

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional advisers immediately. If you have sold or transferred all your ordinary shares in Malaysian Resources Corporation Berhad ("Company"), you should at once hand this Circular together with the accompanying Notice of Extraordinary General Meeting and Form of Proxy to the purchaser or the transferee or to the Stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or the transferee.

The Kuala Lumpur Stock Exchange takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

The approval of the Securities Commission ("SC") for the proposed establishment of employees' share option scheme ("Proposed ESOS") shall not be taken to indicate that the SC recommends the Proposed ESOS as set out in this Circular. Shareholders should rely on their own evaluation to assess the merits and risks of the Proposed ESOS.



MALAYSIAN RESOURCES CORPORATION BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART A

PROPOSED DISPOSAL OF 20% EQUITY INTEREST IN FIBRECOMM NETWORK (M) SDN BHD OF 15,000,000 ORDINARY SHARES OF RM1.00 EACH TO TENAGA NASIONAL BERHAD FOR A CASH CONSIDERATION OF RM22.0 MILLION

PART B

PROPOSED ESTABLISHMENT OF EMPLOYEES' SHARE OPTION SCHEME

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



PUBLIC MERCHANT BANK BERHAD (14328-V)
(Wholly-Owned Subsidiary of Public Bank Berhad)

The Notice convening an Extraordinary General Meeting of Malaysian Resources Corporation Berhad to be held at Concorde 1, Level 2, Concorde Hotel, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor on Monday, 12 August 2002, at 10.00 a.m. for the purpose of considering the aforementioned proposals is enclosed in this Circular. The Form of Proxy is enclosed and should be lodged at the Share Registrar of the Company, Malaysian Share Registration Services Sdn. Bhd., 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur not less than 48 hours before the time stipulated for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The last day and time for lodging the Form of Proxy..... : 10 August 2002, 10.00 a.m.

DEFINITIONS

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

"Bye-Laws"	:	The bye-laws for the Scheme
"Committee"	:	The committee appointed by the Board to administer the Scheme
"CTX"	:	Celcom Transmission (M) Sdn Bhd (195821-V)
"Date of Commencement"	:	The date of commencement of the Scheme being the date of the confirmation letter by the Adviser as stated in Clause 17 of the Bye-Laws
"Date of Offer"	:	The date on which an offer (including subsequent offers) is made by the Committee in writing to any Eligible Employee to participate in the Scheme
"EGM"	:	Extraordinary General Meeting
"Eligible Employee(s)"	:	Any person (including an Executive Director) employed by the Company or subsidiary who is eligible to participate in the Scheme in accordance with Clause 3 of the Bye-Laws
"EPF"	:	Employees Provident Fund
"ESOS"	:	Employees' share option scheme
"Executive Director(s)"	:	A director who is on the day to day management and is on the payroll of one or more companies within the Group
"FNSB"	:	Fibrecomm Network (M) Sdn Bhd (240859-H)
"Joint Development Agreement"	:	A joint development agreement entered by MRCB, TNB and CTX on 28 June 1995 to collaborate on a project involving the planning, development, design, construction, ownership, marketing, operation and maintenance of fibre optic telecommunication network utilizing TNB's electrical transmission lines and distribution infrastructure
"KLSE"	:	Kuala Lumpur Stock Exchange
"Listing Requirements"	:	Listing Requirements of the KLSE
"Maximum Allowable Allotment"	:	The maximum number of Shares of the Company that can be offered and allotted to an Eligible Employee falling within a particular category of employee under the Scheme as provided in Clause 2 of the Bye-Laws as determined by the Committee from time to time
"MRCB" or "Company"	:	Malaysian Resources Corporation Berhad (7994-D)
"MRCB Group" or "Group"	:	MRCB and its subsidiaries, collectively
"Newco"	:	Media Prima Berhad (formerly known as Profitune Berhad) (532975-A)
"NTA"	:	Net tangible assets
"Offer"	:	An offer made by the Committee in writing to an Eligible Employee in the manner indicated in Clause 4 of the Bye-Laws

DEFINITIONS (Cont'd)

“Option(s)”	:	The contract constituted by acceptance in manner indicated in Clause 6 of the Bye-Laws
“Option Holder(s)”	:	An Eligible Employee who has accepted an Offer in accordance with the terms of the Scheme
“Option Period”	:	A period commencing on the Date of Offer or such later date as determined by the Committee for each Eligible Employee and expiring at the end of five (5) years from the Date of Offer or the date so determined as the case may be provided that no option period shall extend beyond the five (5) years period referred to in Clause 17 of the Bye-Laws
“Option Price”	:	The price at which an Option Holder shall be entitled to subscribe for new Shares as set out in Clause 7 of the Bye-Laws
“PMBB”	:	Public Merchant Bank Berhad (14328-V)
“Proposed Disposal”	:	Proposed disposal by MRCB to TNB of its 20% equity interest in FNSB comprising 15,000,000 ordinary shares of RM1.00 each in FNSB for a cash consideration of RM22.0 million
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Sale Shares”	:	The 15,000,000 ordinary shares of RM1.00 each in FNSB representing 20% therein, currently held by MRCB, which is the subject of the Proposed Disposal
“Sale Consideration”	:	The cash consideration for the Proposed Disposal of the Sale Shares
“Shareholders’ Agreement”	:	An agreement entered by MRCB and TNB with CTX on 4 February 1997 to embark on a project involving the planning, development, design, construction, ownership, marketing, operation and maintenance of fibre optic telecommunication network utilising TNB’s electrical transmission lines and distribution infrastructure utilising FNSB as the project vehicle
“SC”	:	Securities Commission
“Scheme” or “Proposed ESOS”	:	The Scheme for the grant of Options to Eligible Employees to subscribe for new Shares on the terms as set out in the Bye-Laws
“Selected Employee(s)”	:	An Eligible Employee who has been selected by the Committee and to whom an Offer has been made in writing by the Committee in accordance to Clause 4 of the Bye-Laws
“Share(s)”	:	Ordinary share(s) of RM1.00 each in MRCB
“SPA”	:	Agreement for sale and purchase of shares of FNSB entered into between MRCB and TNB on 9 February 2002 for the Proposed Disposal
“TNB”	:	Tenaga Nasional Berhad (200866-W)

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MALAYSIAN RESOURCES CORPORATION BERHAD

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

Registered Office:

Level 10, Menara MRCB
No. 2 Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

27 July 2002

Board of Directors:

Dato' Seri Syed Anwar Jamalullail (*Chairman*)
Abdul Rahman Ahmad (*Chief Executive Officer*)
Shahril Ridza Ridzuan (*Executive Director*)
Datuk Zahari Omar (*Executive Vice President*)
Dato' Ahmad Hj Ibnihajar
Dato' Zainol Abidin Dato' Hj. Salleh
Dato' Dr. Mohd Shahari Ahmad Jabar

To: The Shareholders of Malaysian Resources Corporation Berhad

Dear Sir/Madam,

- **PROPOSED DISPOSAL OF 20% EQUITY INTEREST IN FIBRECOMM NETWORK (M) SDN BHD, COMPRISING 15,000,000 ORDINARY SHARES OF RM1.00 EACH TO TENAGA NASIONAL BERHAD FOR A CASH CONSIDERATION OF RM22.0 MILLION**
- **PROPOSED ESTABLISHMENT OF EMPLOYEES' SHARE OPTION SCHEME**

I. INTRODUCTION

On 14 February 2002, PMBB on behalf of MRCB announced that the Company had on 9 February 2002 entered into a sale and purchase agreement with TNB for the disposal of its entire 20% equity interest in FNSB.

On 29 March 2002, PMBB on behalf of MRCB announced that the Company proposed to establish a new employees' share option scheme. The Company had earlier implemented an employees' share option scheme for a duration of five (5) years for the employees of MRCB Group which expired on 3 April 2001. In connection thereto, the Board proposes to establish a new employees' share option scheme.

The purpose of this Circular is to provide you with the relevant information on the Proposed Disposal and the Proposed ESOS and to seek your approval on the resolutions to be tabled at the forthcoming EGM of the Company to be held at Concorde 1, Level 2, Concorde Hotel, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor on Monday, 12 August 2002 at 10.00 a.m.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF BOTH PART A AND PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSAL AND THE PROPOSED ESOS AT THE FORTHCOMING EGM.

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PART A - PROPOSED DISPOSAL

1. DETAILS OF THE PROPOSED DISPOSAL

1.1 Particulars

The Proposed Disposal involves the sale of 15,000,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of FNSB to TNB for a cash consideration of RM22.0 million.

1.2 Basis of Arriving at the Sale Consideration

The sale consideration of RM22.0 million or RM1.47 per share was arrived at on a willing-buyer willing-seller basis after taking into account the unaudited NTA of FNSB of RM0.99 sen per share as at 30 November 2001 and a premium of RM0.47 per share or RM7.0 million for TNB to acquire a controlling stake in FNSB. The premium was negotiated between MRCB and TNB for TNB's controlling stake in FNSB. Subsequent to the Proposed Disposal, TNB's equity interest in FNSB will increase from 39% to 59%.

1.3 Information on FNSB

FNSB, a joint venture company between TNB, CTX and MRCB, was incorporated on 21 May 1996. Its core business is in the provision of telecommunication network services over TNB's power infrastructure. FNSB currently owns and operates an extensive 98,000 kilometres of fibre network and offers a wide range of products and services including connectivity, bandwidth and other network facilities to service providers in the Information Communications Technology (ICT) industry.

The authorised share capital of FNSB is RM75.0 million comprising 75,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. The shareholders of FNSB are MRCB, CTX and TNB with equity interests of 20%, 41% and 39% respectively.

Based on FNSB's audited accounts as at 31 December 2001, the company recorded a NTA of RM73.3 million, turnover of RM26.5 million and loss after taxation of RM2.8 million.

The cost of investment in FNSB at both the MRCB Group and Company level is RM15.0 million. The 15,000,000 ordinary shares of RM1.00 each in FNSB were acquired in several tranches as follows:

- (a) Subscriber share of 1 ordinary share of RM1.00 on 21 May 1992;
- (b) First call of 14,999,999 ordinary shares of RM0.50 for a total consideration of RM7.5 million on 9 June 1997;
- (c) Second call of 14,999,999 ordinary shares of RM0.20 for a total consideration of RM3.0 million on 6 December 1997; and
- (d) Third call of 14,999,999 ordinary shares of RM0.30 for a total consideration of RM4.5 million on 12 March 2000.

Further information on FNSB is provided in Appendix I of this Circular.

1.4 Salient terms and conditions

The salient terms and conditions of the SPA are as follows: -

- (a) The Sale Shares shall be disposed of free from all encumbrances and together with all the rights and benefits attached thereto upon the completion of the Proposed Disposal.
- (b) The Sale Consideration will be satisfied in the following manner:
 - (i) initial cash payment of RM1.5 million upon the execution of the SPA; and
 - (ii) cash payment of RM20.5 million upon the completion of the SPA;

The cash payment stated in (b)(i) above was received by MRCB on 20 February 2002. The initial payment shall be refunded if MRCB fails to satisfy its conditions precedent as set out in the SPA on the expiry of the cut-off date or such extension of time as agreed between MRCB and TNB ("Parties").

- (c) A further cash payment of RM23.0 million will be made in full upon the successful award of a license under the Communications and Multimedia Act 1998 to either TNB, its subsidiaries or FNSB, provided always that the license shall be obtained within three (3) years from the date of the SPA. In the event that the license is not obtained within the said three (3) year period, the Parties agreed that the purchase consideration for the Proposed Disposal shall be reduced and varied to RM22.0 million only.

The cash payment of RM23.0 million was arrived on a willing-buyer willing-seller basis.

- (d) The completion of the SPA is conditional upon the following: -
 - (i) the relevant approvals as described in Section 4 of Part A of this Circular; and
 - (ii) MRCB having obtained from CTX the following:
 - (a) a waiver on its first right of refusal to sell the Sale Shares to CTX;
 - (b) a consent to discharge MRCB from all of its outstanding obligations under the Joint Development Agreement and the Shareholders' Agreement entered into between MRCB, TNB and CTX; and
 - (c) a letter of undertaking in favour of TNB that CTX will not accept any take-over offer from TNB and/or sell any of its shares held in FNSB to TNB should any take-over offer be made pursuant to the SPA, for the purpose of obtaining a waiver set out in Section 4(ii) hereunder.

MRCB had on 19 June 2002 obtained a letter from Celcom (Malaysia) Berhad confirming that CTX has fulfilled the conditions as stated in (ii)(a) and (b) above, and the letter of undertaking in favour of TNB as stated in (ii)(c) above was obtained on 9 July 2002.

1.5 Utilisation of Proceeds

The Proposed Disposal will raise cash proceeds of RM22.0 million on completion date. The Company proposes to utilise the proceeds for working capital purposes. The further cash proceeds of RM23.0 million, if received by MRCB upon fulfillment of the condition as mentioned in Section 1.4(c) above, will also be utilised for working capital purposes.

1.6 Information on TNB

TNB was incorporated in Malaysia on 12 July 1990 as a private limited company under the Companies Act, 1965 for the purpose of corporatising the operations of the National Electricity Board or Lembaga Letrik Negara ("LLN") through the Electricity Supply (Successor Company) Act, 1990. On 1 September 1990, all properties, rights and liabilities to which LLN was entitled or subject to, were transferred to TNB thereby corporatising the generation, transmission and distribution of electricity in Peninsular Malaysia. It was listed on the Main Board of the KLSE on 28 May 1992.

The authorised share capital of TNB is RM3.5 billion comprising 3.5 billion ordinary shares of RM1.00 each, of which 3.1 billion ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activities of TNB are the transmission, distribution and sale of electricity. At present, TNB has a production capacity of 7,100 MW. Its operations are spread across all states of Peninsular Malaysia and Sabah. The substantial shareholders of TNB as at 30 June 2002 are as follows:

Name	No. of shares held	%
Khazanah Nasional Bhd	1,108,671,328	35.63
Ministry of Finance Incorporated	531,150,243	17.07
Bank Negara Malaysia	352,438,000	11.32
EPF	323,221,000	10.39
Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	190,650,000	6.13

The Directors of TNB as at 30 June 2002 are as follows:

- Dato' Dr. Jamaludin bin Dato' Mohd Jarjis
- Datin Husniarti binti Tamin
- Datuk Dr. Halim bin Shafie
- Datuk Zainun Aishah binti Ahmad
- Dato' Lau Yin Pin @ Lau Yen Beng
- Tan Sri Dato' Chan Choong Tak
- Dato' Hari Narayanan A/L Govindasamy
- Dato' Hamzah bin Bakar
- Dato' Iskandar Dzakurnain bin Badarudin
- Dato' Shaziman bin Haji Abu Mansor
- Dato' Pian bin Sukro
- Datin Paduka Hajjah Seripah Noli binti Syed Hussin
- Puan Kamariah binti Hussain
- Dato' Syed Hamzah bin Syed Othman
- YM. Raja Dato' Zaharaton binti Raja Zainal Abidin

2. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with MRCB's current efforts to rationalise its investments and refocus its resources to core activities, namely engineering, construction, infrastructure and property businesses. In addition, the Proposed Disposal would enable the Company to realise the value of its investment.

3. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

3.1 Share Capital

The Proposed Disposal will not have any effect on the issued and paid-up share capital of MRCB as the consideration of the Proposed Disposal is in cash.

3.2 Substantial Shareholders

The Proposed Disposal will not have any effect on the substantial shareholders of the Company as the consideration for the Proposed Disposal is in cash.

3.3 NTA

Based on the latest audited accounts of the MRCB Group as at 31 August 2001, the proforma effects of the Proposed Disposal on the consolidated MRCB Group are as follows:

	As at 31 August 2001 (RM'000)	After the Proposed Disposal (RM'000)
Share capital	976,550	976,550
Reserve	(503,436)	(496,436)
Shareholders' funds	473,114	480,114
Less Intangibles:		
- Project development expenditure	8,549	8,549
- Goodwill on consolidation	8,944	8,944
- Group's share of intangibles assets	271,975	271,975
- Premium on acquisition	133,178	133,178
NTA	50,468	57,468
No of shares ('000)	976,550	976,550
NTA per share (sen)	5.17	5.88

Based on the above, MRCB Group's NTA is expected to improve by approximately RM7.0 million which would improve the NTA per share by 0.71 sen from 5.17 sen to 5.88 sen.

3.4 Earnings

MRCB is expected to realise an exceptional gain of approximately RM7.0 million at the Company and Group levels respectively, on completion of the Proposed Disposal. The exceptional gain would therefore improve the Group's net earnings on a per share basis by approximately 0.71 sen each for the financial year ending 31 August 2002.

4. APPROVALS REQUIRED

The Proposed Disposal will be subject to the following approvals being obtained:

- (i) The Foreign Investment Committee for the acquisition of the Sale Shares by TNB;
- (ii) The SC for a waiver from making a mandatory general offer under the Malaysian Code on Take-overs and Mergers, 1998 to acquire the remaining shares in FNSB that TNB does not already own after the Proposed Disposal, which was obtained on 22 July 2002; and
- (iii) The shareholders of MRCB at an EGM to be convened.

5. RISK FACTORS

The shareholders should read carefully and consider the following risk factors (which are not exhaustive) before deciding and voting on the resolution pertaining to the Proposed Disposal: -

- (a) After the Proposed Disposal, FNSB will cease to be an associate company of MRCB. Accordingly there will be no earnings contributions from FNSB to MRCB in the future.

The proceeds of RM22.0 million arising from the Proposed Disposal will be used mainly for working capital purposes and there is no certainty that the proceeds will be able to generate sufficient earnings to offset the loss of future contributions to MRCB as a result of the Proposed Disposal.

- (b) Pursuant to the SPA, a further cash payment of RM23.0 million will be made upon the successful award of the license under the Communication and Multimedia Act 1998 to either TNB, its subsidiaries or FNSB within a specified time, failing which the further payment of RM23.0 million will not be paid to MRCB.

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PART B - PROPOSED ESOS

1. DETAILS OF THE PROPOSED ESOS

The salient features of the Proposed ESOS, the Bye-Laws for which are attached as Appendix II of this Circular, are summarised as follows: -

1.1 Maximum amount of shares available under the Scheme

The maximum number of Shares to be made available during the existence of the Scheme shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme whereby:

- (a) not more than fifty per cent (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to Executive Directors and senior management; and
- (b) not more than ten per cent (10%) of the Shares available under the Scheme would be allocated to any individual Executive Director or Eligible Employee who, either singly or collectively through his/her associates holds twenty per cent (20%) or more of the issued and paid-up share capital of the Company

The Scheme shall take into account Shares that may be issued by the Company from time to time upon conversion of securities convertible or exchangeable into Shares of the Company.

1.2 Eligibility to participate

- 1.2.1 To qualify for selection or participation in the Scheme, an employee of any company comprised in the Group must have been confirmed in his position as an employee with a minimum of six (6) months continuous service on or prior to the Date of Offer provided further that an Executive Director of the Company shall only be eligible to participate in the Scheme if the specific allotment to be made to such director is approved by the shareholders of the Company in a general meeting.
- 1.2.2 Any person who is confirmed in writing as an employee of the Group with a minimum of six (6) months continuous service (including Executive Directors) shall be eligible to participate in the Scheme.
- 1.2.3 An Executive Director or employee must be at least eighteen (18) years of age on the date of allocation.
- 1.2.4 Employees and Executive Directors of subsidiaries within the Group are eligible to participate in the Scheme provided the subsidiaries are not dormant.
- 1.2.5 No Eligible Employee (including Executive Directors) shall participate in more than one (1) employees' share option scheme implemented by any company within the Group.
- 1.2.6 Selection for participation in the Scheme shall be at the discretion of the Committee whose decision shall be final and binding.

1.3 Basis of allotment and maximum allowable allotment

- 1.3.1 The Committee shall be entitled at its discretion, after taking into consideration the seniority, performance and length of service of a Selected Employee, determine the number of Shares to be offered to the Selected Employee under the Scheme. The criteria and policy, for participation in the Scheme and allotment of Shares to the employees will be published from time to time.

- 1.3.2 Any Selected Employee who holds more than one (1) position within the Group, and by holding such positions is a Selected Employee in more than one (1) category, shall only be entitled to the Maximum Allowable Allotment of any one category. The Committee shall be entitled at its discretion to determine the applicable category.
- 1.3.3 A Selected Employee who holds a position as director on more than one (1) board of directors within the Group and is by reason thereof eligible to participate in the Scheme in more than one capacity shall only be entitled to be selected for one Maximum Allowable Allotment, which shall be of the higher or highest category.
- 1.3.4 At the discretion of the Committee, when an Eligible Employee is promoted, the Maximum Allowable Allotment of the Eligible Employee may be upgraded to that new category/position.
- 1.3.5 The basis of allotment of the Options to the Selected Employees shall be at the sole discretion of the Committee whose decision shall be final and binding.

1.4 Acceptance of Offer

- 1.4.1 An Offer made by the Committee under Clause 4 shall be valid for a period of seven (7) days from the Date of Offer. Acceptance must be made by written notice to the Committee within this prescribed period.
- 1.4.2 As consideration for the grant of an Option, the Selected Employee shall, in accepting the Offer, pay to the Company a nominal non-refundable sum of Ringgit Malaysia One (RM1.00).
- 1.4.3 If the Offer is not accepted in the manner as prescribed above, such Offer shall, on expiry of the said seven (7) days, automatically lapse and shall be null and void and of no effect.
- 1.4.4 The Committee shall issue the Option Holder a certificate of Option in such form as may be determined by the Committee within fourteen (14) days of acceptance of the written notice issued to the Selected Employee.

1.5 Option Price

The price at which the Option Holder is entitled to subscribe for under an Option shall be the five (5) days weighted average market price of MRCB Shares quoted on the Main Board of the KLSE and as shown in the Daily Official List issued by the KLSE at the time of the Option is granted provided that:

- (i) a discount, if any, of not more than ten per cent (10%) from the five (5) days weighted average market price of the MRCB Shares at the time the Option is granted, is allowed; and
- (ii) in any case, the Option Price shall not be lower than the par value of Ringgit Malaysia One (RM1.00) of the Shares of the Company.

1.6 Duration

The Scheme shall commence from the date of the confirmation letter by the Adviser stating that the Company:

- (a) has fulfilled the SC's conditions of the approval for the Scheme and that the Bye-Laws do not contravene the guidelines on employees' share option schemes as stipulated under the SC's Policies and Guidelines on Issue/Offer of Securities; including any amendments and modifications made thereof from time to time; and

- (b) has obtained other relevant approvals for the Scheme and has fulfilled any conditions imposed therein;

and shall thereafter continue for a period of five (5) years from the Date of Commencement.

1.7 Rights attaching to Shares

The new Shares to be issued pursuant to the Proposed ESOS shall, upon allotment, rank pari passu in all respects with the existing MRCB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as to the close of business on which the shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or distributions) of which is prior to the date of allotment of the said Shares.

1.8 Liquidation of the Company

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

2. RATIONALE FOR THE PROPOSED ESOS

The rationale for the Proposed ESOS are as follows: -

- (i) to enable the Eligible Employees to participate in the future growth of the Group and, upon becoming shareholders, to participate in the Group's development;
- (ii) to provide an incentive for Eligible Employees to participate more actively in the operations of the Group and encourage them to contribute to the well-being of the Group;
- (iii) to instill in the Eligible Employees a greater sense of belonging so that they would be motivated to be more productive;
- (iv) to develop a high performance and high commitment culture and to increase the level of dedication and loyalty of Eligible Employees; and
- (v) to attract and retain Eligible Employees thus minimising the loss of key personnel and to attract new employees whose services are vital to the operations and continued growth of the MRCB Group.

3. UTILISATION OF PROCEEDS AND ESTIMATED EXPENSES

The amount of the cash proceeds receivable by MRCB from the Proposed ESOS would depend on the number of new Shares to be issued pursuant to the Options granted under the Proposed ESOS and the exercise price of the Options. However, the cash proceeds arising from the exercise of the ESOS Options is expected to be utilised for working capital purposes. The total estimated expenses of the Proposed ESOS is RM243,500.

4. FINANCIAL EFFECTS OF THE PROPOSED ESOS

4.1 Share Capital

The proforma effects of the Proposed ESOS on the issued and paid-up share capital of MRCB as at 30 June 2002 are as follows: -

Issued and paid-up share capital	No. of Shares
Existing as at 30 June 2002	976,549,499
Add: Assuming all the Options available under the Proposed ESOS are granted and exercised	97,654,000
Enlarged	1,074,203,499

4.2 NTA

The Proposed ESOS is not expected to have any immediate effect on the NTA of the MRCB Group. However, the NTA will increase progressively depending on the Option Price, which is to be determined at the time the Offer is granted and the number of Shares to be issued upon the exercise of the Options granted pursuant to the Proposed ESOS.

4.3 Substantial Shareholders

The Proposed ESOS will not have any material effect on the existing substantial shareholding structure of MRCB. Any potential effect on the substantial shareholding structure would depend on the number of new Shares to be issued pursuant to the Options granted under the Proposed ESOS.

4.4 Earnings

The Proposed ESOS is not expected to have any material effect on the earnings of MRCB. Any potential effect on the earnings of MRCB in the future would depend on the number of Options exercised, the exercise price of the Options and the utilisation of the proceeds raised from the Options exercised.

4.5 Dividends

The Proposed ESOS is not expected to have any material effect on the dividend policy of MRCB. The Company has not paid or declared any dividend for the financial year ended 31 August 2001. The Board of Directors of MRCB does not expect to declare any dividend for the financial year ending 31 August 2002.

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5. DETAILS OF OTHER INTENDED CORPORATE EXERCISES, WHICH HAVE BEEN ANNOUNCED, BUT NOT YET COMPLETED.

Save for the corporate exercises undertaken by the Company detailed below, there are no other intended corporate exercises which have been announced by the Company that are pending implementation.

- (i) AmMerchant Bank Berhad had on 8 October 2001 announced that MRCB is proposing to undertake a Corporate Restructuring Scheme ("Proposed Corporate Restructuring Scheme"), which comprises the following: -
 - (a) Proposed debt restructuring scheme in Sistem Televisyen Malaysia Berhad ("TV3") which comprises a proposed capital reconstruction and a proposed scheme of arrangement with the creditors of TV3;
 - (b) Proposed reorganisation, which comprises a proposed acquisition of 100% equity interest in TV3 by Newco and a proposed acquisition of Newco by MRCB;
 - (c) Proposed transfer by MRCB of its entire 43.5% equity interest in The New Straits Times Press (Malaysia) Berhad ("NSTP") to Newco;
 - (d) Proposed fund raising, which comprises of the proposed restricted issue of 77,300,000 ordinary shares in Newco by MRCB and the proposed issuance of RM125.0 million nominal amounts of bonds with 115.0 million detachable warrants by Newco to Gabungan Kesturi Sdn Bhd;
 - (e) Proposed MRCB debt settlement with its creditors;
 - (f) Proposed demerger of MRCB and Newco;
 - (g) Proposed transfer of TV3 listing status to Newco;
 - (h) Proposed put and call options of Newco shares between Realmild (M) Sdn Bhd and the scheme creditors of TV3 with outstanding debt of more than RM2.0 million;
 - (i) Proposed restricted offer for sale of RM10.25 nominal amount of Newco's Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and 10.25 million warrants to the minority shareholders of TV3 and RM127.9 million nominal amount of ICULS in Newco;
 - (j) Proposed transfer by MRCB of its entire shareholding in MRCB Multimedia Consortium Sdn Bhd and MRCB Software Vision Sdn Bhd to Newco; and
 - (k) Proposed waiver to Newco from having to undertake a mandatory general offer for the remaining NSTP shares not owned by Newco.

The Proposed Corporate Restructuring Scheme is pending the approvals from the relevant authorities.

- (ii) Commerce International Merchant Bank Berhad had on 25 July 2001 announced that MRCB is proposing to dispose of its 105,127,000 ordinary shares of RM1.00 each representing 22.68% of the existing issued and paid-up capital of Rashid Hussain Berhad ("Proposed RHB Disposal") to the Utama Banking Group Berhad. The Proposed RHB Disposal is pending the approvals from the relevant authorities.

6. SHARE PRICES

The monthly highest and lowest prices of MRCB shares traded on the Main Board of the KLSE for the past twelve (12) months from July 2001 to June 2002 are set out below.

