

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.

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MALAYSIAN RESOURCES CORPORATION BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,856,679,518 NEW ORDINARY SHARES IN MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB") ("MRCB SHARES" OR "SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 571,335,904 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS"), ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MRCB SHARE HELD AND ONE (1) FREE RIGHTS WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting ("EGM") of MRCB which will be held at Grand Nexus Ballroom, Level 3A, Connexion@Nexus, No 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Friday, 28 July 2017 at 10.00 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

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

This Circular is dated 13 July 2017

DEFINITIONS

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

Act	: Companies Act, 2016
Board	: Board of Directors of MRCB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Circular	: This circular dated 13 July 2017 in relation to the Proposed Rights Issue
Deed Poll	: The deed poll constituting the Rights Warrants to be executed by our Company
EGM	: Extraordinary general meeting
Entitled Shareholders	: Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	: A date to be determined and announced later by your Board, on which names of our shareholders must appear in our Record of Depositors as at 5.00 p.m. on that date in order to be entitled to the Proposed Rights Issue
EPF	: Employees Provident Fund Board
EPS	: Earnings per share
ESOS	: Employees' share option scheme of MRCB
ESOS Options	: Options which were granted to the eligible employees and directors of our Group and our associate companies pursuant to the ESOS
Exercise Price	: Exercise price of each Rights Warrant, which will be determined and announced by your Board at a later date
Foreign Addressed Shareholders	: Our foreign shareholder(s) and/ or their renouncee(s) on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Proposed Rights Issue
FPE	: Financial period ended/ ending, as the case may be
FYE	: Financial year ended/ ending, as the case may be
GDV	: Gross development value
GSB	: Gapurna Sdn Bhd (213716-K)
Issue Price	: Issue price of each Rights Share, which will be determined and announced by your Board at a later date
LPD	: 28 June 2017, being the latest practicable date prior to the printing of this Circular
Maximum Scenario	: Assuming all of the ESOS Options and outstanding Warrants A as at LPD are fully exercised before the implementation of the Proposed Rights Issue
Minimum Scenario	: Assuming none of the ESOS Options and outstanding Warrants A as at LPD are exercised before the implementation of the Proposed Rights Issue

DEFINITIONS (Cont'd)

MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Group or Group	:	MRCB and its subsidiary companies, collectively
MRCB Land	:	MRCB Land Sdn Bhd (62218-D), a wholly-owned subsidiary of our Company
MRCB Share(s) or Share(s)	:	Ordinary share(s) in MRCB
NA	:	Net assets
Proposed Rights Issue	:	Proposed renounceable rights issue of up to 2,856,679,518 Rights Shares together with up to 571,335,904 Rights Warrants, on the basis of one (1) Rights Share for every one (1) existing MRCB Share held and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for by the Entitled Shareholders on the Entitlement Date
Record of Depositors	:	A record of securities holders established by Bursa Depository under Chapter 24 of the Rules of Bursa Depository
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
Rights Shares	:	New MRCB Shares to be issued pursuant to the Proposed Rights Issue
Rights Warrants	:	Free detachable warrants to be issued pursuant to the Proposed Rights Issue
RJSB	:	Rukun Juang Sdn Bhd (1101807-P), a 85%-owned subsidiary of MRCB Land, which in turn is a wholly-owned subsidiary of our Company
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
Share Registrar	:	Symphony Share Registrars Sdn Bhd (378993-D)
Tan Sri Mohamad Salim	:	Tan Sri Mohamad Salim Fatch Din
TERP	:	Theoretical ex-rights price
Undertakings	:	Written irrevocable undertakings provided by EPF and GSB vide their letters dated 16 May 2017 and 17 May 2017 respectively, to subscribe in full for their entitlements under the Proposed Rights Issue
VWAMP	:	Volume weighted average market price
Warrants A	:	Warrants which were issued by our Company on 17 September 2013, 23 June 2014 and 13 January 2015 respectively and constituted by the Warrants A Deed Poll
Warrants A Deed Poll	:	Deed poll dated 22 August 2013 constituting the Warrants A

Currencies

AUD	:	Australian Dollar, the legal tender of Australia
RM and sen	:	Ringgit Malaysia and sen, the legal tender of Malaysia

DEFINITIONS (Cont'd)

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

Unless specifically referred to, words denoting the singular shall, 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 dates and times in this Circular shall be references to Malaysian dates and times, unless otherwise stated.

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 its quarterly results or annual reports, 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 your 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.

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NOTICE OF EGM **ENCLOSED**

FORM OF PROXY **ENCLOSED**



MALAYSIAN RESOURCES CORPORATION BERHAD

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

Registered office

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

13 July 2017

Board of Directors

Tan Sri Azlan Zainol (*Non-Independent Non-Executive Chairman*)
Tan Sri Mohamad Salim Fateh Din (*Group Managing Director*)
Mohd Imran Tan Sri Mohamad Salim (*Executive Director*)
Datuk Shahril Ridza Ridzuan (*Non-Independent Non-Executive Director*)
Jamaludin Zakaria (*Senior Independent Director*)
Rohaya Mohammad Yusof (*Non-Independent Non-Executive Director*)
Hasman Yusri Yusoff (*Independent Director*)

To : Our shareholders

Dear Sir/ Madam,

PROPOSED RIGHTS ISSUE

1. INTRODUCTION

On 17 May 2017, RHB Investment Bank had on behalf of your Board, announced that our Company proposes to undertake, among others, the Proposed Rights Issue.

On 11 July 2017, RHB Investment Bank had on behalf of your Board, announced that Bursa Securities had vide its letter dated 10 July 2017, granted its approval for the following:-

- (i) the admission of up to 571,439,740 Rights Warrants to the Official List of Bursa Securities; and
- (ii) listing of and quotation for:-
 - (a) up to 2,857,198,698 Rights Shares and up to 571,439,740 Rights Warrants to be issued pursuant to the Proposed Rights Issue;
 - (b) up to 571,439,740 new MRCB Shares to be issued arising from the exercise of the Rights Warrants;
 - (c) up to 278,819,965 additional Warrants A to be issued pursuant to the adjustments under the Warrants A Deed Poll as a result of the Proposed Rights Issue; and
 - (d) up to 278,819,965 new MRCB Shares to be issued arising from the exercise of the additional Warrants A,

on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

For information purposes, the additional number of Warrants A to be issued pursuant to the adjustments under the Warrants A Deed Poll as a result of the Proposed Rights Issue cannot be determined at this juncture as it is dependent on, among others, the Issue Price. The final adjustments to the Warrants A will be determined in accordance with the Warrants A Deed Poll.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED RIGHTS ISSUE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue will entail the issuance of up to 2,856,679,518 Rights Shares together with up to 571,335,904 free Rights Warrants at an issue price to be determined later, on the basis of one (1) Rights Share for every one (1) existing MRCB Share held and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for by the Entitled Shareholders on the Entitlement Date.

As at LPD, our Company has the following outstanding securities:-

- (i) 2,192,306,285 MRCB Shares;
- (ii) 87,854,221 ESOS Options, which entitles the holders of the ESOS Options to subscribe for new MRCB Shares at an exercise price ranging between RM1.14 and RM2.79 per MRCB Share; and
- (iii) 576,519,012 Warrants A, which entitles the registered holders to subscribe for one (1) new MRCB Share at an exercise price of RM2.30 per Share at any time until 16 September 2018, subject to the provisions of the Warrants A Deed Poll.

Based on the abovementioned parameters, the minimum and maximum number of Rights Shares and Rights Warrants to be issued under the Proposed Rights Issue are illustrated in the table below:-

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Total issued share capital as at LPD	2,192,306,285	2,192,306,285
Upon full exercise of the outstanding ESOS Options	-	87,854,221
Upon full exercise of the outstanding Warrants A	-	576,519,012
	2,192,306,285	2,856,679,518
To be issued pursuant to the Proposed Rights Issue	2,192,306,285	2,856,679,518
Enlarged total issued share capital	4,384,612,570	5,713,359,036
	No. of Rights Warrants	No. of Rights Warrants
To be issued pursuant to the Proposed Rights Issue	438,461,257	571,335,904

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/ or renounce their entitlements to the Rights Shares together with the Rights Warrants in full or in part. Should the Entitled Shareholders renounce all their entitlements to the Rights Shares, they will not be entitled to the Rights Warrants. However, if the Entitled Shareholders accept part of their entitlements to the Rights Shares, they will be entitled to the Rights Warrants in proportion of their acceptance of their entitlements to the Rights Shares. For the avoidance of doubt, the Rights Shares and the Rights Warrants are not separately renounceable.

The Rights Warrants are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/ or their renouncee(s) who subscribe for the Rights Shares. The Rights Warrants are exercisable into new MRCB Shares. Each Rights Warrant will entitle its holder to subscribe for one (1) new MRCB Share at an exercise price to be determined later. The Rights Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on Bursa Securities. The Rights Warrants will be issued in registered form and constituted by the Deed Poll.

The Rights Shares with Rights Warrants which are not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/ or their renouncee(s). It is the intention of your Board to allocate the excess Rights Shares with Rights Warrants in a fair and equitable manner on a basis to be determined by your Board and announced later by our Company.

The Rights Shares with Rights Warrants will be provisionally allotted to the Entitled Shareholders. In determining shareholders' entitlement under the Proposed Rights Issue, fractional entitlements of the Rights Shares and/ or Rights Warrants, if any, will be disregarded and dealt with in such manner and on such terms and conditions as your Board in its absolute discretion deem fit or expedient or in the best interest of our Company.

The indicative salient terms of the Rights Warrants are set out in Appendix I of this Circular.

2.1 Basis and justification of arriving at the Issue Price and Exercise Price

The Issue Price and the Exercise Price will be determined and fixed by your Board, and announced by our Company at a later date after the receipt of all relevant approvals for the Proposed Rights Issue but before the Entitlement Date.

The Issue Price will be determined after taking into consideration, among others, the following:-

- (i) the five (5)-day VWAMP of MRCB Shares immediately preceding the price-fixing date for the Proposed Rights Issue and the corresponding TERP;
- (ii) the prevailing market conditions which include, among others, market sentiment and volatility of the Malaysian stock market; and
- (iii) a discount of not less than 20% to the TERP, which is in line with the range of discounts adopted in the pricing of recent rights issue exercises implemented by public listed companies on Bursa Securities.

The Exercise Price will be determined after taking into consideration, among others, the following:-

- (i) the five (5)-day VWAMP of MRCB Shares immediately preceding the price-fixing date for the Proposed Rights Issue and the corresponding TERP;
- (ii) the historical share price movement of MRCB Shares;
- (iii) the earnings potential of MRCB Group; and
- (iv) a premium of not less than 20% to the TERP, after taking into consideration the funding requirements of MRCB Group over the next five (5) years.

For the purpose of this Circular, the following assumptions have been adopted for illustration purposes:-

- (i) the Issue Price will be RM0.85 per Rights Share, representing a discount of approximately 22.73% to the TERP of MRCB Shares of approximately RM1.10, based on the five (5)-day VWAMP of MRCB Shares up to and including the LPD of RM1.3480; and
- (ii) the Exercise Price will be RM1.40 per Rights Warrant, representing a premium of approximately 27.27% to the TERP of MRCB Shares of approximately RM1.10, based on the five (5)-day VWAMP of MRCB Shares up to and including the LPD of RM1.3480.

Based on the indicative Issue Price and Exercise Price, the gross proceeds to be raised upon completion of the Proposed Rights Issue and full exercise of the Rights Warrants respectively, are as follows:-

Gross proceeds to be raised	Minimum Scenario	Maximum Scenario
	RM('000)	RM('000)
Upon completion of the Proposed Rights Issue	1,863,460	2,428,178
Upon full exercise of the Rights Warrants	613,846	799,870

2.2 Irrevocable undertakings and underwriting arrangement

The Proposed Rights Issue is intended to be undertaken on a full subscription basis.

