734.95 million via internally generated funds and/or bank borrowings. Assuming the Proposed Subscription was effected on 31 December 2013, the total borrowings of the Group would increase from RM3.51 billion to RM4.25 billion assuming that the Balance Subscription Payment is fully funded by bank borrowings.

The Proposed Subscription is not expected to have any material effect on the NA attributable to the equity holders of MRCB of RM1,675.42 million as at 31 December 2013 and the NA per MRCB Share of RM1.01.

Premised on the above, the gearing of the Group is expected to increase from 2.10 times as at 31 December 2013 to 2.53 times upon the completion of the Proposed Subscription assuming that the Balance Subscription Payment is fully funded by bank borrowings. However, the non-interested shareholders of MRCB should take note that the detailed breakdown of the source of funds has not been finalised at this juncture and will depend on the cashflow position and working capital requirements of MRCB at the point of settlement.

11.3 Earnings and LPS

The Proposed Subscription is not expected to have any material effect on the Group's earnings for the financial year ending 31 December 2014 as the Proposed Subscription is expected to be completed in the third (3^{rd}) quarter of 2015. However, the Proposed Subscription is expected to contribute positively to the future earnings of the Group through the progressive developments and launches of Project MX-1.

Assuming the Balance Subscription Payment is fully settled via bank borrowings and had been effected at the beginning of the FYE 31 December 2013 and before taking into account of the potential earnings arising from the Project MX-1, the net loss of the Group will increase from approximately RM109.13 million to RM143.31 million, after taking into consideration the interest expense arising from the borrowings for the Balance Subscription Payment of approximately RM34.2 million assuming the weighted average interest rate of 4.65% per annum (based on the audited financial results of the Group for the FYE 31 December 2013). Correspondingly, the LPS of the Group will increase from 7.38 sen per MRCB Share to 9.69 sen per MRCB Share.

Premised on the above, we are of the opinion that the proforma effects of the Proposed Subscription are not detrimental to the interests of the non-interested shareholders of MRCB.

12. RISK FACTORS

In Section 7, Part A of the Circular, the Board of MRCB had identified various risk factors (which may not be exhaustive) relating to the Proposed Subscription which may have an impact on the Group in the future.

The risk factors identified and summarised together with our views are as follows:

(i) Risks relating to the property development industry

We take note of the inherent risk that the Group is exposed to in the property development industry which include amongst others:

(a) delay in completion of development projects;

(b) fluctuation in the cost of materials and development projects which will inevitably affect the Group's profit margin if the Group is not able to fully pass on the cost increase to property buyers;

(c) economic slowdown and oversupply in the property market; and

(d) political, economic and regulatory considerations for instance, the implementation of a maximum loan-to-value ratio of 70% by BNM, the abolishment of Developers' Interest Bearing Scheme and the revision of Real Property Gains Tax.

In addition, 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 said act.

As the Group is currently involved in the property development business, the risk factors described above are inherent to the Group. Accordingly, the Proposed Subscription could be viewed as an expansion or complementary to the Group's businesses and hence, would not necessarily result in a greater degree of exposure to the inherent risk profile of the property development industry that the Group is already exposed to.

(ii) Completion risk

Pursuant to the Shareholders' Agreement, the Proposed Subscription is subject to the fulfillment of the Conditions Precedent as elaborated in Section 10 of this IAL.

In the event the Conditions Precedent are not met or waived, the Shareholders' Agreement will lapse and the Proposed Subscription will not be completed. Hence, the potential benefits to be derived from the Proposed Subscription by the Group may not be realised.

Nevertheless, we note that Kwasa Land and KDSB have provided their covenant to MRCB to promptly and expeditiously take such steps and endeavour to ensure the fulfillment of the Conditions Precedent within the stipulated timeframe in the Shareholders' Agreement. In any event, should the Shareholders' Agreement lapse due to the Conditions Precedent not being met or waived, the Advanced Subscription Payment will be refunded to MRCB without interest.

(iii) Indebtedness of the enlarged Group

As disclosed in Section 2.7 of Part A of the Circular, the Group may fund a portion of the Balance Subscription Payment via bank borrowings, of which the actual quantum cannot be determined at this juncture. Assuming that the Group procures bank borrowings to fund the Balance Subscription Payment, it would expose itself to fluctuating interest rates as well as the risks associated with meeting its repayment commitments as and when they become due.

In addition, bank borrowings may be required to fund the development of Project MX-1. The ability of MRCB or KDSB (which would be a subsidiary of MRCB) to procure such bank borrowings in the future would be subject to amongst others, general economic conditions, interest rates and availability of credit from financial institutions.

We note that the Group has taken and will continue to take cognisance of this risk by closely reviewing the debt level and monitoring the Group's cashflows and debt repayment schedule. Further, the funding requirements for the development of Project MX-1 may be alleviated when the development is progressively launched and sold.

In evaluating the Proposed Subscription, the non-interested shareholders of MRCB are advised to carefully consider the above risk factors and to note that these risk factors are not meant to be exhaustive before voting on the resolution pertaining to the Proposed Subscription to be tabled at the forthcoming EGM of MRCB.

However, we are of the view that the risks above are acceptable and mitigated to the extent possible by the management of MRCB.

13. OVERVIEW AND PROSPECTS OF THE MALAYSIAN ECONOMY, THE MALAYSIAN PROPERTY MARKET, THE SELANGOR PROPERTY MARKET, MX-1 LAND AND THE GROUP

13.1 Outlook and prospects of the Malaysian economy

The Malaysian economy registered a strong growth of 5.6% in the third quarter of 2014 (2Q 2014: 6.5%), supported by private sector demand and continued positive growth in net exports of goods and services. 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 0.9% (2Q 2014: 1.9%).

Private sector activity remained the key driver of growth during the quarter. Private consumption registered a growth of 6.7% in the third quarter (2Q 2014: 6.5%), supported by stable labour market conditions and continued wage growth. Private investment expended at a slower pace of 6.8% (2Q 2014: 12.1%), attributed to a decline in spending on machinery and equipment, particularly in the transportation segment.

Public consumption turned positive to 5.3% (2Q 2014: -0.5%), reflecting higher Government spending on supplies and services. Public investment, however, declined further by 8.9% (2Q 2014: -3.3%), attributable mainly to the near completion of a few projects by public enterprises and the continued contraction in the Federal Government development expenditure. Going forward, investment activity will be supported by continued flow of ongoing and new projects by the private and public sectors.

On the supply side, positive growth was experienced across all economic sectors in the third quarter. The services sector recorded sustained growth, supported mainly by the consumption and production-related services sub-sectors. Similarly, growth in the construction sector also remained sustained, driven by the residential and non-residential sub-sectors. After an exceptionally strong performance in the second quarter, the manufacturing sector expanded at a more moderate pace amid slower domestic-oriented activity. The agriculture sector registered a slower growth following weaker output of palm oil and rubber, while the mining sector grew at a more moderate pace amidst lower production of natural gas and condensates.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2014, Bank Negara Malaysia)

The Malaysian economy is expected to sustain its positive growth trajectory in 2015, supported by improved global economic conditions and resilient domestic demand. Nonetheless, as a highly open economy amid an increasingly liberalised global environment, Malaysia remains vulnerable to external shocks.

The Malaysian economy is expected to sustain its growth momentum in 2015 driven by resilient domestic demand and an improving external sector. Given the better outlook of the global economy and underpinned by the 2015 Budget measures to further support growth and transformation programmes, gross domestic product of Malaysia is expected to expand at a steady pace between 5% and 6% in 2015.

(Source: Economic Report 2014/2015, Ministry of Finance)

Premised on the foregoing, we are of the view that the prospects of the Malaysian economy is expected to be satisfactory for the next twelve (12) months, underpinned by strong domestic demand and economic activities generated by the on-going initiatives undertaken by the Government to support the Malaysian economy. Major economic sectors remained strong supported by stable employment conditions and higher export and private sector activities.

13.2 Overview and prospects of the Malaysian property market

The strong economic growth of 6.4% registered in the second quarter of 2014 paved a promising path for the country's property market. The low interest rate regime with the average base lending rate (BLR) of commercial banks prevailed at 6.53% and the weighted average lending rate stabilised at 5.37% till end-June 2014 remained supportive of property market activity.

The performance of Malaysian property market made a comeback in H1 2014, after recording a lacklustre performance in the same period of 2013. A total of 193,405 transactions worth RM82.03 billion were recorded, indicating an increase of 3.3% in volume and a higher two-digit growth of 19.3% in value.

(Source: Property Market Report, First Half 2014, Valuation and Property Services Department, Ministry of Finance Malaysia)

The residential subsector expanded strongly by 22.1% during the first (1st) half of 2014 (January – June 2013: 15.7%) supported by higher growth in incoming supply at 9.5% (January – June 2013: 15.3%). Despite the decline in housing starts at 5.3% to 70,346 units (January – June 2013: 21.1%; 74,270 units), residential activity is expected to remain stable.

Meanwhile, the value of total property transactions increased to RM82 billion (January – June 2013: RM68.8 billion), with volume expanding 3.3% to 193,405 transactions during the first six (6) months of 2014. Residential property transactions formed the bulk with a share of 63.5%. However, following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first (1st) half of 2014 (July – December 2013: 5.1%). Residential overhang declined 11.5% to 12,105 units during the first (1st) half of 2014 (January – June 2013: -15.1%; 13,673 units), with a total value of RM4.5 billion (January – June 2013: RM5 billion).

House prices in Malaysia continue to rise, albeit at a slower pace, amid several measures to curb rising house prices since 2010. The increase in house prices was driven by strong demand following favourable labour market conditions and growing household income. The Malaysian House Price Index, which measures the change in prices paid for an average house, increased moderately by 6.6% in the second (2nd) quarter of 2014, compared with 11.3% in the corresponding period in 2013.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

Premised on the above, we are of the view that the prospects of the Malaysian property market is expected to remain stable. Although rising house prices may affect the property market, the overall performance of the property market is expected to be sustained amidst demands by genuine buyers for affordable properties as well as properties strategically located in prime locations. This is coupled with the fact of growing scarcity of prime land available for future development.

13.3 Overview and prospects of the Selangor property market

The state's property market performance witnessed slight moderation as market activity and construction sector softened. Nevertheless, several indicators aligned the market onto a hopeful track as indicated by the performance of primary market, the improvement in overhang and unsold situation as well as the sturdy growth in prices and rentals across the board.

There were 38,974 transactions worth RM23.23 billion recorded in the review period, down by 3.2% in volume against H1 2013. Nevertheless, the magnitude of market activity decline improved from contraction 17.2% recorded in H1 2013. Value of transactions charted a positive 6.0% growth, a turnaround from -4.0% the year before. The state remained the main driver of the national property market, contributing 20.2% and 28.3% to the volume and value of transactions respectively.