	Highest RM	Lowest RM
2001		
July	1.52	1.06
August	1.54	1.29
September	1.52	1.05
October	1.29	1.11
November	1.34	1.11
December	1.25	1.15
2002		
January	1.37	1.23
February	1.35	1.15
March	1.45	1.18
April	1.94	1.36
May	1.78	1.38
June	1.48	1.18

The last transacted price on the KLSE on 28 March 2002 being the last transacted market price immediately prior to the announcement of the Proposed ESOS was RM1.45.

The last transacted price on the KLSE on 24 July 2002 being the latest practicable date prior to the printing of this Circular was RM1.26.

(Source: Bloomberg)

7. APPROVALS REQUIRED

The Proposed ESOS is subject to inter-alia, the approvals of:

- (i) the SC (which was obtained on 22 May 2002);
- (ii) the KLSE for the listing of and quotation for the new Shares to be issued pursuant to the exercise of Options granted under the Proposed ESOS; and
- (ii) the shareholders of MRCB at an EGM to be convened.

The SC's approval for the Proposed ESOS is subject to the following conditions: -

- (i) A copy of the final list of employees' names who are eligible for the Proposed ESOS and details of the employees' share option scheme entitlements must be furnished to the SC for its record;
- (ii) A copy of the final Bye-Laws of the Proposed ESOS must be furnished to the SC for its record;
- (iii) PMBB to furnish a confirmation letter to the SC which states that: -
 - All conditions set by the SC have been met, and that the bye-laws of the Proposed ESOS do not contravene the SC's Policies and Guidelines on Issue/Offer of Securities on ESOS;

- The Proposed ESOS has been approved by all other relevant authorities and met all conditions imposed, if any; and
- (iv) The offeree must be kept informed of any extension of time from the Option Period and the relevant announcement must be made to the relevant authorities within 30 days from the expiry of the Proposed ESOS.

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II. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) Proposed Disposal

The EPF is a common major shareholder in MRCB and TNB with equity interests of 12.10% and 10.39% respectively as at 30 June 2002. EPF, as such, is deemed interested in the Proposed Disposal and pursuant to Chapter 10 Part E of the Listing Requirements, it should abstain from voting on the resolution in respect of the Proposed Disposal at the forthcoming EGM. Notwithstanding the above, MRCB had sought a waiver from the KLSE from having to comply with the abovesaid Listing Requirements ("Proposed Waiver") based on the following grounds:

- (i) EPF's investments in MRCB and TNB only constitute part of its wide ranging investment portfolio. EPF is only a passive investor and has no representation on the board of directors of MRCB and TNB and hence has no influence over the decision making process in the said companies; and
- (ii) EPF's economic return from its investments in MRCB and TNB are only in the form of dividend payment and potential capital appreciation. Other than the said potential return, EPF does not derive any other benefit from the Proposed Disposal.

The approval on the Proposed Waiver, allowing EPF to vote on the resolution in respect of the Proposed Disposal at the Company's forthcoming EGM was obtained from the KLSE on 26 March 2002.

Based on the register of directors' shareholding as at 30 June 2002, none of the Directors and major shareholders of MRCB and persons connected with them has any direct or indirect interest in the Proposed Disposal.

(b) Proposed ESOS

The Executive Directors namely Encik Abdul Rahman Ahmad, Encik Shahril Ridza Ridzuan and Y. Bhg. Datuk Zahari Omar ("Interested Directors"), being Eligible Employees, are interested in the Proposed ESOS. Accordingly, the Interested Directors have abstained and will continue to abstain from participating in decisions of the Board on the Proposed ESOS.

Based on the register of directors' shareholding as at 30 June 2002, none of the Interested Directors has any direct and indirect shareholdings in MRCB.

The maximum number of Shares to be made available for the Interested Directors shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme whereby:

- (i) not more than fifty per cent (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to the Interested Directors and senior management; and
- (ii) not more than ten per cent (10%) of the Shares available under the Scheme would be allocated to any individual Interested Director or Eligible Employee, who either singly or collectively through his/her associates holds twenty per cent (20%) or more of the issued and paid-up share capital of the Company.

The specific entitlement of the Interested Directors will only be determined at a later date and shall be subject to the maximum amount of shares as stated in item (b)(i) and (ii) above.

Save as disclosed above, none of the other directors, major shareholders or persons connected to the directors and/or major shareholders has any interest, direct or indirect, in the Proposed ESOS.

III. DIRECTORS' RECOMMENDATION

Your Directors, having considered all aspects of the Proposed Disposal, are of the opinion that the Proposed Disposal is in the best interest of the Company. Your Directors therefore recommend that you vote in favour of the resolution for the Proposed Disposal to be tabled at the Company's forthcoming EGM.

Your Directors, having considered all aspects of the Proposed ESOS, are of the opinion that the Proposed ESOS is in the best interest of the Company. Your Directors therefore (other than the Interested Directors in the Proposed ESOS), recommend that you vote in favour of the resolutions for the Proposed ESOS to be tabled at the Company's forthcoming EGM.

IV. EGM

An EGM, the notice of which is enclosed in this Circular will be held at Concorde 1, Level 2, Concorde Hotel, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor on Monday, 12 August 2002, at 10.00 a.m. for the purpose of considering and if thought fit, to pass the resolutions pertaining to the Proposed Disposal and the Proposed ESOS.

If you are unable to attend and vote in person at the EGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's Share Registrar Office at Malaysian Share Registration Services Sdn. Bhd., 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur not less than 48 hours before the time set for the EGM or at any adjournment thereof. The completion and return of the Form of Proxy does not preclude you from attending and voting in person should you subsequently wish to do so.

V. FURTHER INFORMATION

Shareholders are advised to refer to the appendices for further information.

Yours faithfully
for and on behalf of the Board of Directors
of **MALAYSIAN RESOURCES CORPORATION BERHAD**

Dato' Seri Syed Anwar Jamalullail
Chairman

INFORMATION ON FNSB

1. HISTORY AND BUSINESS

FNSB, a joint venture company between TNB, CTX and MRCB, was incorporated in Malaysia on 21 May 1992 as a private limited company under the name CELCOM Advance Network Services Sdn Bhd. It subsequently changed its name to Fibre Communication Network (M) Sdn Bhd on 7 May 1996. It later adopted its present name on 11 May 1999.

Its core business is in the provision of telecommunication network services over TNB's power infrastructure and it currently operates in an office at Level 16, Menara Maxisegar, Jalan Pandan Indah 14/2, Pandan Indah, 55100 Kuala Lumpur. FNSB currently owns and operates an extensive 98,000 kilometres of fibre network and offers a wide range of products and services including connectivity, bandwidth and other network facilities to service providers in the Information Communications Technology (ICT) Industry mainly targeted for domestic market. The company has since incorporation spent approximately RM130 million on the fibre optic network. It has a current workforce of 76 employees.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

The authorised, and issued and paid-up share capital of FNSB as at 30 June 2002 are as follows: -

Type	No. of ordinary shares	Par value (RM)	Amount (RM)
Authorised	75,000,000	1.00	75,000,000
Issued and Paid-up	75,000,000	1.00	75,000,000

Details of the changes in the issued and paid-up share capital of FNSB since the date of incorporation are as follows: -

Date of Allotment	No. of ordinary shares allotted	Par value (RM)	Calls	Consideration (RM)	Total (RM)
21.05.1992	3	1.00	Subscribers@ RM1.00	3.00	3.00
17.06.1997	CTX: 30,749,999 TNB: 29,249,999 MRCB: 4,999,999	1.00 1.00 1.00	1 st @RM0.50 1 st @RM0.50 1 st @RM0.50	15,374,999.50 14,624,999.50 7,499,999.50 37,499,998.50	37,500,001.50
	CTX: 30,749,999 TNB: 29,249,999 MRCB: 14,999,999	1.00 1.00 1.00	2 nd @RM0.20 2 nd @RM0.20 2 nd @RM0.20	6,149,999.80 5,849,999.80 2,999,999.80 14,999,999.40	52,500,000.90

Date of Allotment	No. of ordinary shares allotted	Par value (RM)	Calls	Consideration (RM)	Total (RM)
04.09.1998	CTX: 30,749,999 TNB: 29,249,999 MRCB: 14,999,999	1.00 1.00 1.00	3 rd @RM0.10 3 rd @RM0.10 3 rd @RM0.10	3,074,999.90 2,924,999.90 -	58,500,000.70
25.09.1998	CTX: 30,749,999 TNB: 29,249,999 MRCB: 14,999,999	1.00 1.00 1.00	3 rd @RM0.10 3 rd @RM0.10 3 rd @RM0.10	3,074,999.90 2,924,999.90 -	64,500,000.50
30.05.2000	CTX: 30,749,999 TNB: 29,249,999 MRCB: 14,999,999	1.00 1.00 1.00	3 rd @RM0.10 3 rd @RM0.10 3 rd @RM0.30	3,074,999.90 2,924,999.90 4,499,999.70	75,000,000.00
				10,499,999.50	

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of FNSB and their respective shareholdings as at 30 June 2002 are as follows: -

	Direct	%
CTX	30,750,000	41.0
TNB	29,250,000	39.0
MRCB	15,000,000	20.0
Total	75,000,000	100.0

4. DIRECTORS' SHAREHOLDINGS

As at 30 June 2002, the directors of FNSB, all of whom have no shareholding in FNSB, are as follows:

Name	Designation	Nationality
Anuarudin bin Mohd Noor	Chairman	Malaysian
Bistamam bin Ramli	Director	Malaysian
Horst Holzhauser	Director	German
Jamaludin bin Ibrahim	Director	Malaysian
Zubir bin A. Rasid (alternate to Bistamam bin Ramli)	Alternate Director	Malaysian
Badrul Hassan bin Mohamed Kassim (alternate to Horst Holzhauser)	Alternate Director	Malaysian

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

FNSB does not have any subsidiary or associated companies.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of FNSB based on the audited accounts for the past five (5) financial years ended 31 December 2001 are as follows: -

Financial year ended 31 December	Audited				
	1997 RM	1998 RM	1999 RM	2000 RM	2001 RM
Turnover	514,414	3,152,400	13,897,694	21,368,926	26,534,321
Profit/(loss) before taxation	(441,047)	(1,446,612)	1,221,584	2,019,617	(2,740,203)
Taxation	-	-	-	(289,439)	(12,030)
Profit/(loss) after taxation	(441,047)	(1,446,612)	1,221,584	1,730,178	(2,752,233)
No. of ordinary shares in issue	52,500,001	64,500,001	64,500,001	75,000,000	75,000,000
Gross earnings/(loss) per share (sen)	(0.84)	(2.24)	1.89	2.69	(3.65)
Net earnings/(loss) per share (sen)	(0.84)	(2.24)	1.89	2.31	(3.67)
NTA (RM)	52,058,954	62,612,342	63,833,926	76,064,103	73,311,870
NTA per share (RM)	0.99	0.97	0.99	1.01	0.98
Dividend rates	-	-	-	-	-

Notes:

1. FNSB commenced operations in May 1997.
2. In 1998, FNSB's infrastructure network was in the process of being built, and thus, its range of products was limited. Turnover was not sufficient to cover operating cost, hence the loss in 1998.
3. In 1999 and 2000, as FNSB's infrastructure network extended, it was able to offer a wider scope of product and services. This accounts for the increased turnover. With the operating cost being maintained at previous levels, FNSB's profit increased by 41.63% in 2000.
4. The loss in 2001 was due to higher depreciation and operating cost. FNSB has invested heavily on electronics and telecommunication equipment during this period to further add value to its infrastructure network. The equipment are amortised over a period of between 3 to 5 years. Higher operating cost also contributed to the loss as FNSB has to lay more lines to reach its customers.
5. There were no exceptional and extraordinary items for the past five (5) financial years ended 31 December 2001.

7. AUDITED ACCOUNTS OF FNSB FOR 2001

An extract of FNSB's latest audited accounts showing the audited consolidated profit and loss accounts, balance sheets and cashflow statements together with the notes and the Auditors' Report for the financial year ended 31 December 2001 are set out in Appendix III. (Note. The reference to the paging in the Auditors' Report is made in relation to the audited accounts of FNSB)

BYE-LAWS OF THE PROPOSED ESOS

1. DEFINITIONS

- 1.1 In this Scheme, the following words shall, unless the context otherwise requires, bear the following meanings: -
- | | | |
|-----------------------------|---|--|
| Act | : | The Companies Act, 1965 as amended from time to time |
| Adviser | : | The Merchant Bank advising the Company on the Scheme |
| Articles | : | Articles of Association of the Company |
| Board | : | The Board of Directors of MRCB |
| Bye-Laws | : | The bye-laws of the Scheme, as amended from time to time |
| Committee | : | The Committee appointed by the Board to administer the Scheme |
| Date of Commencement | : | The date of commencement of the Scheme being the date of the confirmation letter by the Adviser as stated in Clause 17 hereof |
| Date of Offer | : | The date on which an offer (including subsequent offers) is made by the Committee in writing to any Eligible Employee to participate in the Scheme |
| Eligible Employee(s) | : | Persons eligible to be granted an Option under the Scheme, being those persons as defined in Clause 3 hereof |
| Executive Director(s) | : | A director who is on the day to day management and is on the payroll of one or more companies within the Group |
| Group | : | The Company and its subsidiary companies as defined in Section 5 of the Act |
| KLSE | : | Kuala Lumpur Stock Exchange |
| Maximum Allowable Allotment | : | The maximum number of Shares of the Company that can be offered and allotted to an Eligible Employee falling within a particular category of employee under the Scheme as provided hereof as determined by the Committee from time to time |
| MRCB or Company | : | Malaysian Resources Corporation Berhad (7994-D) |
| Offer | : | An offer made by the Committee in writing to an Eligible Employee in the manner indicated in Clause 4 hereof |

Option(s)	:	The contract constituted by acceptance in manner indicated in Clause 6 hereof of an Offer
Option Holder(s)	:	An Eligible Employee who has accepted an Offer in accordance with the terms of the Scheme
Option Period	:	A period commencing on the Date of Offer or such later date as determined by the Committee for each Eligible Employee and expiring at the end of five (5) years from the Date of Offer or the date so determined as the case may be provided that no option period shall extend beyond the five (5) years period referred to in Clause 17 hereof
Option Price	:	The price at which an Option Holder shall be entitled to subscribe for new Shares as set out in Clause 7 hereof
SC	:	Securities Commission
Scheme	:	The Scheme for the grant of Options to Eligible Employees to subscribe for new Shares on the terms as herein set out, such scheme to be known as “Malaysian Resources Corporation Berhad Employees’ Share Option Scheme”
Selected Employee(s)	:	An Eligible Employee who has been selected by the Committee and to whom an Offer has been made in writing by the Committee in accordance to Clause 4 hereof
Share(s)	:	Ordinary share of Ringgit Malaysia One (RM1.00) each in the Company
RM and sen	:	Ringgit Malaysia and sen respectively

1.2 Words importing the masculine gender shall include the feminine gender and vice versa, and the singular includes the plural and vice versa.

