

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the “Definitions” section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your MRCB Shares, you should hand this Abridged Prospectus, together with the NPA and the RSF (collectively, the “Documents”) at once to the agent/ broker through whom you effected the sale/ transfer for onward transmission to the purchaser/ transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are despatched only to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 4 October 2017 at their registered address in Malaysia or who have provided our Share Registrar with an address in Malaysia in writing on or before 5.00 p.m. on 4 October 2017. The Documents are not intended to be and should not be issued, circulated or distributed in any countries or jurisdictions other than Malaysia, where by doing so might constitute a violation of the securities laws or regulations of such countries or jurisdictions. No action has been or will be taken to ensure that either the Rights Issue or the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which the Documents relate is only available to the persons receiving the Documents within Malaysia. Accordingly, the Documents will not be despatched to our Entitled Shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors as at 5.00 p.m. on 4 October 2017 or who have not provided the Share Registrar with an address in Malaysia for despatch of Documents by 5.00 p.m. on 4 October 2017. Persons receiving the Documents (including without limitation, custodian, nominees and trustees) must not, in connection with the Rights Issue distribute or send the Documents outside of Malaysia. Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance, renunciation, sale or transfer (as the case may be) of all or any part of their Provisional Rights Shares with Rights Warrants, the application for the Excess Rights Shares with Rights Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Rights Warrants would result in the contravention of any law of such countries or jurisdictions. Neither we, your Board, RHB Investment Bank nor any other adviser to the Rights Issue will accept any responsibility or liability in the event that any acceptance, renunciation, sale or transfer (as the case may be) of the Provisional Rights Shares with Rights Warrants, the application for the Excess Rights Shares with Rights Warrants or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Rights Warrants made by any Entitled Shareholder and/ or their renounee(s) and/ or transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/ or their renounee(s) and/ or transferee(s) (if applicable) is a resident. For further information, see “Laws of foreign countries or jurisdictions” as set out in Section 11.9 of this Abridged Prospectus.

The approval from our shareholders for the Rights Issue was obtained at our EGM convened on 28 July 2017. The approval from Bursa Securities for the admission of the Rights Warrants to the Official List of Bursa Securities and 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 was obtained vide its letter dated 10 July 2017. The admission of the Rights Warrants to the Official List of Bursa Securities and 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 is in no way reflective of the merits of the Rights Issue. The admission of the Rights Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares with Rights Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the Rights Shares and Rights Warrants have been duly credited into the CDS Accounts of the successful Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) and notices of allotment have been despatched to them.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Your Board has seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

RHB Investment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.



MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,853,777,024 NEW ORDINARY SHARES IN MALAYSIAN RESOURCES CORPORATION BERHAD (“MRCB”) (“MRCB SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM0.79 PER RIGHTS SHARE, TOGETHER WITH UP TO 570,755,405 FREE DETACHABLE WARRANTS (“RIGHTS WARRANTS”), ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MRCB SHARE HELD BY OUR ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 4 OCTOBER 2017 AND ONE (1) FREE RIGHTS WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR

Principal Adviser, Managing Underwriter and Joint Underwriter

Joint Underwriters



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



CIMB Investment Bank Berhad

(Company No. 18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



CIMB Islamic Bank Berhad

(Company No. 671380-H)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Wednesday, 4 October 2017 at 5.00 p.m.
Last date and time for the sale of the Provisional Rights Shares with Rights Warrants	:	Wednesday, 11 October 2017 at 5.00 p.m.
Last date and time for the transfer of the Provisional Rights Shares with Rights Warrants	:	Monday, 16 October 2017 at 4.00 p.m.
Last date and time for the acceptance of and payment for the Provisional Rights Shares with Rights Warrants	:	Friday, 20 October 2017 at 5.00 p.m.
Last date and time for the application and payment for the Excess Rights Shares with Rights Warrants	:	Friday, 20 October 2017 at 5.00 p.m.

This Abridged Prospectus is dated 4 October 2017

Unless otherwise stated, all abbreviations used herein are as defined in the "Definitions" section of this Abridged Prospectus.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF THE RIGHTS SHARES WITH RIGHTS WARRANTS BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE RIGHTS SHARES WITH RIGHTS WARRANTS IN ANY COUNTRY OR JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OR REGULATIONS OF SUCH COUNTRY OR JURISDICTION. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS AS SET OUT IN SECTION 236 OF THE CMSA (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DOCUMENTS HAVE BEEN PREPARED AND ARE PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

NEITHER OUR PRINCIPAL ADVISER NOR OTHER PROFESSIONAL ADVISERS MAKES ANY REPRESENTATION, WARRANTY OR RECOMMENDATION WHATSOEVER AS TO THE MERITS OF THE RIGHTS ISSUE, OUR COMPANY OR ANY OTHER MATTER RELATED THERETO OR IN CONNECTION THEREWITH.