(Source: Property Market Report, First Half 2014, Valuation and Property Services Department, Ministry of Finance Malaysia)

The future outlook for Selangor is expected to be promising, backed by the ongoing development of KVMRT. Through the Selangor Budget 2014, the State Government will supply 15,251 units of affordable housing before 2021. By 2014, 1,028 affordable units will be offered through Perbadanan Kemajuan Negeri Selangor (PKNS). Other future mega project that is anticipated to boost the property market in the state are the development of Icon City on the 7.93 hectares site in Section 8 and PJ Centre STAGE in Section 13, Petaling Jaya, comprising shop houses, offices, service apartments, shopping complex and hotel. Other projects includes Datum with approximately 2.4 hectares situated next to Jelatek LRT Station in Keramat, the development of Gombak Integrated Terminal Complex to substitute the Putra Bus Terminal of Kuala Lumpur and the development of Tropicana Metropark Paloma Service Residence in Batu Tiga Shah Alam. These projects are expected to invigorate the economic and property market activities in the state.

(Source: Property Market Report 2013, Valuation and Property Services Department, Ministry of Finance Malaysia)

The prospects of the property market in Selangor, being the main growth driver of the national property market is expected to be satisfactory for the next twelve (12) months. This is supported by the State Government initiatives and other planned mega projects by private developers to capitalise on the accessibility and convenience from the future KVMRT service.

13.4 Prospects of MX-1 Land

The subject site (MX-1 Land) is within close proximity to Kuala Lumpur, Shah Alam, Subang Jaya and Petaling Jaya. This puts it in a considerably strategic location, as both Subang Jaya and Petaling Jaya are thriving with multi-economic sectors.

The subject site forms part of Kwasa Damansara, a new planned township which forms part of the Greater Kuala Lumpur or Klang Valley development. The subject site has been earmarked to be a town centre of the proposed Kwasa Damansara Township. The site is basically flat and undeveloped with trees and wild vegetation and has access to the main trunk road, Jalan Sungai Buloh.

In general, the subject site is located within Sungai Buloh along the stretch of Jalan Sungai Buloh. It is situated at the heart of Klang Valley and is surrounded by Section 7 of Kota Damansara on the northeast, Sungai Buloh New Village on the north, Rubber Research Institute of Malaysia (RRIM) on the southwest and Taman Sains Selangor on the southeast.

Located within proximity of areas serviced by public transport facilities such as buses, taxis and train, the subject site has considerable access to these public transport facilities as well. The Malaysian federal government has proposed the KVMRT, which will directly connect to the subject site. The system is designed to supplement the LRT network as part of the Kuala Lumpur public transport system. There will be a proposed KVMRT station located on the north west of the subject site. The KVMRT Taman Industri Sungai Buloh (now known as Kwasa Sentral) is the fourth (4^{th}) station in the KVMRT Sungai Buloh–Kajang line. With the future connection of KVMRT, the subject site will have easy access to commercial areas in Mutiara Damansara i.e. The Curve and IKEA Shopping Centre.

(Source: Feasibility Report)

MX-1 Land is within close proximity to the medium to high income developed townships of Kota Damansara, Mutiara Damansara, Bandar Utama and Ara Damansara. In addition, the proposed Damansara-Shah Alam Highway along with the proposed KVMRT line to MX-1 Land is expected to drive the marketability of the properties to be developed under Project MX-1.

Kwasa Damansara Township is located close to growth conurbation areas such as Kuala Lumpur, Shah Alam, Subang Jaya and Petaling Jaya. As such, the population in the surrounding area is expected to grow, thereby allowing MRCB to benefit from the increase in demand for property via the Proposed Subscription.

Further to the above, we also note from the Feasibility Report that based on the analysis conducted by Rahim & Co, the successful take-up rate and occupancy rate of similar projects have indicated that the market for such mixed development is encouraging.

In addition, the estimated GDV of Project MX-1 of not less than RM8.00 billion over the duration of its development is expected to contribute positively to the financial performance of the Group moving forward.

Premised on the foregoing, the Proposed Subscription is in line with the Group's strategy to seek good opportunities to expand its operations, particularly in transit hub-orientated developments and green technology. It will also allow the Group to participate in Project MX-1 through its stake in KDSB and capitalise on the prospects of MX-1 Land. Nevertheless, it should be noted that the potential benefits arising from the Proposed Subscription are only expected to be realised in the medium to long term and are subject to certain risk factors as disclosed in Section 12 of this IAL.

13.5 Prospects of the Group

As previously mentioned in Section 8.3 of this IAL, the Group is principally involved in property development, engineering and construction and infrastructure and environmental and building services.

The property development division of MRCB is also currently involved in other on-going developments at its flagship project, Kuala Lumpur Sentral such as, the Q Sentral office tower and the Sentral Residences, with an aggregate GDV of RM2.5 billion as at 30 September 2014. Both projects are scheduled for completion in 2015-2016.

Beyond Kuala Lumpur Sentral, the Group is also currently involved in other property development projects with a combined expected GDV of RM15.06 billion as at 30 September 2014 across Peninsula Malaysia. A few of the major projects currently being undertaken by the Group are Penang Sentral, a new transit hub-oriented development in Seberang Prai, Butterworth, Semarak City, an upcoming residential, shop offices and retail mall development, complemented by a twenty-five (25)-acre park, open spaces and recreational facilities and 9 Seputeh, a proposed mixed development along Old Klang Road, Kuala Lumpur.

The Group's engineering and construction division is currently involved in a joint venture with UEM Builders Bhd to construct a fourth lane extension from Shah Alam to the Rawang/Jalan Duta Toll Plaza and from Nilai Utara to Seremban as well as the New Seremban Interchange.

We note that for the FYE 31 December 2013, the Group reported revenue of RM940.91 million, a reduction of RM302.80 million compared to the previous year and a loss after tax of RM117.95 million due mainly to a one-off adjustment arising from the reduction in the fair value adjustment of sales proceeds for Kuala Lumpur Sentral Lot G office towers and hotel developments which were sold en-bloc and recognised progressively based on percentage of completion in the preceding years and other provisions relating to construction costs.

In order to address the one-off deterioration in its financial condition, the Group has embarked on a transformation plan which involves the monetisation and crystallisation of its non-core assets. We have noted that the Group has carried out the transformation plan successfully with consecutive profits after tax registered for the first three (3) quarters of the FYE 31 December 2014.

Based on the foregoing, we are of the view that the prospects of the Group are expected to be favourable in the medium to long term, in view of the existing property development and engineering and construction projects, as well as the planned development of MX-1 Land pursuant to the Proposed Subscription which is expected to contribute positively to the business of the Group.

14. FURTHER INFORMATION

We advise you to refer to the enclosed appendices contained in the Circular for further information.

15. CONCLUSION AND RECOMMENDATION

In arriving at our opinion and recommendation, we have taken into consideration various factors, which include amongst others:

Consideration factors	Our evaluation
Rationale for the Proposed Subscription	• The Proposed Subscription will enable MRCB to participate in the development of a new township in the Klang Valley. The strategic location and accessibility of MX-1 Land represents a good investment opportunity and is in line with the Group's strategy to seek good opportunities to expand its operations. • The Proposed Subscription will also allow the Group to further enhance its market presence as a Tier-1 property developer and further strengthen its visibility, in particular in the area of transit hub-oriented developments. • The development of MX-1 Land is expected to boost the consolidated revenue and earnings of the Group moving forward.
Financial evaluation of the Proposed Subscription	• We are of the view that the adoption of the Residual Method as the primary method of valuation and the Comparison Method as a check is appropriate in deriving the value of MX-1 Land. Furthermore, we are of the view that the assumptions used to arrive at the market value of MX-1 Land of RM1,090.00 million is reasonable. • The Subscription Payment of approximately RM816.61 million represents a premium of RM53.61 million or 7.03% over the market value of seventy percent (70%) of MX-1 Land of RM763.00 million. We are of the opinion that the Subscription Payment is reasonable after taking into consideration the following: (i) the competitive bidding process; (ii) the rationale for the Proposed Subscription; (iii) the potential profit to be generated by KDSB from Project MX-1; (iv) the implied price paid for MX-1 Land being within the range of the adjusted values of the comparable transactions under the Comparison Method as a check; (v) the key success factors of Project MX-1 as identified in the Feasibility Report such as the surrounding of Kwasa Damansara Township, decentralisation of Kuala Lumpur city centre, development concept and infrastructure and accessibility;

Consideration factors	Our evaluation
Financial evaluation of the Proposed Subscription *(Cont'd)*	(vi) the potential price increases arising from the launch and implementation of other future projects within Kwasa Damansara Township, as well as the price enhancements arising from the completion of the two (2) KVMRT stations; and (vii) the prospects of Project MX-1.
Evaluation of the salient terms of the Shareholder's Agreement	The salient terms of the Shareholders' Agreement were mutually agreed upon pursuant to the Proposed Subscription and are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.
Effects of the Proposed Subscription	• No effect on the share capital and substantial shareholders' shareholdings of the Company. • Assuming that the Balance Subscription Payment is fully funded by bank borrowings, the gearing of the Group is expected to increase from 2.10 times to 2.53 times. • No material effect on the NA per MRCB Share which remains at RM1.01. • No material effect on the Group's earnings for the FYE 31 December 2014. However, the Proposed Subscription is expected to contribute positively to the future earnings of the Group over the long term. • Assuming that the Balance Subscription Payment is fully funded by bank borrowings, the LPS of the Group will increase from 7.38 sen per MRCB Share to 9.69 sen per MRCB Share.
Risk factors	• The Group is already involved in the property development business, the risk factors as discussed in Section 12(i) of the IAL are inherent to the Group. Accordingly, the Proposed Subscription could be viewed as an expansion or complementary to the Group's businesses and hence, would not necessarily result in a greater degree of exposure to the risks inherent from the Proposed Subscription. • We are of the view that the additional risks such as completion risk and indebtedness of the enlarged Group are acceptable and mitigated to the extent possible by the management of MRCB.