EPF and GSB, being the major shareholders of MRCB, have provided their respective Undertakings for the Proposed Rights Issue. As at the date of their Undertakings, EPF and GSB held 728,927,897 MRCB Shares and 364,545,752 MRCB Shares ("**Shareholdings**"), representing approximately 33.50% and 16.72% of the then issued share capital of MRCB, respectively. EPF and GSB have vide their respective Undertakings undertaken that the number of MRCB Shares which they hold on the Entitlement Date shall not fall below their respective Shareholdings and they will subscribe in full for their entitlements under the Proposed Rights Issue on the Entitlement Date.

EPF and GSB have also indicated that they may apply for excess Rights Shares with Rights Warrants provided that such application will not result in them triggering a mandatory general offer for the remaining MRCB Shares and convertible securities not already owned by them pursuant to Paragraph 4.01 of the Rules. For the avoidance of doubt, EPF and GSB have not indicated the number of excess Rights Shares with Rights Warrants that they intend to apply for in their Undertakings.

For illustration purposes, based on the shareholdings of EPF and GSB in MRCB as at LPD, their respective entitlements under the Proposed Rights Issue are set out below:-

Minimum Scenario

	As at LPD		Illustrative entitlements under the Proposed Rights Issue		
	No. of MRCB Shares	% ^	No. of Rights Shares	% *	No. of Rights Warrants
EPF	733,927,897	33.48	733,927,897	33.48	146,785,579
GSB	364,545,752	16.63	364,545,752	16.63	72,909,150

Notes:-

- [^] Based on the total issued share capital of MRCB as at LPD amounting to 2,192,306,285 MRCB Shares.
- ^{*} Based on 2,192,306,285 Rights Shares and 438,461,257 Rights Warrants to be issued under the Minimum Scenario.

Maximum Scenario

	As at LPD		Illustrative entitlements under the Proposed Rights Issue		
	No. of MRCB Shares	% [^]	No. of Rights Shares	% [*]	No. of Rights Warrants
EPF	733,927,897	33.48	735,275,825 [@]	25.74	147,055,165
GSB	364,545,752	16.63	418,180,775 [#]	14.64	83,636,155

Notes:-

- [^] Based on the total issued share capital of MRCB as at LPD amounting to 2,192,306,285 MRCB Shares.
- [@] Assuming EPF exercises all of its 1,347,928 Warrants A held as at LPD prior to the Entitlement Date.
- [#] Assuming GSB exercises all of its 53,635,023 Warrants A held as at LPD prior to the Entitlement Date.
- ^{*} Based on 2,856,679,518 Rights Shares and 571,335,904 Rights Warrants to be issued under the Maximum Scenario.

The actual entitlements of EPF and GSB under the Proposed Rights Issue will depend on the number of MRCB Shares held by them on the Entitlement Date.

EPF and GSB have confirmed via their Undertakings that they have sufficient financial resources to pay for the Rights Shares with Rights Warrants as specified in their respective Undertakings and will make full payment for the Rights Shares with Rights Warrants upon subscription. RHB Investment Bank has verified the sufficiency of financial resources of EPF and GSB to subscribe for the Rights Shares with Rights Warrants, based on the illustrative Issue Price of RM0.85 per Rights Share and their illustrative entitlements under the Proposed Rights Issue as set out in the tables above.

It is the intention of your Board to procure underwriting arrangement(s) for the remaining Rights Shares with Rights Warrants for which no written undertakings have been obtained. Such underwriting arrangement(s) will be in place prior to the announcement of the Entitlement Date. Accordingly, the terms of the underwriting agreement (including the identity of the underwriter(s)) have not been finalised at this juncture. In any event, the underwriting commission to be borne by our Company will be at arm's length and based on normal commercial terms. The details of the underwriting arrangement(s) will be disclosed in the abridged prospectus in relation to the Proposed Rights Issue to be issued to the Entitled Shareholders.

2.3 Obligations under the Rules

As at LPD, EPF and GSB holds 33.48% and 16.63% of the voting shares of MRCB respectively, and their collective shareholdings in MRCB is 50.11%. EPF and GSB are persons acting in concert in respect of their investments in MRCB in accordance with Sections 216(2) and 216(3) of the Capital Markets and Services Act 2007.

In accordance with the Rules, a mandatory offer obligation will apply to all members of a group of persons acting in concert if any member of the group acquires voting shares or voting rights such that collectively the group triggers a mandatory offer obligation.

Where a group of persons acting in concert holds more than 33% of the voting shares or the voting rights of a company, any member of the group will incur a mandatory offer obligation if he acquires voting shares or voting rights resulting in him:-

- (i) acquiring more than 33% of the voting shares or voting rights of the company; or
- (ii) acquiring more than 2% of the voting shares or voting rights of the company in any six (6) month period (when the person already holds more than 33% but not more than 50% of the voting shares or voting rights of the company).

In addition, a person, or group of persons acting in concert, holding more than 33% of the voting shares or voting rights of a company is free to acquire and dispose of further voting shares or voting rights within a band of 2% above the greater of 33% or its lowest percentage holding of voting shares or voting rights in the previous six (6) month period without incurring an obligation to make a mandatory offer.

EPF and GSB have indicated that they may apply for excess Rights Shares with Rights Warrants provided that such application will not result in them triggering a mandatory general offer for the remaining MRCB Shares and convertible securities not already owned by them pursuant to Paragraph 4.01 of the Rules.

In view of the above, the Undertakings will not give rise to any consequence of mandatory general offer obligation as the Proposed Rights Issue is intended to be undertaken on a full subscription basis and the remaining Rights Shares with Rights Warrants for which no written undertakings have been obtained will be fully underwritten by the underwriter(s) to be appointed by our Company.

2.4 Ranking of the Rights Shares and new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants

The Rights Shares and the new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants shall upon allotment and issue, rank equally in all respects with the then existing MRCB Shares, save and except that they will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares and new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants respectively.

2.5 Listing of and quotation for the Rights Shares, Rights Warrants and new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants

Approval has been obtained from Bursa Securities vide its letter dated 10 July 2017 for the admission of the Rights Warrants to the Official List of Bursa Securities as well as for the listing of and quotation for the Rights Shares, Rights Warrants and new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants on the Main Market of Bursa Securities. The Rights Warrants will be listed as "Warrants B".

2.6 Foreign Addressed Shareholders

The abridged prospectus together with the accompanying documents which will be issued in connection with the Proposed Rights Issue are not and will not be made to comply with the laws of any countries or jurisdictions other than Malaysia, and will not be registered under any applicable securities legislation of any countries or jurisdictions other than Malaysia as the Proposed Rights Issue will not be offered for purchase or subscription in any countries or jurisdictions other than Malaysia.

Accordingly, the abridged prospectus together with the accompanying documents will only be sent to the Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in our Record of Depositors as at the Entitlement Date. Foreign Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address prior to the Entitlement Date. Alternatively, such Foreign Addressed Shareholders may collect the abridged prospectus from our Share Registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

Our Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so and neither our Company, RHB Investment Bank nor any other advisers to the Proposed Rights Issue would, in connection with the Proposed Rights Issue, be in breach of the laws of any country or jurisdiction which the Foreign Addressed Shareholders and/ or their renounees might be subject to.

Foreign Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company, our Share Registrar and/ or RHB Investment Bank in respect of their rights or entitlements under the Proposed Rights Issue. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

Foreign Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject and participation by the Foreign Addressed Shareholders in the Proposed Rights Issue shall be on the basis of a warranty by them that they may lawfully so participate without our Company and/ or RHB Investment Bank being in breach of the laws of any jurisdiction.

Foreign Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares with Rights Warrants under the laws and jurisdiction to which they are subject to, will have no claims whatsoever against our Company and/ or any of our advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue.

Neither our Company, RHB Investment Bank nor any other advisers to the Proposed Rights Issue shall accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholder of his rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Our Company reserves the right in its absolute discretion to treat any acceptances as being invalid if it believes or has reason to believe that such acceptance may violate applicable legal or regulatory requirements.

3. UTILISATION OF GROSS PROCEEDS RAISED FROM THE PROPOSED RIGHTS ISSUE

The total amount of gross proceeds to be raised pursuant to the Proposed Rights Issue (based on the indicative Issue Price of RM0.85 per Rights Share) and the intended manner of utilisation of the said gross proceeds are as follows:-

Details of utilisation	Note	Minimum Scenario RM('000)	Maximum Scenario RM('000)	Timeframe for utilisation *
Advances to RJSB to finance the Privatisation (as defined herein)	(i)	925,000	975,000	Within 6 months
Repayment of borrowings	(ii)	766,918	826,315	Within 6 months
Property development activities and/ or construction projects	(iii)	33,042	488,363	Within 24 months
General working capital	(iv)	100,000	100,000	Within 24 months
Estimated expenses in relation to the Proposed Rights Issue	(v)	38,500	38,500	Within 6 months
Total estimated proceeds		1,863,460	2,428,178	

Notes:-

* From the date of completion of the Proposed Rights Issue.

(i) On 28 October 2015, RJSB had entered into a privatisation agreement with the Government of Malaysia (as represented by the Ministry of Youth and Sports) and Syarikat Tanah dan Harta Sdn Bhd for the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur ("**Privatisation**"). The Privatisation is being carried out by RJSB at its own cost and expense and comprises the following:-

- (a) refurbishing, renovating and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre together with the construction of the common infrastructures including boulevard, parking, steps and new signage ("**Project 1**"); and
- (b) developing, planning, designing, constructing, completing, testing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, integrated rehabilitation centre and youth park together with the construction of the common infrastructures ("**Project 2**").

Further details on the Privatisation are set out in the announcements made to Bursa Securities on 28 October 2015, 8 January 2016, 26 January 2016, 2 February 2016, 5 February 2016, 27 December 2016, 27 January 2017 and 21 April 2017 as well as the circular to shareholders of MRCB dated 4 December 2015. The Privatisation was approved by our shareholders at the EGM held on 21 December 2015.

The construction works for Project 1 commenced in February 2016 and is expected to complete by end July 2017, whilst the construction works for Project 2 shall commence on a date to be mutually agreed by the Government of Malaysia and RJSB.

The proceeds to be raised from the Proposed Rights Issue are intended to be advanced to RJSB to finance Project 1. Pending the completion of the Proposed Rights Issue, RJSB will finance Project 1 via its internally generated funds, advances from its shareholder, namely MRCB Land, and/ or funds raised from its Islamic medium term notes ("**RJSB Sukuk Murabahah**") programme of up to RM1,300.0 million in nominal value, which was established on 31 May 2017 ("**RJSB Sukuk Murabahah Programme**"). For information purposes, RJSB has issued RM993.0 million in nominal value of RJSB Sukuk Murabahah as at LPD.

In this regard, upon completion of the Proposed Rights Issue, the gross proceeds which have been earmarked for advances to RJSB to finance the Privatisation will then be utilised to replenish RJSB's internally generated funds and/ or redeem the RJSB Sukuk Murabahah which have been utilised/ issued under the RJSB Sukuk Murabahah Programme to fund Project 1, as the case may be.

(ii) As at LPD, our Company has identified the following borrowings to be repaid/ redeemed:-

	Minimum Scenario	Maximum Scenario
	RM('000)	RM('000)
Syndicated term loan from Affin Bank Berhad and Affin Hwang Investment Bank Berhad	167,000	167,000
Islamic medium term notes ("MRCB Sukuk Murabahah") issued under MRCB's sukuk murabahah programme ("MRCB Sukuk Murabahah Programme") [^]	426,000	426,000
Commodity murabahah term financing-i from RHB Islamic Bank Berhad	167,315	167,315
Other bank borrowings	6,603	66,000
Total	766,918	826,315

Note:-

[^] As at LPD, RHB Islamic Bank Berhad and Malaysia Building Society Berhad hold RM225 million and RM201 million in nominal value of MRCB Sukuk Murabahah respectively.