DEFINITIONS

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

Abridged Prospectus	: This abridged prospectus dated 4 October 2017 issued by our Company in relation to the Rights Issue
Act	: Companies Act, 2016
ATM	: Automated teller machine
Authorised Nominee(s)	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
Board	: Board of Directors of MRCB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System, the system established and operated by Bursa Depository for the handling of securities deposited with Bursa Depository
CDS Account	: Account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
CIQ	: Bangunan Sultan Iskandar Customs, Immigration and Quarantine Complex
Closing Date	: 20 October 2017 at 5.00 p.m., being the last date and time for the acceptance, application and payment for the Provisional Rights Shares with Rights Warrants and the Excess Rights Shares with Rights Warrants
CMSA	: Capital Markets and Services Act 2007
Deed Poll	: The deed poll dated 19 September 2017, constituting the Rights Warrants
Documents	: Collectively, this Abridged Prospectus and the accompanying NPA and RSF
EDL Expressway	: Eastern Dispersal Link Expressway in Johor Bahru, an 8.62 km highway that links to the CIQ
EGM	: Extraordinary general meeting
Electronic Application	: Application for the Rights Shares with Rights Warrants and/ or Excess Rights Shares with Rights Warrants through the ATMs of Participating Financial Institutions
Entitled Shareholders	: Our shareholders whose names appear in our Record of Depositors on the Entitlement Date in order to be entitled to participate in the Rights Issue
Entitlement Date	: 4 October 2017 at 5.00 p.m., being the date and time on which the names of our shareholders must appear in our Record of Depositors, in order to be entitled to participate in the Rights Issue
EPF	: Employees Provident Fund Board
EPS	: Earnings per share

DEFINITIONS (Cont'd)

ESOS	:	Employees' share option scheme of MRCB, expiring on 30 October 2017
ESOS Options	:	Options which were granted to the eligible employees and directors of our Group and our associate companies pursuant to the ESOS
Excess Rights Shares with Rights Warrants	:	Rights Shares with Rights Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) by the Closing Date
Exercise Price	:	RM1.25, being the price at which one (1) Rights Warrant is exercisable into one (1) new MRCB Share, subject to such adjustments as may be allowed under the Deed Poll
Foreign Addressed Shareholders	:	Entitled Shareholders who fall under the following categories:- <ul style="list-style-type: none"> (i) persons whose addresses in our Record of Depositors on the Entitlement Date are not Malaysian addresses; or (ii) persons who failed to notify our Share Registrar of mailing addresses in Malaysia, on or before the Entitlement Date
FPE	:	Financial period ended/ ending, as the case may be
FYE	:	Financial year ended/ ending, as the case may be
Government	:	Government of Malaysia, as represented by the Ministry of Youth and Sports
GSB	:	Gapurna Sdn Bhd (213716-K)
Hartanah	:	Syarikat Tanah dan Harta Sdn Bhd (298678-H)
Internet Application	:	Application for the Rights Shares with Rights Warrants and/ or Excess Rights Shares with Rights Warrants through an Internet Participating Financial Institution
Internet Participating Financial Institution(s)	:	Internet participating financial institutions for Internet Application as referred to in Section 11.3 of this Abridged Prospectus
Issue Price	:	RM0.79, being the issue price for each Rights Share
Joint Underwriters	:	Collectively, RHB Investment Bank, CIMB Investment Bank Berhad (18417-M) and CIMB Islamic Bank Berhad (671380-H)
LPD	:	5 September 2017, being the latest practicable date prior to the registration of this Abridged Prospectus
Market Day	:	Any day on which Bursa Securities is open for trading in securities

DEFINITIONS (Cont'd)