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Consideration factors	Our evaluation
Overview and prospects of the Malaysian economy, the Malaysian property market, the Selangor property market, MX-1 Land and the Group	• The prospects of the Malaysian economy, the property market in Malaysia and Selangor are expected to be satisfactory for the next twelve (12) months. Although rising house prices may affect the market, the overall performance of the property market is expected to be sustained. Selangor, being the main growth driver of the property market is expected to be supported by the State Government initiatives and other planned mega projects. • The Proposed Subscription is in line with the Group's strategy to seek good opportunities to expand its operations, particularly in transit hub-oriented developments and green technology, in view of the proposed KVMRT line to the MX-1 Land and its strategic location. • The prospects of the Group are expected to be favourable in the medium to long term, in view of the existing property development and engineering and construction projects, as well as the planned development of MX-1 Land pursuant to the Proposed Subscription which is expected to contribute positively to the business of the Group.

Premised on our overall assessment of the Proposed Subscription, we are of the opinion that the Proposed Subscription is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders of MRCB.

Accordingly, we recommend that the non-interested shareholders of MRCB **vote in favour** of the resolution pertaining to the Proposed Subscription to be tabled at the forthcoming EGM of MRCB.

Yours faithfully,
For and on behalf of
PUBLIC INVESTMENT BANK BERHAD

Fong Loong Seng
Chief Executive Officer

Lee Yo-Hunn
Head
Corporate Finance & Advisory

BACKGROUND INFORMATION ON KDSB

1. HISTORY AND BUSINESS

KDSB was incorporated in Malaysia under the Act on 18 April 2014 as a private limited company.

The principal activity of KDSB is the undertaking of Project MX-1.

2. SHARE CAPITAL

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

(i) Ordinary shares

	No. of ordinary shares	Par value	Amount
		(RM)	(RM)
Authorised share capital	1,000,000	1.00	1,000,000
Issued and paid-up share capital	300,000	1.00	300,000

(ii) RPS

	No. of RPS	Par value	Amount
		(RM)	(RM)
Authorised share capital	50,000,000	0.01	500,000
Issued and paid-up share capital	48,737,254	0.01	487,373

The terms of the RPS are as follows:

Issuer:	KDSB
RPS Holder:	Kwasa Land
Par value:	RM 0.01 per RPS
Premium:	RM 0.99 per RPS
Issue price:	RM1.00 per RPS
Form and denomination:	The RPS is to be issued in registered form and constituted by the Articles of Association of KDSB
Transferability:	The RPS shall be transferable
Tenor:	Fixed period of up to five (5) years from the date of issue
Dividend rights:	The dividend payment shall be as determined by the Board of KDSB
RPS Holder special stipulations:	(a) The principal activity of KDSB shall strictly be the undertaking of Project MX-1 (b) KDSB shall not issue any new securities without the prior consent of the RPS Holder

Redemption:	The RPS Holder shall have the right to request KDSB to redeem the RPS at any time. The redemption amount per RPS shall be the par value of RM0.01 plus a premium where such premium is based on the following formula:- *(balance sum remaining after payments of the sums specified in Section 2.4.6 (i) to (iii), Part A of this Circular) – (RM0.01 x total number of RPS issued) – dividend declared and paid = X and X is then divided by the total number of RPS issued.* The RPS Holder shall be entitled to amend the Memorandum and Articles of Association of KDSB at any time to reflect the redemption amount payable pursuant to the above
Conversion:	The RPS is non-convertible
Ranking:	RPS shall rank ahead both as regards dividends and capital in priority to KDSB Shares In the event of liquidation, dissolution or winding up of KDSB, the Holder shall be entitled to receive all surplus, assets or proceeds available for distribution, and shall rank in priority to KDSB Shares
Governing law:	The laws of Malaysia
Listing:	The RPS shall not be listed on any stock exchange
Voting rights:	The RPS Holder shall not have the right to vote at any general meeting of KDSB except that the RPS Holder shall have the right at any general meeting of KDSB to one vote for each RPS held: (i) the passing of a resolution by the ordinary shareholder(s) of KDSB to reduce the ordinary share capital of KDSB or to vary any rights attaching to KDSB Shares or whereby the share capital or any uncalled liability thereon or the amount for the time being standing to the credit of the share premium account or the capital redemption reserve fund shall be reduced in any manner for which the consent of the court shall be acquired; or (ii) the passing of a resolution by the ordinary shareholder(s) of KDSB to participate in other activities other than Project MX-1; or (iii) upon any resolution for the winding up of KDSB; or (iv) the entry by KDSB of any agreement or arrangement within the ambit of Section 132C or Section 132E of the Act; or (v) an alteration in the authorised or issued capital of KDSB in any manner whatsoever whether by varying the amount, structure or value thereof or the rights attaching thereto or otherwise of any other re-classification or re-organisation of the share capital of KDSB; or (vi) an amalgamation, merger, reconstruction or any other change whatsoever in the constitution of KDSB; or (vii) the decision to list the entire issued and paid-up capital of KDSB on any stock exchange; or (viii) the decision to initiate a reverse take-over; or

(ix) the alteration to or amendment of the Memorandum and Articles of Association of KDSB which affects, alters, changes or varies the rights attached to the RPS; or

(x) upon any resolution which varies or is deemed to vary the rights attached to the RPS

As at the LPD, Kwasa Land is the sole holder of the RPS.

3. DIRECTORS

The Directors of KDSB as at the LPD are as follows:

Name	Nationality
Encik Mohamad Lotfy bin Mohamad Noh	Malaysian
Mr. Chaw Yoon Seong	Malaysian
Tan Sri Abdul Halim bin Ali	Malaysian
Tan Sri Mohamad Salim bin Fateh Din	Malaysian

As at the LPD, none of the Directors hold any KDSB Shares.

4. SUBSTANTIAL SHAREHOLDER

As at the LPD, KDSB is a wholly-owned subsidiary of Kwasa Land.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, KDSB does not have any subsidiaries or associated companies.

6. FINANCIAL INFORMATION

As KDSB was only incorporated on 18 April 2014, it does not have any audited financial statements.

7. MATERIAL CONTRACTS

KDSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) since its date of incorporation up to the LPD.

8. MATERIAL LITIGATION

KDSB is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant and the Board of KDSB is not aware of any proceedings, pending or threatened, against KDSB or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of KDSB since its date of incorporation up to the LPD.

9. MATERIAL COMMITMENT AND CONTINGENT LIABILITIES

There is no material commitment, incurred or known to be incurred by KDSB and there is no contingent liabilities which, upon becoming enforceable, may have a material impact on KDSB's results of operations or financial condition since its date of incorporation up to the LPD.

10. MATERIAL ASSET OWNED

The vacant possession and beneficial ownership of MX-1 Land have passed to and vested in KDSB on 8 August 2014 but the legal ownership of MX-1 Land shall be presented at the relevant land office or registry for transfer in favour of KDSB upon Subdivision.

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EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT

Rahim&Co
international property consultants
An International Associate of savills

Our Ref: 30VM5514011

25 August 2014

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Malaysian Resources Corporation Berhad
Level 22, 1 Sentral, Jalan Travers
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50470 Kuala Lumpur

Dear Sirs,

MARKET AND FEASIBIILITY STUDY ("STUDY") ON A PROPOSED MIXED DEVELOPMENT OF A PARCEL OF 64.07 ACRES OF VACANT LAND "(SUBJECT SITE") TO BE A TOWN CENTRE OF THE PROPOSED KWASA DAMANSARA TOWNSHIP ("PROPOSED DEVELOPMENT")

We refer to your instructions to conduct a Study for the Proposed Development by Malaysian Resources Corporation Berhad ("**MRCB**" or "**Company**"). The Study focuses on the project viability assessment of the Proposed Development by the Company.

This Market and Feasibility Study Certificate has been prepared for inclusion in the circular to the shareholders of MRCB dated 16 January 2015 for the proposed subscription of 700,000 new ordinary shares of RM1.00 each, representing 70% equity interest in Kwasa Development (2) Sdn. Bhd., a special purpose vehicle incorporated to undertake the Proposed Development.

This Study has been prepared in accordance with Paragraph 4.13(a) of the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

A summary of the Study are set out in the ensuing sections.

1.0 Site Analysis

1.1 Site Location in Urban Hierarchy Context

In terms of economy centre, Subang Jaya and Petaling Jaya are stronger as sub-regional growth conurbation. The Subject Site is within close proximity to Kuala Lumpur, Shah Alam, Subang Jaya and Petaling Jaya. This puts it in a considerably strategic location, as both Subang Jaya and Petaling Jaya are thriving with multi-economic sectors.

1.2 Site Location

The Subject Site forms part of Kwasa Damansara Township, a new planned township which forms part of the Greater Kuala Lumpur or Klang Valley development. It has been earmarked to be the town centre of the proposed Kwasa Damansara Township.

The Subject Site is located along the main trunk road, Jalan Sungai Buloh which connects to Sungai Buloh/Rawang town on the north and Shah Alam/Klang town on the south, within the jurisdiction of Shah Alam City Hall/Majlis Bandaraya Shah Alam ("**MBSA**").

Factsheet of Kwasa Damansara Township

Kwasa Damansara Township is a new planned township with total land area of 2,330 acres which forms part of the Greater Kuala Lumpur or Klang Valley development. It is located within the jurisdiction of two (2) local authorities namely MBSA on the northern side and Majlis Bandaraya Petaling Jaya ("**MBPJ**") on the southern side. It is separated by Jalan Shah Alam-Sungai Buloh.

Kwasa Land Sdn. Bhd., being the master developer ("**Master Developer**") of Kwasa Damansara Township had obtained a principal approval for the master layout plan from MBSA. The full approval is expected before the end of 2014 with infrastructure works to kick-off by the first quarter of 2015.

(Source: www.kwasaland.com.my)

The development is designed to act as a catalyst to stimulate socio-economic growth, entrepreneurial activity and job creation. It will spur new business and commercial opportunities for working communities in the region.

1.3 Site Description

The Subject Site is approximately 64.07 acres (part of 198.82 acres master land).

The Subject Site is almost rectangular in shape and undeveloped with trees and wild vegetation.

Details of the master land title are as follows:

Master Title No.	PN 94453
District	Petaling Mukim of Sungai Buloh
Lot No.	Lot No. 3636
Land Use	Agriculture
Land Area	80.462 hectares
Tenure	Leasehold period of 99 years expiring on 28 December 2065 (remaining 51 years unexpired lease)
Express Condition	Rubber Estate
Restriction of Interest	Nil

1.4 Linkages

The Subject Site is sited within Sungai Buloh area and opposite of Taman Industri Sungai Buloh which consists mostly of light industrial developments. Further north of the Subject Site is Sungai Buloh New Village which consists of light industrial developments.

A short distance away is the mix development of residential and commercial, Kota Damansara, which has amenities including hypermarkets like Giant and Carrefour, shopping district like Sunway Giza, Sri KDU International School and Tropicana Medical Centre.