However, pending the completion of the Proposed Rights Issue, our Group may utilise our internally generated funds to partially repay/ redeem any of the abovementioned borrowings and/ or drawdown additional amounts from the borrowings set out above. As such, the amount of gross proceeds earmarked for the repayment/ redemption of borrowings set out in the table above is not final. Any amount not utilised in full for the repayment/ redemption of one (1) or more of the abovementioned borrowings will be utilised for the repayment/ redemption of other borrowings set out above.

As at LPD, the total borrowings of our Group amounted to approximately RM3.83 billion. Based on the weighted average effective interest rate for our Group's borrowings of approximately 5.65% per annum for the financial year 2016, the repayment of borrowings amounting to approximately RM766.92 million and RM826.32 million under the Minimum Scenario and Maximum Scenario respectively, are expected to result in an annual gross interest savings of approximately RM43.33 million and RM46.69 million to our Group under the Minimum Scenario and Maximum Scenario respectively.

(iii) The proceeds to be raised from the Proposed Rights Issue are intended to fund our Group's property development activities and/ or construction projects. Such expenses will include regulatory fees, consultant and professional fees, project management as well as administrative costs. As at LPD, our Company has identified the following property development projects which will be funded using the proceeds to be raised from the Proposed Rights Issue:-

Property development projects	Note	Minimum Scenario	Maximum Scenario
		RM('000)	RM('000)
Lot 94, Jalan Kia Peng	(a)	7,000	108,000
KL Sentral: Lot F	(b)	14,042	212,363
9 Seputeh, Phase 2	(c)	4,000	57,000
Sentral Suites	(d)	8,000	111,000
Total		33,042	488,363

Notes:-

(a) Comprises the proposed development of a 79 storey serviced apartment and hotel on a parcel of land measuring approximately 1.87 acres located at Geran 34211, Lot 94, Seksyen 58, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The GDV for the project is expected to be approximately RM1.57 billion and development is expected to commence in the second quarter of 2018 and complete by 2024;

- (b) *Comprises the proposed development of two (2) office towers and one (1) tower of hotel cum serviced apartment on a parcel of land measuring approximately 5.70 acres located at Geran 46076, Lot 74, Seksyen 70, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The GDV for the project is expected to be approximately RM2.98 billion and development is expected to commence in the third quarter of 2018 and complete by 2025;*
- (c) *Comprises the development of one (1) block of 38 storey apartment and two (2) blocks of 33 storey apartment on a parcel of land measuring approximately 4.6 acres located at Old Klang Road, Kuala Lumpur. The GDV for the project is expected to be approximately RM873 million and development is expected to commence in the third quarter of 2017 and complete by 2021; and*
- (d) *Comprises the development of three (3) blocks of 43 storey condominiums and 41 units of retail lot on a parcel of land measuring approximately 4.75 acres located at Lot 349, Jalan Tun Sambanthan, Seksyen 72, Kuala Lumpur. The GDV for the project is expected to be approximately RM1.61 billion. As at LPD, foundation and earthworks have commenced and development is expected to complete by 2021.*

The actual utilisation of gross proceeds for the abovementioned projects will depend on the actual funding requirement for the projects and the timing of completion of the Proposed Rights Issue. Any amount not utilised for one (1) or more of these projects will be utilised for the other projects set out above or for other property development activities and/ or construction projects which our Group has not identified at this juncture.

- (iv) *Represents gross proceeds allocated for general working capital requirements including day to day operating and administrative expenses, such as sales and marketing expenses, advertising and promotional expenditure, consultant and professional fees (other than consultant and professional fees relating to our property development activities and/ or construction projects), costs and expenses in relation to any future land acquisition(s) by our Group and office expenses. The breakdown of proceeds to be utilised for each component of working capital has not been determined at this juncture and will depend on the operating and funding requirements of our Group at the relevant point in time.*
- (v) *The estimated expenses consist of professional fees, fees payable to the relevant authorities, underwriting commission, expenses to convene the EGM, printing and despatch cost relating to this Circular, advertising expenses and other miscellaneous charges. Any excess/ shortfall in the amount utilised for the defrayment of estimated expenses in relation to the Proposed Rights Issue will be adjusted to/ from the gross proceeds which have been earmarked for general working capital.*

The actual gross proceeds to be raised from the Proposed Rights Issue cannot be determined at this juncture as it is dependent on the final Issue Price and the number of Rights Shares to be issued. If there is a shortfall in the actual gross proceeds raised from the Proposed Rights Issue under the Minimum Scenario, such shortfall shall be adjusted from the gross proceeds allocated for advances to RJSB to finance the Privatisation. On the other hand, if there is an excess in the actual gross proceeds raised from the Proposed Rights Issue, such excess shall firstly be adjusted to the gross proceeds allocated for advances to RJSB to finance the Privatisation and repayment of borrowings. The maximum amount of gross proceeds to be allocated for advances to RJSB to finance the Privatisation and repayment of borrowings shall be RM975.0 million and RM826.32 million respectively. Any further excess will be adjusted to the gross proceeds allocated for property development activities and/ or construction projects.

Pending utilisation of the proceeds to be raised from the Proposed Rights Issue, such proceeds will be placed in interest-bearing and/ or Shariah compliant deposits with financial institutions and/ or short-term money market instrument(s). The interest and/ or profits derived from the deposits with financial institutions and/ or any gains arising from the short-term money market instrument(s) will be used for our Group's working capital requirements.

The Rights Warrants will not raise any immediate proceeds as the Rights Warrants will be issued free to the Entitled Shareholders who subscribe for their respective entitlements under the Proposed Rights Issue. The gross proceeds to be raised from the exercise of the Rights Warrants cannot be determined at this juncture as it is dependent on the actual number of Rights Warrants exercised as well as the final Exercise Price. Any proceeds arising from the exercise of the Rights Warrants in the future shall be utilised for our Group's working capital requirements.

4. RATIONALE FOR THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue will enable our Company to raise the requisite funds for, among others, advances to RJSB to finance the Privatisation as well as for our Group's property development activities and/ or construction projects, which are expected to provide a steady source of earnings to our Group moving forward. In addition, the proceeds will also be used to pare down the borrowings of our Group. This will enable our Group to reduce our gearing and benefit from interest savings.

Your Board is of the view that the Proposed Rights Issue is an appropriate avenue to raise the necessary funding for our Group premised on the following reasons:-

- (a) the Proposed Rights Issue will enable our Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing;
- (b) the Proposed Rights Issue will involve the issuance of new MRCB Shares without diluting shareholders' percentage shareholdings provided that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;
- (c) the Proposed Rights Issue will provide the Entitled Shareholders with an opportunity to further participate in the prospects and future growth of our Group by subscribing to the Rights Shares with Rights Warrants;
- (d) the Proposed Rights Issue will increase the number of MRCB Shares in circulation which is expected to strengthen the financial position and capital base of our Company and may potentially enhance the liquidity and marketability of MRCB Shares on the Main Market of Bursa Securities; and
- (e) the Rights Warrants attached to the Rights Shares are expected to provide the Entitled Shareholders with an incentive to subscribe for the Rights Shares. Entitled Shareholders who subscribe for the Rights Shares may also benefit from the potential capital appreciation on the Rights Warrants which will be traded separately from the MRCB Shares on the Main Market of Bursa Securities. In addition, our Company would also be able to raise further proceeds as and when the Rights Warrants are exercised.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a higher growth of 5.6% in the first quarter of 2017 (Fourth quarter ("4Q") 2016: 4.5%). Private sector activity was higher and remained as the main driver of growth. Growth was further lifted by higher exports, as increased demand for manufactured products led to a strong growth in real exports (9.8%; 4Q 2016: 2.2%). Real imports also increased at a faster rate of 12.9% (4Q 2016: 1.6%) on account of higher growth of capital and intermediate goods. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.8% (4Q 2016: 1.3%).

Domestic demand growth increased to 7.7% in the first quarter of the year (4Q 2016: 3.2%), supported by continued expansion in private sector expenditure (8.2%; 4Q 2016: 5.9%) and the turnaround in public sector expenditure. Private consumption grew by 6.6% (4Q 2016: 6.1%). Household spending remained supported by continued expansion in employment and wage growth. Public consumption recorded a stronger growth of 7.5% (4Q 2016: -4.2%) attributed to higher spending on both emoluments and supplies and services. Private investment grew at a robust pace of 12.9% (4Q 2016: 4.9%), following continued capital spending in the services and manufacturing sectors. Public investment registered a higher growth of 3.2% (4Q 2016: -0.4%), driven mainly by higher spending on fixed assets by public corporations.

On the supply side, most economic sectors expanded at a faster pace. The improvement in the overall growth was contributed primarily by the turnaround in the agriculture sector and higher growth in the manufacturing and services sectors. Growth in the agriculture sector rebounded as crude palm oil yields recovered from the negative impact of El Niño. The performance of the sector was also supported by a double-digit expansion in rubber production. In the manufacturing sector, growth was driven mainly by the electronics and electrical segment, in line with the continued favourable global demand for semiconductors. The domestic-oriented industries were supported by the continued demand for food-related products and a rebound in the motor vehicle production.

The services sector expanded at a faster pace in the first quarter. Growth in the construction sector was stronger, supported by civil engineering activity in the petrochemical, power plant and transportation segments. In the mining sector, growth moderated on lower crude oil production, particularly in Sarawak and Peninsular Malaysia, as part of the global initiative to reduce oil production.

Inflation increased to 4.3% in the first quarter of 2017 driven by higher costs, but is expected to moderate in the second quarter onwards. However, compared to the forecast at the beginning of the year, the upside risks to global oil prices have increased given the rising geopolitical tensions in the Middle East and the possibilities of an extension to the Organization of the Petroleum Exporting Countries' output cut agreement. While the impact of these developments on global oil prices remains limited at this juncture, if they persist, inflation could average higher than forecasted.

Overall, the economy remains on track to expand as projected in 2017.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2017, Bank Negara Malaysia)

5.2 Overview and outlook of the Malaysian property market and construction sector

Property market

House prices in Malaysia continued to grow at a more moderate pace of about 7% during the third quarter of 2016, while the preliminary growth figure for the Malaysian House Price Index was 5.5% for the final quarter. This was driven by gradual price adjustments in the higher-end segments. Correspondingly, total primary and secondary housing transactions declined further both in terms of volume and value. Demand for affordable housing remains strong. The ongoing rebalancing of supply is expected to improve overall housing affordability, particularly for first-time buyers.

Oversupply remains a concern in the office space and shopping complex segments. Vacancy and rental rates of these segments remained depressed in the final quarter of 2016, partly reflecting softer tenant demand and consolidation of some retailers. The glut in the commercial property segment may lead to deeper imbalances in the property market with spillovers to the other parts of the economy.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2017, Bank Negara Malaysia)

Construction sector

The construction sector increased 6.5% during the first quarter of 2017 (First quarter ("1Q") 2016: 8%) driven by higher civil engineering activities. The subsector grew 12.1% (1Q 2016: 17.9%) supported by petrochemical and transportation-related projects. The residential buildings subsector expanded 7% (1Q 2016: 4.9%), attributed to construction of high-end service apartments and affordable housing projects, particularly in Klang Valley and Johor. The specialised construction activities subsector grew 4.2% (1Q 2016: 8.9%), reflecting activity for electrical system installation and transportation-related earthworks. During the quarter, the total value of construction work done rose 9.7% to RM35 billion involving 9,572 projects (1Q 2016: 11.1%; RM31.9 billion; 10,043 projects). The expansion in total value was driven by civil engineering and residential segments which grew by 16% and 9.5%, respectively accounting for 64.3% of total value. For the ownership of the projects, private sector continued to propel the construction activity (63.5%) as compared with public sector (36.5%).