Maximum Scenario	:	Assuming all of the ESOS Options and outstanding Warrants A as at LPD are fully exercised before the implementation of the Rights Issue. Notwithstanding that the Warrants A were out-of-the-money as at LPD, the Warrants A entitle its registered holders the option to subscribe for new MRCB Shares at an exercise price of RM2.30 per Share at any time up to 16 September 2018 and they will be entitled to the Rights Issue if the new MRCB Shares (pursuant to any exercise of Warrants A) are allotted and issued to them prior to the Entitlement Date. This is in accordance with the provisions of the Warrants A Deed Poll
Minimum Scenario	:	Assuming none of the ESOS Options and outstanding Warrants A as at LPD are exercised before the implementation of the Rights Issue
MQ REIT	:	MRCB-Quill REIT, a 27.89% associate of our Company
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Group or Group	:	Collectively, MRCB and its subsidiary companies
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
NPA	:	Notice of provisional allotment of Rights Shares with Rights Warrants in relation to the Rights Issue
NRS	:	Nominee rights subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares with Rights Warrants through Bursa Depository's existing network facility with the Authorised Nominees
Official List	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
Participating Financial Institution(s)	:	Participating financial institutions for Electronic Application as referred to in Section 11.3 of this Abridged Prospectus
Price-Fixing Date	:	19 September 2017, being the date on which we fixed and announced the Issue Price and Exercise Price
Privatisation	:	The refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur pursuant to the Privatisation Agreement
Privatisation Agreement	:	The privatisation agreement dated 28 October 2015 (as supplemented by supplemental agreements dated 29 January 2016 and 21 April 2017) entered into between RJSB, the Government and Hartanah for the Privatisation
Provisional Rights Shares with Rights Warrants	:	The Rights Shares with Rights Warrants provisionally allotted to our Entitled Shareholders
Record of Depositors	:	A record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
Reporting Accountants	:	PricewaterhouseCoopers (AF:1146)

DEFINITIONS (Cont'd)

RHB Investment Bank or Principal Adviser or Managing Underwriter	:	RHB Investment Bank Berhad (19663-P)
Rights Issue	:	Renounceable rights issue of up to 2,853,777,024 Rights Shares at the Issue Price, together with up to 570,755,405 free Rights Warrants, on the basis of one (1) Rights Share for every one (1) existing MRCB Share held by our Entitled Shareholders on the Entitlement Date and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for
Rights Issue Entitlement File	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlements under the Rights Issue as at the Entitlement Date
Rights Share(s)	:	New MRCB Share(s) to be issued pursuant to the Rights Issue
Rights Shares with Rights Warrants Subscription File	:	An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee's subscription of the Rights Shares with Rights Warrants and/ or Excess Rights Shares with Rights Warrants
Rights Warrant(s)	:	Free detachable warrant(s) to be issued pursuant to the Rights Issue
RJSB	:	Rukun Juang Sdn Bhd (1101807-P), an 85%-owned subsidiary of MRCB Land, which in turn is a wholly-owned subsidiary of our Company
RSF	:	Rights subscription form in relation to the Rights Issue
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
Rules of Bursa Depository	:	The rules of Bursa Depository issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Share Registrar	:	Symphony Share Registrars Sdn Bhd (378993-D)
SICDA	:	Securities Industry (Central Depositories) Act, 1991
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 Rights Issue
Underwriting Agreement	:	Underwriting agreement dated 19 September 2017 entered into between our Company, the Managing Underwriter and the Joint Underwriters in relation to the Rights Issue
VWAMP	:	Volume weighted average market price
Warrants A	:	Warrants issued by our Company on 17 September 2013, 23 June 2014 and 13 January 2015 respectively, as constituted by the Warrants A Deed Poll and expiring on 16 September 2018
Warrants A Deed Poll	:	Deed poll dated 22 August 2013 constituting the Warrants A

DEFINITIONS (Cont'd)

Currencies

AUD	:	Australian Dollar, the legal tender of Australia
RM and sen	:	Ringgit Malaysia and sen, the legal tender of Malaysia
THB	:	Thai Baht, the legal tender of the Kingdom of Thailand

References to “**our Company**”, “**we**”, “**us**” and “**ourselves**” in this Abridged Prospectus 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 Abridged Prospectus means our Entitled Shareholders, and/ or should the context otherwise requires, their renounee(s) and/ or transferee(s) (if applicable).

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

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, 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 MRCB, such as quarterly results or annual reports, is due to rounding.