The distance to other major centres within the immediate vicinity are tabulated below:

Surrounding establishments	Distance
Taman Sains Selangor	4.0 KM
Kota Damansara	4.0 KM
Kampung Baru Sungai Buloh	4.0 KM
Bandar Baru Sungai Buloh	6.0 KM
Seri Selangor Golf Club	6.0 KM
Sultan Abdul Aziz Shah Airport, Subang	7.5 KM
One Utama Shopping Centre	8.5 KM
Tropicana Golf and Country Resort	8.5 KM
Bandar Sri Damansara	9.5 KM

1.6 Accessibility

The Subject Site is located within Sungai Buloh area, fronting the main trunk road of Jalan Sungai Buloh. Road connection to the Subject Site is good, with the main contributory road leading to major arterial roads i.e. Persiaran Mahogani, Persiaran Surian and Jalan Lapangan Terbang Subang Baru. The Subject Site is connected to major highways such as New Klang Valley Expressway ("**NKVE**"), North-South Expressway ("**NSE**"), Guthrie Corridor Expressway ("**GCE**") and the proposed Damansara-Shah Alam Elevated Expressway ("**DASH**").

1.7 Public Transport Facilities

The Subject Site is located within proximity of areas serviced by public transport facilities such as buses, taxis and trains, therefore has considerable access to these public transport facilities as well.

The Subject Site is not currently serviced by My Rapid Bus Services. However, the nearby area of Kota Damansara is serviced by My Rapid Bus Services which transport passengers to Light Rail Transit ("**LRT**") stations. In addition, Route U88 of My Rapid Bus connects the passengers to Pasar Seni, for transit to KL Sentral, a transportation hub in Kuala Lumpur. KL Sentral provides an interconnection of different rail services i.e. Keretapi Tanah Melayu ("**KTM**") commuter, Putra LRT, STAR LRT, KLIA Express and Monorail.

There is also Sungai Buloh KTM station on the north of the Subject Site. The Malaysian federal government has proposed the Klang Valley Mass Rapid Transit ("**KVMRT**") Sungai Buloh – Kajang line project, which will directly connect to the Subject Site. The system is designed to supplement the LRT network as part of the KL public transport system.

There will be a proposed KVMRT station located on the north west of the Subject Site. The KVMRT Taman Industri Sungai Buloh is the 4th station in the KVMRT Sungai Buloh – Kajang line.

With the connection via KVMRT, the Subject Site will have easy access to commercial areas in Mutiara Damansara i.e. The Curve and IKEA Shopping Centre.

1.8 Planning Investigation

The Subject Site falls under the jurisdiction of MBSA. The Kwasa Damansara Township falls under area Blok Perancangan Kecil ("**BPK**") 1.5 (Section U4, U5, U16-U20 of Shah Alam). The Subject Site, in Section U4, is zoned as mixed use under the MBSA Local Plan 2020.

According to the MBSA Local Plan 2020, the allowable plot ratio for the Subject Site is 1: 3.5 and the maximum plinth area of 60%.

2.0 Strategic Evaluation

2.1 Development Concept

The key elements of the Proposed Development will be office district, residential district, south retail district and health and wellness. The office district is the main commercial hub of the development with purpose built offices, signature offices, shop offices and retails. Residential district comprising condominiums and premium condominiums whilst shopping malls, hotels and serviced apartments will be sited within south retail district. The fourth key element is the wellness centre, parks and central park.

The key physical aspects of the Proposed Development includes the grade separated pedestrian circulation (at-grade) and vehicle circulation (basement), transit oriented development (TOD), green township and sustainable development principles which translates to the Master Developer's Development Main Focuses of green township, connectivity and socio-economic inclusivity.

2.2 Development Components

For the purposes of this Study, we have adopted the development proposal submitted by MRCB and accepted by Kwasa Land Sdn. Bhd. during the bidding process. The development content is as follows:

	COMPONENT	TOTAL GFA (sf)	BUILDING EFFICIENCY	TOTAL NLA (sf)	TOTAL NO OF CAR PARK
PHASE 1	Shopping Mall 1	513,115	60%	307,869	953
	Office 1	666,113	75%	499,585	1,238
	Shop Office 1	214,417	80%	171,534	398
	Retail 1	65,445	60%	39,267	122
	Residential 1	465,000	75%	348,750	864
	Retail 2	32,292	60%	19,375	60
	Basement Car Park	1,369,437	-	-	-
PHASE 2	Hotel 1	303,542	65%	197,302	564
	Shopping Mall 2	1,074,938	60%	644,963	2,670
	Wellness Centre	290,625	60%	174,375	540
	Idea Hotel/ Serviced Aparment 1	275,556	65%	179,111	512
	Basement Car Park	1,614,692	-	-	-
PHASE 3	Shopping Mall 3	243,157	60%	145,894	452
	Office 2	285,243	75%	213,933	530
	Residential 2	796,798	75%	597,598	1,102
	Basement Car Park	785,119	-	-	-
PHASE 4	Office 3	368,125	75%	276,094	684
	Office 4	290,625	75%	217,969	540
	Residential 3	769,619	75%	577,214	1,430
	Basement Car Park	999,859	-	-	-
	Community Amenities	77,500	-	-	-
PHASE 5	Office 5	639,376	75%	479,532	1,188
	Shop office 2	129,813	80%	103,850	241
	Retail 3	51,667	60%	31,000	96
	Office 6	570,487	75%	427,865	1,060
	Residential 4	395,466	75%	296,599	735
	Retail 4	49,535	60%	29,721	92
	Basement Car Park	1,285,425	-	-	-
PHASE 6	Premium condominium 1	535,504	75%	401,628	995
	Premium condominium 2	624,306	75%	468,230	1,160
	Retail 6	39,848	60%	23,909	74
	Basement Car Park	839,746	-	-	-
	Park	-	-	-	-
	Central park	-	-	-	-

* GFA – Gross Floor Area

NLA – Net Lettable Area

2.3 SWOT Analysis

Strength

The Subject Site is strategically located within close proximity to major town centres such as Kota Damansara, Bandar Utama and Petaling Jaya. It is a prime location where the Subject Site has been earmarked to be the town centre of Kwasa Damansara Township.

The Subject Site also enjoys easy accessibility via various major trunk road and highways such as Jalan Shah Alam – Sungai Buloh, NKVE, NSE, GCE and the proposed DASH.

The Subject Site has higher flexibility and land use efficiency in development design as the Subject Site is 64.07 acres and almost rectangular in shape.

All facilities and public amenities such as schools, higher education centres and hospital are readily available within the vicinity.

The reputation of MRCB in the property development sector and its success in the iconic development of KL Sentral will definitely create strong interests among potential buyers.

Weakness

The existing Jalan Shah Alam – Sungai Buloh is the main connection between Sungai Buloh/Rawang on the north and Shah Alam/Klang town on the south, thus it is always heavily congested especially during peak hours.

The surrounding developments are mainly residential and industrial property developments without any major commercial activities within the neighbourhood. Thus, more amenities for a completed working and living experience are needed to attract people to stay and work at the Subject Site.

Opportunity

The proposed DASH and Mass Rapid Transit ("**MRT**") line with 2 MRT stations (Kota Damansara Station and Taman Industri Sungai Buloh Station) within close proximity will further enhance the accessibility of the Subject Site.

Successful take up rate and occupancy rate of the similar units within the study area demonstrated good demand potential. Futhermore, the population is expected to continue to grow thereby increasing the potential to tap into buyers looking for business opportunities as well as a place to stay.

The proposed wellness centre will be another crowd puller and destination creation for the Proposed Development. There is also potential for the Company to create a new destination or another KL Sentral based on the Company's proven track record.

Threats

Government policies and several cooling measures such as the reduction of loan to value ratio to 70%, competition from new upcoming projects, the removal of Developer Interest Bearing Scheme and the revision of Real Property Gains Tax in the Budget 2014 might impede the interest from investors/potential buyers.

In addition, the uncertainties in global and Malaysian economy may also deter investments in the general property market.

3.0 Feasibility Study

3.1 Cost Assumptions

We have adopted the parameter and development costs as estimated by DK Consultants (the quantity surveyor appointed by the Company) and also with reference to Juru Ukur Bahan Malaysia ("**JUBM**") and Langdon Seah Construction Cost Handbook 2014.

The land cost adopted is RM418 per sq. ft. ("**psf**") which is the acquired land cost by the Company.

Item	Cost Adopted
Preliminaries	3% of infrastructure, landscaping and construction cost
Earthworks	RM300,000 per acre
Statutory contribution a)Electricity supply (TNB) b)Sewerage (IWK) c)Water supply (JBA/SYABAS) d)DID e)Development charges & submissions fees Subdivision, survey fees, issuance of titles	 0.65% of GDV 1.00% of GDV 0.3% of GDV 0.4% of construction cost 2.00% of construction cost 2.5% of construction cost
Infrastructure & open space	RM1,300,000 per acre
Building cost a)Shopping Mall b)Office c)Shop Office d)Retail e)Residential f)Hotel g)Wellness Centre h)Serviced Apartment i)Premium Condominium j)Car Park	 RM300 psf on GFA RM220 psf on GFA RM180 psf on GFA RM180 psf on GFA RM190 psf on GFA RM500 psf on GFA RM210 psf on GFA RM220 psf on GFA RM280 psf on GFA RM120 psf on GFA
Management fees (PMC)	3% of construction cost
Professional fees	8% of construction cost
Marketing, advertising & legal expenses	3% of GDV
Contingency	3% of earthworks, infrastructure and construction cost
Land cost	RM418 psf

3.2 Revenue Assumptions

Based on the comparative figures derived from competitors' analysis and after having considered the location of the Proposed Development, year of launching and size of the development components, the proposed selling prices for the development components are as follows:

Phase	Year	Development Component	Total NLA (sf)	Proposed Selling Price (RM psf)
1	2015-2019	Shopping Mall 1	307,869	1,650
		Office 1	499,585	1,000
		Shop Office 1	171,534	700
		Retail 1	39,267	1,200
		Residential 1	348,750	1,000
		Retail 2	19,375	1,200
		Car Park for Office 1		30,000 per bay
2	2017-2021	Hotel 1	197,302	1,700
		Shopping Mall 2	644,963	1,650
		Wellness Centre	174,375	1,300
		Idea Hotel/ Serviced Apartment 1	179,111	1,250
3	2018-2022	Shopping Mall 3	145,894	1,700
		Office 2	213,933	1,050
		Residential 2	597,598	1,050
		Car Park for Office 2		30,000 per bay
4	2021-2023	Office 3	276,094	1,100
		Office 4	217,969	1,100
		Residential 3	577,214	1,100
		Car Park for Office 3		30,000 per bay
		Car park for Office 4		30,000 per bay
5	2022-2025	Office 5	479,532	1,150
		Shop office 2	103,850	780
		Retail 3	31,000	1,300
		Office 6	427,865	1,150
		Residential 4	296,599	1,150
		Retail 4	29,721	1,300
		Car Park for Office 5		30,000 per bay
		Car Park for Office 6		30,000 per bay
6	2023-2026	Premium Condominium 1	401,628	1,400
		Premium Condominium 2	468,230	1,400
		Retail 6	23,909	1,300