(Source: Malaysian Economy, First Quarter 2017, Ministry of Finance Malaysia)

5.3 Prospects of MRCB Group

Property development and investment division

We are one of the leading urban property developers in Malaysia, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. Our flagship and award winning Kuala Lumpur Sentral Central Business District (“**KL Sentral CBD**”) project makes us the pioneer of the Transit Oriented Development (“**TOD**”) in Malaysia.

For the FYE 31 December 2016, our Group’s property development and investment division recorded revenue of RM1,330.37 million, representing an increase of approximately 83.76% over the previous financial year. The significant improvement was attributable to our on-going property development projects, which includes Sentral Residences in KL Sentral CBD, 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers at PJ Sentral Garden City and Menara MRCB in Putrajaya as well as the Seri Iskandar Development Corporation residential project in Perak.

For the FPE 31 March 2017, our Group’s property development and investment division recorded an improvement in revenue by approximately 58.73% over the corresponding period in 2016, to RM242.55 million, which was mainly driven by our on-going property development projects and Easton Burwood in Melbourne.

In line with our Group’s transformation plans and strategy to adopt an asset light business model, our Group has continued to unlock value and monetise our investment properties. To-date, we have disposed of Platinum Sentral and Menara Shell to MRCB-Quill REIT (“**MQ REIT**”) and as at LPD, we own 27.89% equity interest in MQ REIT, which has been earmarked to drive and manage our Group’s property investment activities moving forward. In respect of financial year 2016, MQ REIT has declared a total distribution of 8.38 sen per unit, resulting in total distribution to our Company of approximately RM17.28 million. This translates to a distribution yield of approximately 6.98% based on the closing price of RM1.20 per unit as at 30 December 2016.

In 2017, our Group has launched three (3) property development projects as follows:-

Project	Description	Launch date	Expected completion date	GDV	% of units sold as at LPD
1060 Carnegie Melbourne	173 residential units, ten (10) units of small office home office and two (2) retail spaces located at Carnegie, Melbourne, Australia	January 2017	First quarter of 2020	AUD109.8 million	60%
Kalista Park Homes	28 units of three (3) storey super link homes and 18 units of three (3) storey semi-detached homes located at Bukit Rahman Putra, Sungai Buloh	February 2017	First quarter of 2019	RM100.9 million	35%
Sentral Suites	Three (3) blocks of 43 storey condominiums and 41 units of retail lot located at Jalan Tun Sambanthan, Seksyen 72, Kuala Lumpur	January 2017 for Tower 1 and Tower 3 May 2017 for Tower 2	Second quarter of 2021	RM1.6 billion	73% for Tower 1 and Tower 3 15% for Tower 2

Engineering, construction and environment division

We are also involved in construction and engineering activities for commercial and residential buildings, transportation infrastructure as well as carrying out high voltage power transmission projects such as substations, overhead transmission lines and underground cabling. Our environment division undertakes rehabilitation and flood mitigation of rivers and coastal areas.

For the FYE 31 December 2016, our Group's engineering, construction and environment division recorded revenue of RM857.91 million, representing an increase of approximately 10.88% over the previous financial year. This was mainly attributable to the completion of the construction works for the Light Rail Transit ("LRT") Ampang Line Extension as well as the on-going construction of six (6) commercial buildings in Johor and power transmission related construction projects across Peninsular Malaysia.

For the FPE 31 March 2017, our Group's engineering, construction and environment division recorded revenue of approximately RM231.24 million, an improvement of approximately 0.95% over the corresponding period in 2016, mainly driven by construction works being carried out for the refurbishment and upgrading of facilities works to the National Sports Complex in Bukit Jalil, the construction of our on-going property development projects, the commercial buildings in Johor and the power transmission related construction projects across Peninsular Malaysia.

As at LPD, our notable construction projects are as follows:-

Project	Description	Contract value	Construction period	Status of physical completion (%)
LRT 3 Project Delivery Partner ("PDP")	A 50:50 joint venture with George Kent Sdn Bhd that will manage the construction of the 37.6 km LRT line from Bandar Utama to Klang. It will feature one (1) underground station and 25 elevated stations with 6,000 parking lots	PDP fee of 6% from the total construction cost of RM9 billion	2017 - 2021	2% (preliminary stage)
Kwasa Utama	A 29.82-acre mixed development project which comprises EPF's new headquarters, financial institutions, office and commercial buildings, a retail mall and serviced apartment, a hotel, shared common infrastructure, amenities and parks on a piece of land known as Plot C8 in the Kwasa Damansara township in Sungai Buloh, Selangor Darul Ehsan	Provisional total contract sum of RM2.6 billion	2017 - 2027	1% (earth work stage)
KL Sports City	The regeneration of KL Sports City Project 1 works include refurbishing, renovating and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre located at the National Sports Complex, Bukit Jalil together with the construction of the common infrastructures including boulevard, parking, steps and new signage	Total contract sum of RM1.34 billion comprising:-		
		Project 1: RM1.21 billion	2016 - 2017	99%
		Project 2: RM131.34 million	To be determined	-

Project	Description	Contract value	Construction period	Status of physical completion (%)
Mass Rapid Transit (“MRT”) 2	Infrastructure project of a construction of viaduct for the MRT Line 2 Sungai Buloh – Serdang – Putrajaya project	RM648 million	2016 – 2021	12%

Within the environment division, we have secured a project from the Department of Irrigation and Drainage to carry out the rehabilitation of Phase 3 Sungai Pahang for a sum of RM178 million. The construction works commenced in July 2016 and is expected to complete by July 2018. As at LPD, the status of physical completion is 51%.

Others

Our other business activities include infrastructure and concession as well as facilities management. Under our infrastructure and concession division, we have a 30 year concession to operate and collect toll on the RM1.3 billion Eastern Dispersal Link Expressway in Johor Bahru, an 8.62 km highway that links to Bangunan Sultan Iskandar Customs, Immigration and Quarantine Complex. Our facilities management is involved in providing securities services at integrated transportation hubs, high profile commercial and residential complexes and operating car parks.

Moving forward, our Group intends to continue riding on the success of our transformation plans and aggressive business strategy to enhance our Group’s earnings. Our Group will leverage on our TOD business model and the continued adoption of an asset light business model and in this regard, we will continue to identify suitable commercial developments for sale to either MQ REIT and/ or third party purchasers. To-date, we are exploring the possible sale of Ascott Sentral and Menara Celcom in PJ Sentral. In order to ensure sustainability of earnings, our Group has been working towards acquiring interests in urban development lands and as at 31 December 2016, we have interests in approximately 400 acres of such land banks. We have also been and will continue to aggressively tender for construction and engineering projects which fulfill our margin criteria, especially infrastructure related projects and high specifications and purpose built, as well as environment and power transmission projects. As at LPD, our engineering and construction division has an external order book of approximately RM7.0 billion.

Via the development and construction of PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral, which are expected to feature excellent transportation connectivity at their core, our Group will be able to enhance our visibility and showcase our end-to-end strength and expertise in design, development, engineering and construction.

With these strategies in place, your Board believes that our Group is well positioned to overcome future challenges.

6. EFFECTS OF THE PROPOSED RIGHTS ISSUE

The pro forma effects of the Proposed Rights Issue on our Company’s total issued share capital, consolidated NA per Share and gearing, substantial shareholders’ shareholdings, consolidated earnings and EPS and convertible securities of our Company are set out below.

6.1 Total issued share capital

The pro forma effects of the Proposed Rights Issue on the total issued share capital of our Company are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Total issued share capital as at LPD	2,192,306,285	2,583,032,749 ⁽¹⁾	2,192,306,285	2,583,032,749 ⁽¹⁾
Upon full exercise of the outstanding ESOS Options	-	-	87,854,221	128,135,696 ⁽⁴⁾
Upon full exercise of the outstanding Warrants A	-	-	576,519,012	1,354,348,728 ⁽⁵⁾
	2,192,306,285	2,583,032,749	2,856,679,518	4,065,517,173
To be issued pursuant to the Proposed Rights Issue	2,192,306,285	1,830,180,305 ⁽²⁾	2,856,679,518	2,394,897,553 ⁽²⁾
	4,384,612,570	4,413,213,054	5,713,359,036	6,460,414,726
To be issued pursuant to the full exercise of the Rights Warrants	438,461,257	613,845,760 ⁽³⁾	571,335,904	799,870,265 ⁽³⁾
Enlarged total issued share capital	4,823,073,827	5,027,058,814	6,284,694,940	7,260,284,991

Notes:-

- ⁽¹⁾ After taking into consideration the transfer of share premium pursuant to Section 618(2) of the Act (in relation to the transitional provisions relating to the abolition of nominal value) which took effect on 31 January 2017.
- ⁽²⁾ Based on the Issue Price of RM0.85 per Rights Share and after deducting estimated expenses amounting to RM38.50 million of which RM33.28 million will be debited from our Company's share capital and the remaining balance of RM5.22 million will be charged to retained earnings.
- ⁽³⁾ Based on an Exercise Price of RM1.40 per Rights Warrant.
- ⁽⁴⁾ Based on an exercise price ranging between RM1.14 and RM2.79 per MRCB Share and after taking into consideration the reversal of share option reserve amounting to RM6.62 million.
- ⁽⁵⁾ Based on an exercise price of RM2.30 per MRCB Share and after taking into consideration the reversal of warrant reserve amounting to RM28.36 million.

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6.2 NA per Share and gearing

Based on the audited consolidated statement of financial position of our Company as at 31 December 2016, the pro forma effects of the Proposed Rights Issue on the consolidated NA and gearing of our Company are as follows:-

Minimum Scenario

	Audited as at 31 December 2016 RM('000)	(I)	(II)	(III)
		Subsequent events up to LPD RM('000)	After (I) and the Proposed Rights Issue RM('000)	After (II) and the full exercise of the Rights Warrants RM('000)
Share capital	2,144,039	2,583,033 ⁽⁴⁾ ⁽⁵⁾	4,413,213 ⁽⁶⁾	5,027,059 ⁽⁹⁾
Share premium	372,391	- ⁽⁵⁾	-	-
Retained earnings	344,311	344,540 ⁽⁴⁾	339,320 ⁽⁶⁾	339,320
Other reserves				
- revaluation reserve	28,090	28,090	28,090	28,090
- currency translation reserves	642	642	642	642
- share option reserve	9,962	6,624 ⁽⁴⁾	6,624	6,624
- warrant reserve	28,355	28,355	28,355	28,355
- retirement benefit reserve	(3,120)	(3,120)	(3,120)	(3,120)
- other reserves	1,151	1,151	1,151	1,151
NA/ Shareholders' funds	2,925,821	2,989,315	4,814,275	5,428,121
Non-controlling interests	99,221	99,221	99,221	99,221
Total equity	3,025,042	3,088,536	4,913,496	5,527,342
Number of Shares outstanding ('000)				
NA per Share (RM) ⁽¹⁾	2,144,039	2,192,306	4,384,613	4,823,074
Interest-bearing borrowings	1.37	1.36	1.10	1.13
Gearing (times) ⁽²⁾	2,940,351	2,940,351	2,173,433 ⁽⁷⁾	2,173,433
Net gearing (times) ⁽³⁾	0.97	0.95	0.44	0.39
	0.73	0.70	0.07 ⁽⁸⁾	n.a.

Notes:-

n.a. Not applicable.

⁽¹⁾ Calculated based on NA over number of Shares outstanding.

⁽²⁾ Calculated based on total interest-bearing borrowings over total equity.

⁽³⁾ Calculated based on total interest-bearing borrowings (less deposits, cash and bank balances) over total equity.