Certain statements in this Abridged Prospectus 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 Abridged Prospectus should be not be regarded as a representation or warranty that MRCB’s plans and objectives will be achieved.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Designation)	Address	Nationality	Profession
Tan Sri Azlan Zainol <i>(Non-Independent Non-Executive Chairman)</i>	No. 21, Jalan SS1/39 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director and Banker
Tan Sri Mohamad Salim Fateh Din <i>(Group Managing Director)</i>	B8-1, One Menerung No. 1, Jalan Menerung Bukit Bandaraya, Bangsar 59100 Kuala Lumpur Wilayah Persekutuan	Malaysian	Company Director and Entrepreneur
Mohd Imran Tan Sri Mohamad Salim <i>(Non-Independent Executive Director)</i>	B8-1, One Menerung No. 1, Jalan Menerung Bukit Bandaraya, Bangsar 59100 Kuala Lumpur Wilayah Persekutuan	Malaysian	Company Director and Entrepreneur
Datuk Shahril Ridza Ridzuan <i>(Non-Independent Non-Executive Director)</i>	No. 5, Jalan Rimba Riang 9/1C Seksyen 9, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director and Chief Executive Officer of EPF
Jamaludin Zakaria <i>(Senior Independent Non-Executive Director)</i>	No. 20, Jalan Bidai U8/22 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director and Investment Banker
Rohaya Mohammad Yusof <i>(Non-Independent Non-Executive Director)</i>	14, Jalan 14/37 46100 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director and Head of Private Markets Department of EPF
Hasman Yusri Yusoff <i>(Independent Non-Executive Director)</i>	No. 8, Jalan Cecawi 6/3 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Hasman Yusri Yusoff	Chairman	Independent Non-Executive Director
Jamaludin Zakaria	Member	Senior Independent Non-Executive Director
Rohaya Mohammad Yusof	Member	Non-Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARY : Mohd Noor Rahim Yahaya (MAICSA 0866820)
87, Jalan Wangsa Murni 2
Wangsa Melawati
53300 Kuala Lumpur

**REGISTERED/ HEAD/
MANAGEMENT OFFICE** : Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

Tel. No. : +603 2786 8080
Fax. No.: +603 2780 7668
E-mail: corp.comm-assistline@mrcb.com
Website: www.mrcb.com.my

PRINCIPAL BANKERS : Affin Bank Berhad
(in alphabetical order) 17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur

Tel. No.: +603 2055 9000

CIMB Bank Berhad
17th Floor, Menara CIMB
No. 1, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

Tel. No.: +603 2261 8888

CIMB Islamic Bank Berhad
Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

Tel. No.: +603 2261 8888

HSBC Bank Malaysia Berhad
No. 2, Leboh Ampang
50100 Kuala Lumpur

Tel. No.: +603 2075 3000

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Tel. No.: +603 2070 8833

Malaysia Building Society Berhad
11th Floor, Wisma MBSB
48, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

Tel. No.: +603 2096 3000

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS (Cont'd)**
(in alphabetical order) : RHB Islamic Bank Berhad
Level 7, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel. No.: +603 9287 8888
- PRINCIPAL ADVISER AND
MANAGING UNDERWRITER
FOR THE RIGHTS ISSUE** : RHB Investment Bank Berhad
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel. No.: +603 9287 3888
- AUDITORS AND REPORTING
ACCOUNTANTS FOR THE
RIGHTS ISSUE** : PricewaterhouseCoopers
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O. Box 10192
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CORPORATE DIRECTORY (Cont'd)

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**STOCK EXCHANGE LISTED
AND LISTING** : Main Market of Bursa Securities

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MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered office:

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

4 October 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 (*Non-Independent Executive Director*)
Datuk Shahril Ridza Ridzuan (*Non-Independent Non-Executive Director*)
Jamaludin Zakaria (*Senior Independent Non-Executive Director*)
Rohaya Mohammad Yusof (*Non-Independent Non-Executive Director*)
Hasman Yusri Yusoff (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,853,777,024 RIGHTS SHARES AT THE ISSUE PRICE, TOGETHER WITH UP TO 570,755,405 FREE RIGHTS WARRANTS, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MRCB SHARE HELD BY OUR ENTITLED SHAREHOLDERS ON THE ENTITLEMENT DATE AND ONE (1) FREE RIGHTS WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR

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 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) the 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 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 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, among others, the following conditions:-

No.	Conditions imposed	Status of compliance
(i)	Our Company 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 Rights Issue;	Noted.
(ii)	Our Company and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue;	To be complied.
(iii)	Our Company 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 Rights Issue; and	Complied.
(iv)	Our Company 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 Rights Issue is completed.	To be complied.

Our shareholders had at our EGM convened on 28 July 2017 approved the Rights Issue. A certified true copy of the extract of the ordinary resolution in respect of the Rights Issue which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 17 August 2017, RHB Investment Bank had on behalf of our Company, submitted a relief application to the SC for a relief from complying with the requirement under Paragraph 8(c) of Appendix 8 of Part I (Division 5) of the Prospectus Guidelines: Abridged Prospectus ("AP Guidelines"), which stipulates that each material contract disclosed or document referred to in the abridged prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts, must be made available for inspection at a specified place in Malaysia for a period of at least 12 months from the date of issue of the abridged prospectus.