The proposed selling prices for the development components were based on comparative figures derived from competitors' analysis.

a) Condominium & Serviced Apartments

Selected existing comparable condominium and serviced apartment transactions in the vicinity in year 2014 are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling Price (RM psf)
Surian Residences	Mutiara Damansara	850 – 2,440	550 – 650
Empire Damansara	Damansara Perdana	330 – 740	520 – 550
Casa Residence	Tropicana	870 – 1,000	440 – 470
Pelangi Sentral	Kota Damansara	670 – 1,921	320 – 350
Tropicana Grande	Kota Damansara	2,280 – 6,600	600 – 615
9 Bukit Utama	Kota Damansara	2,280 – 7,900	400 - 440

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT *(Cont'd)*

Upcoming supply of selected comparable condominiums and serviced apartments within the vicinity are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling Price (RM psf)	Launched	Expected Completion
Encorp Residence	Kota Damansara	640 – 7,800	From 720	2012	2015
Arnica Serviced Residence @Tropicana Gardens	Kota Damansara	597 – 1,573	From 865	2012	2016
Bayberry@ Tropicana Gardens	Kota Damansara	597 – 2,671	From 1,100	2013	2106
Uptown Residence (family block)	Damansara Uptown	1,687 – 6,548	From 850	2012	2014
Uptown Residence (lifestyle block)	Damansara Uptown	734 – 3,608	From 1,250	2012	2014
Reflection Residence	Mutiara Damansara	1,092 – 1,705	From 900	2012	2015

We have conducted a pricing analysis on existing and upcoming supply of condominium and serviced apartment within the immediate vicinity which includes Kota Damansara, Mutiara Damansara, Damansara Perdana, Damansara Uptown and Tropicana.

From our observation, the price benchmark in the area is RM320 to RM650 psf for existing developments. The latest launched unit is Bayberry@Tropicana Gardens (2013) which is priced above RM1,100 psf, whilst other developments were launched in 2012. Uptown Residence (lifestyle block) with smaller product unit size are now selling above RM1,250 psf.

Taking into consideration of the site location, development concept and positioning and the TOD nature of the Proposed Development, we have adopted RM1,000 to RM1,150 psf for residential components in Phase 1, 3, 4 and 5 respectively and RM1,400 psf for premium condominium which is to be launched in phase 6.

b) Purpose Built Office

Transactions of selected existing comparable purpose built offices from 2010 to 2014 are as follows:

Building Name	Location	NLA (sf)	Transaction Year	Transacted Price (RM)	Transacted Price (RM psf)
Menara TSR	Mutiara Damansara	30,942	2012	21,000,000	679
Tower 8, Avenue 5, Horizon	Bangsar South	132,000 (GFA)	2012	93,800,000	947
Tower 1, Avenue 7, Horizon	Bangsar South	230,000 (GFA)	2012	173,000,000	1,002
Tower 6, Avenue 5, Horizon	Bangsar South	146,000 (GFA)	2012	102,200,000	933
Menara CMY	Jalan Ampang	85,350	2012	81,500,000	955
Empire Damansara	Damansara Perdana	38,901 (GFA)	2013	24,000,000	823
Glomac Damansara (Phase 2)	Jalan Damansara	280,000 (GFA)	2010	171,000,000	814
Platinum Sentral	KL Sentral	475,857	2014	750,000,000	1,576

There were limited purpose built office transactions in Kota Damansara, Damansara Perdana and Mutiara Damansara, thus we have also analysed the purpose built office transactions in other part of Klang Valley from the year 2010 to 2014.

Assuming the building efficiency is 75%, the transacted prices for Bangsar South, Empire Damansara and Glomac Damansara offices are translated into RM933 to RM1,002 psf, RM823 psf and RM814 psf respectively on NLA. The latest transacted purpose built office is Platinum Sentral at KL Sentral with a total purchase price of RM750 million or RM1,576 psf.

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT *(Cont'd)*

Upcoming supply of selected comparable purpose built offices within the vicinity are as follows:

Development Scheme	Location	Launched Year	Completion Year	Total NLA (sf)	Built-up Area (sf)	Selling Price (RM psf)
Glomac Damansara (Phase 1)	Jalan Damansara	2011	2015	175,000	7,000 - 28,000	1,000
Sunway Nexis, Tower 1	Dataran Sunway	2010	2015	280,000	925 - 1,722	750
Encorp Strand	Kota Damansara	2010	Q3, 2014	Not Available	1,705 - 2,150	1,000

The selected upcoming office supply were launched as stratified unit with selling prices ranging between RM750 to RM1,000 psf.

The transaction of purpose built offices in Klang Valley between year 2010 and 2014 were transacted between RM679 to RM1,576 psf on NLA.

Taking into consideration the transactions recorded above, the proposed selling prices for office components ranges from RM1,000 to RM1,150 psf. This also includes consideration on the site location, development concept and positioning and the TOD nature of the entire development.

c) Shop Offices

Transactions of selected existing comparable shop offices in year 2014 are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling Price (RM per unit)	Selling Price (RM psf)
The Strand (3.5 – 4 storey)	Kota Damansara	5,507 – 6,603 (Land area : 1,560 sf)	3.0 mil – 3.5 mil	545 - 577
Dataran Sunway (3 storey)	Kota Damansara	4,619 – 4,797 (Land area : 1,650 sf)	2.8 mil – 3.9 mil	606 - 813

Upcoming supply of selected comparable shop offices within the vicinity are as follows:

Development Scheme	Location	Launched	Expected Completion	Built-up Area (sf)	Selling Price (RM per unit)	Selling Price (RM psf)
Eve Suite - (2 storey)	Ara Damansara	2011	2014	4,121 – 6,854	From 2.13 mil	From 517
Glomac Centro - (2 storey)	Bandar Utama	2012	May 2015	2,185 – 3,239	From 2.15 mil	From 984
Star Avenue - (2 storey)	Jalan Sungai Buloh	2010	End 2014	5,400 – 6,750 (Land area: 1,800/2,250 sf)	From 2.3 mil	From 426

There are 2 development schemes in Kota Damansara which comprises shop offices, namely The Strand and Dataran Sunway. The existing shop offices in Dataran Sunway and The Strand were transacted between RM2.8 million to RM3.9 million per unit or RM606 to RM813 psf (for 3 storey) and between RM3.0 million to RM3.5 million per unit or RM545 to RM577 psf (for 3.5 - 4 storey) respectively.

Upcoming 2 storey shop offices are selling above RM2.13 million per unit (RM517psf) whilst the nearest scheme, Star Avenue (2 storey) is selling above RM2.3 million per unit (RM426 psf).

We also observed that Glomac Centro is able to command a premium price of RM984 psf, suggesting the readiness of market to accept those level of prices. Closer to the Proposed Development's location, Dataran Sunway commands RM606 to RM813 psf.

Looking at the market as well as the potential of the Proposed Development, we believe that there could be a premium of approximately 30% above the current market price. Therefore, the proposed selling prices for shop office ranges from RM700 to RM780 psf.

d) Retail/Shopping Complex

Transactions of selected existing comparable retail/shopping complex in Klang Valley from 2010 to 2014 are as follows:

Building Name	Location	NFA/ NLA (sf)	Transaction Year	Transacted Price (RM)	Transacted Price (RM psf)
Festival Mall	Setapak	487,342	2014	349,000,000	716
Midvalley Megamall	Midvalley City	1,718,951	2012	3,440,000,000	2,001
The Gardens Mall	Midvalley City	817,053	2012	1,160,000,000	1,420
Pavillion Mall	Bukit Bintang	1,335,119	2011	3,190,300,000	2,390
Part of Sg. Wang Plaza	Bukit Bintang	450,470	2010	724,000,000	1,607
Sunway Pyramid	Bandar Sunway	1,685,568	2010	2,132,025,000	1,265
Starhill Gallery	Bukit Bintang	297,354	2010	629,000,000	2,115
Lot 10 Shopping Centre	Bukit Bintang	256,811	2010	401,000,000	1,561

Transaction price for retail mall transactions in year 2010 to 2012 ranges between RM1,265 to RM2,390 psf.

The highest value of transactions recorded were Pavilion Mall and Midvalley Megamall. Both malls were transacted at RM2,390 psf and RM2,001 psf respectively. Pavilion Mall is an upper market mall whilst Midvalley Megamall is a family mall. Another notable transaction is Starhill Gallery at RM2,115 psf which was transacted in year 2010. The most recent transaction is Festival Mall which was transacted at RM716 psf. Festival Mall is a neighbourhood mall located within housing area whereas other retail malls are located within established areas such as Bukit Bintang, Midvalley City and Bandar Sunway.

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT *(Cont'd)*

Upcoming supply of selected comparable retail mall within the vicinity are as follows:

Building Name	Location	NFA/ NLA (sf)	Completion Year
Glomac Damansara	Jalan Damansara	360,000	2015
Nucleus @ Mutiara Damansara	Mutiara Damansara	1,400,000	2016/2017
Tropicana Gardens	Kota Damansara	400,000	2015
Pacific Star	Section 13, Petaling Jaya	350,000	2016
The Empire Mall @ Empire City	Damansara Perdana	2,000,000	2015/2016

There are 5 upcoming retail malls within Kota Damansara, Mutiara Damansara, Damansara Perdana and Petaling Jaya with a total net lettable area of 4.51 million sq. ft.

The nearest upcoming retail mall will be Nucleus @ Mutiara Damansara. However, the development has yet to be launched.

The largest future retail mall in the vicinity will be The Empire Mall @ Empire City which will be completed in year 2015/2016. By year 2017, a total of 4.51 million sf of retail space will be added into the market region.

The Proposed Development is located at a strategic location within an affluent community, i.e. close to the middle and upper income groups in Damansara, Bandar Utama, Subang Jaya and Petaling Jaya North, where there are relatively lesser number of direct competitive developments or substitute destinations compared to the more intense and higher density developments closer to Petaling Jaya, Bangsar South and Kuala Lumpur city. These are "under-served market" where currently choices are limited for their shopping pleasures.

