

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad 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.



**MALAYSIAN RESOURCES CORPORATION BERHAD**  
(Registration No. 196801000388 (7994-D))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN THAT PROVIDES SHAREHOLDERS OF MALAYSIAN RESOURCES CORPORATION BERHAD (“MRCB”) WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW ORDINARY SHARES OF MRCB (“PROPOSED DRP”)**

**Principal Adviser**



**RHB Investment Bank Berhad**  
(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The ordinary resolution pertaining to the Proposed DRP will be tabled at the 49<sup>th</sup> Annual General Meeting (“AGM”) of MRCB to be held fully virtual on Tuesday, 14 July 2020 at 10:00 a.m. at the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur or at any adjournment thereof. The Notice of the 49<sup>th</sup> AGM together with the Form of Proxy and Administrative Details can be downloaded from MRCB’s website at [www.mrcb.com.my/investor-relations/other-information/](http://www.mrcb.com.my/investor-relations/other-information/).

Shareholders are encouraged to go online, participate and vote at the 49<sup>th</sup> AGM using remote participation and electronic voting facilities. If you are not able to participate and vote in the online AGM, you may complete the Form of Proxy and deposit it at the Share Registrar’s office at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting.

Alternatively, you may deposit your Form of Proxy by electronic means through the Share Registrar’s website, Boardroom Smart Investor Portal. Kindly follow the link at [www.boardroomlimited.my](http://www.boardroomlimited.my) to login and deposit your proxy form electronically, also 48 hours before the meeting.

This Circular is dated 12 June 2020

---

## DEFINITIONS

---

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

Act	:	Companies Act 2016
AGM	:	Annual general meeting
Allotment Date	:	The date of allotment and issuance of the New Shares to Shareholders who have elected the Reinvestment Option which will fall within eight (8) market days from the Expiry Date or such other period as may be prescribed by Bursa Securities
Balance of the Electable Portion	:	The balance of the Electable Portion not reinvested under the Proposed DRP
Board	:	Board of Directors of MRCB
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
Circular	:	This circular to shareholders of MRCB dated 12 June 2020 in relation to the Proposed DRP
CMSA	:	Capital Markets and Services Act 2007
Deed Poll	:	Deed poll dated 19 September 2017 constituting the Warrants B
Director(s)	:	Our director(s) and has the same meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
Dividend(s)	:	Cash dividend(s) declared by our Company which includes any interim, final, special or other types of cash dividend
Electable Portion	:	The portion of a Dividend, whether in whole or in part, to which our Board, at its absolute discretion, determines that the Reinvestment Option applies
Eligible Persons	:	Eligible employees and eligible executive directors of our Group who fulfil the eligibility criteria as set out in the LTIP By-Laws
Entitlement Date	:	A date to be determined by our Board and announced at a later date, on which names of Shareholders must appear in our Record of Depositors as at 5:00 p.m. on that date in order to be entitled to the Dividend to which the Reinvestment Option applies
EPS	:	Earnings per Share
Expiry Date	:	The last day (which will be a date to be fixed and announced by our Board) by which an election to be made by Shareholders in relation to their Electable Portion must be received by the share registrar of our Company
FYE	:	Financial year ended
Issue Price	:	The issue price of the New Shares as determined by our Board on the Price-Fixing Date, which shall be at a discount of not more than 10% to the five (5)-day VWAMP of MRCB Shares immediately prior to the Price-Fixing Date. The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price

---

**DEFINITIONS (Cont'd)**

---

Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	15 May 2020, being the latest practicable date prior to the date of this Circular
LTIP	:	The long-term incentive plan of up to 10% of the issued share capital of our Company for the Eligible Persons which came into effect on 28 November 2017 and will be in force for a period of five (5) years commencing from the effective date
LTIP By-Laws	:	The terms and conditions of the LTIP as may be amended, modified and/or varied from time to time
LTIP Shares	:	MRCB Shares granted to the Eligible Persons pursuant to the LTIP and upon the acceptance by such Eligible Persons, will be vested in tranches to the Eligible Persons in accordance with the terms of the LTIP By-Laws
MRCB or Company	:	Malaysian Resources Corporation Berhad
MRCB Group or Group	:	MRCB and its subsidiaries, collectively
MRCB Share(s) or Share(s)	:	Ordinary share(s) in MRCB
NA	:	Net assets
New Shares	:	New MRCB Shares to be issued pursuant to the Proposed DRP
Notice of Election	:	Notice of election in which Shareholders confirm their exercise of the Reinvestment Option
Overseas Shareholders	:	Shareholders who currently do not have a registered address in Malaysia
Price-Fixing Date	:	A date on or before the date of announcement of the Entitlement Date on which our Board shall fix the Issue Price
Proposed DRP	:	Proposed establishment of a dividend reinvestment plan that provides Shareholders with the Reinvestment Option in accordance with the terms and conditions of the Proposed DRP
Record of Depositors	:	A record of securities holders established by Bursa Malaysia Depository Sdn Bhd under the rules of Bursa Malaysia Depository Sdn Bhd as issued pursuant to the Securities Industry (Central Depositories) Act 1991
Reinvestment Option	:	The option offered to Shareholders to elect to reinvest all or part of the Dividend in New Shares
Remaining Portion	:	The remaining portion of a Dividend, to which our Board, at its absolute discretion, determines that the Reinvestment Option does not apply
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia

---

**DEFINITIONS (Cont'd)**

---

Shareholder(s)	:	Shareholder(s) of our Company
VWAMP	:	Volume weighted average market price
Warrants B	:	Warrants which were issued by our Company on 30 October 2017 and constituted by the Deed Poll. The Warrants B entitle the registered holders to subscribe for one (1) new MRCB Share at an exercise price of RM1.25 per MRCB Share at any time until 29 October 2027, subject to the provisions of the Deed Poll

**Currency**

RM and sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
------------	---	--

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

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

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), is due to rounding.

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

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DRP CONTAINING:</b>	
1. INTRODUCTION.....	1
2. DETAILS OF THE PROPOSED DRP.....	2
3. IMPLICATIONS OF THE RULES AND SHAREHOLDING LIMITS .....	6
4. RATIONALE FOR THE PROPOSED DRP .....	7
5. EFFECTS OF THE PROPOSED DRP.....	8
6. HISTORICAL SHARE PRICES .....	14
7. APPROVALS REQUIRED .....	15
8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION.....	15
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM .....	17
10. DIRECTORS' STATEMENT AND RECOMMENDATION.....	17
11. ESTIMATED TIMEFRAME FOR THE PROPOSED DRP .....	17
12. AGM .....	18
13. FURTHER INFORMATION.....	18
<b>APPENDICES</b>	
I DIVIDEND REINVESTMENT PLAN STATEMENT .....	19
II FURTHER INFORMATION.....	33
III RESOLUTION TO APPROVE THE PROPOSED DRP .....	37

# MRCB

## MALAYSIAN RESOURCES CORPORATION BERHAD

(Registration No. 196801000388 (7994-D))

(Incorporated in Malaysia)

### Registered Office

Level 33A, Menara NU 2  
No. 203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

12 June 2020

### Board of Directors

Tan Sri Azlan Zainol (*Independent Chairman*)

Mohd Imran Mohamad Salim (*Group Managing Director*)

Rohaya Mohammad Yusof (*Non-Independent Non-Executive Director*)

Dato' Mohamad Nasir Ab Latif (*Non-Independent Non-Executive Director*)

Jamaludin Zakaria (*Senior Independent Director*)

Hasman Yusri Yusoff (*Independent Director*)

To' Puan Janet Looi Lai Heng (*Independent Director*)

### To: Our Shareholders

Dear Sir/Madam,

### PROPOSED DRP

---

#### 1. INTRODUCTION

On 27 May 2020, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to establish a dividend reinvestment plan that will provide Shareholders with an option to elect to reinvest in whole or in part, their Dividend in New Shares.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED DRP AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DRP TO BE TABLED AT OUR FORTHCOMING 49<sup>TH</sup> AGM. THE NOTICE OF THE 49<sup>TH</sup> AGM TOGETHER WITH THE FORM OF PROXY AND ADMINISTRATIVE DETAILS CAN BE DOWNLOADED FROM OUR COMPANY'S WEBSITE AT [WWW.MRCB.COM.MY/INVESTOR-RELATIONS/OTHER-INFORMATION/](http://WWW.MRCB.COM.MY/INVESTOR-RELATIONS/OTHER-INFORMATION/).**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING BY WAY OF POLL ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DRP TO BE TABLED AT OUR FORTHCOMING 49<sup>TH</sup> AGM.**

## **2. DETAILS OF THE PROPOSED DRP**

The Proposed DRP will provide Shareholders with an option to reinvest in whole or in part, their Dividend in New Shares in lieu of receiving cash.

In relation to any Dividend declared, our Board may, at its absolute discretion, determine whether to pay such Dividend in cash or to offer Shareholders the Reinvestment Option and if the Reinvestment Option is applied, the size of the Electable Portion.

In this respect, the Electable Portion may encompass the whole Dividend or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the Remaining Portion will be paid in cash.

**Shareholders should note that our Company is not obligated to make available the Proposed DRP for every Dividend to be declared. Unless our Board has determined that the Reinvestment Option will apply to a particular Dividend declared (whether in whole or in part), all Dividends as may be declared by our Company will be paid wholly in cash to Shareholders in the usual manner. An immediate announcement will be made by our Company to inform Shareholders if our Board has determined that the Reinvestment Option will apply to a particular Dividend declared (whether in whole or in part).**

### **2.1 Election to reinvest Dividend in New Shares**

Shareholders shall have the following options in respect of the Reinvestment Option:

- (i) to elect not to participate in the Reinvestment Option and thereby receiving the entire Dividend entitlement (both the Electable Portion and the Remaining Portion (if applicable)) in cash; or
- (ii) to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in New Shares at the Issue Price and to receive the Remaining Portion (if applicable) in cash; or
- (iii) to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in New Shares at the Issue Price and to receive the Balance of the Electable Portion and the Remaining Portion (if applicable) in cash.

### **2.2 Sequence of events in relation to the Proposed DRP**

The approval of Bursa Securities will be sought for the listing and quotation of the New Shares to be issued pursuant to each Dividend to which the Reinvestment Option applies on the Main Market of Bursa Securities. After obtaining the approval of Bursa Securities for the listing and quotation of the New Shares, an announcement of the Entitlement Date will be made. The Issue Price shall be announced on or before the announcement of the Entitlement Date.

Subsequent to the Entitlement Date, a Notice of Election will be despatched to Shareholders. The Notice of Election will specify, among others, the Expiry Date. Instructions will be provided in the Notice of Election in respect of the action to be taken by Shareholders should they wish to exercise the Reinvestment Option.

An announcement in respect of the day on which the New Shares will be listed and quoted on the Main Market of Bursa Securities will also be made by our Company.