The Privatisation Agreement is a material contract falling under the ambit of Paragraph 4 of Appendix 8 of the AP Guidelines. The Government had vide its letter to our Company dated 28 October 2015 informed our Company that the Privatisation Agreement is a classified document under the Official Secrets Act, 1972. Subsequently, our Company had vide our letter dated 26 July 2017 informed the Government that our Company is undertaking the Rights Issue and have sought the consent of the Government to allow our Company to make available the Privatisation Agreement for inspection by our Company's entitled shareholders at our registered office for a period of 12 months from the date of this Abridged Prospectus pursuant to the requirements under the AP Guidelines and the CMSA. The Government had vide its letter to our Company dated 4 August 2017 informed that it was unable to consider our Company's request to make available the Privatisation Agreement for inspection by our Company's entitled shareholders as the Privatisation Agreement is a document that is classified under the Official Secrets Act, 1972.

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In view of this, a relief was sought from the SC to vary the disclosure requirements as set out in Paragraph 8(c) of Appendix 8 of the AP Guidelines (“Relief”) and the SC had vide its letter dated 12 September 2017 approved the Relief and the following disclosures in the Abridged Prospectus:-

No.	Disclosures	Reference in this Abridged Prospectus
(i)	The Privatisation Agreement is a document that is classified under the Official Secrets Act, 1972 and if you wish to inspect the Privatisation Agreement, you will have to, on your own, obtain prior written consent of the Government to do so and thereafter produce such written consent to us prior to inspecting the Privatisation Agreement at our registered office; and	Section 8 of Appendix VII
(ii)	MRCB will maintain a copy of the Privatisation Agreement at its registered office for a period of at least 12 months from the date of issue of the abridged prospectus for inspection by any person who produces the written consent of the Government to do so.	Section 8 of Appendix VII

On 19 September 2017, RHB Investment Bank had on behalf of your Board, announced that:-

- (a) the Issue Price has been fixed at RM0.79 per Rights Share;
- (b) the Exercise Price has been fixed at RM1.25 per Rights Warrant;
- (c) MRCB has entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters; and
- (d) the Entitlement Date for the Rights Issue has been determined at 5.00 p.m. on 4 October 2017.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or the Principal Adviser.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Introduction

In accordance with the terms of the Rights Issue as approved by the relevant authorities and our shareholders and subject to the terms of the Documents, our Company shall provisionally allot up to 2,853,777,024 Rights Shares and up to 570,755,405 Rights Warrants to our Entitled Shareholders.

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

- (i) 2,192,593,285 MRCB Shares;
- (ii) 84,664,727 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 Rights Issue are illustrated in the table below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Total issued share capital as at LPD	2,192,593,285	2,583,429,116 ⁽¹⁾	2,192,593,285	2,583,429,116 ⁽¹⁾
Upon full exercise of the outstanding ESOS Options	-	-	84,664,727	123,646,658 ⁽³⁾
Upon full exercise of the outstanding Warrants A	-	-	576,519,012	1,354,348,728 ⁽⁴⁾
	2,192,593,285	2,583,429,116	2,853,777,024	4,061,424,502
To be issued pursuant to the Rights Issue	2,192,593,285	1,722,315,032 ⁽²⁾	2,853,777,024	2,244,650,186 ⁽²⁾
Enlarged total issued share capital	4,385,186,570	4,305,744,148	5,707,554,048	6,306,074,688
	No. of Rights Warrants		No. of Rights Warrants	
To be issued pursuant to the Rights Issue	438,518,657		570,755,405	

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 RM0.79 per Rights Share and after deducting estimated expenses amounting to RM15.00 million of which RM9.83 million will be debited from our Company's share capital and the remaining balance of RM5.17 million will be charged to retained earnings.
- (3) 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 RM6.41 million.
- (4) 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.

Shareholders whose names appear in our Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue. However, only our Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing before the Entitlement Date will receive the Documents.

The Rights Issue is renounceable in full or in part. Accordingly, our Entitled Shareholders can subscribe for and/ or renounce their entitlements to the Provisional Rights Shares with Rights Warrants in full or in part. Should our Entitled Shareholders renounce all their entitlements to the Rights Shares, they will not be entitled to the Rights Warrants. However, if our 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 our Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) 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 the Exercise Price. 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 by the Closing Date shall be made available for excess applications by the other Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable), and thereafter shall be taken up by the Joint Underwriters. It is the intention of your Board to allot the Excess Rights Shares with Rights Warrants, if any, to other Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable), in a fair and equitable manner, and in such manner as set out in Section 11.6 of this Abridged Prospectus.