- (4) *After taking into consideration the issuance of 48,267,257 MRCB Shares arising from the exercise of 48,267,257 ESOS Options at an exercise price ranging between RM1.30 and RM1.61 per MRCB Share, the additional grant of 1,443,750 ESOS Options at an exercise price of RM1.43 per MRCB Share as well as 6,862,940 ESOS Options which have lapsed.*
- (5) *After taking into consideration the transfer of share premium pursuant to Section 618(2) of the Act (in relation to the transitional provisions relating to the abolition of nominal value) which took effect on 31 January 2017.*
- (6) *Based on the Issue Price of RM0.85 per Rights Share and after deducting estimated expenses amounting to RM38.50 million of which RM33.28 million will be debited from our Company's share capital and the remaining balance of RM5.22 million will be charged to retained earnings.*
- (7) *After the repayment of bank borrowings amounting to approximately RM766.92 million using the proceeds to be raised from the Proposed Rights Issue.*
- (8) *After taking into consideration the gross proceeds to be raised from the Proposed Rights Issue amounting to approximately RM1,863.46 million and after repayment of bank borrowings and payment of estimated expenses amounting to approximately RM766.92 million and RM38.50 million respectively.*
- (9) *Based on an Exercise Price of RM1.40 per Rights Warrant.*

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Maximum Scenario

	(I)	(II)	(III)	(IV)
	Subsequent events up to LPD	After (I) and the full exercise of the outstanding ESOS Options and Warrants A	After (II) and the Proposed Rights Issue	After (III) and the full exercise of the Rights Warrants
	RM('000)	RM('000)	RM('000)	RM('000)
Audited as at 31 December 2016	RM('000)			
Share capital	2,144,039	4,065,517 ⁽⁶⁾ ⁽⁷⁾	6,460,414 ⁽⁸⁾	7,260,284 ⁽¹¹⁾
Share premium	372,391	- ⁽⁵⁾	-	-
Retained earnings	344,311	344,540 ⁽⁴⁾	339,320 ⁽⁸⁾	339,320
Other reserves				
- revaluation reserve	28,090	28,090	28,090	28,090
- currency translation reserves	642	642	642	642
- share option reserve	9,962	6,624 ⁽⁴⁾	- ⁽⁶⁾	-
- warrant reserve	28,355	28,355	- ⁽⁷⁾	-
- retirement benefit reserve	(3,120)	(3,120)	(3,120)	(3,120)
- other reserves	1,151	1,151	1,151	1,151
NA/ Shareholders' funds	2,925,821	4,436,820	6,826,497	7,626,367
Non-controlling interests	99,221	99,221	99,221	99,221
Total equity	3,025,042	4,536,041	6,925,718	7,725,588
Number of Shares outstanding ('000)				
NA per Share (RM) ⁽¹⁾	2,192,306	2,856,680	5,713,359	6,284,695
Interest-bearing borrowings	1.36	1.55	1.19	1.21
Gearing (times) ⁽²⁾	2,940,351	2,940,351	2,114,036 ⁽⁹⁾	2,114,036
Net gearing (times) ⁽³⁾	0.95	0.65	0.31	0.27
	0.70	0.16	n.a. ⁽¹⁰⁾	n.a.

Notes:-

n.a. Not applicable.

⁽¹⁾ Calculated based on NA over number of Shares outstanding.

⁽²⁾ Calculated based on total interest-bearing borrowings over total equity.

⁽³⁾ Calculated based on total interest-bearing borrowings (less deposits, cash and bank balances) over total equity.

⁽⁴⁾ After taking into consideration the issuance of 48,267,257 MRCB Shares arising from the exercise of 48,267,257 ESOS Options at an exercise price ranging between RM1.30 and RM1.61 per MRCB Share, the additional grant of 1,443,750 ESOS Options at an exercise price of RM1.43 per MRCB Share as well as 6,862,940 ESOS Options which have lapsed.

⁽⁵⁾ After taking into consideration the transfer of share premium pursuant to Section 618(2) of the Act (in relation to the transitional provisions relating to the abolition of nominal value) which took effect on 31 January 2017.

- (6) *After the full exercise of the outstanding ESOS Options based on an exercise price ranging between RM1.14 and RM2.79 per MRCB Share and after taking into consideration the reversal of share option reserve amounting to RM6.62 million.*
- (7) *After the full exercise of the outstanding Warrants A based on an exercise price of RM2.30 per MRCB Share and after taking into consideration the reversal of warrant reserve amounting to RM28.36 million.*
- (8) *Based on the Issue Price of RM0.85 per Rights Share and after deducting estimated expenses amounting to RM38.50 million of which RM33.28 million will be debited from our Company's share capital and the remaining balance of RM5.22 million will be charged to retained earnings.*
- (9) *After the repayment of bank borrowings amounting to approximately RM826.32 million using the proceeds to be raised from the Proposed Rights Issue.*
- (10) *After taking into consideration the gross proceeds to be raised from the Proposed Rights Issue amounting to approximately RM2,428.18 million and after repayment of bank borrowings and payment of estimated expenses amounting to approximately RM826.32 million and RM38.50 million respectively.*
- (11) *Based on an Exercise Price of RM1.40 per Rights Warrant.*

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6.3 Substantial shareholders' shareholdings

For illustrative purposes only and the assumption that all the Entitled Shareholders subscribe in full their respective entitlements under the Proposed Rights Issue, the pro forma effects of the Proposed Rights Issue on the shareholdings of the substantial shareholders of MRCB are as follows:-

Minimum Scenario

Substantial shareholders	(I)						(II)					
	As at LPD			After the Proposed Rights Issue			After (I) and the full exercise of the Rights Warrants					
	<-----Direct----->	No. of Shares	%	<-----Indirect----->	No. of Shares	%	<-----Direct----->	No. of Shares	%	<-----Indirect----->	No. of Shares	%
EPF	733,927,897	33.48	-	-	1,467,855,794	33.48	-	1,614,641,373	33.48	-	-	-
GSB	364,545,752	16.63	-	-	729,091,504	16.63	-	802,000,654	16.63	-	-	-
Bank Kerjasama Rakyat Malaysia Berhad ("BKR")	172,000,000	7.85	-	-	344,000,000	7.85	-	378,400,000	7.85	-	-	-
Lembaga Tabung Haji ("LTH")	164,496,473	7.50	-	-	328,992,946	7.50	-	361,892,240	7.50	-	-	-
Tan Sri Mohamad Salim	-	-	364,545,752 ⁽¹⁾	16.63	-	-	729,091,504 ⁽¹⁾	-	-	802,000,654 ⁽¹⁾	16.63	-

Note:-

⁽¹⁾ Deemed interested by virtue of his substantial shareholding in GSB pursuant to Section 8 of the Act.

Maximum Scenario

Substantial shareholders	As at LPD				(I) After the full exercise of the outstanding ESOS Options and Warrants A				(II) After (I) and the Proposed Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
EPF	733,927,897	33.48	-	-	735,275,825 ⁽²⁾	25.74	-	-	1,470,551,650	25.74	-	-
GSB	364,545,752	16.63	-	-	418,180,775 ⁽³⁾	14.64	-	-	836,361,550	14.64	-	-
BKR	172,000,000	7.85	-	-	172,000,000	6.02	-	-	344,000,000	6.02	-	-
LTH	164,496,473	7.50	-	-	164,496,473	5.76	-	-	328,992,946	5.76	-	-
Tan Sri Mohamad Salim	-	-	364,545,752 ⁽¹⁾	16.63	2,500,000 ⁽⁴⁾	0.09	418,180,775 ⁽¹⁾	14.64	5,000,000	0.09	836,361,550 ⁽¹⁾	14.64

Substantial shareholders	(III) After (II) and the full exercise of the Rights Warrants			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
EPF	1,617,606,815	25.74	-	-
GSB	919,997,705	14.64	-	-
BKR	378,400,000	6.02	-	-
LTH	361,892,240	5.76	-	-
Tan Sri Mohamad Salim	5,500,000	0.09	919,997,705 ⁽¹⁾	14.64

Notes:-

- (1) Deemed interested by virtue of his substantial shareholding in GSB pursuant to Section 8 of the Act.
- (2) Assuming EPF exercises all of its 1,347,928 Warrants A held as at LPD prior to the Entitlement Date.
- (3) Assuming GSB exercises all of its 53,635,023 Warrants A held as at LPD prior to the Entitlement Date.
- (4) Assuming Tan Sri Mohamad Salim exercises all of his 2,500,000 ESOS Options held as at LPD prior to the Entitlement Date.

6.4 Earnings and EPS

As the Proposed Rights Issue is expected to be completed in the 3rd quarter of 2017, the Proposed Rights Issue is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2017.

For illustration purposes, assuming that the Proposed Rights Issue was completed on 1 January 2016, our proforma EPS (prior to the utilisation of proceeds for advances to RJSB to finance the Privatisation, property development activities and/ or construction projects and general working capital) would be as follows:-

	After the Proposed Rights Issue	
	Minimum Scenario	Maximum Scenario
	RM('000)	RM('000)
Profit after tax and non-controlling interest ("PATANCI") for the FYE 31 December 2016	267,360	267,360
Less: Estimated expenses in relation to the Proposed Rights Issue ⁽¹⁾	(5,220)	(5,220)
Add: Interest savings upon repayment of borrowings	43,331	46,687
Adjusted PATANCI as at 31 December 2016	305,471	308,827
Weighted average ordinary shares in issue as at 31 December 2016 ('000)	1,937,800	1,937,800
Adjusted weighted average ordinary shares in issue as at 31 December 2016 ('000) ⁽²⁾	4,130,106	4,794,480
EPS for FYE 31 December 2016 (sen) ⁽³⁾	13.80	13.80
Adjusted EPS for FYE 31 December 2016 (sen) ⁽⁴⁾	7.40	6.44

Notes:-

- ⁽¹⁾ Represents the portion of the total estimated expenses in relation to the Proposed Rights Issue which is charged to the income statement of our Company.
- ⁽²⁾ Derived based on the weighted average ordinary shares in issue of our Company as at 31 December 2016 and adding 2,192.31 million Rights Shares and 2,856.68 million Rights Shares under the Minimum Scenario and Maximum Scenario respectively, on the assumption that the Rights Shares had been issued on 1 January 2016.
- ⁽³⁾ Computed based on the PATANCI for the FYE 31 December 2016 divided by the weighted average ordinary shares in issue of our Company as at 31 December 2016.
- ⁽⁴⁾ Computed based on the adjusted PATANCI for the FYE 31 December 2016 divided by the adjusted weighted average ordinary shares in issue of our Company as at 31 December 2016.

Based on the illustration above, our EPS for the FYE 31 December 2016 would decline from 13.80 sen to 7.40 sen and 6.44 sen under the Minimum Scenario and Maximum Scenario respectively. The dilution in EPS is mainly attributable to the additional MRCB Shares to be issued pursuant to the Proposed Rights Issue. However, solely for information purposes, as the entitlement basis for the Proposed Rights Issue is one (1) Rights Share for every one (1) existing MRCB Share held, an Entitled Shareholder holding one (1) MRCB Share who subscribes in full for his entitlement under the Proposed Rights Issue will hold two (2) MRCB Shares after the Proposed Rights Issue. As such, the dilution in EPS will not materially affect Entitled Shareholders who subscribe in full for their entitlements under the Proposed Rights Issue.

The Proposed Rights Issue is expected to contribute positively to the future earnings of our Group from FYE 31 December 2017 onwards as a result of the utilisation of the gross proceeds to be raised from the Proposed Rights Issue for advances to RJSB to finance the Privatisation, repayment of borrowings as well as for our Group's property development activities and/ or construction projects.

6.5 Convertible securities

Save for the outstanding ESOS Options and Warrants A, which are exercisable into new MRCB Shares, our Company does not have any other outstanding convertible security as at LPD.

Adjustments to the exercise price and number of outstanding ESOS Options arising from the Proposed Rights Issue will be determined based on the bye-laws of the ESOS. The details of such adjustments shall be notified to the holders of the outstanding ESOS Options in accordance with the bye-laws of the ESOS.