In accordance with Paragraphs 9.19(2)(a)(ii) and 8.26(2) of the Listing Requirements, a dividend must be paid within one (1) month from the Entitlement Date and in any event, no later than three (3) months from the date of declaration of the Dividend or the date on which approval for the Dividend is obtained in a general meeting of our Company, whichever is applicable.

Further, in accordance with Paragraph 6.09 of the Listing Requirements, our Company will, within eight (8) market days from the Expiry Date or such other period as may be prescribed by Bursa Securities, allot and issue the New Shares and despatch notices of allotment to Shareholders who have elected the Reinvestment Option.

Where applicable, our Company will concurrently pay Shareholders the Balance of the Electable Portion and the Remaining Portion in cash on the Allotment Date.

**Shareholders will receive their entire Dividend including the Electable Portion in cash automatically if they do not expressly elect in writing to exercise the Reinvestment Option by the Expiry Date and in accordance with the instructions set out in the Notice of Election.**

**As such, Shareholders who wish to receive their Dividend wholly in cash need not take any action with regards to the Notice of Election.**

**Shareholders who wish to receive all or part of their Dividend in New Shares must complete and return the dividend reinvestment form contained in the Notice of Election before the Expiry Date.**

### **2.3 Pricing of New Shares**

The Issue Price, which will be determined by our Board on the Price-Fixing Date, shall be at a discount of not more than 10% to the five (5)-day VWAMP of MRCB Shares immediately prior to the Price-Fixing Date. The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price.

The New Shares will be issued free of brokerage fees and other related transaction costs to Shareholders who wish to exercise the Reinvestment Option, unless otherwise provided by any statute, law or regulation. However, a stamp duty of RM10.00 will be levied on each dividend reinvestment form submitted.

### **2.4 Eligibility**

All Shareholders are eligible to participate in the Proposed DRP, provided that such participation will not result in a breach of any restriction applicable to such Shareholder's holding of MRCB Shares which may be imposed by any contractual obligation of the said Shareholder, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities have first been obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts).

As the New Shares to be issued pursuant to the Proposed DRP will be prescribed securities, the New Shares will be credited directly into the respective CDS accounts of Shareholders who have elected to reinvest their Electable Portion. No physical share certificates will be issued. In this regard, Shareholders without a valid and subsisting CDS account should put in place a valid CDS account should they wish to participate in the Proposed DRP.

Overseas Shareholders should take note of the following:

- (i) The Proposed DRP will only be offered for subscription in Malaysia. No action has been or will be taken to ensure that the Proposed DRP complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Accordingly, the documents relating to the Proposed DRP including the Notice of Election will not be sent to Overseas Shareholders to avoid any violation on the part of our Company of any securities laws applicable outside Malaysia. No Overseas Shareholders shall have any claim whatsoever against our Company as a result of the documents relating to the Proposed DRP not being sent to Overseas Shareholders.



- (ii) Overseas Shareholders who receive or come to have in their possession the Notice of Election and/or any other documents relating to the Proposed DRP may not treat the same as being applicable to them (except where the documents relating to the Proposed DRP have been collected from the share registrar of our Company in the manner specified below). In any event, Overseas Shareholders are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Proposed DRP as may be applicable to them.
- (iii) Overseas Shareholders who wish to participate in the Proposed DRP are strongly advised to provide the share registrar of our Company with an address in Malaysia no later than three (3) market days before the relevant Entitlement Date in respect of any particular Dividend to which our Board has determined the Reinvestment Option applies.

Alternatively, such Overseas Shareholders may collect the Notice of Election and other documents relating to the Proposed DRP from the share registrar of our Company or at such address as may be announced by our Company from time to time before the relevant Expiry Date. In such an event, the share registrar of our Company is entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Notice of Election and other documents relating to the Proposed DRP.

- (iv) Overseas Shareholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and participation by the Overseas Shareholders in the Proposed DRP will be on the basis that they may lawfully so participate without our Company, our Directors, employees and our advisers being in breach of the laws of any jurisdiction.

## **2.5 Odd lots**

A Shareholder who exercises the Reinvestment Option may be allotted New Shares in odd lots depending on his/her entitlement of New Shares pursuant to the Proposed DRP. Shareholders who receive odd lots of New Shares and who wish to trade such odd lots may do so on the odd lots market of Bursa Securities which allows the trading of odd lots with a minimum of one (1) MRCB Share.

A Shareholder who does not wish to receive New Shares in odd lots may round down the number of New Shares elected such that he/she will receive the New Shares in multiples of and not less than one (1) board lot comprising 100 New Shares. Where a Shareholder's entitlement of New Shares is less than one (1) board lot, the Shareholder can elect to receive his/her entire Dividend entitlement in cash or New Shares in odd lots.

## **2.6 Modification, suspension and termination of the Proposed DRP**

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, the Proposed DRP may be modified, suspended (in whole or in part) or terminated at any time by our Board as it deems fit or expedient, and without assigning any reason thereof, by giving notice in writing to all Shareholders in such manner as our Board deems fit, notwithstanding any other provision of the terms and conditions of the Proposed DRP stating the contrary and irrespective of whether an election to exercise the Reinvestment Option has been made by a Shareholder.

In the case of a suspension, the Proposed DRP will be suspended (in whole or in part, as the case may be) until such time as our Board may resolve at its absolute discretion, to recommence or terminate the Proposed DRP in such manner as our Board deems fit.

## **2.7 Maximum number of New Shares**

The maximum number of New Shares to be issued under the Proposed DRP will depend on, among others:

- (i) the quantum of the Dividend;
- (ii) our Board's decision on the proportion/size of the Electable Portion;
- (iii) the Issue Price;
- (iv) the extent to which Shareholders elect to exercise the Reinvestment Option; and
- (v) any necessary downward adjustment by our Board to the final number of New Shares to be allotted and issued to any of the Shareholder as referred to in Section 3.2 of this Circular.

Under the Proposed DRP, Shareholders who elect to exercise the Reinvestment Option will not be allotted fractional New Shares. As such, the amount of the Electable Portion relating to such fractional entitlement of New Shares will be paid in cash to Shareholders in the usual manner together with the Remaining Portion (if applicable).

Any New Shares to be issued pursuant to the Proposed DRP will not be underwritten.

## **2.8 Ranking and listing status of the New Shares**

Any New Shares to be allotted and issued pursuant to the Proposed DRP will rank equally in all respects with the existing MRCB Shares, save and except that the New Shares shall not be entitled to any dividend, right, allotment and/or other distribution in respect of which the entitlement date is before the Allotment Date.

The New Shares will be listed on the Main Market of Bursa Securities.

## **2.9 Use of funds**

If Shareholders elect to reinvest their Dividend in New Shares, the Proposed DRP will result in the retention of cash by our Company which would otherwise be paid by way of dividend. The amount of cash retained can only be ascertained on or after the relevant Expiry Date. Therefore, the time frame for the use of such cash retained can only be determined then. Nonetheless, the net cash retained from the Proposed DRP (after the deduction of any related expenses) will be used for general working capital, capital expenditures and/or continuing growth and expansion plans of our Group.

## **2.10 Taxation**

A tax voucher will be issued and despatched to all Shareholders irrespective of whether an election to exercise the Reinvestment Option is made by a Shareholder. For income tax purposes, a Shareholder shall be taken as having received a cash dividend distribution equivalent to the amount of the Dividend declared, notwithstanding that the Shareholder may elect to exercise the Reinvestment Option (in whole or in part). Hence, the election for the Reinvestment Option does not relieve a Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

## 2.11 General

The grant of the right to participate in the Proposed DRP, i.e. to elect to reinvest the Electable Portion in New Shares, is made to all Shareholders, including the Directors, substantial shareholders and other interested persons (including persons connected with a Director or substantial shareholder) of our Company who hold MRCB Shares, subject to the restrictions referred to in Section 2.4 of this Circular.

Shareholders' approval for the Proposed DRP and the issuance of New Shares arising from the Proposed DRP will be sought at our forthcoming 49<sup>th</sup> AGM and the approval for such issuance of New Shares will be valid until the conclusion of our Company's next AGM. Subsequently, Shareholders' approval for future issuances of New Shares arising from the Proposed DRP will be sought on an annual basis at the AGM of our Company.

The percentage shareholding of a Shareholder in our Company may be diluted should he/she not exercise his/her Reinvestment Option. However, the extent of the dilution will depend on the number of New Shares issued by our Company pursuant to the level of exercise of the Reinvestment Option by the other Shareholders as a whole.

The declaration of Dividends, the applicability of the Proposed DRP to the Dividends and the Electable Portion will depend on our Group's financial results and funding requirements, as well as any statutory requirements, where applicable.

Amendments to the Constitution of our Company are not required for the Proposed DRP as the Constitution of our Company as well as the Act do not prohibit the implementation of any dividend reinvestment plan.

## 3. IMPLICATIONS OF THE RULES AND SHAREHOLDING LIMITS

### 3.1 The Rules

Pursuant to Paragraph 4.01, Part B of the Rules and Sections 217 and 218 of the CMSA, a Shareholder may be required to extend a mandatory take-over offer for all the remaining MRCB Shares not already owned by him/her and persons acting in concert with him/her (collectively, the "**Affected Parties**") if by participating in the Proposed DRP in relation to the reinvestment of the Electable Portion:

- (i) the Affected Parties have obtained control in our Company via the acquisition or holding of, or entitlement to exercise or control the exercise of, voting shares or voting rights of more than 33% of our Company, or such other amount as may be prescribed in the Rules, howsoever effected; or
- (ii) the Affected Parties have acquired more than two percent (2%) of the voting shares or voting rights of our Company in any period of six (6) months and the Affected Parties hold more than 33% but not more than 50% of the voting shares or voting rights of our Company during the said six (6) months period.

In the event an obligation to undertake a mandatory take-over offer is expected to arise resulting from a Shareholder's participation in the Proposed DRP, the Affected Parties may wish to consult their professional advisers at the earliest opportunity in relation to:

- (a) any obligation to make a mandatory take-over offer under the Rules as a result of any subscription of New Shares through his/her participation in the Proposed DRP; and
- (b) whether or not to make an application to the Securities Commission Malaysia for an exemption from the obligation to undertake a mandatory take-over offer pursuant to the Rules prior to exercising his/her Reinvestment Option.

For the avoidance of doubt, the statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Rules or other relevant legislation or regulations.

### **3.2 Shareholding limits**

All Shareholders are responsible for ensuring that their participation in the Proposed DRP will not result in a breach of any restriction applicable to such Shareholder's holding of MRCB Shares which may be imposed by any contractual obligation of the said Shareholder, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities have first been obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts), or as prescribed in our Company's Constitution.

In view of the above, notwithstanding anything to the contrary, should our Board be made aware of or be informed in writing of any expected breach of such shareholding limits as a result of the exercise of the Reinvestment Option by such Shareholder, our Board shall be entitled, but not obligated (save and except where required by law) to reduce or limit the number of New Shares to be issued to such Shareholder and/or pay to such Shareholder, the Electable Portion or any part thereof in cash.