1.3 The heading in the Bye-Laws are for convenience only and shall not be taken into account in the interpretation of these Bye-Laws.

2. MAXIMUM AMOUNT OF SHARES AVAILABLE UNDER THE SCHEME

2.1 The maximum number of Shares to be made available during the existence of the Scheme shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme whereby:

- (a) not more than fifty per cent (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to Executive Directors and senior management; and
- (b) not more than ten per cent (10%) of the Shares available under the Scheme would be allocated to any individual Executive Director or Eligible Employee, who either singly or collectively through his/her associates holds twenty per cent (20%) or more of the issued and paid-up share capital of the Company

The Scheme shall take into account Shares that may be issued by the Company from time to time upon conversion of securities convertible or exchangeable into Shares of the Company.

- 2.2 The Company will during the duration of each and every Option Period applicable to any Option granted herein, keep available sufficient unissued Shares in the share capital of the Company to satisfy all such outstanding Options during the duration of the Scheme.
- 2.3 Notwithstanding the aforementioned provision and any other provision herein contained, in the event the maximum number of new Shares which may be available under the Scheme exceeds the aforesaid ten per cent (10%) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Companies Act, 1965 and reducing its issued and paid-up ordinary share capital, then all Offers and Options granted prior to the adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme as if that reduction had not occurred.

3. ELIGIBILITY TO PARTICIPATE

- 3.1 To qualify for selection or participation in the Scheme, an employee of any company comprised in the Group must have been confirmed in his position as an employee with a minimum of six (6) months continuous service on or prior to the Date of Offer provided further that an Executive Director of the Company shall only be eligible to participate in the Scheme if the specific allotment to be made to such director is approved by the shareholders of the Company in a general meeting.
- 3.2 Any person who is confirmed in writing as an employee of the Group with a minimum of six (6) months continuous service (including Executive Directors) shall be eligible to participate in the Scheme.
- 3.3 An Executive Director or employee must be at least eighteen (18) years of age on the date of allocation.
- 3.4 Employees and Executive Directors of subsidiaries within the Group are eligible to participate in the Scheme provided the subsidiaries are not dormant.
- 3.5 No Eligible Employee (including Executive Directors) shall participate in more than one (1) employees' share option scheme implemented by any company within the Group.
- 3.6 Selection for participation in the Scheme shall be at the discretion of the Committee whose decision shall be final and binding.

4. OFFER BY THE COMMITTEE

- 4.1 The Committee may at its discretion at any time and from time to time as it shall deem fit make an Offer to any Eligible Employee to subscribe for new Shares of the Company in accordance with the terms of the Scheme PROVIDED ALWAYS that any such Offer by the Committee to the Eligible Employee shall not exceed the Maximum Allowable Allotment.
- 4.2 Such aforesaid Offer is personal to the Selected Employee and is non-assignable and shall automatically lapse and shall be null and void in the event of the Selected Employee dying or ceasing to be employed for any reason whatsoever by the Group if such death or cessation as the case may be takes place prior to the acceptance of the Offer by the Selected Employee.

- 4.3 Nothing herein shall prevent the Committee from making more than one Offer to each Eligible Employee provided always that the total aggregate number of Shares of the Company to be so offered to each Eligible Employee shall not exceed the Maximum Allowable Allotment of the Eligible Employee.

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

- 5.1 The Committee shall be entitled at its discretion, after taking into consideration the seniority, performance and length of service of a Selected Employee, determine the number of Shares to be offered to the Selected Employee under the Scheme. The criteria and policy, for participation in the Scheme and allotment of Shares to the employees will be published from time to time.
- 5.2 Any Selected Employee who holds more than one (1) position within the Group, and by holding such positions is a Selected Employee in more than one (1) category, shall only be entitled to the Maximum Allowable Allotment of any one category. The Committee shall be entitled at its discretion to determine the applicable category.
- 5.3 A Selected Employee who holds a position as director on more than one (1) board within the Group and is by reason thereof eligible to participate in the Scheme in more than one capacity shall only be entitled to be selected for one Maximum Allowable Allotment, which shall be of the higher or highest category.
- 5.4 At the discretion of the Committee, when an Eligible Employee is promoted, the Maximum Allowable Allotment of the Eligible Employee may be upgraded to that new category/position.
- 5.5 The basis of allotment of the Options to the Selected Employees shall be at the sole discretion of the Committee whose decision shall be final and binding.

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made by the Committee under Clause 4 shall be valid for a period of seven (7) days from the Date of Offer. Acceptance must be made by written notice to the Committee within this prescribed period.
- 6.2 As consideration for the grant of an Option, the Selected Employee shall, in accepting the Offer, pay to the Company a nominal non-refundable sum of Ringgit Malaysia One (RM1.00).
- 6.3 If the Offer is not accepted in the manner as prescribed above, such Offer shall, on expiry of the said seven (7) days, automatically lapse and shall be null and void and of no effect.
- 6.4 The Committee shall issue the Option Holder a certificate of Option in such form as may be determined by the Committee within fourteen (14) days of acceptance of the written notice issued to the Selected Employee.

7. OPTION PRICE

The price at which the Option Holder is entitled to subscribe for under an Option shall be the five (5) days weighted average market price of MRCB Shares quoted on the Main Board of the KLSE and as shown in the Daily Official List issued by the KLSE at the time of the Option is granted provided that:

- (i) a discount, if any, of not more than ten per cent (10%) from the five (5) days weighted average market price of the MRCB Shares at the time of the Option is granted, is allowed; and

- (ii) in any case, the Option Price shall not be lower than the par value of Ringgit Malaysia One (RM1.00) of the Shares of the Company.

8. EXERCISE OF OPTION

- 8.1 Subject to the exceptions set out in Clause 15, an Option is exercisable only by the Option Holder during his lifetime and whilst he is in the employment of the Group. The Option granted is personal to the Option Holder and cannot be assigned, transferred, charged or otherwise disposed of in any manner whatsoever.
- 8.2 An Option granted under the Scheme shall be capable of being exercised during such period as may be determined by the Committee from time to time within the Option Period PROVIDED ALWAYS that no Option shall be exercised beyond the five (5) years period referred to in Clause 17.
- 8.3 The Option Holder shall notify the Company in writing of his intention to exercise the Option in such form as may be prescribed by the Committee. The Option may be exercised in respect of such number of Shares as the Option Holder may decide. Such partial exercise of the Option shall not preclude the Option Holder from exercising the Option as to the balance of the Shares to which he is entitled under the Option.
- 8.4 Every notice to exercise the Option shall be accompanied by the relevant certificate of Option and remittance in Ringgit Malaysia in the form of bankers' draft or cashiers' order drawn and payable in Kuala Lumpur, for the full amount of the Option Price in relation to the number of Shares in respect of which the written notice is given. Subject to the provision in the Articles of Association of the Company, the Company shall, within ten (10) market days of the receipt of such notice and remittance from the Option Holder, allot and/or issue the relevant number of Shares to the Option Holder.
- 8.5 In the event of a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, the Option Holder shall be entitled within six (6) months of the date on which such Offer becomes or is declared unconditional to exercise in full or in part of any Shares of the Company which has yet to be exercised under the Options and if during such period of six (6) months, a party becomes entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of any written law relating thereto and gives notice to the Option Holder that it intends to exercise such rights on a specific date, the Option shall remain exercisable by the Option Holder until the expiry of such specified date. In the foregoing circumstances, if the Option Holder elects to exercise only in respect of a portion of such Shares then the Option in relation to the balance thereof shall automatically lapse.

9. RIGHTS ATTACHING TO SHARES

The new Shares to be issued pursuant to the Scheme shall, upon allotment, rank pari passu in all respects with the existing MRCB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as to the close of business on which the shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or distributions) of which is prior to the date of allotment of the said Shares.

10. RETENTION PERIOD

The Shares allotted and issued to Option Holder is not subject to any retention period and the Option Holder may deal with the Shares in any manner as he pleases.

11. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

11.1 Subject to Clause 11.4 below, in the event of an alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, consolidation of shares, subdivision of shares, reduction of capital or otherwise howsoever taking place, corresponding adjustments (if any) shall be made in:

- (a) (i) the number of Shares relating to an Option or any portion thereof that is unexercised; and/or
- (ii) the number of Shares comprised in an Offer, and/or
- (b) The Option Price;

as determined by the Committee and after seeking advice of a merchant bank licensed to carry on merchant banking business in Malaysia or an approved company auditor as defined under Section 8 of the Act (acting as experts and not as arbitrators), to be in its opinion fair and reasonable and such determination shall be final and binding on the Option Holder.

Provided that no adjustment to the Option Price shall be made which would result in Shares issued on the exercise of Options at less than the par value of the Shares, and if such an adjustment would but for this provision result in the Option Price being less than the par value, the Option Price payable shall be at the par value.

11.2 In the event that a fraction of a Share arising from the adjustment referred to in this Bye-Law would otherwise be required to be issued upon the exercise of an Option by Option Holder, the Option Holder's entitlement shall be to the nearest one (1) Share.

11.3 The Committee shall in writing and within thirty (30) Market Days of any adjustment as determined by the Committee pursuant to Clause 11.1, notify the Option Holder (or his legal or personal representatives where applicable) of the adjustment.

The adjustment pursuant to this Clause shall be effective on the day immediately following the book closure date for the event giving rise to adjustment.

11.4 No adjustment as provided in provisions above or otherwise shall apply where the alteration in the capital structure of the Company arose from:

- (a) an issue of new Shares in consideration or part consideration for an acquisition of any other securities or business;

- (b) a special issue of new Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation;
- (c) a private placement of new Shares by the Company;
- (d) implementation of a share buy-back arrangement by the Company under Section 67A of the Act;
- (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to such convertible securities; or
- (f) an issue of Shares upon the exercise of Options granted under the Scheme.

12. QUOTATION OF SHARES

The Shares referred to in Clause 2 hereof and the Shares (if any) to be allotted to the Option Holder will not be listed or quoted on the KLSE and any other relevant stock exchange until the Option is exercised in accordance with Clause 8 hereof whereupon the Company will despatch notices of allotment to the allottees and apply to the KLSE for the listing of and quotation for such Shares and will use its best endeavours to obtain permission for such listing and quotation.

13. ADMINISTRATION

The Scheme shall be administered by the Committee in its discretion subject to such power and duties as conferred by the Board.

Membership of the Committee shall consist of four (4) members appointed by the Board.

14. MODIFICATION/VARIATION TO THE BYE-LAWS

Subject to the approval of the Board, the Committee may at any time and from time to time by resolution modify and/or vary all or any of the provisions of the Bye-Laws provided that no modification and/or variation shall be made which would either prejudice the rights then accrued to any Option Holder who has accepted an Offer without his prior consent or alter to the advantage of any Option Holder the provisions of the Bye-Laws without the prior approval of the shareholders of the Company in a general meeting.

15. TERMINATION OF OPTIONS

15.1 In the event of the cessation of employment of an Option Holder with the MRCB Group occurs as a result of the following reasons except for termination due to misconduct, the employee may exercise all unexercised Options within a period of six (6) months from the date of the cessation, if the cessation of employment occurs as a result of: -.

- (a) resignation on own accord;
- (b) retirement on attaining the normal retirement age and with the consent of the Committee;
- (c) retirement before attaining the normal retirement age and with the consent of the Committee;

- (d) ill-health, injury, physical or mental disability;
 - (e) redundancy; and
 - (f) any other circumstances approved by the Committee.
- 15.2 In the event an Option Holder dies before the expiry of the Option Period and, at the date of death, holds an Option or Options, which are unexercised, such Option or Options may be exercised by the duly authorised personal representative of the estate of the deceased Option Holder within the Option Period.
- 15.3 An Option shall lapse forthwith upon Option Holder being adjudicated a bankrupt.
- 15.4 Prior to the termination of this Scheme, the Company shall satisfy all of the following conditions:
- (a) to obtain the approval of the SC for the termination of this Scheme;
 - (b) to obtain the consent of the shareholders at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
 - (c) to obtain written consent of all Option Holders who have yet to exercise their Options, either in part or in whole.

16. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

17. DURATION

The Scheme shall commence from the date of the confirmation letter by the Adviser stating that the Company:

- (a) has fulfilled the SC's conditions of the approval for the Scheme and that the Bye-Laws do not contravene the guidelines on employees' share option schemes as stipulated under the SC's Policies and Guidelines on Issue/Offer of Securities; including any amendments and modifications made thereof from time to time; and
- (b) has obtained other relevant approvals for the Scheme and has fulfilled any conditions imposed therein;

and shall thereafter continue for a period of five (5) years from the Date of Commencement.

18. DISPUTE

A dispute of any nature in respect of the interpretation of these Bye-Laws shall be referred to the auditors for the time being of the Company, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the auditors are unable to reach a decision in respect of a dispute, it shall be referred to a court of law of competent jurisdiction in Malaysia whose decision shall be final and binding in all respects.

19. COMPENSATION

No employee or Option Holder shall bring any claim against the Company or the Committee or any other party for compensation or damages arising from his Option ceasing to be valid pursuant to these Bye-Laws.

20. COST AND EXPENSES

The Company will bear all cost and expenses of an incidental to the establishment and administration of the Scheme.

21. NOT A TERM OF EMPLOYMENT

The Scheme does not form part, nor shall it in any way be construed as part, of the terms and conditions of employment of any employee in the Company.

22. ARTICLES OF ASSOCIATION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles, the provisions of the Articles shall at all times prevail.

23. INSPECTION OF ACCOUNTS

All Option Holders are entitled to inspect the latest audited accounts of the Company during normal office hours at the Registered Office of the Company at Aras 10, Menara MRCB, No. 2, Jalan Majlis 14/10, Seksyen 14, 40000 Shah Alam, Selangor.

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EXTRACTS OF THE AUDITED ACCOUNTS OF FNSB FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001 TOGETHER WITH THE AUDITORS' REPORT THEREON

240859-H



ANDERSEN

Arthur Andersen & Co
Chartered Accountants

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Jalan Damansara
Pusat Bandar Damansara
50490 Kuala Lumpur
P O Box 11040
50734 Kuala Lumpur

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603 20959076 (Div)
603 20959078

AUDITORS' REPORT

To the Shareholders of
FIBRECOMM NETWORK (M) SDN. BHD.