Adjustments to the exercise price and number of outstanding Warrants A arising from the Proposed Rights Issue will be determined based on the Warrants A Deed Poll. The actual adjustments will only be determined on the Entitlement Date and will be effective on the next day following the Entitlement Date. A notice containing the details of the actual adjustments will be despatched to the holders of the outstanding Warrants A within 21 days of such adjustments and an announcement on such adjustments will be made to Bursa Securities prior to the listing of and quotation for the additional Warrants A to be issued.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of MRCB Shares traded on the Main Market of Bursa Securities for the past twelve (12) months from July 2016 to June 2017 are as follows:-

	<u>High</u> (RM)	<u>Low</u> (RM)
<u>2016</u>		
July	1.21	1.05
August	1.37	1.14
September	1.42	1.24
October	1.41	1.28
November	1.39	1.23
December	1.39	1.27
<u>2017</u>		
January	1.46	1.33
February	1.55	1.42
March	1.76	1.39
April	1.80	1.51
May	1.78	1.31
June	1.48	1.31
Last transacted market price of MRCB Shares on 16 May 2017 (being the last full trading day prior to the announcement of the Proposed Rights Issue on 17 May 2017)		1.75
Last transacted market price of MRCB Shares as at LPD		1.35

(Source: Bloomberg)

8. APPROVALS REQUIRED FOR THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue is subject to and conditional upon approvals being obtained from the following:-

- (i) our shareholders at the forthcoming EGM;
- (ii) Bursa Securities for the following:-
 - (a) the admission of up to 571,439,740 Rights Warrants to the Official List of Bursa Securities; and
 - (b) listing of and quotation for:-
 - (i) up to 2,857,198,698 Rights Shares and up to 571,439,740 Rights Warrants to be issued pursuant to the Proposed Rights Issue;
 - (ii) up to 571,439,740 new MRCB Shares to be issued arising from the exercise of the Rights Warrants;
 - (iii) up to 278,819,965 additional Warrants A to be issued pursuant to the adjustments under the Warrants A Deed Poll as a result of the Proposed Rights Issue; and
 - (iv) up to 278,819,965 new MRCB Shares to be issued arising from the exercise of the additional Warrants A,

on the Main Market of Bursa Securities, which was obtained vide its letter dated 10 July 2017, subject to, among others, the following conditions:-

Condition	Status of compliance
1. MRCB and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue;	Noted.
2. MRCB and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;	To be complied.
3. MRCB and RHB Investment Bank to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the forthcoming general meeting for the Proposed Rights Issue; and	To be complied.
4. MRCB and RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed.	To be complied.

; and

- (iii) approval of any other relevant authorities and/ or parties, if required.

The Proposed Rights Issue is not conditional upon any other corporate exercise/ scheme of our Company.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Rights Issue and the corporate exercises disclosed below, there are no other corporate exercises which our Company has announced but is pending completion as at LPD:-

- (i) On 14 August 2014, our Company announced that it had entered into a shareholders' agreement with Kwasa Land Sdn Bhd ("**KLSB**") and Kwasa Sentral Sdn Bhd ("**KSSB**") for the subscription of 700,000 new ordinary shares, representing a 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("**Subscription**"). KSSB is a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("**MX-1 Land**") identified to be the town centre of the proposed Kwasa Damansara Township.

The Subscription was approved by our Company's shareholders at the EGM held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, among others, allow our Company, KLSB and KSSB to mutually agree on a suitable date to be the unconditional date (which shall be a date falling within six (6) months after the date of fulfillment of the conditions precedent).

On 11 November 2016, our Company announced that all the conditions precedent as set out in the shareholders' agreement and supplemental shareholders' agreement have been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The balance subscription payment to be paid upon the unconditional date shall be approximately RM737.9 million as the MX-1 Land size is now 64.3 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, our Company, KLSB and KSSB shall mutually agree on a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by our Company, KLSB and KSSB.

The Subscription is expected to be completed by the fourth (4th) quarter of 2017.

- (ii) On 28 October 2015, our Company announced that it had entered into a management contract with Kwasa Utama Sdn Bhd ("**KUSB**") ("**Management Contract**") whereby KUSB has appointed our Company as the Management Contractor in connection with the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as plot C8 (part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan for a provisional total contract sum of RM3,145,493,294 ("**C8 Construction**").

The C8 Construction was approved by our Company's shareholders at the EGM held on 21 December 2015 and the Management Contract had become unconditional on the same date.

On 9 December 2016, our Company announced that it had entered into a supplemental agreement to the Management Contract with KUSB to amend certain terms and conditions of the Management Contract and a novation agreement with MRCB Land and KUSB for our Company to transfer and novate to MRCB Land all our rights, liabilities, benefits, interests, duties and obligations of the Management Contract.

The C8 Construction is expected to be completed by (a) 31 December 2024, or (b) the date of completion of all the contracts between KUSB and MRCB (for which the issuance of a first notice to proceed by KUSB were issued on or before 31 December 2024), whichever is later.

- (iii) On 28 October 2015, our Company announced that MRCB Land and Cyberview Sdn Bhd (“**CSB**”) had entered into a joint venture agreement (“**JVA**”) which entails the following:-
- (a) the proposed subscription by MRCB Land and CSB of new ordinary shares and redeemable preference shares in CSB Development Sdn Bhd (“**CSB Development**”), being the joint venture company, on a 70:30 basis; and
 - (b) the purchase by CSB Development, and the subsequent development of seven (7) parcels of lands with the possibility of another two (2) parcels of lands being added to the development, measuring in total approximately 53.37 acres, all located at Cyberjaya, which forms part of Cyberjaya City Centre,

(collectively referred to as the “**Proposed Subscription**”).

Subsequently, on 30 December 2015, MRCB Land, CSB and CSB Development had entered into a share subscription agreement (“**SSA**”) for the abovementioned subscription of new ordinary shares and redeemable preference shares in CSB Development.

On 19 May 2016, our Company announced that MRCB Land, CSB and CSB Development had on 19 May 2016 entered into a supplemental share subscription agreement (“**Supplemental SSA**”) and supplemental joint venture agreement (“**Supplemental JVA**”) to vary certain terms of the SSA and JVA, which included provisions to provide for a two (2) phase subscription for shares in CSB Development and a variation of the quantum of the warranted returns.

On 27 October 2016, our Company announced that MRCB Land, CSB and CSB Development had mutually agreed to extend the time to fulfill the conditions precedent of the JVA to 31 December 2016, with an automatic extension for a further period of three (3) months therefrom until 31 March 2017.

On 31 March 2017, our Company announced that MRCB Land, CSB and CSB Development had on 30 March 2017 entered into a second supplemental share subscription agreement and second supplemental joint venture agreement to vary certain terms of the SSA, Supplemental SSA, JVA and Supplemental JVA.

The Proposed Subscription is expected to complete by the third (3rd) quarter of 2017.

- (iv) On 28 October 2015, our Company announced that RJSB had entered into a privatisation agreement with the Government of Malaysia, as represented by the Ministry of Youth and Sports (“**Government**”) and Syarikat Tanah dan Harta Sdn Bhd (“**Hartanah**”) (“**Privatisation Agreement**”) relating to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur for a total contract sum of RM1,631,880,000.00 (“**Privatisation Project**”).

The Privatisation Project was approved by our Company’s shareholders at the EGM held on 21 December 2015.

On 8 January 2016, our Company announced that the Government had, vide its letter to RJSB dated 28 December 2015, agreed to RJSB’s request for an extension of time of one (1) month from 28 December 2015 until 28 January 2016 to fulfil the conditions precedent as set out in the Privatisation Agreement.

Subsequently on 26 January 2016, our Company announced that the Government had, vide its letter to RJSB dated 22 January 2016, agreed to RJSB’s request for a further extension of time until 10 February 2016 to fulfil the conditions precedent as set out in the Privatisation Agreement.

On 2 February 2016, our Company announced that RJSB had on 29 January 2016 entered into a supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary certain clauses in the Privatisation Agreement as well as modify certain deliverables in relation to the fulfillment of conditions precedent and construction works programme as set out in the Privatisation Agreement.

The Privatisation Agreement became unconditional on 4 February 2016.

On 21 April 2017, our Company announced that RJSB had on 21 April 2017 entered into a second supplemental agreement to the Privatisation Agreement with the Government and Hartanah to, among others, reduce the contract sum from RM1,631,880,000.00 to RM1,343,257,764.32 to commensurate the reduction in the size of three (3) parcels of leasehold lands located at Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (collectively referred to as the “**Lands**”) from a total of 92.50 acres to 76.14 acres, as well as revise the works packages under Project 1 and Project 2 respectively.

Project 1 is expected to complete by end July 2017, whilst the construction commencement date for Project 2 shall be on a date to be mutually agreed by the Government and RJSB.

- (v) On 26 May 2016, our Company announced that MRCB Builders Sdn Bhd, a wholly-owned subsidiary of our Company (“**MRCB Builders**”), had entered into a project delivery partner (“**PDP**”) agreement with KLSB (“**PDP Agreement**”) whereby KLSB has appointed MRCB Builders as a PDP in connection with the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township (“**Project**”) located on a piece of land (formerly known as Rubber Research Institute Malaysia land) in Sungai Buloh measuring approximately 2,330.42 acres, for a provisional fee of approximately RM112.28 million (excluding goods and services tax and reimbursables) (“**PDP Contract**”).

The PDP Contract was approved by our Company’s shareholders at the EGM held on 30 November 2016 and the PDP Agreement had become unconditional on 1 December 2016.

The Project is expected to complete by the end of year 2023.

- (vi) On 25 August 2016, our Company announced that it is proposing to undertake a long-term incentive plan of up to 10% of our issued share capital (excluding treasury shares), for the eligible employees of our Group (excluding subsidiaries which are dormant) and eligible executive directors of MRCB (“**LTIP**”).

The LTIP was approved by our Company’s shareholders at the EGM held on 30 November 2016.

On 6 April 2017, our Company announced that Bursa Securities had, vide its letter dated 6 April 2017, granted our Company an extension of time up to 30 November 2017 to implement the LTIP.

- (vii) On 31 May 2017, our Company announced that our Company, RJSB, Tanjung Wibawa Sdn Bhd (“**TWSB**”) and Bukit Jalil Sentral Property Sdn Bhd (“**Bukit Jalil Sentral**” or “**JV Co**”) had on 31 May 2017 entered into a subscription and shareholders’ agreement which entails the following:-

- (a) RJSB and TWSB will co-invest in a special purpose company, namely Bukit Jalil Sentral, for purposes of jointly developing the Lands; and
- (b) the proposed disposal by RJSB of the Lands to JV Co for an aggregate consideration of up to RM1,426,163,112,

(collectively referred to as the “**Proposed Joint Venture**”).

The Proposed Joint Venture is expected to be implemented by the fourth (4th) quarter of 2017.

- (viii) On 15 June 2017, our Company announced that Metro Spectacular Sdn Bhd, a 51%-owned subsidiary of MRCB Land, had entered into a sale and purchase agreement with Datuk Bandar Kuala Lumpur for the acquisition of three (3) parcels of land measuring approximately 40,720.5 square metres in total, all situated in the District of Kuala Lumpur, for a total cash consideration of RM335.5 million (“**Proposed Acquisition**”).

The Proposed Acquisition is expected to be completed by the fourth (4th) quarter of 2017.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Rights Issue is expected to be completed by the third (3rd) quarter of 2017.