## **4. RATIONALE FOR THE PROPOSED DRP**

### **4.1 Capital management strategy**

The Proposed DRP would provide our Company with additional flexibility in managing our capital position as part of our Company's capital management strategy. The cash to be retained which would otherwise be paid by way of dividend will be preserved to fund the general working capital, capital expenditures and/or continuing growth and expansion plans of our Group.

The election by Shareholders for New Shares will also enlarge and strengthen the share capital base of our Company.

### **4.2 Enhancing Shareholders' value**

The Proposed DRP provides Shareholders with an opportunity to enhance and maximise the value of their shareholdings in our Company by investing in New Shares at a discount as detailed in Section 2.3 of this Circular.

The Proposed DRP also provides flexibility to Shareholders in meeting their investment objectives as Shareholders would have the option of receiving Dividend in cash and/or reinvesting in New Shares without having to incur brokerage fees and other related transaction costs, unless otherwise provided by any statute, law or regulation.

Nonetheless, it should be noted that the Proposed DRP only provides Shareholders with the option and does not impose any obligation on Shareholders to reinvest their Dividend, in whole or in part, in New Shares.

### **4.3 Alternative mode of Dividend payment**

The implementation of the Proposed DRP will provide an avenue to Shareholders to reinvest the Electable Portion in New Shares in lieu of receiving cash. Shareholders will not be worse off as a result of the implementation of the Proposed DRP as Shareholders can still elect to receive their Dividends in cash.

## 5. EFFECTS OF THE PROPOSED DRP

The Proposed DRP is not expected to have any immediate material effect on our Company's issued share capital, substantial shareholders' shareholding, consolidated NA per MRCB Share and gearing as well as consolidated earnings and EPS until such time when the Reinvestment Option is exercised by Shareholders.

The pro forma effects arising from the exercise of the Reinvestment Option by Shareholders are dependent on several factors, which include the following:

- (i) the quantum of the Dividend;
- (ii) our Board's decision on the proportion/size of the Electable Portion;
- (iii) the Issue Price;
- (iv) the extent to which Shareholders elect to exercise the Reinvestment Option; and
- (v) any necessary downward adjustment by our Board to the final number of New Shares to be allotted and issued to any Shareholder as referred to in Section 3.2 of this Circular.

**Strictly for illustration purposes only**, the following assumptions are used throughout this Section 5 to illustrate the pro forma effects arising from the exercise of the Reinvestment Option by Shareholders:

- (a) our Company declares a dividend of RM0.01 per MRCB Share;
- (b) the Reinvestment Option applies to the entire dividend;
- (c) all Shareholders elect to exercise the Reinvestment Option and choose to receive the dividend wholly in New Shares;
- (d) the illustrative Issue Price is RM0.43, calculated based on the five (5)-day VWAMP of MRCB Shares up to and including LPD of RM0.4781, less the said dividend and thereafter applying a discount of not more than 10% to the adjusted five (5)-day VWAMP; and
- (e) there is no occurrence of fractional adjustments which require settlement of the difference in cash.

In addition, the pro forma effects will be illustrated based on the following scenarios:

- Minimum Scenario : Assuming none of the 438,518,157 outstanding Warrants B and 12,475,800 unvested LTIP Shares as at LPD are exercised and vested (as the case may be) before the Entitlement Date
- Maximum Scenario : Assuming all of the 438,518,157 outstanding Warrants B and 12,475,800 unvested LTIP Shares as at LPD are fully exercised and vested (as the case may be) before the Entitlement Date and the vesting of such LTIP Shares are satisfied through the issuance of new MRCB Shares

Based on the foregoing, the illustrative number of New Shares to be issued pursuant to the exercise of the Reinvestment Option by Shareholders is as follows:

		Minimum Scenario	Maximum Scenario
Number of MRCB Shares in issue as at LPD ('000)		4,412,046	4,412,046
Add: Shares to be issued pursuant to the full exercise of the outstanding Warrants B ('000)		-	438,518
Add: Shares to be issued pursuant to the vesting of the LTIP Shares ('000)		-	12,476
Enlarged number of MRCB Shares in issue ('000)	(A)	4,412,046	4,863,040
Illustrative dividend (RM per Share)	(B)	0.01	0.01
Illustrative total dividend payout (RM'000)	(C) = (A) x (B)	44,120	48,631
Illustrative Issue Price (RM)	(D)	0.43	0.43
Illustrative number of New Shares to be issued ('000)	(E) = (C) / (D)	102,606	113,094

## 5.1 Issued share capital

The issued share capital of our Company will increase as a result of the issuance of New Shares pursuant to any exercise of the Reinvestment Option by Shareholders whenever the same is made available by our Board.

The illustrative effects arising from the exercise of the Reinvestment Option by Shareholders on the issued share capital of our Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares ('000)	RM'000	No. of Shares ('000)	RM'000
Issued share capital as at LPD	4,412,046	4,331,702	4,412,046	4,331,702
Add: Shares to be issued pursuant to the full exercise of the outstanding Warrants B	-	-	438,518	<sup>(2)</sup> 548,148
Add: Shares to be issued pursuant to the vesting of the LTIP Shares	-	-	12,476	<sup>(3)</sup> 10,162
Add: Illustrative number of New Shares to be issued pursuant to the exercise of the Reinvestment Option by Shareholders	4,412,046 <sup>(1)</sup> 102,606	4,331,702 44,120	4,863,040 <sup>(1)</sup> 113,094	4,890,012 48,631
<b>Enlarged issued share capital</b>	<b>4,514,652</b>	<b>4,375,822</b>	<b>4,976,134</b>	<b>4,938,643</b>

**Notes:**

- (1) The New Shares to be issued represent approximately 2.27% of our Company's enlarged issued share capital under the respective scenarios.
- (2) Calculated based on the exercise price of RM1.25 per Warrant B.
- (3) Represents the fair value adjustment of RM10.16 million upon vesting of the unvested LTIP Shares.

**5.2 NA per MRCB Share and gearing**

As compared with paying Dividends wholly in cash, the exercise of the Reinvestment Option by Shareholders under the Proposed DRP will increase the consolidated NA of our Company and in turn improve the gearing of our Group. However, the quantum of the increase in the consolidated NA and improvement in gearing are dependent on, among others, the extent to which Shareholders elect to exercise the Reinvestment Option as well as incidental expenses relating to the administration of the Proposed DRP.

The illustrative effects arising from the exercise of the Reinvestment Option by Shareholders on the consolidated NA and gearing of our Group based on the latest audited consolidated statements of financial position of our Company as at 31 December 2019 are as follows:

**Minimum Scenario**

	<b>Audited as at 31 December 2019 (RM'000)</b>	<b>After the exercise of the Reinvestment Option by Shareholders (RM'000)</b>
Share capital	4,331,702	<sup>(4)</sup> 4,375,822
Other reserves	(844)	(844)
Retained earnings	460,716	<sup>(4)(5)</sup> 416,346
Shareholders' funds/NA	4,791,574	4,791,324
Non-controlling interests	31,901	31,901
Total equity	4,823,475	4,823,225
Number of MRCB Shares outstanding ('000)	4,412,046	<sup>(4)</sup> 4,514,652
NA per Share (RM) <sup>(1)</sup>	1.09	1.06
Interest-bearing borrowings	1,829,004	1,829,004
Gearing (times) <sup>(2)</sup>	0.38	0.38
Net gearing (times) <sup>(3)</sup>	0.27	0.27

**Notes:**

- (1) Calculated based on NA over number of MRCB Shares outstanding.
- (2) Calculated based on interest-bearing borrowings over total equity.
- (3) Calculated based on interest-bearing borrowings (less deposits, cash and bank balances) over total equity.
- (4) After taking into consideration the illustrative dividend payout amounting to RM44.12 million which will be reinvested into 102.61 million New Shares at the illustrative Issue Price of RM0.43 per MRCB Share.
- (5) After deducting the estimated expenses in relation to the establishment of the Proposed DRP amounting to RM250,000 which includes professional fees, regulatory fees, printing and postage costs as well as other incidental expenses.

## Maximum Scenario

	Audited as at 31 December 2019 (RM'000)	(I)	(II)
		Assuming all of the outstanding Warrants B and unvested LTIP Shares are fully exercised and vested (as the case may be) (RM'000)	After (I) and the exercise of the Reinvestment Option by Shareholders (RM'000)
Share capital	4,331,702	<sup>(4)(5)</sup> 4,890,012	<sup>(6)</sup> 4,938,643
Other reserves	(844)	<sup>(5)</sup> (6,226)	(6,226)
Retained earnings	460,716	<sup>(5)</sup> 455,936	<sup>(6)(7)</sup> 407,055
Shareholders' funds/NA	4,791,574	5,339,722	5,339,472
Non-controlling interests	31,901	31,901	31,901
Total equity	4,823,475	5,371,623	5,371,373
Number of MRCB Shares outstanding ('000)	4,412,046	<sup>(4)(5)</sup> 4,863,040	<sup>(6)</sup> 4,976,134
NA per Share (RM) <sup>(1)</sup>	1.09	1.10	1.07
Interest-bearing borrowings	1,829,004	1,829,004	1,829,004
Gearing (times) <sup>(2)</sup>	0.38	0.34	0.34
Net gearing (times) <sup>(3)</sup>	0.27	0.14	0.14

### Notes:

- (1) Calculated based on NA over number of MRCB Shares outstanding.
- (2) Calculated based on interest-bearing borrowings over total equity.
- (3) Calculated based on interest-bearing borrowings (less deposits, cash and bank balances) over total equity.
- (4) After taking into consideration the full exercise of the outstanding Warrants B at RM1.25 per Warrant B.
- (5) After recognising the fair value adjustment of RM10.16 million upon vesting of the unvested LTIP Shares from retained earnings and other reserves to share capital.
- (6) After taking into consideration the illustrative dividend payout amounting to RM48.63 million which will be reinvested into 113.09 million New Shares at the illustrative Issue Price of RM0.43 per MRCB Share.
- (7) After deducting the estimated expenses in relation to the establishment of the Proposed DRP amounting to RM250,000 which includes professional fees, regulatory fees, printing and postage costs as well as other incidental expenses.

(The rest of this page has been intentionally left blank)



### 5.3

#### Substantial shareholders' shareholdings

The substantial shareholders' percentage shareholding in our Company will not be affected if all Shareholders fully reinvest their respective Electable Portion.

However, where the substantial shareholders of our Company elect to reinvest their Electable Portion in full and some or all of the other Shareholders do not elect to reinvest their Electable Portion or elect to reinvest only part of their Electable Portion, the substantial shareholders' percentage shareholding in our Company will increase and vice versa.