We have audited the financial statements set out on pages 30 to 41. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December, 2001 and of its results and its cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Arthur Andersen & Co
Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Lim Saw Keng
Lim Saw Keng
No. 2215/10/03(J)
Partner of the Firm

Dated: 17 JUN 2002

FIBRECOMM NETWORK (M) SDN. BHD.
(Incorporated in Malaysia)

BALANCE SHEET - 31 DECEMBER, 2001

	Note	2001 RM	2000 RM
NON-CURRENT ASSET			
Plant and equipment	3	<u>131,407,490</u>	<u>121,434,793</u>
CURRENT ASSETS			
Trade receivables	4	12,574,028	12,712,950
Cash and bank balances	5	4,546,041	6,891,775
Other receivables	6	<u>1,370,474</u>	<u>1,261,743</u>
		<u>18,490,543</u>	<u>20,866,468</u>
CURRENT LIABILITIES			
Trade payables		12,060,478	8,255,326
Other payables	7	60,303,646	53,044,317
Taxation		<u>50,439</u>	<u>50,439</u>
		<u>72,414,563</u>	<u>61,350,082</u>
NET CURRENT LIABILITIES		<u>(53,924,020)</u>	<u>(40,483,614)</u>
		<u>77,483,470</u>	<u>80,951,179</u>
FINANCED BY:			
Share capital	8	75,000,000	75,000,000
Reserves		<u>(1,688,130)</u>	<u>1,064,103</u>
		<u>73,311,870</u>	<u>76,064,103</u>
Deferred revenue		3,932,600	4,553,311
Hire purchase and lease creditors	9	-	94,765
Deferred taxation	10	<u>239,000</u>	<u>239,000</u>
		<u>4,171,600</u>	<u>4,887,076</u>
		<u>77,483,470</u>	<u>80,951,179</u>

The accompanying notes are an integral part of this balance sheet.

FIBRECOMM NETWORK (M) SDN. BHD.
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2001

	Note	2001 RM	2000 RM
Revenue	11	26,534,321	21,368,926
Other operating income	12	64,589	178,140
Staff costs	13	(3,711,852)	(3,413,095)
Depreciation		(8,521,535)	(5,467,500)
Operating expenses		(16,999,301)	(10,419,356)
(Loss)/profit from operations	14	(2,633,778)	2,247,115
Finance costs	15	(106,425)	(227,498)
(Loss)/profit before tax		(2,740,203)	2,019,617
Taxation	16	(12,030)	(289,439)
Net (loss)/profit for the year		(2,752,233)	1,730,178

The accompanying notes are an integral part of this statement.

FIBRECOMM NETWORK (M) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2001

	Share capital RM	Accumulated loss RM	Total RM
At 1 January, 2000	64,500,001	(666,075)	63,833,926
Net profit for the year	-	1,730,178	1,730,178
Issue of share capital	10,499,999	-	10,499,999
At 31 December, 2000	<u>75,000,000</u>	<u>1,064,103</u>	<u>76,064,103</u>
Net loss for the year	-	(2,752,233)	(2,752,233)
At 31 December, 2001	<u>75,000,000</u>	<u>(1,688,130)</u>	<u>73,311,870</u>

The accompanying notes are an integral part of this statement.

FIBRECOMM NETWORK (M) SDN. BHD.
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2001

	2001	2000
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit after taxation	(2,752,233)	1,730,178
Adjustment for:		
Provision for doubtful debt	57,940	-
Depreciation	8,521,535	5,467,500
Interest expense	97,576	223,084
Interest income	(57,589)	(180,140)
Operating profit before working capital changes	<u>5,867,229</u>	<u>7,240,622</u>
Increase in debtors	(1,942,582)	(3,545,798)
Increase in creditors	11,064,481	8,868,679
(Increase)/decrease in net amount from corporate shareholders	(1,970,331)	2,791,119
(Decrease)/increase in deferred revenue	(620,711)	1,187,291
Net cash generated from operating activities	<u>16,283,250</u>	<u>16,541,913</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(18,494,232)	(23,240,526)
Interest paid	(97,576)	(223,084)
Interest received	57,589	180,140
Net cash used in investing activities	<u>(18,534,219)</u>	<u>(23,283,470)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	10,499,999
(Repayment)/drawdown from long term creditor	-	(730,554)
Repayment to hire purchase creditors	(94,765)	(246,351)
Net cash (used in)/generated from financing activities	<u>(94,765)</u>	<u>9,523,094</u>

	2001 RM	2000 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,345,734)	2,781,537
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,891,775	4,110,238
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>4,546,041</u>	<u>6,891,775</u>

Cash and cash equivalents comprise:

Cash and bank balances	4,096,041	3,461,775
Fixed deposits	450,000	3,430,000
	<u>4,546,041</u>	<u>6,891,775</u>

The accompanying notes are an integral part of this statement.

FIBRECOMM NETWORK (M) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER, 2001

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The principal activity of the Company is the provision of fibre optic transmission network services. There have been no significant changes in these activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 16, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The number of employees in the Company at the end of the financial year were 77 (2000 : 75).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 June, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

- (i) Rental of fibre optic network is recognised on a straight line basis over the rental period.
- (ii) All other revenue is recognised net of discounts upon the rendering of services.

(c) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation. Capital work-in-progress stated at cost is not depreciated.

Depreciation is calculated on the straight line method so as to write off the cost of the assets over their estimated useful lives.

The principal annual rates of depreciation are:

Telecommunications network	4% - 10%
Renovation	10%
Office equipment	20%
Furniture and fittings	10%
Motor vehicles	20%

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

(d) Deferred Taxation

Deferred taxation is provided under the liability method for all materials timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(e) Hire Purchase and Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

In calculating the present value of the minimum lease payments the discount factor used is the interest rates implicit in the lease, when it is practicable to determine; otherwise the Company's incremental borrowings rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to periods during the lease terms so as to produce constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to depreciation expense for the asset as well as finance expense for each accounting period. The depreciation policy for leased asset is consistent with that for depreciable property, plant and equipment as described in Note 2(c).

(f) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(g) Deferred Revenue

Deferred revenue represents the value of advance billings made to customers in respect of the rental of fibre optic network. Such revenue will be recognised systematically over the remaining advance billings period.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and deposits at call which have an insignificant risk of changes in value.

3. PLANT AND EQUIPMENT

	←----- AT COST ----->				
	Telecommu- -nication network RM	Renovations, furniture, fitting and office equipment RM	Motor Vehicles RM	Capital Work-in- Progress RM	Total RM
Cost					
At 1.1.2001	107,136,622	2,107,183	716,625	22,978,590	132,939,020
Additions	16,724,331	1,769,901	-	-	18,494,232
Transfers	10,783,100	-	-	(10,783,100)	-
At 31.12.2001	<u>134,644,053</u>	<u>3,877,084</u>	<u>716,625</u>	<u>12,195,490</u>	<u>151,433,252</u>
Accumulated Depreciation					
At 1.1.2001	10,255,880	764,260	484,087	-	11,504,227
Additions	7,603,248	774,962	143,325	-	8,521,535
At 31.12.2001	<u>17,859,128</u>	<u>1,539,222</u>	<u>627,412</u>	<u>-</u>	<u>20,025,762</u>
Net Book Value					
At 31.12.2001	<u>116,784,925</u>	<u>2,337,862</u>	<u>89,213</u>	<u>12,195,490</u>	<u>131,407,490</u>
At 31.12.2000	<u>96,880,742</u>	<u>1,342,923</u>	<u>232,538</u>	<u>22,978,590</u>	<u>121,434,793</u>
Depreciation charge for 2000	<u>4,995,465</u>	<u>328,710</u>	<u>143,325</u>	<u>-</u>	<u>5,467,500</u>

- (i) The net book value of motor vehicles held under hire purchase and finance lease arrangements amounts to RM89,213 (2000 : RM232,538).

4. TRADE RECEIVABLES

	2001 RM	2000 RM
Trade receivables	12,631,968	12,712,950
Provision for doubtful debts	(57,940)	-
	<u>12,574,028</u>	<u>12,712,950</u>

Included in trade receivables are amounts due from corporate shareholders of RM10,876,244, (2000 : RM9,911,192) for the rental of fibre optic transmission network.

5. CASH AND BANK BALANCES

	2001 RM	2000 RM
Cash on hand and at banks	4,096,041	3,461,775
Deposit with a licensed bank	450,000	3,430,000
	<u>4,546,041</u>	<u>6,891,775</u>

Included in deposits with a licensed bank is an amount of approximately RMNil (2000 : RM430,000) pledged as security for bank guarantees granted to the Company.

6. OTHER RECEIVABLES

	2001 RM	2000 RM
Deposits	665,908	479,221
Prepayments	650,647	717,188
Sundry receivables	53,919	65,334
	<u>1,370,474</u>	<u>1,261,743</u>

7. OTHER PAYABLES

Included in other creditors of the Company are amounts of RM94,765 (2000 : RM126,031) and RMNil (2000 : RM843,931) representing outstanding obligations payable in respect of assets held under hire purchase and financing arrangement with a creditor respectively.

8. SHARE CAPITAL

	2001 RM	2000 RM
Authorised:		
75,000,000 (2000 : 75,000,000) ordinary shares of RM1.00 each	<u>75,000,000</u>	<u>75,000,000</u>
Issued and paid-up:		
75,000,000 (2000 : 75,000,000) ordinary shares of RM1.00 each	<u>75,000,000</u>	<u>75,000,000</u>

9. HIRE PURCHASE AND LEASE CREDITORS

	2001 RM	2000 RM
Future minimum payments are as follows:		
Payable within one year	94,765	126,031
Payable between one and five years	<u>-</u>	<u>117,349</u>
	94,765	243,380
Less :		
Finance charges	<u>-</u>	<u>(22,584)</u>
	94,765	220,796
Representing hire purchase and lease payables:		
Due within 12 months (Note 7)	94,765	126,031
Due after 12 months	<u>-</u>	<u>94,765</u>
	94,765	220,796

The hire purchase and lease payments bear interests of between 5.4% to 10.0% (2000 : 5.2% to 10.0%) per annum.

10. DEFERRED TAXATION

	2001 RM	2000 RM
(a) At 1 January	239,000	-
Transfer from income statement	<u>-</u>	<u>239,000</u>
At 31 December	239,000	239,000
(b) Deferred taxation is in respect of the timing differences between depreciation and capital allowances	<u>854,000</u>	<u>854,000</u>

11. REVENUE

Revenue of the Company consists of the following:

	2001	2000
	RM	RM
Rental of fibre optic transmission network services		
- corporate shareholders	14,922,777	13,444,164
- third parties	11,356,648	7,744,579
Others	254,896	180,183
	<u>26,534,321</u>	<u>21,368,926</u>

12. OTHER INCOME

Included in other income is interest income of RM57,589 (2000 : RM180,140).

13. STAFF COSTS

No salaries were paid to the directors of the Company during the financial year (2000 : RMNil).

14. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging:

	2001	2000
	RM	RM
Audit fees	14,000	12,000
Rental of office premises	483,072	494,668
Hire of equipment	295,866	402,903
Lease rental charges	7,742,688	5,587,735
Provision for doubtful debt	57,940	-
Lease line rental charges	<u>2,502,578</u>	<u>-</u>

15. FINANCE COSTS

Included in finance cost is interest expense of RM97,576 (2000 : RM223,084).

16. TAXATION

	2001	2000
	RM	RM
Current year's taxation	12,030	50,439
Transfer to deferred taxation	-	239,000
	<u>12,030</u>	<u>289,439</u>

The current year's taxation is in respect of interest income which is separately assessed for taxation purpose.

As at 31 December, 2001, the Company has tax losses of approximately RM349,000 (2000 : RM349,000) and unutilised capital allowances of approximately RM105,534,000 (2000 : RM92,606,000), which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

17. CAPITAL COMMITMENTS

	2001 RM	2000 RM
Capital commitments:		
Approved and contracted for	<u>8,296,928</u>	<u>10,857,666</u>

18. RELATED PARTY TRANSACTIONS

	2001 RM	2000 RM
Sales to corporate shareholders		
Celcom Transmission Sdn. Bhd.	12,026,642	11,534,177
Tenaga Nasional Berhad	2,943,980	1,909,987
Purchases from corporate shareholders		
Celcom Transmission Sdn. Bhd.	2,127,394	316,333
Tenaga Nasional Berhad	<u>4,268,470</u>	<u>2,768,798</u>

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

19. CURRENCY

All amounts are stated in Ringgit Malaysia.

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board of Directors of MRCB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made 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 herein misleading.

2. CONSENTS

PMBB and Arthur Andersen & Co have given and have not subsequently withdrawn their written consent to the inclusion of their name and all references thereto in the form and context in which they appear in this Circular.

3. MATERIAL LITIGATION**(a) MRCB Group**

Save as disclosed below, neither MRCB nor its subsidiaries are engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge or any proceedings pending or threatened against the MRCB Group or of any facts likely to give rise to any proceedings which might materially affect the position or business of the MRCB Group:

(i) KUALA LUMPUR HIGH COURT CIVIL NO. D7-22-1600-2000 HEE CHOI & 2 OTHERS ("ORS") V MRCB

The plaintiffs (Hee Choi, Khoo Chee Ming and Khoo Chee Keong) were the previous owners of 1,440,000 ordinary shares of Region Resources Sdn Bhd ("Region Resources"). By a sale and purchase agreement dated 21 December 1998 ("Sale and Purchase Agreement"), MRCB acquired the said shares in Region Resources from the plaintiffs for the sum of RM1,656,000.00. In addition thereto, MRCB agreed to procure the release and discharge of the personal guarantees furnished by the plaintiffs to secure the borrowings of Region Resources.