Fractional entitlements of the Rights Shares and/ or Rights Warrants arising from the Rights Issue, if any, will be disregarded and will be 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.

Any dealing in the Rights Shares with Rights Warrants, which are prescribed securities under the CDS, will be subject to the provision of the SICDA and the Rules of Bursa Depository. Accordingly, upon allotment and issuance by our Company, the Rights Shares with Rights Warrants will be credited directly into the respective CDS Accounts of our Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who have successfully subscribed for such Rights Shares with Rights Warrants. No physical certificates will be issued to our Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable).

If you wish to accept the Provisional Rights Shares with Rights Warrants (in full or in part) as specified in the NPA and/ or apply for the Excess Rights Shares with Rights Warrants, please refer to our instructions for acceptance, payment, sale/ transfer and excess application as set out in Section 11 of this Abridged Prospectus.

2.2 Basis of and justification for determining the Issue Price and Exercise Price

The Issue Price of RM0.79 per Rights Share represents a discount of approximately 20.20% to the TERP of MRCB Shares as set out in item (i) below. The Issue Price was determined by your Board on the Price-Fixing Date after taking into consideration, among others, the following:-

- (i) the TERP of MRCB Shares of approximately RM0.99 based on the five (5)-day VWAMP of MRCB Shares up to and including 18 September 2017, being the Market Day immediately preceding the Price-Fixing Date, of RM1.1999;
- (ii) the then prevailing market conditions which include, among others, the performance of the Malaysian stock market which has been relatively stable, taking into consideration that the FTSE Bursa Malaysia KLCI has been hovering between 1,753 to 1,792 (based on closing) since the announcement of the Rights Issue until the Price-Fixing Date; 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 of RM1.25 per Rights Warrant represents a premium of approximately 26.26% to the TERP of MRCB Shares as set out in item (a) below. The Exercise Price was determined by your Board on the Price-Fixing Date after taking into consideration, among others, the following:-

- (a) the TERP of MRCB Shares of approximately RM0.99 based on the five (5)-day VWAMP of MRCB Shares up to and including 18 September 2017, being the Market Day immediately preceding the Price-Fixing Date, of RM1.1999;
- (b) the historical share price movement of MRCB Shares;
- (c) the earnings potential of MRCB Group; and
- (d) 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.

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

Gross proceeds to be raised	Minimum Scenario RM('000)	Maximum Scenario RM('000)
Upon completion of the Rights Issue	1,732,149	2,254,484
Upon full exercise of the Rights Warrants	548,148	713,444

2.3 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.

2.4 Salient terms of the Rights Warrants

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

Issue size	:	Up to 570,755,405 Rights Warrants
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	:	RM1.25 for each Rights Warrant, subject to adjustments in accordance with the Deed Poll.
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 SICDA and the Rules of Bursa Depository.
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.
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 your 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.

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3. DETAILS OF THE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

3.1 Undertakings

The 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 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 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. 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 Rights Issue are set out below:-

Minimum Scenario

	Shareholdings as at LPD		Illustrative entitlements under the Rights Issue			Shareholdings after the Rights Issue	
	No. of MRCB Shares	% ⁽¹⁾	No. of Rights Shares	% ⁽²⁾	No. of Rights Warrants	No. of Rights Shares	% ⁽³⁾
EPF	761,458,797	34.73	761,458,797	34.73	152,291,760	1,522,917,594	34.73
GSB	364,545,752	16.63	364,545,752	16.63	72,909,150	729,091,504	16.63

Notes:-

- (1) Based on the total issued share capital of MRCB as at LPD comprising 2,192,593,285 MRCB Shares.
- (2) Based on 2,192,593,285 Rights Shares and 438,518,657 Rights Warrants to be issued under the Minimum Scenario.
- (3) Based on the total issued share capital of MRCB after the Rights Issue comprising 4,385,186,570 MRCB Shares.