The illustrative effects arising from the exercise of the Reinvestment Option by Shareholders on the shareholdings of the substantial shareholders of our Company based on our Company's register of substantial shareholders as at LPD are as follows:

#### Minimum Scenario

	As at LPD				(1)			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Employees Provident Fund Board ("EPF")	1,581,541	35.85	-	-	1,618,321	35.85	-	-
Gapurna Sdn Bhd ("GSB")	685,144	15.53	-	-	701,077	15.53	-	-
Lembaga Tabung Haji ("LTH")	264,260	5.99	-	-	270,406	5.99	-	-
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	(1) 226,376	5.13	-	-	(1) 231,640	5.13	-	-

#### Note:

(1) Including 53,259,500 MRCB Shares which are held through the fund managers of KWAP.

**Maximum Scenario**

	As at LPD				(I) Assuming all of the outstanding Warrants B and unvested LTP Shares are fully exercised and vested (as the case may be)				(II) After (I) and the exercise of the Reinvestment Option by Shareholders			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares ( '000)	%	No. of Shares ( '000)	%	No. of Shares ( '000)	%	No. of Shares ( '000)	%	No. of Shares ( '000)	%	No. of Shares ( '000)	%
EPF	1,581,541	35.85	-	-	1,735,433	35.69	-	-	1,775,792	35.69	-	-
GSB	685,144	15.53	-	-	756,453	15.56	-	-	774,045	15.56	-	-
LTH	264,260	5.99	-	-	264,260	5.43	-	-	270,406	5.43	-	-
KWAP	( <sup>1)</sup> 226,376	5.13	-	-	( <sup>1)</sup> 226,376	4.66	-	-	( <sup>1)</sup> 231,640	4.66	-	-

**Note:**

(1) Including 53,259,500 MRCB Shares which are held through the fund managers of KWAP.

(The rest of this page has been intentionally left blank)

#### 5.4 Earnings and EPS

The consolidated EPS of our Company will be diluted as a result of the issuance of the New Shares pursuant to any exercise of the Reinvestment Option by Shareholders. The actual dilution will depend on, among others, the extent to which Shareholders elect to reinvest the Electable Portion as well as incidental expenses relating to the administration of the Proposed DRP. However, the cash to be retained which would otherwise be paid by way of dividend will be preserved to fund the general working capital, capital expenditures and/or continuing growth and expansion plans of our Group and is expected to contribute positively to the future earnings of our Group over the longer term.

#### 5.5 Convertible securities

Save for the outstanding Warrants B, our Company does not have any other convertible security in issue as at LPD.

For information purposes, our Company has established a LTIP for the Eligible Persons. As at LPD, our Company has 12,475,800 unvested LTIP Shares.

In accordance with the provisions of the Deed Poll and the LTIP By-Laws of our Company, the exercise of the Reinvestment Option by Shareholders will not give rise to any adjustment to the exercise price and/or number of outstanding Warrants B and the number of unvested LTIP Shares.

### 6. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of MRCB Shares traded on the Main Market of Bursa Securities for the past 12 months from June 2019 to May 2020 are as follows:

	High (RM)	Low (RM)
<b><u>2019</u></b>		
June	0.955	0.864
July	0.970	0.879
August	0.886	0.685
September	0.773	0.685
October	0.759	0.680
November	0.798	0.715
December	0.793	0.710
<b><u>2020</u></b>		
January	0.744	0.656
February	0.715	0.548
March	0.597	0.274
April	0.519	0.367
May	0.595	0.470
Last transacted market price of MRCB Shares on 22 May 2020 (being the last trading day prior to the announcement of the Proposed DRP on 27 May 2020)		0.530
Last transacted market price of MRCB Shares as at LPD		0.475

(Source: Bloomberg)

## 7. APPROVALS REQUIRED

- (i) The Proposed DRP is subject to and conditional upon approvals being obtained from the following:
  - (a) shareholders of our Company for the Proposed DRP and the issuance of New Shares arising from the Proposed DRP at our forthcoming 49<sup>th</sup> AGM; and
  - (b) any other relevant authorities and/or parties, if required.
- (ii) In respect of any future Dividend to which the Reinvestment Option is applied, the New Shares to be issued pursuant to the exercise of the Reinvestment Option by Shareholders shall be subject to and conditional upon the approvals being obtained from the following:
  - (a) shareholders of our Company on an annual basis at our Company's AGM. For information purposes, the first shareholders' approval for the issuance of New Shares pursuant to the exercise of the Reinvestment Option by Shareholders will be sought at our forthcoming 49<sup>th</sup> AGM as referred to in Section 7(i)(a) of this Circular. Such approval will be valid until the conclusion of our Company's next AGM;
  - (b) Bursa Securities for the listing and quotation of the New Shares to be issued pursuant to each Dividend to which the Reinvestment Option applies on the Main Market of Bursa Securities; and
  - (c) any other relevant authorities and/or parties, if required.

The Proposed DRP is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

## 8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed DRP and the corporate exercise disclosed below, there are no other corporate exercises which our Company have announced on Bursa Securities but pending completion as at LPD:

On 31 May 2017, our Company announced that our Company, Rukun Juang Sdn Bhd ("**RJSB**"), Tanjung Wibawa Sdn Bhd, a wholly-owned subsidiary of EPF ("**TWSB**"), and Bukit Jalil Sentral Property Sdn Bhd ("**BJSP**") had on 31 May 2017 entered into a subscription and shareholders' agreement ("**JV SSA**") which entails the following:

- (a) RJSB and TWSB will co-invest in a special purpose company, namely BJSP, for purposes of jointly developing three (3) parcels of leasehold lands measuring in aggregate approximately 76.14 acres located at Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (collectively referred to as the "**Exchange Lands**") ("**Proposed Subscription**"); and
- (b) the proposed disposal by RJSB of the Exchange Lands to BJSP for an aggregate consideration of up to RM1,426,163,112 ("**Lands Consideration**") ("**Proposed Disposal**"),

(the Proposed Subscription and Proposed Disposal are collectively referred to as the "**Proposed Joint Venture**").

The Proposed Subscription will entail the investment by RJSB and TWSB in BJSP, via the subscription by RJSB and TWSB of new ordinary shares in BJSP ("**BJSP Shares**") and new redeemable preference shares in BJSP ("**RPS**"). The total subscription consideration payable by RJSB and TWSB is up to approximately RM285.23 million and RM1,140.93 million respectively. Upon completion of the Proposed Subscription, RJSB and TWSB will hold 20% and 80% of the equity interest in BJSP respectively. The subscription consideration will be payable by TWSB entirely in cash while the subscription consideration payable by RJSB will be capitalised from the amount owing by BJSP to RJSB in respect of the Lands Consideration.

In accordance with the terms of the JV SSA, BJSP shall appoint a subsidiary of our Company to be the management contractor for the design and construction of the future development to be carried out on the Exchange Lands ("**Exchange Lands Development**") subsequent to the following:

- (aa) a day falling 18 months from the date of the JV SSA, or such later date as the parties may mutually agree upon in relation to the Proposed Subscription (being the cut-off date of the JV SSA); and
- (bb) the subscription for the first tranche of BJSP Shares and RPS – class A in BJSP within 15 business days from the date the conditions precedent of the JV SSA is fulfilled or waived (as the case may be) ("**First Tranche Subscription**").

In this regard, our Company had on 26 March 2018 announced the following:

- (A) RJSB and BJSP had sought TWSB's consent, which was granted by TWSB on 26 March 2018 for BJSP to appoint the management contractor prior to the completion of the First Tranche Subscription in view that the Exchange Lands were expected to be transferred to BJSP before the JV SSA turns unconditional and before the First Tranche Subscription ("**Consent Letter**"). This will enable BJSP to commence works on the Exchange Lands, where necessary, especially in the event of a delay in the Proposed Joint Venture. TWSB further agreed, via the Consent Letter, for the allotment and issuance by BJSP of 1,000 RPS – class B to the management contractor upon the management contract having become unconditional in accordance with the terms and conditions contained therein. The terms set out in the Consent Letter are also acknowledged and agreed by our Company; and
- (B) Following the above, BJSP had on 26 March 2018 entered into a management contract with MRCB Land Sdn Bhd ("**MRCB Land**"), a wholly-owned subsidiary of our Company, to appoint MRCB Land as the management contractor in connection with the Exchange Lands Development, for a provisional total project sum of RM11,007,326,245 (inclusive of goods and services tax) ("**Bukit Jalil Sentral Construction**").

For the purposes of fulfilling the conditions precedent set out in the JV SSA, BJSP had on 3 October 2017 increased its issued and paid-up share capital. RJSB had in this respect subscribed for further BJSP Shares and as at 9 April 2018, RJSB holds 100% of the equity interest therein. Hence, our Company had on 9 April 2018 announced that RJSB had sought TWSB's concurrence vide a letter dated 6 April 2018, which was accepted by TWSB on 9 April 2018, that as a result of RJSB's further subscription of BJSP Shares on 3 October 2017:

- (i) the number of BJSP Shares to be subscribed by RJSB under the First Tranche Subscription pursuant to the terms and conditions of the JV SSA will be reduced; and
- (ii) the portion of the Lands Consideration payable by BJSP to RJSB which will be capitalised against RJSB's portion of the First Tranche Subscription consideration will also be reduced.

The Proposed Joint Venture and the Bukit Jalil Sentral Construction were approved by our Company's shareholders at the extraordinary general meeting of our Company held on 21 May 2018. The management contract had become unconditional on the same day. The JV SSA became unconditional on 30 November 2018.

On 19 December 2018, our Company had announced that:

- (a) the First Tranche Subscription was completed pursuant to the JV SSA;
- (b) MRCB Land had subscribed for 1,000 RPS – class B issued by BJSP; and
- (c) the first tranche of the Lands Consideration was also settled with RJSB.

The subscription by RJSB and TWSB for the remaining subscription shares under the second tranche subscription will take place within 15 business days following the receipt of the approval by the relevant authority of the development order in respect of the Exchange Lands.

The Exchange Lands Development will span approximately 20 years from 2019 to 2038.

#### **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

None of the Directors and/or major shareholders of our Company and/or persons connected to them have any interest, whether direct or indirect, in the Proposed DRP apart from their respective entitlements under the Proposed DRP, to which all other Shareholders are similarly entitled to.

#### **10. DIRECTORS' STATEMENT AND RECOMMENDATION**

Our Board, after having considered all aspects of the Proposed DRP including the rationale and pro forma effects of the Proposed DRP, is of the opinion that the Proposed DRP is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed DRP to be tabled at our forthcoming 49<sup>th</sup> AGM.

#### **11. ESTIMATED TIMEFRAME FOR THE PROPOSED DRP**

Subject to the receipt of the necessary approvals as stated in Section 7(i) of this Circular and barring any unforeseen circumstances, the Proposed DRP is expected to be established by the 3<sup>rd</sup> quarter of 2020.