By the abovementioned suit, the plaintiffs are seeking an order for the specific performance of the said Sale and Purchase Agreement, in that MRCB must obtain the release and discharge of the said personal guarantees furnished by the plaintiffs. As at the date of filing of the abovementioned suit, the borrowings of Region Resources guaranteed by the plaintiffs amounted to RM11,188,118.00. In its defence, MRCB is contending that it has discharged its obligations under the said Sale and Purchase Agreement. The matter is yet to be fixed for pre-trial Case Management.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

**(ii) KUALA LUMPUR HIGH COURT CIVIL SUIT NO. D4-22-1638-01
SOUTHERN BANK BERHAD V REGION RESOURCES & 3 ORS**

The plaintiff, Southern Bank Berhad, is claiming the sum of RM4,230,104.30 as at 22 August 2001 together with interest at the rate of 24% per annum under a hire purchase agreement for several machinery entered into by Region Resources. The obligations under the said hire purchase agreement are guaranteed by the previous owners of Region Resources, Khoo Chee Keong, Khoo Chee Ming and Hee Choi, who are the second, third and fourth defendants respectively in this suit. The defendants filed their defence on 2 January 2002. The matter is pending the High Court to set a date for Case Management.

The Directors of MRCB are of the opinion that the claim will be amicably settled.

**(iii) WINDING UP NOTICE BY MULPHA TRADING SDN BHD AGAINST
REGION RESOURCES FOR THE SUM OF RM1,008,079.61**

The claimant, Mulpha Trading Sdn Bhd ("MTSB"), served a notice dated 30 January 2002 pursuant to Section 218 of the Act, on Region Resources on 31 January 2002 demanding payment of RM1,008,079.61 for goods sold and delivered and services rendered.

Both parties have agreed in principle on terms of settlement by Region Resources and the settlement proposal is pending finalisation.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

**(iv) KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO. D1-24-
294-2001 MRCB V JURANAS SDN BHD**

Juranas Sdn Bhd ("Juranas") is claiming from MRCB the sum of RM6,000,000.00 as agreed commission fees for the Skudai Army Camp Project. Juranas had served a notice dated 9 January 2002 pursuant to Section 218 of the Act on MRCB demanding payment of such sum. MRCB is disputing the claim by Juranas and had vide the abovementioned suit sought an injunction to prevent Juranas from presenting a winding up petition against MRCB.

The interim order for ex-parte injunction sought by MRCB was granted on 31 October 2001. At the last hearing of the suit on 19 November 2001, Juranas had given an undertaking to the High Court not to present any winding up petition against MRCB until the disposal of the suit. The matter was fixed for decision on 28 February 2002 where the Court enjoined Juranas from presenting a winding up petition against MRCB. Juranas then filed a Notice of Appeal against the Court's decision on 18 March 2002 and pursuant thereto had served MRCB with the Record of Appeal on 25 June 2002. The matter is now pending for MRCB to reply to the said Record of Appeal to which no date has been fixed by the Court.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(v) CLAIMS BY JURANAS AGAINST MRCB GROUP FOR THE FURTHER SUM OF RM8,727,494.00

By a letter dated 16 July 2001, Juranas has indicated that it has further claims against the MRCB Group in the sum of RM8,727,494.00 comprising the following:

- a claim for the sum of RM745,427.50 as consultant's fees and reimbursables, and other compensation for loss of profits and damages for wrongful termination of services in relation to Seri-Ipoh Lumut Iskandar Expressway Sdn. Bhd.;
- a claim for the sum of RM157,966.50 as consultant's fees and reimbursables and other compensation for loss of profits and damages for wrongful termination of services in relation to Seri Iskandar Development Sdn Bhd; and
- a claim against MRCB for the sum of RM7,824,100.00 as management fees and reimbursables and other compensation for loss of profits and damages for wrongful termination of services in relation to Kelantan Forest Replantation Project.

These claims are being disputed and the Directors of MRCB are of the opinion that there are reasonable grounds of defence in these claims.

(vi) HIGH COURT SHAH ALAM WRIT SUMMONS NO. MT5-22-846-2001 INXCEL PROPERTIES SDN BHD (FORMERLY KNOWN AS PERSADA WILAYAH SDN BHD) V MRCB

In this matter, MRCB has received a letter of demand dated 10 October 2001 from Inxcel Properties Sdn Bhd claiming the sum of RM4,500,000.00 as damages for breach of contract. A Writ of Summons dated 10 November 2001 in respect of the claim was served on MRCB on 24 January 2002. MRCB entered appearance on 31 January 2002 and its defence was filed on 14 February 2002. The matter is pending the Court to fix a date to hear the pre-trial Case Management.

MRCB is disputing the claim and the Directors of MRCB are of the opinion that there are reasonable grounds of defence in this claim.

(vii) SHAH ALAM HIGH COURT SUIT NO. MT4-22-240-2000 LEE CHEE THING V MRCB CONSTRUCTION SDN BHD (FORMERLY KNOWN AS SPKT BINAAN SDN BHD) & MOHD. ZAMRI MOHD YUSOFF

In this matter, the plaintiff is a professional engineer as well as a developer of several development projects. He is also a director of a company known as Rich Annexe Sdn Bhd which is the developer of a 12-storey condominium known as ("Mutiaras Sentul"). MRCB Construction Sdn Bhd ("MRCB Construction") is the main contractor for Mutiaras Sentul. The second defendant, Mohd Zamri Mohd Yusoff ("Zamri") is the senior manager of MRCB Construction.

The plaintiff is suing MRCB Construction and Zamri for defamation or libel based on the allegation that Zamri had written libellous statements in July 2000 in a letter addressed to the plaintiff which was published to other third persons. The plaintiff's claim is for the sum of RM2,000,000.00 in damages together with aggravated damages and costs. MRCB Construction has filed its defence and disputes the claims on the basis of inter alia qualified privilege and justification.

Initially, MRCB Construction counterclaimed against the plaintiff the sum of RM2,845,196.51 as outstanding sums due for work done under interim building certificates for the said Mutiara Sentul project. MRCB Construction has since then obtained an order from the High Court on 15 October 2001 to withdraw such counterclaim from the abovementioned suit. However, MRCB Construction has referred its claim under the said interim building certificates to arbitration for resolution.

The matter is pending hearing of the plaintiff's application for pre-trial Case Management which has been fixed on 5 August 2002.

The Directors of MRCB are of the opinion that MRCB Construction has a reasonable grounds of defence against the claims.

(viii) CLAIM BY HT MALTEC CONSULTANTS SDN. BHD. AGAINST SERI IPOH-LUMUT EXPRESSWAY SDN. BHD. FOR THE SUM OF RM10,092,800.00

By a letter of demand dated 2 August 2001, HT Maltec Consultants Sdn Bhd ("Maltec") has claimed against Seri Ipoh-Lumut Expressway Sdn. Bhd. ("Silex") the sum of RM10,092,080.00 owing by Silex to Maltec pursuant to a consultancy agreement dated 27 October 1999. Maltec has stated in the said letter of demand that it will refer the matter to arbitration in the event of non-payment of the said outstanding sum. Silex disputes any such liability pertaining to the said outstanding sum and the matter is now pending a referral to arbitration by Maltec.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(ix) KUALA LUMPUR HIGH COURT (WINDING UP NO. D1-28-583-2000) RHB BANK V ZAFRAN HOLDINGS SDN BHD, MRCB AS A SUPPORTING CREDITOR

In this matter, MRCB agreed with 5 individuals, being Jamalluddin Mahmud, Mariam Abdul Aziz, Diba Jamalluddin Mahmud, Amir Jamalluddin Mahmud and Zaid Jamalluddin, for the purchase of 80% of the equity of Zafran Holdings Sdn Bhd ("Zafran Holdings") for the sum of RM1,539,353.50 on the condition that Zafran Holdings would acquire a land known as HS(D) 83713-82727, Mukim Ampang, Daerah Wilayah Persekutuan ("the Land"). MRCB made advances to Zafran Holdings for the purchase of the Land in the sum of RM2,889,873.50.

A petition to wind up Zafran Holdings was filed by RHB Bank on 11 July 2000. MRCB has filed a Notice of Intention to Appear in Support of the said Petition on 15 September 2000. At the last hearing for the winding-up petition filed by RHB Bank on 22 November 2001, the High Court postponed the hearing for such petition until further notice. MRCB has instructed its solicitors to institute an action against the abovenamed 5 individuals, pending the hearing of the said winding up petition, to claim the refund of the purchase consideration together with interest accruing in the sum of the RM1,086,937.70 as at 26 April 2000. The sealed copy of the Writ of Summons was extracted from the Court on 21 February 2002 and has been served on all the defendants, who have proceeded to enter their respective appearances on 14 March 2002. The defendants subsequently filed a defence and counterclaim against MRCB on 23 April 2002. MRCB had on 17 May 2002 filed a reply to the defendants' defence and a defence to the defendants' counterclaim.

The matter is pending MRCB to file a summary judgement application against the defendants.

The Directors of MRCB are of the opinion that it has merit and has a reasonable chance of success in its claim against the abovenamed 5 individuals. However, the directors of MRCB are unable to opine on the petition for winding up of Zafran Holdings filed by RHB Bank.

(x) KUALA LUMPUR HIGH COURT CIVIL SUIT NO. D7-22-1919-2000 MRCB V MOHD RAZI BIN SHAHADAK & 2 ORS

The first two defendants, Mohd Razi bin Shahadak and Mohd. Zuhdi bin Muda, are shareholders and directors of the third defendant, ST Industrial Clay Sdn Bhd ("STI Clay"). MRCB has filed a claim against them to recover the total sum of RM6,673,140.00 comprising as follows:

- RM6,500,000.00 being amounts paid to the first and second defendants under a conditional shareholders' agreement dated 4 April 1997 (the "Shareholders' Agreement") for the acquisition of the rights of allotment of 6,000,000 ordinary shares in the capital of STI Clay pursuant to rights issue to be undertaken by STI Clay; and
- RM173,140.00 being an amount advanced to STI Clay in respect of a mining lease.

MRCB filed an application for Summary Judgment against the defendants and the matter was fixed for mention on 27 December 2001. On the date of mention, MRCB sought to file an affidavit in reply and the Court granted the request. Since then, MRCB had withdrawn its application for summary judgment because there was in fact a triable issue. The Court had fixed the hearing for Case Management on 7 August 2002.

The Directors of MRCB are of the opinion that it has merit and a reasonable chance of success in its claim.

(xi) SHAH ALAM HIGH COURT WINDING UP NO. 28-90-2001 MRCB V CSK VENTURES SDN BHD

Vide Kuala Lumpur High Court Civil suit No. D3-22-3342-1998 filed by MRCB against CSK Ventures Sdn Bhd ("CSK"), MRCB sued CSK for breaching the conditions under a share sale and purchase agreement made between them whereby MRCB was to acquire the shares in a company known as Galian Bersama Sdn Bhd. MRCB obtained an order for summary judgment against CSK for the sum of RM6,000,000.00 together with interest at the rate of 12% per annum from 2 June 1998.

MRCB served a notice under Section 218 of the Act against CSK on 4 October 1999 for failure to settle the judgment sum. On 4 May 2001 MRCB presented a petition for the winding up of CSK. The said petition for winding up CSK was heard on 14 January 2002. However, MRCB has discovered that CSK was already wound up prior to the hearing of the petition (i.e. by Hong Leong Finance Berhad on 14 February 2001). MRCB has therefore withdrawn its petition for winding up and vide its solicitors' letter dated 4 March 2002 a proof of debt has already been lodged with the Official Assignee.

The Directors of MRCB are of the opinion that it has no reasonable chance of obtaining a full recovery of its claim.

(xii) CLAIM BY MRCB CONSTRUCTION AGAINST RICH ANNEXE SDN BHD FOR THE SUM OF RM2,845,196.51

Rich Annexe Sdn Bhd ("Rich Annexe") is the developer of a 12-storey condominium project known as Mutiara Sentul. MRCB Construction is its main contractor for the said project. MRCB Construction is claiming the sum of RM2,845,196.51 as outstanding due for work done pursuant to interim building certificates for the said project. MRCB Construction served a notice pursuant to section 218 of the Act on Rich Annexe on 21 November 2001 demanding payment of the said sum. On 5 March 2002, the Court granted an injunction against MRCB Construction from filing a winding up petition against Rich Annexe.

On 21 March 2002 MRCB Construction has proceeded to instruct its solicitors to file a Notice of Appeal against the Court's decision. The Notice of Appeal was filed on 4 April 2002 and MRCB Construction is currently waiting for the Court to issue its written judgement so as to enable it to prepare its Grounds of Appeal. The hearing date for the appeal has been fixed on 20 August 2002.

The Directors of MRCB are of the opinion that it has merit and a reasonable chance of success in its claim.

(xiii) SHAH ALAM HIGH COURT WRIT SUMMONS NO. MT5-21-200-2001 MAJLIS BANDARAYA SHAH ALAM V MRCB SELBORN CORPORATION SDN BHD

Majlis Bandaraya Shah Alam ("MBSA") served a Writ of Summons dated 1 November 2001 on MRCB Selborn Corporation Sdn Bhd ("MSCSB") on 1 February 2002, claiming arrears of assessment tax totalling RM2,208,101.20 due and owing by MSCSB. Appearance was entered by MSCSB on 8 February 2002 but at the request of MSCSB's solicitors, extensions have been granted by MBSA's solicitors for MSCSB to enter its defence. This is to facilitate the negotiations currently taking place between the parties to settle the matter amicably. It is understood that both MBSA and MSCSB are agreeable to setting-off the amounts owing to MBSA by MSCSB by way of transferring to MBSA properties belonging to the MRCB Group.

In a letter dated 10 April 2002, MBSA had accepted one of the properties originally proposed by MSCSB to set-off the amounts due to MBSA, but however were not agreeable to the other 3 properties proposed. In the same letter, MBSB had made a counter proposal whereby it has suggested that other properties (owned by the MRCB Group) be used for the purposes of setting off the debt.

Pursuant to a meeting between MRCB and MBSA's Head of Legal Division on 18 April 2002, MBSA had agreed to withdraw its action against MSCSB provided MSCSB conveys a letter expressly requesting MBSA to do so. Currently, only a draft letter has been prepared but the salient terms include, inter alia, that (i) MSCSB is making a formal request to MBSA to withdraw its action but the latter is at liberty to re-file the same (ii) that MSCSB has agreed to bear MBSA's solicitors' costs in this action.

The Directors are of the opinion that this matter can be amicably settled.