With a smaller NLA (145,894 to 644,963 sf) for shopping mall components in the Proposed Development compared to the transacted retail malls, the proposed selling prices ranges from RM1,650 to RM1,700 psf. As for retail components, the proposed selling prices ranges from RM1,200 to RM1,300 psf.

f) Hotel

Transactions of selected existing comparable hotel in Klang Valley from 2010 to 2013.

Hotel Name	Location	No. of Rooms	Transaction Year	Transacted Price (RM)	Transacted Price (RM per room)	Star Rating
Ritz Carlton Hotel	Jalan Imbi	251	2010	250,000,000	996,016	5 star
Coronade Hotel	Jalan Walter Grenier	225	2010	93,000,000	413,333	4 star
Radius Hotel	Changkat Bukit Bintang	458	2013	160,000,000	349,345	3 star
Sky Ekspress Hotel	Jalan Pudu	171	2012	54,000,000	315,789	3 star
Vistana Hotel	Jalan Lumut	364	2010	100,000,000	274,725	3 star
Sunway Resort Hotel & Spa	Bandar Sunway	442	Revaluation in 2013	518,000,000	1,171,946	5 star
Pyramid Tower Hotel	Bandar Sunway	549	Revaluation in 2013	295,000,000	537,341	4 star

Ritz Carlton Hotel (5 star) was transacted at RM996,016 per room in 2010 whilst Coronade Hotel (4 star) at RM413,333 per room in the same year. 3 star rating hotels were transacted between RM274,725 to RM349,345 per room.

Sunway Resort Hotel & Spa (5 star) and Pyramid Tower Hotel (4 star) under Sunway REIT were revalued in June 2013 at RM1,171,946 per room and RM537,341 per room respectively.

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT *(Cont'd)*

Upcoming supply of selected comparable hotel within the vicinity are as follows:

Hotel Name	Location	No. of Rooms	Star Rating	Expected Completion
Best Western + Centrestage	Petaling Jaya	350	3	2014
Marriot @ Empire City 1	Damansara Perdana	286	4 / 5	2015
St Regis Hotel and Residence	KL Sentral	200	5	2014
Clermont Hotel @ Damansara City	Damansara Heights	313	5	2015

There are only 1 new hotel development in the vicinity, thus new hotel developments in other parts of Klang Valley which are nearer to the Subject Site i.e. Petaling Jaya, Damansara Heights and KL Sentral has also been included in the analysis.

There are 4 hotels which are currently in the pipeline, namely Best Western Centrestage (3 star), Marriot @ Empire City 1 (4/5 star), ST Regis Hotel and Residence (5 star) and Clermont Hotel @Damansara City (5 star).

The hotel in the Proposed Development is proposed to be either a 4 star or 5 star rating hotel. Taking into consideration of the site location, development concept, positioning, the TOD nature of the entire development as well as the gap in the market whereby there are no hotels within the immediate vicinity, the hotel components could be another key element of the Proposed Development.

Based on the above, the proposed selling prices for hotel component adopted is RM800,000 to RM820,000 per room for Idea hotel and RM880,000 to RM900,000 per room for hotel.

3.3 Financial Result

Premised on the revenue and costs shown in Sections 3.1 and 3.2 above, the returns from the Proposed Development are as follows:

Total Gross Development Value ("GDV")	RM 8.48 billion
Total Construction Cost	RM 5.13 billion
Land Cost	RM 1.17 billion
Finance Cost (Interest rate @ 8.00%)	RM 170.80 million
Total Gross Development Cost ("GDC")	RM 6.47 billion
Gross Development Profit ("GDP")	RM 2.01 billion
Return on Value	23.73%
Return on Cost	31.12%
Net Present Value (Discount rate @7.00%)	RM 453.58 million
Internal Rate of Return ("IRR")	10.45%
Breakeven Year	4 *(based on overall cash flow, sale basis) Typical breakeven year for individual phases: 3-4 years*

Based on the proposed selling prices derived from the competitors' analysis, the estimated GDV for the Proposed Development is RM8.48 billion whilst the GDC is estimated to be RM6.47 billion based on the estimation by DK Consultants (the quantity surveyor appointed by Company) and also with reference to JUBM and Langdon Seah Construction Cost Handbook 2014.

Accordingly, **return on Investment over GDC is 31.12% and Return on Investment over GDV is 23.73%.**

The Proposed Development is expected to generate an **IRR** of 10.45% and breakeven in Year 4.

4.0 Conclusion

In general, the characteristics of the Subject Site are mainly residential and industrial on the north and a mixture of commercial and upper market residential to the east and south. Accessibility to the Subject Site is generally good and it will be further enhanced with the completion of DASH and MRT serving the development from Sungai Buloh to KL Sentral and ending in Kajang.

The Subject Site is within close proximity to Kuala Lumpur, Shah Alam, Subang Jaya and Petaling Jaya. The Subject Site is strategically located, as both Subang Jaya and Petaling Jaya are thriving with multi-economic sectors.

In addition, there has been a trend of decentralisation of Kuala Lumpur City Centre towards suburban areas on the west (Petaling Jaya and Shah Alam), south (Cheras, Kajang and Semenyih) and north-west (Bandar Utama, Kota Damansara and Damansara Perdana).

The development growth has yet to reach the northern region with a major township development. With its strategic location in the northern region of Greater Klang Valley, the Proposed Development will be able to attract demand from the three (3) key target populations: visitors, patrons and market catchment, working/business community and resident population.

Proposed Development

The Proposed Development forms part of the entire Kwasa Damansara Township and it is designated to be the town centre of the entire township. The development component comprising commercial and residential properties will be launched in 6 phases.

In response to Master Developer's development main focuses: Green Township, Connectivity and Socio-Economic Inclusivity, the Proposed Development will have grade separated pedestrian circulation (at-grade) and vehicle circulation (basement), TOD, Green Township and sustainable development principles as the key physical aspects.

From our point of view, the Proposed Development has the potential to position itself well against KL Metropolis, PJ Sentral and Bangsar South within its regional context. This is due to the advantage of:

i. being the designated town centre of a new and major township area;

ii. the strategic location within an affluent community, i.e. close to the middle and upper income groups in Damansara, Bandar Utama, Subang Jaya and Petaling Jaya North, where there are relatively lesser number of direct competitive developments or substitute destinations (compared to the more intense and higher density developments closer to Petaling Jaya, Bangsar South and Kuala Lumpur city); and

iii. the integration of a future primary mode of public transportation, i.e. the KVMRT.

The four (4) key success factors of the Proposed Development are described as follows:-

1) Surrounding of Kwasa Damansara Township

The Subject Site is surrounded by matured centres/township neighborhood centres such as Kota Damansara, Mutiara Damansara, Bandar Utama and Ara Damansara hence have a good mix of residential population from medium to high income levels. Thus we believe that it will fetch good demand from these centres with sizeable population catchment and labour force.

2) Decentralisation of Kuala Lumpur City Centre

Over the years, the development trend has moved towards southern, western and northern boundaries of Kuala Lumpur City Centre. This can be seen through the rising of KL Sentral, Midvalley City, Eco City, Bangsar South and PJ Sentral on the west whilst the growth trend on north west has expanded from Taman Tun Dr Ismail, Bandar Utama, Mutiara Damansara and Kota Damansara.

The Subject Site is located across the northern region of Greater Klang Valley where currently there are no similar developments in the region. This will make the Subject Site a prime landmark or perhaps a second KL Sentral in the northern region of Greater Klang Valley.

3) Development Concept

Aligned with the Kwasa Damansara Township master plan's concept towards energy, water, materials saving and waste reduction and also to be the leading model for low carbon township. The Proposed Development will attempt to achieve global standards and certifications for instances Leadership in Energy & Environmental Design (**"LEED"**), Green Building Index (**"GBI"**) and American Society of Heating, Refrigerating and Air-Conditioning Engineers (**"ASHRAE"**).

The Proposed Development will provide a ground level exclusively for pedestrian use whilst inflow and outflow of the vehicles will be restricted to below ground level. This will not only increase the safety of the working population, visitors, patrons and residents, as vehicles are not allowed on the ground level, but it will also help to create a more vibrant working and living environment at ground level.

4) Infrastructure/ Accessibility

The expected completion of MRT line with two (2) stations within the locality in 2016/2017 will shorten the travel distance within Klang Valley.

The completion of DASH will also provide easy access to Kwasa Damansara Township from Shah Alam and Damansara and further enhances the existing good connectivity.

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT *(Cont'd)*

Based on our assessment of the Proposed Development, we believe that the Proposed Development should be marketable and well received by the market, provided that the Proposed Development is priced competitively and marketed professionally using the appropriate marketing strategies. Furthermore, the financial results show a positive and attractive **ROI (over GDC) of 31.12%.**

In conclusion, we opine that the overall Proposed Development is viable at the current recommended price levels and relevant financial assumptions made.

Yours sincerely,
RAHIM & CO RESEARCH SDN BHD

Sr SULAIMAN AKHMADY B MOHD SAHEH *MRISM MPEPS MMIPPM*
Director, Research & Strategic Planning

VALUATION CERTIFICATE

C H Williams Talhar & Wong

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd (18149-U)
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Report and Valuation

Our Ref : WTW/01/V/000940/14/PZT

Date : 5 October 2014

Board of Directors
Malaysian Resources Corporation Bhd
Level 20, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sir

CERTIFICATE OF VALUATION
PLOT MX-1 LOCATED WITHIN KWASA DAMANSARA DEVELOPMENT
PART OF LOT NO. 3636
MUKIM OF SUNGAI BULOH
DISTRICT OF PETALING, SELANGOR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

We refer to your instructions to carry out a formal valuation on the above-mentioned property in providing our opinion of the Market Value of the property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed subscription of 700,000 new ordinary shares of RM1.00 each, representing 70% equity interest in Kwasa Development (2) Sdn Bhd ("KDSB"), a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("Subject Property") identified to be the town centre of the proposed Kwasa Damansara Township for a subscription payment of RM816,614,180/- in cash by Malaysian Resources Corporation Berhad.