An illustrative timeline for the implementation of the Proposed DRP for each Dividend to which our Board has determined that the Reinvestment Option shall apply is set out below:

<b>Illustrative timeline</b>	<b>Events</b>
T – 7 market days	Approval from Bursa Securities obtained for the listing and quotation of the New Shares to be issued pursuant to the exercise of the Reinvestment Option by Shareholders
T	Announcement of Issue Price and Entitlement Date
T + 10 market days	Entitlement Date
T + 12 market days	Despatch Notice of Election to Shareholders
T + 22 market days	Expiry Date
T + 30 market days	Allotment and issuance of New Shares as well as payment of cash Dividend to Shareholders
T + 31 market days	Listing and quotation of New Shares on the Main Market of Bursa Securities

## **12. AGM**

The ordinary resolution pertaining to the Proposed DRP will be tabled at our forthcoming 49<sup>th</sup> AGM. Our 49<sup>th</sup> AGM, the notice of which can be downloaded from our Company's website at [www.mrcb.com.my/investor-relations/other-information/](http://www.mrcb.com.my/investor-relations/other-information/), will be held fully virtual on Tuesday, 14 July 2020 at 10:00 a.m. at the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed DRP.

Shareholders are encouraged to go online, participate and vote at our 49<sup>th</sup> AGM using remote participation and electronic voting facilities. If you are not able to participate and vote in the online AGM, you may complete the Form of Proxy and deposit it at the Share Registrar's office at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting.

Alternatively, you may deposit your Form of Proxy by electronic means through the Share Registrar's website, Boardroom Smart Investor Portal. Kindly follow the link at [www.boardroomlimited.my](http://www.boardroomlimited.my) to login and deposit your proxy form electronically, also 48 hours before the meeting.

## **13. FURTHER INFORMATION**

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

Yours faithfully

For and on behalf of our Board

**MALAYSIAN RESOURCES CORPORATION BERHAD**

**TAN SRI AZLAN ZAINOL**

Independent Chairman

---

**DIVIDEND REINVESTMENT PLAN STATEMENT**

---

# MRCB

**MALAYSIAN RESOURCES CORPORATION BERHAD**

(Registration No. 196801000388 (7994-D))

(Incorporated in Malaysia)

**DIVIDEND REINVESTMENT PLAN STATEMENT**

*(Abbreviations and definitions, unless where the context requires otherwise, shall be as set out in Section 2 of Part III (Terms and Conditions of the Dividend Reinvestment Plan)).*

This Dividend Reinvestment Plan Statement contains the Terms and Conditions of the Dividend Reinvestment Plan of MRCB as may be amended from time to time under which persons appearing in the Record of Depositors of MRCB, as Shareholders on the Entitlement Date may, in relation to any Dividend, be given a Reinvestment Option as the Board may, at its absolute discretion, make available.

Irrespective of whether an election to exercise the Reinvestment Option is made by a Shareholder, a tax voucher will be issued and despatched to all Shareholders. For income tax purposes, a Shareholder shall be taken as having received a cash distribution equivalent to the amount of the Dividend declared, notwithstanding that the Shareholder may elect to exercise the Reinvestment Option (in whole or in part). Hence, the election for the Reinvestment Option does not relieve a Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

**PART I - SUMMARY OF THE DIVIDEND REINVESTMENT PLAN**

The Dividend Reinvestment Plan will provide Shareholders with an option to reinvest in whole or in part, their Dividend in New Shares in lieu of receiving cash.

In relation to any Dividend declared, the Board may, at its absolute discretion, determine whether to pay such Dividend in cash or to offer Shareholders the Reinvestment Option and if the Reinvestment Option is applied, the size of the Electable Portion.

In this respect, the Electable Portion may encompass the whole Dividend or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the Remaining Portion will be paid in cash.

**Shareholders should note that the Company is not obligated to make available the Dividend Reinvestment Plan for every Dividend to be declared. Unless the Board has determined that the Reinvestment Option will apply to a particular Dividend declared (whether in whole or in part), all Dividends as may be declared by MRCB will be paid wholly in cash to Shareholders in the usual manner. An immediate announcement will be made by the Company to inform Shareholders if the Board has determined that the Reinvestment Option will apply to a particular Dividend declared (whether in whole or in part).**

Shareholders shall have the following options in respect of the Reinvestment Option:

- (i) to elect not to participate in the Reinvestment Option and thereby receiving the entire Dividend entitlement (both the Electable Portion and the Remaining Portion (if applicable)) in cash; or
- (ii) to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in New Shares at the Issue Price and to receive the Remaining Portion (if applicable) in cash; or



---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

- (iii) to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in New Shares at the Issue Price and to receive the Balance of the Electable Portion and the Remaining Portion (if applicable) in cash.

The approval of Bursa Securities will be sought for the listing and quotation of the New Shares to be issued pursuant to each Dividend to which the Reinvestment Option applies on the Main Market of Bursa Securities. After obtaining the approval of Bursa Securities for the listing and quotation of the New Shares, an announcement of the Entitlement Date will be made. The Issue Price shall be announced on or before the announcement of the Entitlement Date.

Subsequent to the Entitlement Date, a Notice of Election will be despatched to Shareholders. The Notice of Election will specify, among others, the Expiry Date. Instructions will be provided in the Notice of Election in respect of the action to be taken by Shareholders should they wish to exercise the Reinvestment Option.

Participating Shareholders may elect to reinvest in New Shares through submission of the hardcopy of the DRF contained in the Notice of Election. Please refer to Section 4 of Part III (*Terms and Conditions of the Dividend Reinvestment Plan*) for further instructions.

An announcement in respect of the day on which the New Shares will be listed and quoted on the Main Market of Bursa Securities will also be made by MRCB.

The Issue Price, which will be determined by the Board on the Price-Fixing Date, shall be at a discount of not more than 10% to the five (5)-day VWAMP of MRCB Shares immediately prior to the Price-Fixing Date. The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price.

The New Shares will be issued free of brokerage fees and other related transaction costs to Shareholders who wish to exercise the Reinvestment Option, unless otherwise provided by any statute, law or regulation. However, a stamp duty of RM10.00 will be levied on each DRF submitted.

Under the Dividend Reinvestment Plan, Shareholders who elect to exercise the Reinvestment Option will not be allotted fractional New Shares. As such, the amount of the Electable Portion relating to such fractional entitlement of New Shares will be paid in cash to Shareholders in the usual manner together with the Remaining Portion (if applicable).

Any New Shares to be allotted and issued pursuant to the Dividend Reinvestment Plan will rank equally in all respects with the existing MRCB Shares, save and except that the New Shares shall not be entitled to any dividend, right, allotment and/or other distribution in respect of which the entitlement date is before the Allotment Date.

The notice of allotment will be despatched on the Allotment Date to the Participating Shareholders. The New Shares will be credited directly into the respective CDS accounts of such Participating Shareholders.

All Shareholders are eligible to participate in the Dividend Reinvestment Plan subject to the restrictions described in the Terms and Conditions of the Dividend Reinvestment Plan.

**HOW TO PARTICIPATE**

Participation in the Dividend Reinvestment Plan is optional and not transferable. A Shareholder wishing to receive his/her Dividend wholly in cash does not have to take any action with regards to a Notice of Election received by him/her. A Shareholder wishing to exercise the Reinvestment Option in respect of any Electable Portion to which the Notice of Election received by him/her relates must complete the DRF and return it to the office of the Share Registrar in accordance with the instructions as prescribed therein.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

A Shareholder who receives more than one (1) Notice of Election and wish to reinvest in New Shares in respect of all of his/her entitlement to the Electable Portion arising from his/her entire holding of MRCB Shares must complete all the DRFs received by him/her and return the completed DRFs to the office of the Share Registrar in accordance with the instructions as prescribed therein.

Shareholders should note that they are at liberty to decide which particular Notice of Election they wish to elect for the reinvestment in New Shares. Where any particular Notice of Election is not elected upon or not received by the Share Registrar by the Expiry Date, the Dividend relating thereto will be paid in cash automatically by the Company to the Shareholders in the usual manner.

To be effective in respect of any Electable Portion to which a Notice of Election relates, such duly completed and signed DRF must be received by the Share Registrar no later than the Expiry Date to be specified by the Board and as stated in the Notice of Election in respect of that particular Reinvestment Option.

A stamp duty of RM10.00 will be levied on each DRF submitted by the Participating Shareholders.

All Shareholders are eligible to participate in the Dividend Reinvestment Plan, provided that such participation will not result in a breach of any restriction applicable to such Shareholder's holding of MRCB Shares which may be imposed by any contractual obligation of the said Shareholder, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities have first been obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts).

Shareholders should however note that the Notice of Election will not be sent to Shareholders whose address in the Company's Record of Depositors is not in Malaysia to avoid any violation on the part of MRCB of any securities laws applicable outside Malaysia.

**Overseas Shareholders who wish to participate in the Dividend Reinvestment Plan are strongly advised to provide the Share Registrar with an address in Malaysia no later than three (3) market days before the relevant Entitlement Date in respect of any particular Dividend to which the Board has determined the Reinvestment Option applies.**

**Alternatively, such Overseas Shareholders may collect the Notice of Election and other documents relating to the Dividend Reinvestment Plan from the Share Registrar or at such address as may be announced by the Company from time to time before the relevant Expiry Date. In such an event, the Share Registrar is entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Notice of Election and other documents relating to the Dividend Reinvestment Plan.**

**As the New Shares to be issued pursuant to the Dividend Reinvestment Plan will be prescribed securities, the New Shares will be credited directly into the respective CDS accounts of Shareholders who have elected to reinvest their Electable Portion. No physical share certificates will be issued. In this regard, Shareholders without a valid and subsisting CDS account should put in place a valid CDS account should they wish to participate in the Dividend Reinvestment Plan.**

**The percentage shareholding of a Shareholder in the Company may be diluted should he/she not exercise his/her Reinvestment Option. However, the extent of the dilution will depend on the number of New Shares issued by the Company pursuant to the level of exercise of the Reinvestment Option by the other Shareholders as a whole.**