The tentative timeline for the implementation of the Proposed Rights Issue is set out below:-

Event	Month
Announcement of the Entitlement Date and price-fixing	Mid August 2017
Entitlement Date and the issuance of the abridged prospectus together with the notice of provisional allotment of the Rights Shares with Rights Warrants and the rights subscription form to the Entitled Shareholders	End August 2017
Closing date for the acceptance of and application for the Rights Shares with Rights Warrants	Mid September 2017
Listing of and quotation for the Rights Shares and Rights Warrants on the Main Market of Bursa Securities	End September 2017

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

None of the directors and/ or major shareholders of MRCB and/ or any persons connected to them have any interest, whether direct or indirect, in the Proposed Rights Issue, save for their respective entitlements as shareholders of our Company in respect of the Proposed Rights Issue, including their rights to apply for excess Rights Shares with Rights Warrants, which are also available to the other shareholders of our Company.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Board, after having considered all aspects of the Proposed Rights Issue including but not limited to the rationale, the utilisation of the gross proceeds raised and the pro forma effects of the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interest of MRCB.

Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Rights Issue to be tabled at the forthcoming EGM.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Grand Nexus Ballroom, Level 3A, Connexion@Nexus, No 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Friday, 28 July 2017 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed Rights Issue.

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

14. FURTHER INFORMATION

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

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

TAN SRI AZLAN ZAINOL
Non-Independent Non-Executive Chairman

SALIENT TERMS OF THE RIGHTS WARRANTS

The indicative salient terms of the Rights Warrants to be issued pursuant to the Proposed Rights Issue are as follows:-

Form and denomination	: The Rights Warrants will be issued in registered form and constituted by the Deed Poll. The Rights Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on Bursa Securities.
Tenure	: Ten (10) years from and inclusive of the date of issuance of the Rights Warrants.
Exercise Price	: The exercise price of the Rights Warrants will be determined and fixed by your Board and announced by our Company at a later date.
Exercise Period	: The Rights Warrants may be exercised any time over a period of ten (10) years commencing on, and inclusive of, the date of issuance of the Rights Warrants. Any Rights Warrants not exercised during the Exercise Period will thereafter lapse and become void.
Exercise rights	: Each Rights Warrant entitles the registered holder to subscribe for one (1) new MRCB Share at the Exercise Price during the Exercise Period, subject to the provisions of the Deed Poll.
Mode of exercise	: The registered Rights Warrant holder is required to lodge an exercise form with our Company's registrar, duly completed, signed and stamped together with payment of the Exercise Price by way of bankers' draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia.
Transferability	: The Rights Warrants shall be transferable in the manner in accordance with the provisions of the Deed Poll, subject to the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Board lot	: For the purpose of trading on the Bursa Securities, a board lot of Rights Warrants shall comprise 100 Rights Warrants carrying the right to subscribe for 100 new MRCB Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities.
Rights of Rights Warrant holder(s)	: Rights Warrant holder(s) are not entitled to vote in any general meeting of MRCB or to participate in any distribution and/ or offer of further securities in our Company unless and until the Rights Warrant holder becomes a shareholder of our Company by exercising his/ her Rights Warrants.
Ranking of new Shares to be issued arising from the exercise of Rights Warrants	: The new Shares to be issued pursuant to the exercise of the Rights Warrants shall upon allotment and issue, rank equally in all respects with the then existing MRCB Shares, save and except that they will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the said new Shares.

SALIENT TERMS OF THE RIGHTS WARRANTS (*Cont'd*)

Adjustment in the Exercise Price and/ or number of Rights Warrants	: The Exercise Price and/ or number of unexercised Rights Warrants may be adjusted by the Board, in consultation with its professional advisers and as certified by the auditors in accordance with the provisions of the Deed Poll.
Rights in the event of winding-up, liquidation, compromise and/ or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then (a) for the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Rights Warrant holders, or some persons designated by them for such purposes by a special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Rights Warrant holders; and (b) in any other case and subject to the provisions of the Deed Poll, every Rights Warrant holder shall be entitled to elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by his/ her Rights Warrants to the extent specified in the subscription forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/ she had on such date been the holder of the new Shares to which he/ she would have become entitled to pursuant to such exercise.
Modification	: Any modification or amendment of the covenants or provisions contained in the Deed Poll proposed or agreed to by our Company must be sanctioned by special resolution of the Rights Warrant holders, effected by a deed, executed by our Company and expressed to be supplemental and comply with the requirements of the Deed Poll. Our Company may, from time to time, without the consent or sanction of the Rights Warrant holders, modify or amend the Deed Poll, if such modification or amendment made does not in the opinion of our Company materially prejudice the interests of the Rights Warrant holders or is made to correct manifest or typographical errors or to comply with prevailing laws or regulations of Malaysia or are relating purely to administrative matters.
Listing	: Approval has been obtained from Bursa Securities for the admission of the Rights Warrants to the Official List of Bursa Securities as well as for the listing of and quotation for the Rights Warrants and new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants on the Main Market of Bursa Securities.
Governing law	: Laws and regulations of Malaysia.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS

RHB Investment Bank, being the Principal Adviser for the Proposed Rights Issue, 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, manner and context in which they appear in this Circular.

3. DECLARATIONS OF CONFLICT OF INTEREST**3.1 RHB Investment Bank**

EPF is a common shareholder of MRCB 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**").

In addition, Tan Sri Azlan Zainol, a Non-Independent Non-Executive Chairman of MRCB, is also a Non-Independent Non-Executive Chairman of RHB Bank and RHB Investment Bank and a non-executive director of RHB Hong Kong Limited and RHB Securities Singapore Pte Ltd, both of which are subsidiaries of RHB Investment Bank. Nevertheless, in view of his role as a non-executive chairman and a non-executive director, he is not involved in the day-to-day operations of the said entities.

As at LPD, RHB Banking Group have extended various credit facilities amounting to approximately RM1,453 million (with an amount of approximately RM1,045.42 million outstanding) to MRCB Group. Such credit facilities represent approximately 0.61% of the audited total assets of RHB Banking Group as at 31 December 2016 of approximately RM236,678.83 million. RHB Investment Bank understands that it is the intention of MRCB to utilise approximately RM392.32 million from the proceeds to be raised from the Proposed Rights Issue to repay/ redeem the following credit facilities from RHB Banking Group:-

- (i) approximately RM225 million in nominal value of MRCB Sukuk Murabahah, which was subscribed by RHB Islamic Bank Berhad ("**RHB Islamic Bank**"), a subsidiary of RHB Bank; and
- (ii) the commodity murabahah term financing-i from RHB Islamic Bank of approximately RM167.32 million.

In addition, as at LPD, RHB Islamic Bank has also subscribed for RM496.50 million in nominal value of RJSB Sukuk Murabahah under the RJSB Sukuk Murabahah Programme, which RJSB may redeem via the advances from the Company using the proceeds to be raised from the Proposed Rights Issue.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any possible conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to the Company for the Proposed Rights Issue is mitigated by the following:-

FURTHER INFORMATION (Cont'd)

- (a) the above credit facilities were provided by the RHB Banking Group on an arms' length basis and in the ordinary course of its business and are not conditional upon RHB Investment Bank being appointed as the Principal Adviser for the Proposed Rights Issue or upon any other proposal(s) being undertaken by any entity(ies) within RHB Banking Group;
- (b) 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 Rights Issue in RHB Investment Bank is independent from the team handling the facilities;
- (c) the utilisation of proceeds to be raised from the Proposed Rights Issue and the decision on the amount and facilities to be repaid using such proceeds is at the sole and absolute discretion of MRCB and RHB Investment Bank has not rendered any advice/ recommendation on the utilisation of the proceeds by MRCB;
- (d) the appointment of RHB Investment Bank as Principal Adviser for the Proposed Rights Issue is in the ordinary course of its business as a licensed investment bank; and
- (e) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

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

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

	RM('000)
Authorised capital expenditure not contracted for: - property, plant and equipment	67,462

4.2 Contingent liabilities

Save as disclosed below, as at LPD, your 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	273,585

FURTHER INFORMATION (Cont'd)

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, save as disclosed below, our Group is not engaged in any material litigation, claim and/ or arbitration either as plaintiff or defendant, which may materially and adversely affect our financial position or business, and your Board is not aware of any proceeding, pending or threatened, or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Group:-

**(i) Kuala Lumpur High Court, Civil Suit No. D2-22-648-2003
MRCB Property Development Sdn Bhd v Suedy Suwendy And Six Others (collectively, the “Defendants”)**

MRCB Property Development Sdn Bhd (“MPD”), our wholly-owned subsidiary, had entered into a Share Sale Agreement dated 2 January 2001 (“SSA”) with the Defendants whereby MPD had agreed to purchase 24,000,006 ordinary shares of RM1.00 each in Taman Ratu Sdn. Bhd., representing 100% of the issued and paid-up share capital of the company, for a total purchase consideration not exceeding RM15,417,000.00.

MPD then paid RM2,000,000.00 as earnest deposit and a further RM500,000 as additional earnest deposit.

MPD alleged that the conditions precedent to the SSA had not been fulfilled and demanded the refund of deposit of RM6,000,000.00, together with interest and costs. MPD filed the claim against the Defendants on 18 April 2003. MPD sought to enter a summary judgment against the 1st, 3rd, 6th and 7th Defendants before the Senior Assistant Registrar on 18 November 2005. The appeal of the Defendants against summary judgment before the Judge in Chambers was allowed on 16 August 2006. On 6 March 2008, a judgment in default of appearance and for non-compliance with court directives pursuant to Order 34 of the Rules of High Court 1980 was entered against the Defendants. The Defendants filed an appliance to set aside the judgment in default but the appliance to set aside the judgment in default was dismissed by the High Court on 10 August 2009. The Defendants appealed to the Court of Appeal and the appeal was allowed on 12 October 2011. As at LPD, the Court has yet to fix a date for the case management.

Your Board is of the opinion that MPD has reasonable grounds of success in its claim.

(ii) In the matter of arbitration between MRCB and Jabatan Kerja Raya Malaysia (“JKR”)

MRCB brought an adjudication claim on 15 August 2014 under the Construction Industry Payment & Adjudication Act 2010 against JKR for RM22,273,167.17, being the disputed amount.

The parties entered into a construction contract on 10 August 2004 for the design, construction and maintenance of Upgrading Federal Route 5 from Ipoh to Lumut.

The certificate of practical completion was issued by JKR on 28 February 2008 upon the completion of the upgrading works performed by MRCB.

JKR however rejected the variations and loss and expense claim portion of MRCB without justifications. MRCB requested JKR to provide justification for the grounds of rejection but to no avail.

The adjudicator had on 20 November 2014 decided against JKR and instructed them to pay MRCB the adjudicated amount of RM9,252,363.17. The adjudicator further held that JKR shall bear the full costs of the adjudication amounting to RM102,250.00.

FURTHER INFORMATION (Cont'd)

MRCB had on 15 May 2015 issued a notice of arbitration claiming the balance of approximately RM21.00 million from JKR under the construction contract, being payment for variation works, losses and expenses for work done under the construction contract.

MRCB had on 3 September 2015 filed the points of claim whilst JKR had on 30 October 2015 filed its points of defence. MRCB had on 4 December 2015 filed the points of reply. The parties had subsequently filed the common bundle of documents, core bundle of documents, their respective witness statements and expert reports. Subsequently, MRCB had on 5 September 2016 filed its rebuttal to the witness statements. The arbitrator has further directed both parties' expert to produce a joint statement on or before 31 December 2016. The next arbitration hearing dates were fixed on 20 February 2017 to 24 February 2017 and 2 May 2017 to 5 May 2017.

During the continued hearing on 20 February 2017 to 24 February 2017, the arbitral tribunal required MRCB's witnesses and MRCB's expert to explain on the details of the scope of works that were taken out from the RM265 million bill of quantity, and to further explain the differences of the sum. In this regard, the hearing was only conducted for two (2) days.

Accordingly, the arbitral tribunal issued its written directions on 21 February 2017, to which MRCB is required to submit additional bundle of documents to reflect the difference in scope of works for the project along with the supplementary witness statements on or before 11 April 2017. MRCB is also at liberty to have two (2) further subpoena witnesses to be heard on 4 May 2017 and 5 May 2017.