Having inspected the property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the market value of the subject property as at 18 July 2014 **BASED ON THE BASIS/ASSUMPTIONS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE** and free from all encumbrances is **RM1,090,000,000/- (Ringgit Malaysia: One Billion And Ninety Million Only)**.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/000940/14/PZT

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PROPERTY IDENTIFICATION

The property	:	A parcel of vacant development land designated for mixed development (commercial and residential)
Location	:	Located within Kwasa Damansara Development, along Jalan Sungai Buloh, 47000 Sungai Buloh Selangor
Parent Title No.	:	PN 94453
Parent Lot No.	:	Lot No. 3636, Mukim of Sungai Buloh, District of Petaling, Selangor
Land Area under Valuation	:	25.928 hectares/64.07 acres
Tenure of Parent Title	:	Leasehold 99 years expiring on 28 December 2065
Tenure of the Subject Property	:	Assumed Leasehold 99 years
Registered Owner	:	KWASA LAND SDN BHD
Category of Land Use	:	Assumed Building

TERMS OF REFERENCE

As instructed, the valuation is carried out based on the following BASIS/ASSUMPTIONS:-

I. THE SUBJECT PROPERTY IS A PARCEL OF MIXED DEVELOPMENT LAND MEASURING 64.07 ACRES.

II. IT HAS A PLOT RATIO OF 1:3.5 AND IS DESIGNATED FOR 60% OF COMMERCIAL USE AND 40% OF RESIDENTIAL USE.

III. IT HAS AN OVERALL GROSS FLOOR AREA OF APPROXIMATELY 9,768,112 SQUARE FEET EXCLUDING CAR PARK AND A GROSS DEVELOPMENT VALUE OF MINIMUM RM7.0 BILLION.

IV. A MARKETABLE AND REGISTRABLE INDIVIDUAL TITLE WITH BUILDING CATEGORY OF LAND USE FOR MIXED DEVELOPMENT USE WITH A 99-YEAR LEASE IS ISSUED.

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/000940/14/PZT

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TERMS OF REFERENCE (Cont'd)

V. THE INFRASTRUCTURE OUTSIDE THE BOUNDARY OF THE SUBJECT PROPERTY TO SERVE THE DEVELOPMENT AREA TO BE PROVIDED BY KWASA LAND SDN BHD ARE AS FOLLOWS:-

A) THE COMMON ROADS
B) DRAINAGE SYSTEM
C) NETWORK OF WATER PIPES (WATERWORKS)
D) NETWORK OF SEWERAGE PIPES (SEWERAGE WORKS)
E) MECHANICAL AND ELECTRICAL (M&E) INFRASTRUCTURE CONSISTING OF THE FOLLOWING:-

i. ELECTRICAL SUPPLY
ii. STREET LIGHTING ON COMMON ROADS
iii. TELECOMMUNICATIONS SYSTEM; AND
iv. OTHER RELATED M&E INFRASTRUCTURE AGREED UPON BY THE PARTIES.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS/ASSUMPTION(S) WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID/INCORRECT.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED."
(This paragraph is required in accordance with Standard 12 of the Malaysia Valuation Standards)

GENERAL DESCRIPTION

The Subject Property is known as Plot MX-1 located within the proposed Kwasa Damansara Township. The site is near rectangular in shape and fronts onto Jalan Sungai Buloh. It has a frontage of approximately 600 metres onto Jalan Sungai Buloh and slopes upward gently from the south-western boundary to the north-eastern boundary. It is generally flat in terrain and lies about the same level as the frontage metalled road, Jalan Sungai Buloh. The land area of the subject property is approximately 25.928 hectares (64.07 acres).

Part of the compound of the subject property along Jalan Sungai Buloh is demarcated with barb wire fencing. During our site inspection, we noted that the subject property was generally planted with old rubber trees and overgrown with bushes.

The subject property will be part of the town centre for the entire Kwasa Damansara Township. It will also be built upon with a gross floor area of approximately 9,768,112 square feet excluding floor area for parking bays.

Kwasa Land Sdn Bhd, the master developer, will provide common infrastructure outside the boundary of the subject property.

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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GENERAL DESCRIPTION (Cont'd)

Planning Provision

The subject property is designated for agricultural use as per the Express Condition in the parent document of titles.

We have sighted an approval letter for the concept plan of the development located within jurisdiction of Majlis Bandaraya Shah Alam (MBSA) held under lot no. 73532, 73534, 2288 and 3636, all within Mukim of Sungai Buloh, District of Petaling, Selangor, issued by Majlis Bandaraya Shah Alam (MBSA) bearing reference no. (36)MBSA/PRG/2016-14(U4N) JLD 2 and MBSA/OSC/S/SEK:U4/0032/2014 ( ) dated 4 July 2014.

We are also made known from the Shareholders' Agreement dated 14 August 2014 that the subject property is to be developed into a mixed development with a plot ratio of 1:3.5.

The proposed mixed development of Kwasa Damansara Town Centre shall comply with the development guidelines and planning parameter as follows:

i) To comply with the gazette Land Use Class Order and Activities of the Rancangan Tempatan Majlis Bandaraya Shah Alam (Penggubahan 1) 2020.
ii) The town centre's design complies with the Majlis Bandaraya Shah Alam/State of Selangor's planning guidelines.
iii) To maintain the overall Gross Floor Area (GFA) for the subject land of approximately 9,768,112 square feet.
iv) The development shall have a minimum Gross Development Value (GDV) of RM 7.0 billion.
v) To incorporate elements of Green Building Index
vi) Development period of 12 years (subject to approval by the local authorities)

However based on the Shareholders' Agreement dated 14 August 2014, we noted that under MRCB's Covenants, they shall ensure that the Gross Development Value (GDV) of the development shall not be lower than RM 8.0 billion.

Proposed Development

Based on a Market and Feasibility Study for Kwasa Damansara Town Centre carried out by Rahim and Co Research Sdn Bhd dated 25 August 2014 and the information provided by the client, the proposed development will be divided into six (6) phases with a total development period of 12 years. Details of the proposed mixed development of the subject property are summarised as follows:-

Phase	Development Period (Years)	No. of Storey	Development Components	Total GFA (sq ft)	Total NFA (sq ft)	No. of Car Park
1	5	5	Shopping Mall1	513,115	307,869	953
		16	Office1	666,113	499,585	1,238
		6	Shop Office1	214,417	171,534	398
		2	Retail1	65,445	39,267	122
		18	Residential1	465,000	348,750	864
		2	Retail2	32,292	19,375	60

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GENERAL DESCRIPTION (Cont'd)

Phase	Development Period (Years)	No. of Storey	Development Components	Total GFA (sq ft)	Total NFA (sq ft)	No. of Car Park
2	5	15	Hotel1	303,542	197,302	564
		5	Shopping Mall2	1,074,938	644,963	2,670
		16	Wellness Centre	290,625	174,375	540
		16	Idea Hotel / Service Apartment1	275,556	179,111	512
3	5	1	Shopping Mall3	243,157	145,894	452
		16	Office2	285,243	213,933	530
		18	Residential2	796,798	597,598	1,102
4	3	16	Office3	368,125	276,094	684
		16	Office4	290,625	217,969	540
		18	Residential3	769,619	577,214	1,430
		2	Community Amenities	77,500	-	
5	5	16	Office5	639,376	479,532	1,188
		6	Shop Office2	129,813	103,850	241
		2	Retail3	51,667	31,000	96
		16	Office6	570,487	427,865	1,060
		18	Residential4	395,466	296,599	735
		2	Retail4	49,535	29,721	92
6	3	18	Premium Condominium1	535,504	401,628	995
		18	Premium Condominium2	624,306	468,230	1,160
		2	Retail6	39,848	23,909	74
		0	Park	-	-	-
		0	Central Park	-	-	-
				9,768,112	**6,873,167**	**18,300**

METHOD OF VALUATION

The subject property is valued using the Residual Method. In the Residual Method, consideration is given to the gross development value of the project and deducting therefrom the estimated costs of development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the project.

As a check, we have adopted the Comparison Method. The Comparison Method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in locality, visibility/ exposure, size, tenure, shape/ terrain, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

VALUE CONSIDERATION

Residual Method

As the proposed commercial project is considered a mega project, hence, based on the Market and Feasibility Study for Kwasa Damansara Town Centre prepared by Rahim & Co Research Sdn Bhd and our investigation, the proposed development will be divided into six (6) phases with a total development period of 12 years.

Parameters adopted in the valuation are as follows:-

(a) Gross Development Value (GDV)
(b) Gross Development Cost (GDC)

These parameters are further elaborated as follows:

(a) *Gross Development Value (GDV)*

We have adopted the total Gross Development Value (GDV) at RM7,808,775,517/- as tabulated as below:-

Usage	Proposed Selling Price (RM psf)	Justification
Shopping Mall	RM1,650 psf	Based on our analysis of the transacted prices of shopping mall within Klang Valley, the adjusted values range from RM877 to RM1,882 per square foot Proposed development of shopping mall is to be developed into a premium Regional Mall which is linked to the proposed MRT station. In view of the above, we have adopted RM1,650 per square foot.
Office	RM1,000 psf	Based on our analysis of the transacted prices of offices within Klang Valley, the adjusted values range from RM937 to RM1,117 per square foot.
Shop Office	RM650 psf	Based on our analysis of the transacted prices and developer's selling price of shop offices within a larger vicinity, the adjusted values range from RM594 to RM715 per square foot
Retail	RM1,200 psf	Based on our analysis of the transacted prices of retail units within a larger vicinity, the adjusted values range for ground floor range from RM1,329 to RM1,555 per square foot whilst the first floor range from RM936 to RM1,161 per square foot The subject property is proposed as 2-storey retail area. Hence, for the purpose of this valuation, we have adopted the average selling price for the ground and first floor of the retail units.

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VALUE CONSIDERATION (Cont'd)

Usage	Proposed Selling Price (RM psf)	Justification
Residential – Condominium/Serviced Apartment/ Premium Condominium	RM1,000 psf to RM1,200 psf	Based on our analysis of the transacted prices and developer's selling price of condominiums/serviced apartment/ premium condominiums within a larger vicinity, the adjusted values range from RM1,077 to RM1,237 per square foot.
Hotel	RM1,500 psf (approximately RM 780,000/- per room)	Based on our analysis of the transacted prices of hotel within a larger vicinity, the adjusted prices range from RM773,295 per room to RM1,418,133 per room. The proposed hotel is to be developed into a 4 to 5-star category. For the purpose of this valuation, we have adopted the selling price of RM1,500 per square foot which is estimated approximately RM 780,000/- per room.
Wellness Centre	RM1,200 psf	There are no transaction recorded for the wellness centre, however due to its similarity with the retail units, we have adopted the selling price as per the retail units. Based on our analysis of the transacted prices of retail units within a larger vicinity, the adjusted values range for ground floor range from RM1,329 to RM1,555 per square foot whilst the first floor range from RM936 to RM1,161 per square foot
Car park	RM 30,000 per bay	Based on our analysis of the car park transaction in a larger locality, the market values range from RM30,000 per bay to RM60,000 per bay For the purpose of this valuation, we have adopted the selling price for the car park at RM30,000 per bay.