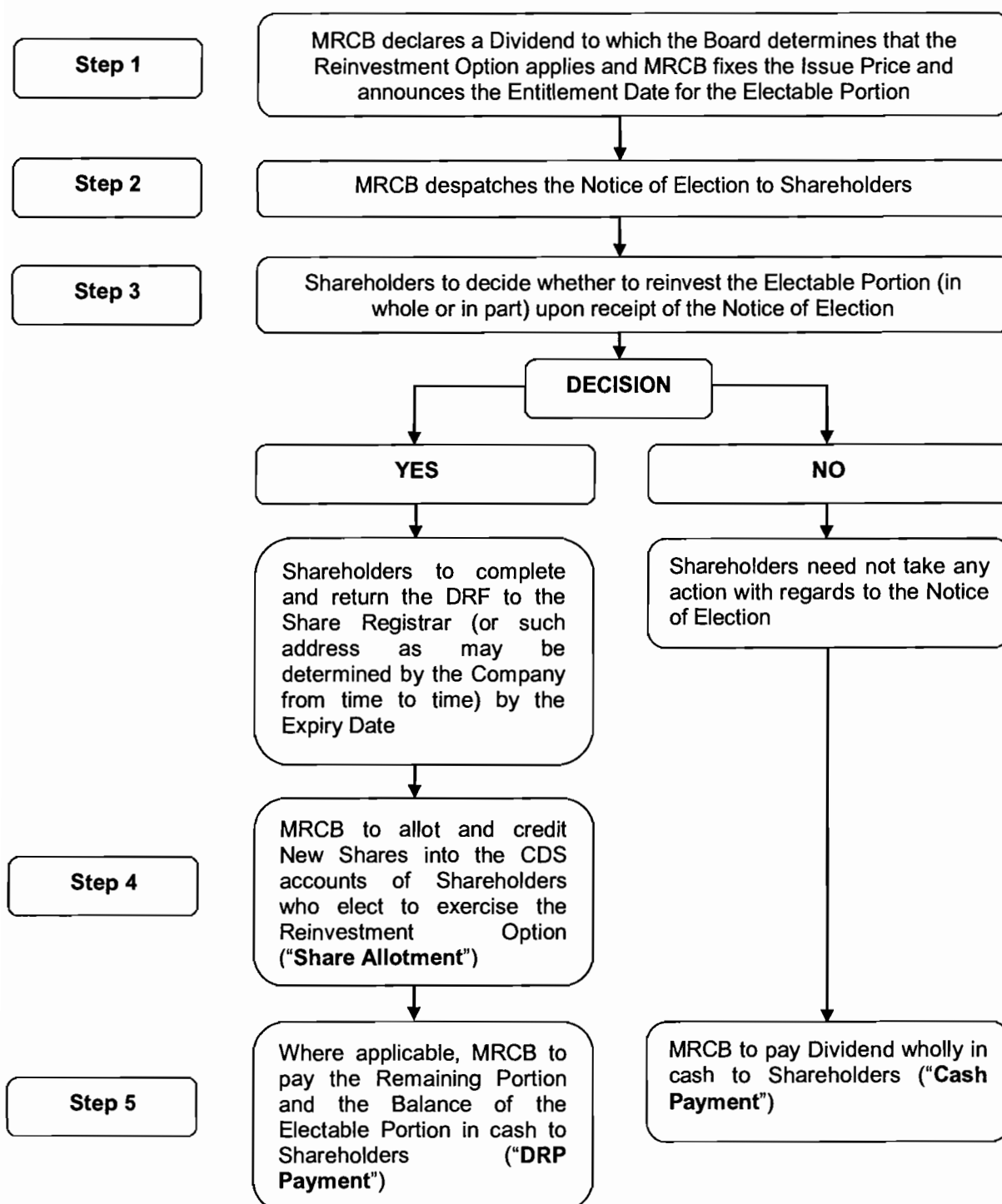
---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**


---

**PART II – PROCESS FLOW CHART**

A brief process flow chart in relation to the administration of the Dividend Reinvestment Plan is illustrated below:

**Note:**

Shareholders should note that the DRP Payment, Cash Payment and Share Allotment will take place on the same day, which will be on a date falling within one (1) month from the Entitlement Date and in any event, within three (3) months from the date of declaration of the Dividend.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**


---

**PART III - TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT PLAN****1. ESTABLISHMENT**

The Dividend Reinvestment Plan has been established by the Board and the administration of the plan, including the Reinvestment Option and the Electable Portion, shall be determined by the Board at its absolute discretion.

**2. DEFINITIONS**

In these Terms and Conditions, the following definitions shall apply:

Allotment Date	:	The date of allotment and issuance of the New Shares to Shareholders who have elected the Reinvestment Option which will fall within eight (8) market days from the Expiry Date or such other period as may be prescribed by Bursa Securities
Balance of the Electable Portion	:	The balance of the Electable Portion not reinvested under the Dividend Reinvestment Plan
Board	:	Board of Directors of MRCB
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act 2007
Director(s)	:	The director(s) of MRCB and has the same meaning given in Section 2(1) of the Companies Act 2016 and Section 2(1) of the CMSA
Dividend(s)	:	Cash dividend(s) declared by the Company which includes any interim, final, special or other types of cash dividend
Dividend Reinvestment Plan	:	The dividend reinvestment plan that provides Shareholders with the Reinvestment Option in accordance with these Terms and Conditions
DRF	:	Dividend Reinvestment Form issued in connection with the Dividend Reinvestment Plan and contained in the Notice of Election
Electable Portion	:	The portion of a Dividend, whether in whole or in part, to which the Board, at its absolute discretion, determines that the Reinvestment Option applies
Entitlement Date	:	A date to be determined by the Board and announced at a later date, on which names of Shareholders must appear in the Record of Depositors of MRCB as at 5:00 p.m. on that date in order to be entitled to the Dividend to which the Reinvestment Option applies.
Expiry Date	:	The last day (which will be a date to be fixed and announced by the Board) by which an election to be made by Shareholders in relation to their Electable Portion must be received by the Share Registrar

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

Issue Price	: The issue price of the New Shares as determined by the Board on the Price-Fixing Date, which shall be at a discount of not more than 10% to the five (5)-day VWAMP of MRCB Shares immediately prior to the Price-Fixing Date. The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price
MRCB or Company	: Malaysian Resources Corporation Berhad
MRCB Share(s)	: Ordinary share(s) in MRCB
New Shares	: New MRCB Shares to be issued pursuant to the Dividend Reinvestment Plan
Notice of Election	: Notice of election in which Shareholders confirm their exercise of the Reinvestment Option
Overseas Shareholders	: Shareholders who currently do not have a registered address in Malaysia
Participating Shareholder(s)	: Shareholder(s) who elect to exercise the Reinvestment Option pursuant to the Dividend Reinvestment Plan up to the extent of the Electable Portion in respect of his/her holding of MRCB Shares as at each Entitlement Date to which each Notice of Election received by him/her relates
Price-Fixing Date	: A date on or before the date of announcement of the Entitlement Date on which the Board shall fix the Issue Price
Record of Depositors	: A record of securities holders established by Bursa Malaysia Depository Sdn Bhd under the rules of Bursa Malaysia Depository Sdn Bhd as issued pursuant to the Securities Industry (Central Depositories) Act 1991
Reinvestment Option	: The option offered to Shareholders to elect to reinvest all or part of the Dividend in New Shares
Remaining Portion	: The remaining portion of a Dividend, to which the Board, at its absolute discretion, determines that the Reinvestment Option does not apply
RM	: Ringgit Malaysia, the lawful currency of Malaysia
Rules	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia
Share Registrar	: The share registrar of MRCB, namely Boardroom Share Registrars Sdn Bhd or such other person, firm or company as for the time being maintaining the share register of MRCB in Malaysia
Shareholder(s)	: Shareholder(s) of MRCB
Terms and Conditions	: The terms and conditions of the Dividend Reinvestment Plan, as may be amended, modified and supplemented from time to time
VWAMP	: Volume weighted average market price

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

**3. ELIGIBILITY**

All Shareholders are eligible to participate in the Dividend Reinvestment Plan, provided that such participation will not result in a breach of any restriction applicable to such Shareholder's holding of MRCB Shares which may be imposed by any contractual obligation of the said Shareholder, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities have first been obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts).

As the New Shares to be issued pursuant to the Dividend Reinvestment Plan will be prescribed securities, the New Shares will be credited directly into the respective CDS accounts of Shareholders who have elected to reinvest their Electable Portion. No physical share certificates will be issued. In this regard, Shareholders without a valid and subsisting CDS account should put in place a valid CDS account should they wish to participate in the Dividend Reinvestment Plan.

***Overseas Shareholders should take note of the following:***

The Dividend Reinvestment Plan will only be offered for subscription in Malaysia. No action has been or will be taken to ensure that the Dividend Reinvestment Plan complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Accordingly, the documents relating to the Dividend Reinvestment Plan including the Notice of Election will not be sent to Overseas Shareholders to avoid any violation on the part of the Company of any securities laws applicable outside Malaysia. No Overseas Shareholders shall have any claim whatsoever against the Company as a result of the documents relating to the Dividend Reinvestment Plan not being sent to Overseas Shareholders.

Overseas Shareholders who receive or come to have in their possession the Notice of Election and/or any other documents relating to the Dividend Reinvestment Plan may not treat the same as being applicable to them (except where the documents relating to the Dividend Reinvestment Plan have been collected from the Share Registrar in the manner specified below). In any event, Overseas Shareholders are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Dividend Reinvestment Plan as may be applicable to them.

Overseas Shareholders who wish to participate in the Dividend Reinvestment Plan are strongly advised to provide the Share Registrar with an address in Malaysia no later than three (3) market days before the relevant Entitlement Date in respect of any particular Dividend to which the Board has determined that the Reinvestment Option applies.

Alternatively, such Overseas Shareholders may collect the Notice of Election and other documents relating to the Dividend Reinvestment Plan from the Share Registrar or at such address as may be announced by the Company from time to time before the relevant Expiry Date. In such an event, the Share Registrar is entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Notice of Election and other documents relating to the Dividend Reinvestment Plan.

Overseas Shareholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and participation by the Overseas Shareholders in the Dividend Reinvestment Plan will be on the basis that they may lawfully so participate without MRCB, its Directors, employees and its advisers being in breach of the laws of any jurisdiction.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

**4. SUBMISSION OF THE DRF**

Subsequent to the Entitlement Date, the Company will, at its absolute discretion, send to each Shareholder one (1) or more Notice of Election in relation to each CDS account held by the Shareholder. The Notice of Election will specify, among others, the Expiry Date. Instructions will be provided in the Notice of Election in respect of the action to be taken by Shareholders should they wish to exercise the Reinvestment Option. To be effective in respect of any Electable Portion, a DRF must be duly completed and executed by the Participating Shareholder as to the confirmation of his/her election to reinvest in New Shares and must be received by the Share Registrar no later than the Expiry Date. A Shareholder receiving more than one (1) Notice of Election may elect to reinvest in New Shares in respect of his/her entitlement to which one (1) Notice of Election relates and decline to reinvest in New Shares in respect of his/her entitlement to which any other Notice of Election relates.

A Shareholder who receives more than one (1) Notice of Election and wish to reinvest in New Shares in respect of all of his/her entitlement to the Electable Portion arising from his/her entire holding of MRCB Shares must complete all the DRFs received by him/her and return the completed DRFs to the office of the Share Registrar, no later than the Expiry Date. A DRF to participate in the Dividend Reinvestment Plan in any other form will not be accepted by the Company.

A DRF in respect of any Electable Portion shall not, upon its receipt by the Company be withdrawn or cancelled.

The Company has the discretion and right to accept or reject any DRF that is incomplete, contains errors or is otherwise defective. The Company is under no obligation to correct any invalid DRF on behalf of any Participating Shareholders or to provide any reason for rejecting any DRF.