(xiv) HIGH COURT OF SABAH & SARAWAK IN THE FEDERAL TERRITORY OF LABUAN WRIT SUMMONS NO. L22-05-2002 SYARIKAT DAYAUSAHA BUMIPUTRA-PUTRA ENTREPRENEUR JV (SUING AS A FIRM) V MRCB ENGINEERING SDN BHD & MRCB

Via a letter of award dated 20 March 2001 which was issued by MRCB ("Second Defendant"), Syarikat Dayausaha Bumiputra-Putra Entrepreneur JV ("Plaintiff") was appointed as the sub-contractor to carry out infrastructure and external works in respect of the construction and completion of a proposed matriculation college at Jalan OKK Daud, Kampung Merinding, Labuan ("the Project") for a sub-contract sum of RM19,606,021.30. The contract for the Project was issued to MRCB Engineering Sdn Bhd ("First Defendant"), a wholly owned subsidiary of the Second Defendant.

The First Defendant had then issued a letter dated 10 October 2001 ("Purported Letter of Termination") whereby the sub-contract was purportedly terminated. It was argued by the Plaintiff that the purported termination was carried out wrongfully and prematurely. By that date, the Plaintiff had already incurred costs for mobilising its work force, procuring the necessary materials, machinery, equipment and other accessories either by purchasing the same outright and/or by hiring the machinery and equipment for the specific purpose of undertaking the works in relation to the Project.

A Writ of Summons dated 11 March 2002 was served on the First Defendant and the Second Defendant by the Plaintiff whereby the Plaintiff has made a total claim of RM16,612,611.35 against the First Defendant (or alternatively, the Second Defendant) for wrongful and premature termination of a sub-contract allegedly entered into between the Plaintiff and the First Defendant.

Conditional appearance was entered on behalf of both the First Defendant and the Second Defendant on 12 April 2002. A Striking Out application and a Stay of Proceeding application was subsequently filed by the First Defendant and the Second Defendant on 24 April 2002. At the hearing of the Defendants' application on 11 June 2002, the Court ruled that the Defendants are to file in their written submission by 25 June 2002 whereas the Plaintiff are to file in their reply by 9 July 2002. The Court further ruled that the Defendants are to file a further reply by 23 July 2002 should they wish to do so. The Court also decided that it will notify the Defendants and the Plaintiff of the date when the Court will make its decision on the Defendants' application once all submissions have been received.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(xv) CLAIM AGAINST MRCB BY SUEDY SUWENDY (PASSPORT NO: A337056), SUWENDY (PASSPORT NO: A885321), ISKANDAR KADRY BIN ABDUL KADIR (PASSPORT NO: 4890296-B), DEWI SUWENDY (PASSPORT NO: B008289), ADIL (SINGAPOREAN IC NO: 2194842-B), ROSAINI BINTI HAJI ABDUL LATIF (PASSPORT NO: 1296733-B), SAW KHENG HOE (PASSPORT NO: 5572223-B) (COLLECTIVELY "THE CLAIMANTS") FOR A SUM OF APPROXIMATELY RM30,350,000.00

MRCB Property Development Sdn. Bhd. ("MPD"), a wholly owned subsidiary of the Company, had entered into a Share Sale Agreement dated 2 January 2001 ("SSA") with the Claimants whereby MPD intends to purchase 24,000,006 fully paid ordinary shares of RM1.00 each ("Sale Shares") representing the Claimants' entire shareholding in Taman Ratu Sdn Bhd ("TRSB") and also representing 100% of the issued and paid-up capital of TRSB for a total purchase consideration not exceeding RM15,417,000.00.

Alleging delays and/or failure on the part of MPD in completing the transaction, Messrs. KT Tan & Co (solicitors for the Claimants) had by letter dated 28 February 2002 demanded the following:

- a sum of RM10,563,000.00 to be released to Messrs. KT Tan & Co (as stakeholders of the Claimants) for the purposes of disbursement to TRSB's creditors;
- a sum of RM9,020,000.00 to be disbursed to Aseambankers Malaysia Berhad ("Aseambankers");
- a sum of RM9,417,000.00 to be paid to the Claimants' authorised representative, Mr. Suedy Suwendy;
- a sum amounting to approximately RM600,000.00 to be paid to Messrs. KT Tan & Co as stakeholders for late payment interest on the balance sum (excluding the sum to be paid to Aseambankers) from the date of the Foreign Investment Committee's approval until end February 2002; and
- a sum of approximately RM750,000.00 being penalty or late payment interest owing to Aseambankers.

MPD has denied liability and alleged that the conditions precedent to the SSA have not been fulfilled. At the same time, MPD has demanded repayment of RM6,000,000.00 being the monies already by paid by MPD under the terms of the SSA.

The Directors of MRCB are of the opinion that MPD has reasonable grounds of defence to the Claimants' demands and that MPD's claim has merit and a reasonable chance of success.

(xvi) WINDING UP NOTICE BY HOHUA GLAZIER SDN BHD V MRCB CONSTRUCTION

MRCB Construction had been served with Winding-Up Notice dated 6 May 2002 under Section 218 of the Act by Hohua Glazier Sdn Bhd ("HGSB") on the same date, claiming payment for work done of amount RM36,131.52.

After internal verification was carried out by MRCB's Treasury Department, it was concluded that the total amount owing to HGSB was RM31,615.09 and not RM36,131.52 as originally claimed. Subsequently, another Winding-Up Notice dated 9 July 2002 under Section 218 of the Act was then served on MRCB Construction on the same date whereby HGSB has made a claim for the total amount of RM31,615.09 for works completed by the Claimant for the Kota Kemuning Project.

The matter is pending MRCB Construction to negotiate for an amicable settlement with HGSB.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

(xvii) WINDING UP NOTICE BY CLASSIC ALUMINIUM & GLAZIER SDN. BHD. V MRCB CONSTRUCTION

MRCB Construction had been served with Winding-Up Notice dated 6 May 2002 under Section 218 of Act by Classic Aluminium & Glazier Sdn. Bhd. ("CAGSB") on the same date, claiming payment for work done of amount RM146,047.70.

After internal verification was carried out by MRCB's Treasury Department, it was concluded that the total amount owing to CAGSB was RM134,047.76 and not RM146,047.70 as originally claimed. Subsequently, another Winding-Up Notice dated 9 July 2002 under Section 218 of the Act was then served on MRCB Construction on the same date whereby CAGSB has made a claim for the total amount of RM134,047.76 for works completed by the Claimant for the Kota Kemuning Project.

The matter is pending MRCB Construction to negotiate for an amicable settlement with CAGSB.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

(xviii) WINDING UP NOTICE BY OMAZOL CORPORATION SDN BHD V MRCB CONSTRUCTION

MRCB Construction had been served with Winding-Up Notice dated 7 June 2002 under Section 218 of the Act by Omazol Corporation Sdn Bhd ("Omazol") on whereby the Claimant has made a claim for the sum of RM124,676.93 being the outstanding amount due and owing by MRCB Construction to Omazol as at 6 December 2001 pursuant to a Statement of Account issued by MRCB Construction in respect of the execution and completion of a Single Storey Bungalow (Type A, B & C), 124 Units and external work at A'Famosa Golf Resort, Mukim Pagoh, Daerah Alor Gajah, Melaka for Gymtech Development Sdn Bhd.

MRCB Construction is currently negotiating for a settlement with Omazol. The Directors of MRCB are of the opinion that the matter will be amicably settled.

(xix) HIGH COURT OF PULAU PINANG WINDING UP PETITION NO: 28-48-2002 BETWEEN MRCB PROPERTY DEVELOPMENT SDN BHD AND RICH FOCUS CORPORATION SDN BHD

MRCB Property Development Sdn Bhd ("MPD") and Rich Focus Corporation Sdn Bhd ("Rich Focus") had entered into a sale and purchase agreement dated 5 October 2000 ("SPA") whereby the company has agreed to purchase 1,098,900 fully paid ordinary shares of RM1.00 each representing a 90% equity interest in KGN-RFC Development Sdn. Bhd. from Rich Focus for a total purchase consideration of RM7,500,000.00. MPD subsequently terminated the SPA on 1 December 2001 which termination was subsequently confirmed via an announcement made by the Board of MRCB on the KLSE on 5 December 2001. The reason given for the termination was the non-satisfaction of material conditions precedent by Rich Focus.

In addition thereto, MPD has pursuant to clause 4.2 of the SPA, requested in the 1 December 2001 letter that Rich Focus refund the amount of RM2,300,000.00 ("the said Sum") being the deposit and the second payment (paid by MPD under the terms of the SPA) within 14 days from the date of the 1 December 2001 letter ("the Original Deadline"). After several exchanges of correspondences in which Rich Focus made a number of requests to extend the deadline for repaying the sum and had proposed several repayment schedules (which schedules were constantly being changed by Rich Focus), a Winding Up Notice pursuant to Section 218 of the Act dated 15 April 2002 was served on Rich Focus on the same date. In the said notice, MPD has claimed for the said Sum and that Rich Focus is required to secure or compound the said Sum to the reasonable satisfaction of the Company. Rich Focus again made further new proposals to repay the said Sum

A Winding Up Petition dated 14 May 2002 was filed in the High Court of Pulau Pinang whereby MPD has applied to the Court for the following:

- That Rich Focus be wound up by the Court under the provisions of the Act;
- That the official receiver be appointed for Rich Focus;
- That the costs of this petition be paid from the assets of Rich Focus; and
- Any other orders that the Court thinks fit.

The case has been fixed for hearing on 18 September 2002.

The Directors of MRCB are of the opinion that it has merit and has a reasonable chance of success in its claim against Rich Focus.

(xx) WINDING UP NOTICE BY EVERTREND (M) SDN. BHD. V MRCB CONSTRUCTION

MRCB Construction had been served with a Winding-Up Notice dated 28 June 2002 under Section 218 of the Act by Evertrend (M) Sdn Bhd ("Evertrend") on 8 July 2002, claiming payment for the amount of RM186,303.30.00 being an amount due and owing to Evertrend from MRCB Construction. Evertrend is a subcontractor for the supply and instalment of parquet for the Company

MCSB is currently negotiating for a settlement with Evertrend. The Directors of MRCB are of the opinion that the matter will be amicably settled.

4. MATERIAL CONTRACTS

(a) MRCB Group

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by MRCB or its subsidiaries within the two years immediately preceding the date of this Circular:

- (i) A share sale agreement dated 21 August 2000 between MRCB and Bank Industri & Teknologi Malaysia Berhad ("BIT") to acquire 5,100,000 ordinary shares of RM1.00 each or 59.6% equity interest in Sibexlink Sdn Bhd for a cash consideration of RM6,630,000.00. The share sale agreement was duly completed on 7 June 2001.
- (ii) Shareholders' agreement dated 25 October 2000 between MRCB, Sepang Power Sdn Bhd ("Sepang Power") and Kumpulan Darul Ehsan Berhad ("KDEB"), whereby Sepang Power is to carry on the business of developing the Sepang Project. The initial issued and paid up capital of RM1 million in Sepang Power is to be held by MRCB and KDEB in the proportions of 70% and 30% respectively. The shareholders' agreement sets out the terms of the relationship between MRCB and KDEB as shareholders of Sepang Power and the manner by which the activities of Sepang Power is to be regulated.

- (iii) Share sale agreement dated 15 November 2000 between Webvision Inc. and MRCB whereby MRCB agreed to acquire 202,500 ordinary shares of RM1.00 each or 81% of the equity interest in Webvision Sdn Bhd for a total consideration of RM202,500.00. Pursuant to the share sale agreement, the parties entered into a shareholders' agreement of the same date wherein parties agreed with each other than their relationship as shareholders of Webvision Sdn. Bhd. be regulated in accordance with the stipulations, terms and conditions contained therein. The parties also entered into a Webvision Agency License agreement of the same date whereby in consideration of Webvision Inc granting MRCB the exclusive right to distribute, sell or licence the program and to establish an unlimited quantity of Webvision Powered IDC in the territory, MRCB will pay Webvision Inc such Territory Agency Fees of an annual minimum sum of USD\$2.5 million for a period of five (5) years together with 5% of the Net Revenue of Sales, annual purchase and resale of license volume of at least USD\$1.0 million of Webvision products and services.
- (iv) Joint venture agreement dated 18 December 2000 ("JVA") between MRCB, Amstek Corporation Sdn Bhd ("Amstek") and Dewan Technologies Sdn Bhd ("Dewan") for the purpose of developing and implementing a portal web-site to be known as "Halal dotcom" which will provide on-line services, consultancy and solution services to "halal" products. Pursuant to the said JVA, Ikhwan Asia Sdn Bhd ("IASB") had been identified as the joint venture vehicle to implement the said project. Accordingly, MRCB will subscribe to 1.6 million ordinary shares of RM1.00 each representing 80% equity interest in IASB. Amstek and Dewan shall respectively subscribe for 200,000 ordinary shares of RM1.00 each in IASB representing 10% of the equity interest.
- (v) Letter dated 9 March 2001 from the Economic Planning Unit of the Prime Minister's Department of the Government of Malaysia wherein Sepang Power was approved to undertake the development of the 710 MW Power Station at Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor. The said letter stipulated, amongst other terms, the tariffs and the commercial operation dates of the power purchase agreement.
- (vi) A conditional agreement dated 22 October 2001 between MRCB, TV3 and Newco, a wholly-owned subsidiary of MRCB, in respect of the parties' mutual intention and obligation to restructure their respective businesses and indebtedness to their respective lenders.
- (vii) A conditional share sale agreement ("SSA") dated 22 October 2001 between MRCB and Newco wherein MRCB agreed to sell and Newco agreed to purchase 94,035,540 ordinary shares of RM1.00 each representing approximately 43.5% of the issued and paid up capital of The News Straits Times Press (Malaysia) Berhad ("NSTP") ("Sale Shares") for the total purchase consideration of RM338,200,000.00 or RM3.60 per NSTP share. The purchase consideration is to be satisfied by Newco as follows:
 - (a) the issuance of RM182,700,000 nominal value of ICULS;
 - (b) the issued at an issue price of RM1.00 per share of 141,300 new ordinary shares of RM1.00 each in Newco credited as fully paid-up; and
 - (c) the grant of the proposed put option(s) in favour of the scheme creditors of MRCB.