Maximum Scenario

	Shareholdings as at LPD		Illustrative entitlements under the Rights Issue			Shareholdings after the Rights Issue	
	No. of MRCB Shares	% ⁽¹⁾	No. of Rights Shares	% ⁽⁴⁾	No. of Rights Warrants	No. of Rights Shares	% ⁽⁵⁾
EPF	761,458,797	34.73	762,806,725 ⁽²⁾	26.73	152,561,345	1,525,613,450	26.73
GSB	364,545,752	16.63	418,180,775 ⁽³⁾	14.65	83,636,155	836,361,550	14.65

Notes:-

- (1) Based on the total issued share capital of MRCB as at LPD comprising 2,192,593,285 MRCB Shares.
- (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) Based on 2,853,777,024 Rights Shares and 570,755,405 Rights Warrants to be issued under the Maximum Scenario.
- (5) Based on the total issued share capital of MRCB after the Rights Issue comprising 5,707,554,048 MRCB Shares.

The actual entitlements of EPF and GSB under the 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 Issue Price and their illustrative entitlements under the Rights Issue as set out in the tables above.

For illustrative purposes only, assuming that all our Entitled Shareholders subscribe in full for their respective entitlements under the Minimum Scenario of the Rights Issue, the pro forma effects of the Rights Issue on the public shareholding spread of our Company are as follows:-

Particulars	As at LPD		Minimum Scenario			
			(I)		(II)	
	No. of Shares	%	After the Rights Issue		After (I) and the full exercise of the Rights Warrants *	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Total issued share capital as at LPD	2,192,593,285	100.00	2,192,593,285	50.00	2,192,593,285	45.45
Add: New Rights Shares to be issued	-	-	2,192,593,285	50.00	2,192,593,285	45.45
Add: New Shares to be issued pursuant to the full exercise of the Rights Warrants	-	-	-	-	438,518,657	9.10
	2,192,593,285	100.00	4,385,186,570	100.00	4,823,705,227	100.00
Less:-						
Directors of the applicant and its subsidiaries	620,000	0.03	1,240,000	0.03	1,364,000	0.03
Substantial shareholder of the applicant (except where such shareholder may be included as "public")	1,462,686,922	66.71	2,925,373,844	66.71	3,217,911,228	66.71
Associates of directors of substantial shareholders of the applicant	-	-	-	-	-	-
Shareholders holding less than 100 shares	156,945	0.01	313,890	0.01	345,279	0.01
Public shareholdings	729,129,418	33.25	1,458,258,836	33.25	1,604,084,720	33.25

Note:-

- * Assuming that all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue and exercises the Rights Warrants held by them.

Based on the illustration above, our Company complies with the public shareholding spread requirement under Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities.

3.2 Obligations under the Rules

As at LPD, EPF and GSB holds 34.73% and 16.63% of the voting shares of MRCB respectively, and their collective shareholdings in MRCB is 51.36%. 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 CMSA.

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 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 has been fully underwritten by the Joint Underwriters.

3.3 Underwriting arrangement

Pursuant to the Underwriting Agreement, the Joint Underwriters have agreed to severally and not jointly (nor jointly and severally) subscribe and/ or procure subscribers for up to 1,727,772,475 Rights Shares with 345,554,495 Rights Warrants (“**Underwritten Shares**”) representing approximately 60.54% of the total Rights Shares with Rights Warrants to be issued under the Maximum Scenario, in the following agreed proportions, subject to the terms and conditions of the Underwriting Agreement:-

Joint Underwriters	Initial underwriting commitment *			Additional underwriting commitment ^		
	No. of Rights Shares	No. of Rights Warrants	%	No. of Rights Shares	No. of Rights Warrants	%
RHB Investment Bank	533,294,368	106,658,874	50.00	246,081,693	49,216,338	37.22
CIMB Investment Bank Berhad	533,294,368	106,658,874	50.00	66,705,632	13,341,126	10.09
CIMB Islamic Bank Berhad	-	-	-	348,396,414	69,679,283	52.69
Total	1,066,588,736	213,317,748	100.00	661,183,739	132,236,747	100.00

Notes:-

* Represents the total number of Rights Shares with Rights Warrants to be issued based on 2,192,593,285 MRCB Shares in issue as at the date of the Underwriting Agreement, and after deducting the collective entitlements of EPF and GSB amounting to 1,126,004,549 Rights Shares with 225,200,910 Rights Warrants as at the date of the Underwriting Agreement, in view that they have provided their Undertakings (“**Initial Underwritten Shares**”).

^ Represents the difference between the total number of Rights Shares with Rights Warrants to be issued based on the number of MRCB Shares in issue as at the date of the Underwriting Agreement and the total number of Rights Shares with Rights Warrants which may be issued under the Maximum Scenario (“**Additional Underwritten Shares**”).

Managing underwriting fee is payable to the Managing Underwriter at the rate of 0.10% of the value of the Underwritten Shares, based on the Issue Price.