By electing to exercise the Reinvestment Option under the Dividend Reinvestment Plan, the Participating Shareholder unconditionally:

- (i) warrants to the Company that he/she has the legal right and full power and authority to participate in the Dividend Reinvestment Plan and that his/her participation in the Dividend Reinvestment Plan will not result in a breach of any statute, law or regulation by which he/she is bound;
- (ii) acknowledges that the Company may at any time determine that the Participating Shareholder's DRF or other form (collectively, the "**Form**") is valid, even if the relevant Form is incomplete, contains errors or is otherwise defective;
- (iii) acknowledges that the Company may accept or reject any Form and agrees that the Company need not provide any reason therefor;
- (iv) acknowledges that the Company has not provided and is not obliged to provide the Participating Shareholder with investment advice or any other advice;
- (v) agrees to these Terms and Conditions and agrees not to do any act or thing which would be contrary to the intention or purpose of the Dividend Reinvestment Plan; and
- (vi) submits to the jurisdiction of the Malaysian Courts, in each case, at all times until the termination of the Dividend Reinvestment Plan.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**


---

Irrespective of whether an election to exercise the Reinvestment Option is made by a Shareholder, a tax voucher will be issued and despatched to all Shareholders. For income tax purposes, a Shareholder shall be taken as having received a cash distribution equivalent to the amount of the Dividend declared, notwithstanding that the Shareholder may elect to exercise the Reinvestment Option (in whole or in part). Hence, the election for the Reinvestment Option does not relieve a Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

Shareholders will receive their entire Dividend including the Electable Portion in cash automatically if they do not expressly elect in writing to exercise the Reinvestment Option by the Expiry Date and in accordance with the instructions set out in the Notice of Election.

As such, Shareholders who wish to receive their Dividend wholly in cash need not take any action with regards to the Notice of Election.

**5. EXTENT OF APPLICATION OF DIVIDEND REINVESTMENT PLAN TO EACH ELECTABLE PORTION**

In relation to any Dividend declared, the Board may, at its absolute discretion, determine whether to pay such Dividend in cash or to offer Shareholders the Reinvestment Option and if the Reinvestment Option is applied, the size of the Electable Portion.

In this respect, the Electable Portion may encompass the whole Dividend or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the Remaining Portion will be paid in cash.

**6. SHARE ENTITLEMENT**

Maximum share entitlement

By electing to participate in the Dividend Reinvestment Plan in respect of any Notice of Election received by him/her, a Shareholder elects to reinvest in whole or in part the Electable Portion to which such Notice of Election relates in New Shares.

In respect of any Electable Portion, the maximum number of New Shares to be allotted and issued to a Participating Shareholder in respect of a Notice of Election shall be calculated in accordance with the following formula:

$$N = \frac{S \times D}{V}$$

Where:

N = is the number of New Shares (*rounded down to the nearest whole number*) to be allotted and issued to the Participating Shareholder in respect of his/her Notice of Election.

S = is the number of MRCB Shares held by the Participating Shareholder as at the Entitlement Date to which his/her Notice of Election relates.

D = is the Electable Portion (after deduction of applicable income tax).

V = is the Issue Price.



---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**


---

Any fractional entitlement of New Shares computed in accordance with the above formula will be paid in cash to the Participating Shareholder in the usual manner.

Payment of dividend in cash in respect of the Balance of the Electable Portion and fractional entitlement

In respect of any Electable Portion, the Balance of the Electable Portion in respect of a Notice of Election which is not reinvested in New Shares and/or fractional entitlement of New Shares and/or amount yielding odd lot in relation to the Electable Portion under the Dividend Reinvestment Plan, whichever is applicable, of which will be paid to the Participating Shareholder in cash in the usual manner shall be calculated in accordance with the following formula:

$$B = (S \times D) - (A \times V)$$

Where:

- B = is the Balance of the Electable Portion in respect of his/her Notice of Election.
- S = is the number of MRCB Shares held by the Participating Shareholder as at the Entitlement Date to which his/her Notice of Election relates.
- D = is the Electable Portion (after deduction of applicable income tax).
- A = is the number of New Shares that the Participating Shareholder elects to subscribe for in respect of the Electable Portion to which his/her Notice of Election relates.
- V = is the Issue Price.

The Balance of the Electable Portion will be paid to the Participating Shareholder in cash in the usual manner.

The percentage shareholding of a Shareholder in the Company may be diluted should he/she not exercise his/her Reinvestment Option. However, the extent of the dilution will depend on the number of New Shares issued by the Company pursuant to the level of exercise of the Reinvestment Option by the other Shareholders as a whole.

## 7. TERMS OF ALLOTMENT

The maximum number of New Shares to be issued under the Dividend Reinvestment Plan will depend on, among others:

- (i) the quantum of the Dividend;
- (ii) the Board's decision on the proportion/size of the Electable Portion;
- (iii) the Issue Price;
- (iv) the extent to which Shareholders elect to exercise the Reinvestment Option; and
- (v) any necessary downward adjustment by the Board to the final number of New Shares to be allotted and issued to any of the Shareholder as referred to in Section 13(ii) of Part III (*Terms and Conditions of the Dividend Reinvestment Plan*).

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

Under the Dividend Reinvestment Plan, Shareholders who elect to exercise the Reinvestment Option will not be allotted fractional New Shares. As such, the amount of the Electable Portion relating to such fractional entitlement of New Shares will be paid in cash to Shareholders in the usual manner together with the Remaining Portion (if applicable).

Any New Shares to be allotted and issued pursuant to the Dividend Reinvestment Plan will rank equally in all respects with the existing MRCB Shares, save and except that the New Shares shall not be entitled to any dividend, right, allotment and/or other distribution in respect of which the entitlement date is before the Allotment Date.

**8. ODD LOTS**

A Shareholder who exercises the Reinvestment Option may be allotted New Shares in odd lots depending on his/her entitlement of New Shares pursuant to the Dividend Reinvestment Plan. Shareholders who receive odd lots of New Shares and who wish to trade such odd lots may do so on the odd lots market of Bursa Securities which allows the trading of odd lots with a minimum of one (1) MRCB Share.

A Shareholder who does not wish to receive New Shares in odd lots may round down the number of New Shares elected such that he/she will receive the New Shares in multiples of and not less than one (1) board lot comprising 100 New Shares. Where a Shareholder's entitlement of New Shares is less than one (1) board lot, the Shareholder can elect to receive his/her entire Dividend entitlement in cash or New Shares in odd lots.

**9. NOTIFICATION TO SHAREHOLDERS WHO EXERCISE THE REINVESTMENT OPTION**

MRCB will within eight (8) market days from the Expiry Date or such other period as may be prescribed by Bursa Securities, allot and issue the New Shares and despatch notices of allotment to the Participating Shareholders. **Where applicable, the Company will concurrently pay Shareholders the Balance of the Electable Portion and the Remaining Portion in cash on the Allotment Date.**

An announcement in respect of the day on which the New Shares will be listed and quoted on the Main Market of Bursa Securities will also be made by MRCB.

**10. COST TO THE PARTICIPATING SHAREHOLDERS**

The New Shares will be issued free of brokerage fees and other related transaction costs to the Participating Shareholders, unless otherwise provided by any statute, law or regulation. However, a stamp duty of RM10.00 will be levied on each DRF submitted.

**11. MODIFICATION, SUSPENSION AND TERMINATION OF THE DIVIDEND REINVESTMENT PLAN**

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, the Dividend Reinvestment Plan may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit or expedient, and without assigning any reason thereof, by giving notice in writing to all Shareholders in such manner as the Board deems fit, notwithstanding any other provision of the Terms and Conditions of the Dividend Reinvestment Plan stating the contrary and irrespective of whether an election to exercise the Reinvestment Option has been made by a Shareholder.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

In the case of a suspension, the Dividend Reinvestment Plan will be suspended (in whole or in part, as the case may be) until such time as the Board may resolve at its absolute discretion, to recommence or terminate the Dividend Reinvestment Plan in such manner as the Board deems fit.

**12. GENERAL ADMINISTRATION OF THE DIVIDEND REINVESTMENT PLAN**

The Board may implement the Dividend Reinvestment Plan in the manner as the Board may deem fit at its absolute discretion. The Board has the power to:

- (i) determine procedures, rules and regulations for the administration of the Dividend Reinvestment Plan which are consistent with these Terms and Conditions, as may be amended or modified from time to time;
- (ii) settle in such manner as it thinks fit, any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the Dividend Reinvestment Plan) which may arise in connection with the Dividend Reinvestment Plan, whether generally or in relation to any Participating Shareholder or any MRCB Share and the determination of the Board will be conclusive and binding on all Shareholders and other persons to whom the determination relates without giving any reasons for its determination;
- (iii) delegate to any one (1) or more persons, for such period and on such conditions as the Board may determine, the exercise of any of its powers or discretion under or in respect of the Dividend Reinvestment Plan and references to a decision, opinion or determination of the Board include a reference to the decision, opinion or determination of the person or persons to whom the Board has delegated its authority to, for the purposes of administering the Dividend Reinvestment Plan; and
- (iv) waive strict compliance by the Company or any Shareholder with any of these Terms and Conditions.

Any matter to be decided, determined, fixed, resolved or waived by the Board in respect of the Dividend Reinvestment Plan shall be decided, determined, fixed and resolved or waived by the Board at its absolute discretion as it deems fit without assigning any reason.

**13. IMPLICATIONS OF THE RULES AND SHAREHOLDING LIMITS****(i) The Rules**

Pursuant to Paragraph 4.01, Part B of the Rules and Sections 217 and 218 of the CMSA, a Shareholder may be required to extend a mandatory take-over offer for all the remaining MRCB Shares not already owned by him/her and persons acting in concert with him/her (collectively, the "**Affected Parties**") if by participating in the Dividend Reinvestment Plan in relation to the reinvestment of the Electable Portion:

- (a) the Affected Parties have obtained control in the Company via the acquisition or holding of, or entitlement to exercise or control the exercise of, voting shares or voting rights of more than 33% of the Company, or such other amount as may be prescribed in the Rules, howsoever effected; or
- (b) the Affected Parties have acquired more than 2% of the voting shares or voting rights of the Company in any period of six (6) months and the Affected Parties hold more than 33% but not more than 50% of the voting shares or voting rights of the Company during the said six (6) months period.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**


---

In the event an obligation to undertake a mandatory take-over offer is expected to arise resulting from a Shareholder's participation in the Dividend Reinvestment Plan, the Affected Parties may wish to consult their professional advisers at the earliest opportunity in relation to:

- (1) any obligation to make a mandatory take-over offer under the Rules as a result of any subscription of New Shares through his/her participation in the Dividend Reinvestment Plan; and
- (2) whether or not to make an application to the Securities Commission Malaysia for an exemption from the obligation to undertake a mandatory take-over offer pursuant to the Rules prior to exercising his/her Reinvestment Option.