Subsequent to the SSA, on 21 January 2002, MRCB entered into a supplemental share sale agreement ("Supplemental SSA") with Newco for the proposed sale, purchase and transfer of the Sale Share to Newco. The consideration for the sale, purchase and transfer of Sale Shares was changed to the aggregate of RM357,335,052 or RM3.80 per share based on a willing buyer willing seller basis and to be satisfied as follows:

- (a) the issuance of RM180 million nominal amount of Newco ICULS in accordance with the terms and conditions more specifically set out in the Schedule 1 of the SSA without any payment on the part of MRCB;
 - (b) the issuance at an issue price of RM1.00 per share of 161,213,684 new ordinary shares of RM1.00 each in Newco ranking *pari passu* in all respects with the existing issued shares in Newco as at the date issue and allotment and credited as fully paid-up and free from encumbrances to MRCB; and
 - (c) the grant of the proposed put option(s) by Newco in favour of the scheme creditors of MRCB, the performance of which is to be secured by a pledge given by Newco over 47,368,421 NSTP shares comprising part of the Sale Shares and totalling 21.9% of the entire issued and paid up capital of NSTP.
- (viii) A conditional share subscription agreement dated 22 October 2001 between MRCB and Newco wherein MRCB agreed to subscribe for 77,300 ordinary shares of RM1.00 each in Newco at the subscription price of RM1.10 per share or a total subscription price of RM85,030,000.00.
- (ix) Share sale agreement dated 23 November 2001 between MRCB and TNB whereby MRCB agreed to dispose to TNB its entire 70% equity interest in Sepang Power (amounting to 700,000 sale shares) for cash consideration of RM115,000,000.00, the initial payment of 10% of the consideration upon execution of the said agreement and the balance 90% of the consideration being due at completion. The share sale agreement was subsequently varied by a variation agreement dated 17 May 2002 ("Variation Agreement") that was entered into between MRCB and TNB. Upon the terms of the Variation Agreement, MRCB had, on the newly incorporated completion date (i.e. 20 May 2002), affected the transfer and registration of 300,000 sale shares to TNB. In addition thereto, MRCB shall continue to be the legal owner of 400,000 sale shares and shall transfer the 400,000 Sale Shares to TNB or its nominees upon TNB's instructions. A sum of RM65,700,000.00 shall be considered as an interest free non-refundable advance by TNB to MRCB and which shall be converted into full and final payment for the 400,000 sale shares to MRCB upon the occurrence of the earlier of:
- (a) the instructions of TNB to transfer and register the 400,000 sale shares to TNB or its nominees;
 - (b) the sale and purchase agreement for the 400,000 sale shares between TNB and Mastika Lagenda Sdn Bhd ("Mastika") not being executed within three months from 17 May 2002; or
 - (c) the sale and purchase agreement for the 400,000 sale shares between TNB and Mastika not being completed within nine months from 17 May 2002.

- (x) Share sale agreement dated 9 February 2002 between MRCB and TNB whereby MRCB agrees to dispose to TNB its entire 20% equity interest in FNSB for a cash consideration of RM22,000,000.00. The initial payment of RM1,500,000.00 will be made upon execution of the said agreement and the balance of RM20,500,000.00 will be paid upon completion. A further cash payment of RM23,000,000.00 will be made upon the successful award of a licence under the Communications and Multimedia Act 1998 to TNB, its subsidiaries or FNSB, provided always that the licence shall be obtained within three (3) years from the date of this agreement.
- (xi) A letter of award dated 25 February 2002 ("Letter of Award") issued by Sabah Electricity Sdn Bhd ("SESB") to Transmission Technology Sdn Bhd and Sharikat Permodalan Kebangsaan Berhad (collectively, the "TTSB-SPK Consortium") whereby SESB has agreed to award the Survey Works and Wayleave Services for the East-West Grid Interconnection Project ("Project") to the TTSB-SPK Consortium. Pursuant to the Letter of Award, SESB and the TTSB-SPK Consortium subsequently entered into a Survey Works & Wayleave Services Agreement which was signed on the 25 March 2002 for the TTSB-SPK Consortium to undertake, carry out, execute, complete the Survey Works and Wayleave Services in relation to the Project for a consideration sum of RM8,245,000.00.
- (xii) The conditional sale and purchase agreement dated 20 March 2002 ("SPA") entered into between MRCB and Utama Banking Group Berhad ("UBGB") in relation to the proposed disposal of MRCB's 22.68% equity interest in Rashid Hussain Berhad ("RHB") comprising 105,127,000 ordinary shares of RM1.00 each in RHB ("RHB Sale Shares") to UBGB for a total cash consideration of RM504,609,600.00 or RM4.80 per RHB Sale Shares ("Consideration"). A deposit of RM50,460,690.00 ("Deposit") has already been paid, and the balance Consideration is payable at completion. MRCB has obtained the approval of the Minister of Finance for its proposed sale of the RHB Sale Shares to UBGB. Apart from the approval of the SC, the Foreign Investment Committee, MRCB shareholders, UBGB's shareholders and MRCB's lenders, the SPA is also conditional upon completion of the sale and purchase agreement between Cahya Mata Sarawak Berhad, UBGB, RHB and RHB Bank Berhad, in relation to the acquisition by RHB Bank of the entire issued and paid up share capital of Bank Utama (Malaysia) Berhad from UBGB. All conditions precedent must be fulfilled within 6 months of the date of the SPA, which can be automatically extended by another 2 months or such other period as the parties may agree. The Deposit is refundable together with 8% p.a. interest thereon if the SPA lapses due to unfulfilled conditions precedent, other than UBGB's shareholders approval.
- (xiii) A letter of award dated 26 March 2002 from SESB to the TTSB-SPK Consortium wherein TTSB-SPK Consortium was awarded to undertake the implementation of 275kV and 132kV Transmission Lines Project for East-West Grid Interconnection subject to the final approval from the Federal Treasury, Ministry of Finance at a contract price of RM425,000,000.00. On 12 July 2002, SESB issued its Letter of Acceptance based on a contract price of RM400,000,000.00.

5. Documents for Inspection

The following documents are available for inspection at the Registered Office of the Company during normal office hours from the date of this Circular up to and including the date of the EGM: -

- (i) Memorandum and Articles of Association of MRCB;
- (ii) Audited accounts of MRCB for the past two (2) financial years ended 31 August 2001 and the unaudited results of MRCB for the six (6) months period ended 28 February 2002;
- (iii) Audited accounts of FNSB for the past two (2) financial years ended 31 December 2001;
- (iv) Bye-Laws of the Proposed ESOS;
- (v) Letters of consent referred to in Section 2 above;
- (vi) The relevant cause papers in respect of the material litigation referred to in section (3) above;
- (vii) The material contracts referred to in section (4) above; and
- (viii) Board of Directors' Responsibility Statement.

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MALAYSIAN RESOURCES CORPORATION BERHAD

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Malaysian Resources Corporation Berhad to be held at Concorde 1, Level 2, Concorde Hotel, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor, on Monday, 12 August 2002, at 10.00 a.m. for the purpose of considering and if thought fit with or without modifications, passing the following resolutions: -

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL OF 20% EQUITY INTEREST IN FIBRECOMM NETWORK (M) SDN BHD, COMPRISING 15,000,000 ORDINARY SHARES OF RM1.00 EACH TO TENAGA NASIONAL BERHAD FOR A CASH CONSIDERATION OF RM22.0 MILLION

“THAT, subject to the requisite approvals being obtained, approval be and is hereby given for Malaysian Resources Corporation Berhad (the “Company”) to dispose of 15,000,000 ordinary shares of RM1.00 each representing 20% equity in Fibrecomm Network (M) Sdn Bhd (“FNSB”), to Tenaga Nasional Berhad for a cash consideration of RM22,000,000 in accordance with the terms and conditions as stipulated in the conditional sale and purchase agreement dated 9 February 2002 (“Proposed Disposal”), AND THAT any one Director of the Company, be and is hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents for and on behalf of the Company as he may consider necessary or expedient to give effect to and implement the Proposed Disposal with full powers to assent to any conditions, modifications, variations as may be imposed by the relevant authorities.”

ORDINARY RESOLUTION 2

PROPOSED EMPLOYEES’ SHARE OPTION SCHEME

“THAT, subject to the approval in principle from the Kuala Lumpur Stock Exchange (“KLSE”) for the listing of and quotation for the new ordinary shares to be issued hereunder and the shareholders of Malaysian Resources Corporation Berhad, the Board of Directors of the Company be and is hereby authorised to:

- (i) establish an employees’ share option scheme for the benefit of eligible employees and Executive Directors of the Company and its non-listed subsidiaries to be known as the “Malaysian Resources Corporation Berhad Employees’ Share Option Scheme” (“Scheme”) referred to in the Circular to Shareholders dated 27 July 2002 and to adopt the bye-laws of the Scheme (“Bye-Laws”) of which are contained in Appendix II thereto and to give effect to the Scheme with full powers to assent to any modifications or amendments as may be required by any relevant authorities and to make or grant an offer, agreement or option pursuant to the Scheme which would or might require shares to be issued;
- (ii) issue and allot from time to time such number of new ordinary shares of RM1.00 each (“Shares”) in the capital of the Company as may be required to be issued pursuant to exercise of the Options (as defined in the Bye-Laws of the Scheme) under the Scheme provided that the maximum number of such new Shares to be allotted and issued pursuant to this resolution in accordance with the Scheme shall not exceed ten per cent (10%) of the total enlarged issued share capital of the Company at any point in time during the existence of the Scheme. The new Shares to be issued pursuant to the Proposed ESOS shall, upon allotment, rank *pari passu* in all respect with the existing MRCB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as to the close of business on which the shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or distributions) of which is prior to the date of allotment of the said Shares;

- (iii) make the necessary applications to the KLSE for the listing of and quotation for the new Shares of the Company which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the Scheme and to do all things necessary at the appropriate time or times in connection therewith;
- (iv) modify and/or amend the Bye-Laws from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Bye-Laws of the Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and
- (v) assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities to give effect to the Scheme.”

ORDINARY RESOLUTION 3

PROPOSED GRANT OF OPTIONS TO ENCIK ABDUL RAHMAN AHMAD

“THAT, subject to the passing of the Ordinary Resolution 2 above, and the approvals of all the relevant authorities, the Directors be and are hereby authorised at any time, and from time to time, to offer and to grant to Encik Abdul Rahman Ahmad, the Executive Director of the Company, options to subscribe for new ordinary MRCB Shares under the Scheme PROVIDED THAT:

- (i) not more than fifty per cent (50%) of the MRCB Shares which are available to be allotted under the Scheme, are allotted, in aggregate, to eligible employees who are Executive Directors and senior management of MRCB and its subsidiary companies which are incorporated in Malaysia; and
- (ii) not more than ten per cent (10%) of the MRCB Shares which are available to be allotted under the Scheme, are allotted to any eligible employee who, either singly or together with one or more of his associates, holds twenty per cent (20%) or more of the issued and paid-up capital of MRCB;

subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws. The specific entitlement of Encik Abdul Rahman Ahmad will only be determined at a later date.”

ORDINARY RESOLUTION 4

PROPOSED GRANT OF OPTIONS TO ENCIK SHAHRIL RIDZA RIDZUAN

“THAT, subject to the passing of the Ordinary Resolution 2 above, and the approvals of all the relevant authorities, the Directors be and are hereby authorised at any time, and from time to time, to offer and to grant to Encik Shahril Ridza Ridzuan, the Executive Director of the Company, options to subscribe for new ordinary MRCB Shares under the Scheme PROVIDED THAT:

- (i) not more than fifty per cent (50%) of the MRCB Shares which are available to be allotted under the Scheme, are allotted, in aggregate, to eligible employees who are Executive Directors and senior management of MRCB and its subsidiary companies which are incorporated in Malaysia; and
- (ii) not more than ten per cent (10%) of the MRCB Shares which are available to be allotted under the Scheme, are allotted to any eligible employee who, either singly or together with one or more of his associates, holds twenty per cent (20%) or more of the issued and paid-up capital of MRCB;

subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws. The specific entitlement of Encik Shahril Ridza Ridzuan will only be determined at a later date.”

ORDINARY RESOLUTION 5

PROPOSED GRANT OF OPTIONS TO Y. BHG. DATUK ZAHARI OMAR

“THAT, subject to the passing of the Ordinary Resolution 2 above, and the approvals of all the relevant authorities, the Directors be and are hereby authorised at any time, and from time to time, to offer and to grant to Y. Bhg. Datuk Zahari Omar, the Executive Director of the Company, options to subscribe for new ordinary MRCB Shares under the Scheme PROVIDED THAT:

- (i) not more than fifty per cent (50%) of the MRCB Shares which are available to be allotted under the Scheme, are allotted, in aggregate, to eligible employees who are Executive Directors and senior management of MRCB and its subsidiary companies which are incorporated in Malaysia; and
- (ii) not more than ten per cent (10%) of the MRCB Shares which are available to be allotted under the Scheme, are allotted to any eligible employee who, either singly or together with one or more of his associates, holds twenty per cent (20%) or more of the issued and paid-up capital of MRCB;

subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws. The specific entitlement of Y. Bhg. Datuk Zahari Omar will only be determined at a later date.”

By Order of the Board

Mohd Noor Rahim Yahaya (MAICSA 0866820)
Yuslizal Monek (MAICSA 7003822)
Company Secretaries

Shah Alam

27 July 2002

Notes: -

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy need not be a member of the Company.*
2. *The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. 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.*
3. *The instrument appointing the proxy must be deposited at the Share Registrar, Malaysian Share Registration Services Sdn Bhd, 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof*



MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No: 7994-J)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	

I/We
(Name in Block letters)
of
(Full address)
being a member(s) of Malaysian Resources Corporation Berhad (the "Company"), hereby appoint *the Chairman of the meeting or
or failing *him/her
of
as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Concorde 1, Level 2, Concorde Hotel, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor on Monday, 12 August 2002 at 10.00 a.m. or at any adjournment thereof.

Please indicate the manner in which you wish your vote to be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

	For	Against
Ordinary Resolution 1	Proposed Disposal	
Ordinary Resolution 2	Proposed Employees' Share Option Scheme	
Ordinary Resolution 3	Proposed Grant of Options to Encik Abdul Rahman Ahmad	
Ordinary Resolution 4	Proposed Grant of Options to Encik Shahril Ridza Ridzuan	
Ordinary Resolution 5	Proposed Grant of Options to Y. Bhg. Datuk Zahari Omar	

Signature/Common Seal of Member(s)

Dated this day of 2002

Notes: -

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy need not be a member of the Company.*
- 2. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. 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.*
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* Delete if not applicable



Fold this flap for sealing

Then fold here

AFFIX
STAMP

MALAYSIAN RESOURCES CORPORATION BERHAD
c/o The Share Registrar
Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square,
Bukit Kewangan,
50200 Kuala Lumpur

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