During the continued hearing on 2 May 2017 to 5 May 2017, all three (3) of MRCB's witnesses were called to testify on the supplemental witness statements filed beforehand. During the cross examination of one of MRCB's witnesses (i.e.: Witness 3), MRCB requested more time for Witness 3 to produce written answers with regard to the contract drawings referred to in the cross examination session. In this regard, the hearing date on 3 May 2017 was vacated.

Subsequently, the hearing proceeded on 4 May 2017 and MRCB recalled all three (3) witnesses to testify on their respective supplementary witness statements before the said statements were concluded. In respect of the Witness 3's submitted written answers and cross reference to the contract drawings, due to lack of time on the part of JKR to check the accuracy of the answers, JKR's counsel had reserved the right to recall the Witness 3 at the next hearing date if any of the answers are found to be erroneous.

MRCB had no objection to the same. MRCB's subpoena witness did not attend the hearings and MRCB's counsel had sought further time to submit the witness statement of the subpoena witness along with any other relevant document that was in the subpoena witness's possession and the JKR's counsel had no objection to the same. Accordingly, the arbitral tribunal directed MRCB to submit the subpoena witness statement on or before 14 July 2017. The hearing date on 5 May 2017 has been vacated with the arbitrator's costs to be borne by MRCB.

The next hearing dates are fixed on 14 August 2017 to 17 August 2017, 4 December 2017 to 6 December 2017 and 12 March 2018 to 15 March 2018.

Your Board is of the opinion that MRCB has reasonable grounds of success in its claim against JKR.

FURTHER INFORMATION (Cont'd)

- (iii) (a) **Kuala Lumpur High Court, Civil Suit No. 22NCVC-17-01/2015**
59Inc Sdn Bhd (“59Inc”) v Penghuni-penghuni tanah yang dipegang di bawah H.S(D) 118118, PT9311, H.S(D) 118119, PT9312 and H.S(D) 118120, PT 9313, all in Kuala Lumpur (“Suit 17”)
- (b) **Federal Court Civil Application No. 08(i)-243-05/2017 (W) (“Motion 243”)**
Siti Ariaiah bte Yunus & 95 yang lain (“Appellants”) v S&S Quest Resource Sdn Bhd (“QRSB”), Pengarah, Pejabat Tanah dan Galian Wilayah Persekutuan, Kuala Lumpur (“PTG”) and 59Inc
- (c) **Kuala Lumpur High Court, Civil Suit No. 22NCVC-73-02/2015**
Siti Ariaiah bte Yunus & 95 yang lain (“Plaintiffs Suit 73”) v QRSB, PTG and 59Inc (“Suit 73”)

In respect of Suit 17 and Motion 243:

59Inc, a wholly-owned subsidiary of MRCB, had on 9 January 2015 filed a claim against a group of squatters who occupied all those parcels of land held under H.S(D) 118118, PT9311, H.S(D) 118119, PT9312 and H.S(D) 118120, PT 9313, collectively in Daerah Kuala Lumpur, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur (“**Subject Lands**”) (collectively, the “**Defendants Suit 17**”) to vacate those parcels of land illegally occupied by the Defendants Suit 17. 59Inc claimed against the Defendants Suit 17, among others, special damages in the sum of RM25,431,014.74.

Suit 17 was subsequently consolidated with Suit 73 as both suits are inter-related, among others, similar cause of action, same subject matter (the said lands) and similar issues to be tried.

Both Suit 17 and Suit 73 proceeded under Order 14A of the Rules of Court 2012. The High Court answered the question posed under Order 14A of the Rules of Court 2012 in favour of 59Inc and thereafter allowed Suit 17 and dismissed the Appellants’ claim in Suit 73. The Appellants were dissatisfied with the said decision and filed an appeal to the Court of Appeal. The Court of Appeal dismissed their appeal and the Appellants filed a motion for leave to appeal to the Federal Court.

The Federal Court has fixed the above matter for case management on 8 August 2017 for parties to exhaust affidavits.

In respect of Suit 73:

The Plaintiffs Suit 73 had on 9 February 2015 brought an action against QRSB, PTG and 59Inc (collectively, the “**Defendants Suit 73**”) claiming, among others, that they are the rightful owners of the Subject Lands and the Subject Lands were not properly alienated to 59Inc.

59Inc had on 30 March 2015 filed its defence and counter claim against the Plaintiffs Suit 73 for the sum of RM25,431,014.74. 59Inc’s counterclaim against PTG include, among others, a sum of RM220,000,000.00 to 59Inc in the event 59Inc losses the ownership of the Subject Lands.

59Inc had on 3 April 2015 applied to the Court to consolidate Suit 17 and Suit 73 on the basis that the cause of action, the reliefs sought and the subject matter of both suits are the same. The Court had on 10 April 2015 granted the order to consolidate Suit 17 and Suit 73.

Parties had agreed during a case management on 6 August 2015 for both the suits to be determined based on a question of law under Order 14A of Rules of Court 2012 (“**Order 14A Proceedings**”) as to whether the Defendants Suit 17 and the Plaintiffs Suits 73 have any rights, interest and/ or proprietary rights over the Subject Lands.

FURTHER INFORMATION (Cont'd)

The High Court answered the question posed under Order 14A of the Rules of Court 2012 in favour of 59Inc and thereafter allowed Suit 17 and dismissed the Plaintiffs Suit 73's claims in Suit 73.

Suit 73 is fixed for case management on 15 August 2017.

Your Board is of the opinion that 59Inc has reasonable grounds of success in its claim against the squatters.

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 business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) the memorandum and articles of association of our Company;
- (ii) letters of undertaking from EPF and GSB dated 16 May 2017 and 17 May 2017 respectively;
- (iii) audited consolidated financial statements of our Group for the past two (2) FYE 31 December 2015 to 2016 and the latest unaudited consolidated financial statements for the three (3) months FPE 31 March 2017;
- (iv) the letter of consent referred to in Section 2 above;
- (v) the draft Deed Poll; and
- (vi) the relevant cause papers in respect of the material litigation referred to in Section 5 above.

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MALAYSIAN RESOURCES CORPORATION BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Malaysian Resources Corporation Berhad (“MRCB” or “Company”) will be held at Grand Nexus Ballroom, Level 3A, Connexion@Nexus, No 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Friday, 28 July 2017 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, to pass with or without any modification the following ordinary resolution:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,856,679,518 NEW ORDINARY SHARES IN MRCB (“MRCB SHARES” OR “SHARES”) (“RIGHTS SHARES”) TOGETHER WITH UP TO 571,335,904 FREE DETACHABLE WARRANTS (“RIGHTS WARRANTS”), ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MRCB SHARE HELD AND ONE (1) FREE RIGHTS WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“THAT, subject to and conditional upon the approvals of all relevant authorities and/ or parties being obtained (if required), approval be and is hereby given to the Board of Directors of MRCB (“Board”) to:-

- (a) provisionally allot and issue by way of a renounceable rights issue of up to 2,856,679,518 Rights Shares together with up to 571,335,904 free Rights Warrants to the shareholders of the Company whose names appear in the Record of Depositors of the Company (“**Entitled Shareholders**”) on an entitlement date to be determined by the Board (“**Entitlement Date**”), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for by the Entitled Shareholders on the Entitlement Date at an issue price per Rights Share and exercise price per Rights Warrant to be determined and announced by the Board. The Rights Shares shall upon allotment and issue, rank equally in all respects with the then existing MRCB Shares, save and except that it will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;
- (b) allot and issue such number of MRCB Shares upon full payment arising from any exercise by the holders of the Rights Warrants of their rights in accordance with the provisions of the deed poll constituting the Rights Warrants to be executed by the Company (“**Deed Poll**”) and such new MRCB Shares shall upon allotment and issuance, rank equally in all respects with the then existing MRCB Shares, save and except that it will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the new MRCB Shares to be issued pursuant to the exercise of the Rights Warrants;
- (c) disregard and deal with fractional entitlements of the Rights Shares and/ or Rights Warrants, if any, in such manner and on such terms and conditions as the Board in its absolute discretion deem fit or expedient or in the best interest of the Company;
- (d) make available for excess shares application to the Entitled Shareholders and/ or their renounee(s) who have applied for the excess Rights Shares with Rights Warrants, in the event there are any Rights Shares with Rights Warrants which are not taken up or not validly taken up, and such excess Rights Shares with Rights Warrants will be allocated in a fair and equitable manner on a basis to be determined by the Board;

- (e) utilise the proceeds from the Proposed Rights Issue for such purposes and in such manner as set out in Section 3 of the Circular to Shareholders of the Company dated 13 July 2017 (“Circular”) and the Board be authorised to revise the purpose and manner of the utilisation of proceeds as it may deem fit or expedient or in the best interest of the Company, subject to the approval of the relevant authorities, (where required);
- (f) execute, sign and enter into the Deed Poll with full powers to assent to any condition, variation, modification and/ or amendment from time to time, in accordance with and subject to the terms of the Deed Poll and in any manner as may be required by the relevant authorities or deemed necessary by the Board, and with full powers to implement and give effect to the terms and conditions of the Deed Poll and in the best interest of the Company;
- (g) issue and allot such additional Rights Warrants and adjust from time to time the exercise price of the Rights Warrants as may be required or permitted to be issued/ adjusted as a consequence of the adjustments under the provisions of the Deed Poll, and issue and allot such additional number of MRCB Shares arising from any exercise of the additional Rights Warrants and such new MRCB Shares shall upon allotment and issuance, rank equally in all respects with the then existing MRCB Shares, save and except that it will not be entitled to any dividend, right, allotment and/ or other distribution that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the new MRCB Shares to be issued pursuant to the exercise of the additional Rights Warrants; and
- (h) enter into any underwriting arrangement(s) for the underwriting of any part of the open portion of the Rights Shares with Rights Warrants and all other documents, agreement and/ or arrangements in connection with the underwriting of the Rights Shares with Rights Warrants with such parties and upon such terms and conditions as the Board may deem fit;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangements (including without limitation, the affixing of the Company’s common seal) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Rights Issue and with full powers to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the best interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Rights Issue.

BY ORDER OF THE BOARD

Mohd Noor Rahim Yahaya
MAICSA 0866820
 Company Secretary

Kuala Lumpur
 13 July 2017

Notes: -

1. Only members whose names appear in the Record of Depositors on 21 July 2017 shall be eligible to attend in person or appoint proxies to attend and/ or vote on their behalf at the EGM.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
6. The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD

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

PROXY FORM

(Please see the notes below before completing the form)

Number of Ordinary Share(s) held	CDS Account No.															
					-					-						

*I/ We (FULL NAME IN CAPITAL LETTERS)

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

of (FULL ADDRESS)

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

Name of Proxy in capital letters		Proportion of Shareholdings to be represented by the proxies:	
		Number of shares	Percentage (%)
Proxy 1			
	NRIC No./ Passport No:		
and/ or failing him/ her			
Proxy 2			
	NRIC No./ Passport No:		

Total

or failing *him/ her the Chairman of the Meeting as *my/ our proxies to attend and vote for *me/ us on *my/ our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Grand Nexus Ballroom, Level 3A, Connexion@Nexus, No 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Friday, 28 July 2017 at 10.00 a.m. or at any adjournment thereof.

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

ORDINARY RESOLUTION 1	FOR	AGAINST
Proposed Rights Issue		

Dated this _____ day of _____ 2017

Signature of Shareholders

* DELETE IF NOT APPLICABLE.

Notes:-

- Only members whose names appear in the Record of Depositors on 21 July 2017 shall be eligible to attend in person or appoint proxies to attend and/ or vote on their behalf at the EGM.
- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
- The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

To: **SYMPHONY SHARE REGISTRARS SDN BHD**
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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