For the avoidance of doubt, the statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Rules or other relevant legislation or regulations.

**(ii) Shareholding limits**

All Shareholders are responsible for ensuring that their participation in the Dividend Reinvestment Plan will not result in a breach of any restriction applicable to such Shareholder's holding of MRCB Shares which may be imposed by any contractual obligation of the said Shareholder, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities have first been obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts), or as prescribed in the Company's Constitution.

In view of the above, notwithstanding anything to the contrary, should the Board be made aware of or be informed in writing of any expected breach of such shareholding limits as a result of the exercise of the Reinvestment Option by such Shareholder, the Board shall be entitled, but not obligated (save and except where required by law) to reduce or limit the number of New Shares to be issued to such Shareholder and/or pay to such Shareholder, the Electable Portion or any part thereof in cash.

**14. DISCLAIMER**

Notwithstanding anything to the contrary, the Board and the Company including any of its subsidiaries and its respective Directors, officers, employees, advisers, agents, affiliates and representatives and the employees of the advisers, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising/incurred/suffered by any person, including any Shareholder arising out of or in connection with the Dividend Reinvestment Plan including (but not limited to):

- (i) any obligation of any Shareholder to undertake a mandatory take-over offer as a result of the Dividend Reinvestment Plan;
- (ii) a breach of any restriction applicable to any Shareholder's holding of MRCB Shares which may be imposed by any contractual obligation of the said Shareholder, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities; and
- (iii) any losses suffered by any Shareholders due to changes in share prices of the MRCB Shares or the quantum of future Dividends after the implementation of the Dividend Reinvestment Plan.

---

**DIVIDEND REINVESTMENT PLAN STATEMENT (Cont'd)**

---

**15. GOVERNING LAW**

This Dividend Reinvestment Plan Statement, the Dividend Reinvestment Plan and these Terms and Conditions shall be governed by, and construed in accordance with the laws of Malaysia.

**16. NOTICES AND STATEMENTS**

Unless otherwise provided in these Terms and Conditions, any notices, documents and statements required to be given by the Company to Shareholders shall be given in accordance with the applicable provisions of the Company's Constitution.

(The rest of this page has been intentionally left blank)

---

**FURTHER INFORMATION**

---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT**

RHB Investment Bank, being the Principal Adviser for the Proposed DRP, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATION OF CONFLICT OF INTEREST**

EPF is a common shareholder of our Company and RHB Bank Berhad (being the holding company of RHB Investment Bank) ("**RHB Bank**"). Nevertheless, EPF is not involved in the day-to-day operations of RHB Bank and its subsidiaries ("**RHB Banking Group**").

Tan Sri Azlan Zainol, an Independent Chairman of our Company, is also a Non-Independent Non-Executive Chairman of RHB Bank and RHB Investment Bank. He is also a Non-Independent Non-Executive Director of RHB Securities Singapore Pte Ltd and President of the Board of Commissioners of PT RHB Sekuritas Indonesia, both of which are subsidiaries of RHB Investment Bank. In addition, Dato' Mohamad Nasir Ab Latif, a Non-Independent Non-Executive Director of our Company, is also a Non-Independent Non-Executive Director of RHB Bank and RHB Islamic Bank Berhad, a subsidiary of RHB Bank. Nevertheless, in view of their role as the non-executive chairman and/or non-executive director, they are not involved in the day-to-day operations of the said entities.

As at LPD, RHB Banking Group have extended credit facilities amounting to RM858.42 million (with an amount of RM579.85 million outstanding) to our Group. Such credit facilities represent 3.33% of the audited consolidated NA of RHB Bank as at 31 December 2019 of RM25,775.39 million.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed DRP is mitigated by the following:

- (i) the above credit facilities were provided by RHB Banking Group on an arms' length basis and in the ordinary course of its business;
- (ii) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team in-charge of the Proposed DRP in RHB Investment Bank is independent from the team handling the credit facilities. Further, there is no involvement by the Corporate Finance division of RHB Investment Bank in respect of any credit application process undertaken by other departments within RHB Banking Group;

**FURTHER INFORMATION (Cont'd)**

- (iii) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to our Company for the Proposed DRP is in the ordinary course of its business;
- (iv) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, CMSA and RHB Banking Group's own internal controls and checks which include, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and
- (v) RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its role as the Principal Adviser to our Company for the Proposed DRP.

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****4.1 Material commitments**

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

	RM'000
Authorised capital expenditure for property, plant and equipment	
- Contracted for	48,334
- Not contracted for	6,095
	54,429

**4.2 Contingent liabilities**

Save as disclosed below, as at LPD, our Board is not aware of any contingent liability incurred or known to be incurred by our Group which upon becoming enforceable may have a material and adverse impact on the financial position of our Group:

	RM'000
Performance guarantees extended to third parties*	1,047,908

**Note:**

- \* Included in the performance guarantees extended to third parties is an amount of RM31.3 million that had been called on previously by third parties. Our Group has instituted injunction proceedings against the third parties. In the FYE 31 December 2019, our Group and the third parties entered into a Dispute Resolution Agreement whereby the third parties agreed to an interim injunction to preserve status quo on the performance guarantees pending determination of the dispute between the parties via arbitration. On this basis, the performance guarantees have not been provided in the financial statements for the FYE 31 December 2019.

---

**FURTHER INFORMATION (Cont'd)**

---

**5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, as at LPD, our Group is not engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant, and our Board is not aware and do not have any knowledge of any proceeding, pending or threatened, against our Group or of any fact likely to give rise to a proceeding, which may materially and adversely affect the financial position or business of our Group:

**In the matter of arbitration between MRCB and George Kent (Malaysia) Berhad (“GKM”)**

On 8 June 2015, MRCB entered into a shareholders’ agreement with GKM (as amended and varied by a supplemental shareholders’ agreement dated 26 January 2018 and a second supplemental shareholders’ agreement dated 24 June 2019) (collectively, the “**Shareholders’ Agreement**”) to form a joint venture company, namely MRCB George Kent Sdn Bhd (“**JV Co**”), on a jointly controlled basis in the equity proportions of 50% : 50% in the JV Co, for the purpose of tendering, undertaking and completing the Light Rail Transit Line 3 from Bandar Utama to Johan Setia (“**LRT 3 Project**”).

The JV Co had on 4 September 2015 been appointed by Prasarana Malaysia Berhad (“**PMB**”) as project delivery partner to undertake and implement the LRT 3 Project. Following the Government of Malaysia’s decision on changing the structure of the LRT 3 Project, the JV Co had on 25 January 2019 entered into a turnkey contract with PMB and pursuant to which the JV Co has been appointed by PMB as the main contractor for the LRT 3 Project at the contract sum of RM11,372,000,000.

On 13 August 2019, GKM served a notice of arbitration on MRCB in respect of the dispute amongst the shareholders of the JV Co pertaining to amongst others, the interpretation of the provisions of the Shareholders’ Agreement in relation to the options in securing financing for the JV Co.

Simultaneously on 13 August 2019, GKM filed an application for emergency interim relief to seek, amongst others, an order that MRCB abstains from proceeding with or taking action to effect certain provisions of the Shareholders’ Agreement (“**Application for Interim Relief**”) pending the full and final disposal of the arbitration. The Application for Interim Relief was however dismissed by the emergency arbitrator on 12 September 2019.

Both MRCB and GKM had filed their respective preliminary list of issues on 29 January 2020 and 30 January 2020 respectively. Subsequently, GKM filed its statement of claim on 5 March 2020 whilst MRCB filed its defence and counter-claim on 15 April 2020. GKM had on 14 May 2020 filed its statement of reply and defence to MRCB’s counter-claim.

The arbitration has been fixed for hearing on 21 September 2020 to 23 September 2020.

Our Board is of the opinion that MRCB has reasonable chances of success in relation to the matter.



---

**FURTHER INFORMATION (Cont'd)**

---

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of our Company at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia, during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 49<sup>th</sup> AGM:

- (i) the Constitution of our Company;
- (ii) the audited consolidated financial statements of our Company for the past two (2) FYEs 31 December 2018 and 2019;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 5 above.

(The rest of this page has been intentionally left blank)

---

**RESOLUTION TO APPROVE THE PROPOSED DRP**


---

*The resolution below is for information purposes only. Please refer to the Notice of the 49<sup>th</sup> AGM which can be downloaded from the Company's website at [www.mrcb.com.my/investor-relations/other-information/](http://www.mrcb.com.my/investor-relations/other-information/).*

**SPECIAL BUSINESS****ORDINARY RESOLUTION 5**

**PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN THAT PROVIDES SHAREHOLDERS OF MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB" OR "COMPANY") WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW ORDINARY SHARES OF MRCB ("SHARES")**

**"THAT**, subject to compliance with all applicable laws (as may be amended, modified or re-enacted from time to time), the Constitution of the Company, and the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad and/or any other relevant regulatory authority:

- (i) approval be and is hereby given to the Company to establish a dividend reinvestment plan that provides the shareholders of the Company ("**Shareholders**") with an option to elect to reinvest in whole or in part, their cash dividend, which includes any interim, final, special or other types of cash dividend ("**Dividend**") declared by the Company in new MRCB Shares ("**New Shares**") ("**Proposed DRP**");
- (ii) the Board of Directors of the Company ("**Board**") be and is hereby authorised to –
  - a. establish and implement the Proposed DRP;
  - b. determine, at its absolute discretion, whether to pay any Dividend in cash or to offer Shareholders the option to elect to reinvest all or part of their Dividend in New Shares ("**Reinvestment Option**") and if the Reinvestment Option is applied, the portion of such Dividend to which the Reinvestment Option applies;
  - c. allot and issue such number of New Shares from time to time as may be required to be allotted and issued pursuant to the Proposed DRP until the conclusion of the Company's next Annual General Meeting, upon the terms and conditions and to such persons as the Board may, at its absolute discretion, deem fit and in the best interest of the Company ("**Proposed Issuance of New Shares**");
  - d. fix the issue price of the New Shares, which will be determined by the Board on a price-fixing date to be determined and announced relating to the relevant Dividend, at a discount of not more than 10% to the five (5)-day volume weighted average market price ("**VWAMP**") of MRCB Shares immediately prior to the price-fixing date. The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price; and
  - e. do all such acts and enter into all such transactions, arrangements, agreements, deeds and undertakings and to execute, sign and deliver, for and on behalf of the Company, all such documents and impose such terms and conditions or delegate any part of their powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed DRP and the Proposed Issuance of New Shares, with full power to assent to any condition, modification, variation, and/or amendment, including suspension and termination of the Proposed DRP, as the Board may, in its absolute discretion and without assigning any reason thereof, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities;

**AND THAT** the New Shares to be allotted and issued pursuant to the Proposed DRP shall rank equally in all respects with the existing MRCB Shares, save and except that such New Shares shall not be entitled to any dividend, right, allotment and/or other distribution in respect of which the entitlement date is before the allotment date of such New Shares.