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VALUE CONSIDERATION (Cont'd)

(b) Gross Development Cost (GDC)

The total Gross Development Cost (GDC) is estimated at RM5,726,343,590/-.

Based on the Market and Feasibility Study for Kwasa Damansara Town Centre prepared by Rahim & Co Research Sdn Bhd and JUBM Langdon Seah Construction Cost Handbook Malaysia 2014 as well as our investigation, the total Gross Development Cost (GDC) inclusive of developer's profit is estimated at RM5,726,343,590/- based on the following material parameters:-

Items	Rate Adopted		Justification
Earthwork and Site Clearance	RM300,000 per acre		The cost is estimated on the cost for the earthwork and site clearance of the subject property.
Building Cost	Shopping Mall	RM300 psf	Based on the estimated cost by the quantity surveyors and construction cost consultants provided by the client and our investigations.
	Office	RM220 psf	
	Shop Office	RM180 psf	
	Retail	RM180 psf	
	Condominium	RM190 psf	
	Premium Condominium	RM280 psf	
	Serviced Apartment	RM220 psf	
	Hotel	RM500 psf	
	Wellness Centre	RM210 psf	
	Car Park	RM120 psf	
	Commnunity Amenitites	RM150 psf	
Internal Infrastructure Works	RM850,000 per acre		The cost is estimated based on our survey and enquiries with developers.
External Infrastructure Works	RM450,000 per acre		The cost is estimated based on our survey and enquiries with developers.
Finance Cost	8.00%		The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.85% per annum plus security margin of 1.00% to 2.50% per annum.
Professional Fees	8.00% of total estimated cost of construction		The rate which is adopted at 8.00% is line with the industry standard.
Developer's Profit and Risk	15% of GDV		Our surveys and enquiries with developers revealed that the rate of return of about 15% to 20% of Gross Development Value (GDV) is required for a developer to commit to a project development.
Development Period	12 years		Estimation of development period is 12 years as the proposed development is considered quite big.
PV Rate	8.00% per annum		In tandem with finance rate based on our enquiries with financial institutions.

The market value of the subject property is derived at RM1,090,000,000/-.

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VALUE CONSIDERATION (Cont'd)

Comparison Method

Under the Comparison method, the sale evidences have been analysed and adjusted for the location, visibility / accessibility, shape, size, tenure, planning approval, plot ratio, category of land use if any and other relevant characteristics to arrive at the market value.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 5 June 2013	Bursa Announcement dated 31 May 2013	Bursa Announcement dated 3 March 2014
Lot No, Town, District and State	Lot 212 and Lot 213, Both within Bandar Damansara, District of Petaling, Selangor	Lot 52, Seksyen 13, Bandar Petaling Jaya, District of Petaling, Selangor	Lot 56495, Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Location	Lot 212 and 213, located along Persiaran Tropicana, 47400 Petaling Jaya, Selangor	No. 74, Jalan University, Section 13, 46200 Petaling Jaya, Selangor	Located along Jalan Damanlela and SPRINT Highway, Damansara Height
Type	Commercial development land	Industrial Land with Commercial Potential	Commercial Development Land
Tenure	Leasehold 99 years expiring on 25 October 2090	Leasehold 99 years expiring on 6 August 2067	Freehold
Land Area (sq metres)	25,948	24,038	25,686
Land Area (sq feet)	279,302	258,746	276,482
Land Area (acres)	6.412	5.940	6.347
Date	05/06/2013	31/05/2013	03/03/2014
Consideration	RM116,123,925/-	RM124,200,000/-	RM450,000,000/-
Vendor	Tropicana Golf & Country Resort Berhad	DKSH Holdings (Malaysia) Berhad	Bungsar Hill Holding Sdn Bhd, Oriseven Sdn Bhd, Orieight Sdn Bhd, Orinine Sdn Bhd
Purchaser	Mayfair Ventures Sdn bhd	Sun-PJDC	Jendela Mayang Sdn Bhd
Analysis (RM per sq metre)	RM4,475/-	RM5,167/-	RM17,519/-
Analysis (RM per sq foot)	RM416/-	RM480/-	RM1,628/-
Adjustment	Adjustment is made on Time, Location – General, Location – MRT Station, Size, Tenure, Plot Ratio and Category of Land Use		
Adjusted Value (RM per sq. metre)	RM4,241/-	RM5,565/-	RM7,449/-
Adjusted Value (RM per sq. foot)	RM394/-	RM517/-	RM692/-

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VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

The adjusted land values range from RM394 per square foot to RM692 per square foot.

We have adopted Comparable 1 as the best comparable due to its similar characteristic in terms of location and tenure as compared to the subject property.

The value adopted is at RM390 per square foot.

Reconciliation of Value

The market value for the subject property derived from both Residual Method and Comparison Method are shown as follows:-

Residual Method	-	RM1,090,000,000/-
Comparison Method	-	RM1,090,000,000/-

We have adopted the market value derived from Residual Method as a fair representation of the market value of the subject property in view of the fact that the subject property is part of the proposed new township with a fixed plot ratio and development mix (commercial and residential).

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 18 July 2014 **BASED ON THE BASIS/ASSUMPTIONS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE** and free from all encumbrances is **RM1,090,000,000/- (Ringgit Malaysia: One Billion And Ninety Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt,
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

Information on Kwasa Land and KDSB were extracted from publicly available information and/or documents provided by the Board and management of Kwasa Land and KDSB respectively, and the responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST

(i) Maybank IB

Maybank IB, being the Principal Adviser for the Proposed Subscription has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company, subsidiaries, joint venture and/or associate companies, in addition to the roles set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by our Group and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, our Group has outstanding credit facilities with the Maybank Group and Maybank Group may also extend credit facilities to our Company to finance the Balance Subscription Payment. The said credit facilities have been extended by the Maybank Group in its ordinary course of business.

Notwithstanding this, Maybank IB has confirmed that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Principal Adviser for the Proposed Subscription as:

(i) The extension of credit facilities arose in the ordinary course of business of the Maybank Group;

(ii) The conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013 and the Maybank Group's own internal controls and checks; and

(iii) The total outstanding amount owed by our Group to the Maybank Group is not material when compared to the audited net assets of the Maybank Group as at 31 December 2013 of RM46.0 billion.

Maybank IB has also confirmed that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Principal Adviser for the Proposed Subscription.

(ii) PIVB

PIVB, being the Independent Adviser for the Proposed Subscription, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the IAL and all references thereto where relevant in the form and context in which they appear in this Circular.

PIVB is also not aware of any possible conflict of interests which exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Subscription.

(iii) WTW

WTW, being the independent registered valuer to appraise the market value of MX-1 Land, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name, valuation certificate for the MX-1 Land and all references thereto in the form and context in which they appear in this Circular.

WTW is also not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the independent registered valuer to appraise the market value of MX-1 Land.

(iv) Rahim & Co

Rahim & Co has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name, Executive Summary of the Feasibility Report and all references thereto in the form and context in which they appear in this Circular.

Rahim & Co is also not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity in preparing the Feasibility Report.

3. MATERIAL COMMITMENTS

Saved as disclosed below, as at the LPD, our Board is not aware of any material commitment, incurred or known to be incurred by our Group, 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	18,863

4. CONTINGENT LIABILITIES

Saved as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred 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	171,298
Disputed claims 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 our 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 our Company.*

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be 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 (excluding public holidays) from the date of this Circular up to and including the date of our EGM:

(i) Memorandum and Articles of Association of our Company and KDSB;

(ii) our Group's audited financial statements for the past two (2) years, i.e. FYE 31 December 2012 and FYE 31 December 2013 and the latest unaudited results for the FPE 30 September 2014;

(iii) the Shareholders' Agreement;

(iv) the Valuation Certificate referred to in Appendix III and the Valuation Report;

(v) the executive summary of the Feasibility Report referred to in Appendix II and the Feasibility Report; and

(vi) the letters of consent as referred to in Section 2 of Appendix IV of this Circular.

MRCB

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 the 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, Kuala Lumpur, 50200 on Thursday, 12 February 2015 at 9.00 a.m. or any adjournment thereof for the purpose of considering and if deemed fit, passing the following resolution:

ORDINARY RESOLUTION

PROPOSED SUBSCRIPTION OF 700,000 NEW ORDINARY SHARES OF RM1.00 EACH, REPRESENTING 70% EQUITY INTEREST IN KWASA DEVELOPMENT (2) SDN BHD ("KDSB") ("KDSB SHARES"), A SPECIAL PURPOSE VEHICLE INCORPORATED TO UNDERTAKE THE MIXED DEVELOPMENT OF 64.07 ACRES OF LAND TO BE A TOWN CENTRE OF THE PROPOSED KWASA DAMANSARA TOWNSHIP FOR A SUBSCRIPTION PAYMENT OF RM816,614,180 IN CASH ("PROPOSED SUBSCRIPTION")

RESOLVED THAT the signing of the shareholders' agreement dated 14 August 2014 between the Company, Kwasa Land Sdn Bhd and KDSB in relation to the Proposed Subscription ("**Shareholders' Agreement**") in accordance to the terms therein be and is hereby confirmed and ratified AND THAT authority be and is hereby given to the Company to enter into all related agreements thereto.

THAT subject to the approval of the relevant authorities and/or parties where necessary and the conditions precedent as set out in the Shareholders' Agreement being fulfilled or waived (as the case may be), the Company be and is hereby authorised to subscribe for 700,000 KDSB Shares representing 70% equity interest in KDSB for a subscription payment of RM816,614,180, subject to such adjustments as specified in the Shareholders' Agreement to be satisfied entirely in cash.

AND THAT the Board be and is hereby empowered and authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Subscription with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as they deem fit in the best interest of the Company and/or may be imposed by any relevant authorities and/or parties in connection with the Proposed Subscription and to deal with all matters relating thereto and to take such steps and to do all acts and things in any manner as they may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Subscription.

BY ORDER OF THE BOARD

MOHD NOOR RAHIM YAHAYA (MAICSA 0866820)
Company Secretary

Kuala Lumpur
16 January 2015

Notes:

(1) Only members whose names appear in the Record of Depositors on 5 February 2015 ("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 Act 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.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

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 of the Company to be held on Thursday, 12 February 2015 at 9.00 a.m. and at any adjournment thereof, in the manner indicated below.

	FOR		AGAINST
ORDINARY RESOLUTION – PROPOSED SUBSCRIPTION			

Please indicate with an ("X") in the space provided to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Dated this..........day of..................., 2015 ....

Signature/Common Seal of Shareholder

Notes:

(1) Only members whose names appear in the Record of Depositors on 5 February 2015 ("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 Act 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.

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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

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