Underwriting commission is payable to the Joint Underwriters, in proportion of their respective underwriting commitment as set out in the table above, in the following manner:-

- (i) in respect of the Initial Underwritten Shares, an underwriting commission is payable at the rate of 0.45% of the value of the Initial Underwritten Shares, based on the Issue Price;
- (ii) in respect of the Additional Underwritten Shares, an underwriting commission is payable at the rate of 0.15% of the value of the Additional Underwritten Shares, based on the Issue Price; and
- (iii) in the event the actual number of Rights Shares with Rights Warrants to be issued as at the Entitlement Date exceeds the total number of Rights Shares with Rights Warrants to be issued, based on the number of MRCB Shares in issue as at the date of the Underwriting Agreement, an additional underwriting commission is payable on such additional number of Rights Shares with Rights Warrants, at the rate of 0.30% of the value of such Rights Shares with Rights Warrants, based on the Issue Price.

The managing underwriting fee and underwriting commission will be borne by our Company.

4. UTILISATION OF PROCEEDS

Based on the Issue Price, the total amount of gross proceeds to be raised pursuant to the Rights Issue 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 Project 1 (as defined herein)	(i)	793,689	801,306	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)	123,500	123,500	Within 24 months
Estimated expenses in relation to the Rights Issue	(v)	15,000	15,000	Within 6 months
Total estimated proceeds		1,732,149	2,254,484	

Notes:-

- * From the date of completion of the Rights Issue.
- (i) On 28 October 2015, RJSB had entered into the Privatisation Agreement with the Government and Hartanah for the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur. 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**”).

The Privatisation was approved by our shareholders at the EGM held on 21 December 2015. 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, 21 April 2017 and 8 August 2017 as well as the circular to shareholders of MRCB dated 4 December 2015. The salient terms of the Privatisation Agreement as set out in the announcements and circular to shareholders are set out in Section 5 of this Abridged Prospectus for your reference.

The construction works for Project 1 commenced in February 2016 and was completed on 22 July 2017, whilst the construction works for Project 2 shall commence on a date to be mutually agreed by the Government and RJSB.

The proceeds to be raised from the Rights Issue are intended to be advanced to RJSB to finance Project 1. However, as the proceeds from the Rights Issue were not available in time, RJSB had made interim arrangements to fund/ defray the construction cost for Project 1 as well as interest cost incurred by RJSB. In this regard, pending the completion of our Rights Issue, RJSB has and will continue to fund the construction cost for Project 1 using its internal funds, advances from its shareholder, namely MRCB Land, and funds raised from an 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**”).

The total construction cost for Project 1 (which includes the amount of RM176,914,000 payable by RJSB to the Government or any other party nominated by the Government) to be incurred by RJSB is approximately RM1.21 billion. As at LPD, approximately RM693.8 million of the construction cost has been billed and paid by RJSB. The remaining balance has either not been billed by the contractors and/ or pending verification by RJSB for payment. In addition to the project costs, RJSB has also incurred and paid interest cost and administrative expenses amounting to approximately RM33.6 million and RM4.7 million respectively.

As at LPD, the total payments of approximately RM732.1 million have been funded by RJSB in the following manner:-

- (a) RM23.3 million using advances from its shareholder, namely MRCB Land;
- (b) RM23.4 million using internal funds; and
- (c) RM685.4 million using the proceeds raised from the issuance of RJSB Sukuk Murabahah.

As at LPD, RJSB has issued RM993.0 million in nominal value of RJSB Sukuk Murabahah, of which RM685.4 million has been utilised for Project 1, based on the certified progress billings. The balance of RM307.6 million is being held by the trustee for the RJSB Sukuk Murabahah Programme, namely Malaysian Trustees Berhad, and will be released to RJSB progressively based on billings from contractors which are verified and certified by RJSB.

In this regard, upon completion of the Rights Issue, the gross proceeds which have been earmarked for advances to RJSB to finance Project 1 will be utilised by RJSB to firstly replenish its cash and bank balances, and the balance thereafter will be used to partially redeem the RJSB Sukuk Murabahah which have been issued under the RJSB Sukuk Murabahah Programme and utilised to fund Project 1, as set out in items (b) and (c) in the paragraph above. The exact breakdown for the replenishment of its cash and bank balances and partial redemption of the RJSB Sukuk Murabahah cannot be determined at this juncture as it is dependent on the actual amount of internal funds used by RJSB to fund Project 1. Nonetheless, assuming that RM685.4 million of the gross proceeds from the Rights Issue is used to partially redeem the RJSB Sukuk Murabahah, such partial redemption is expected to result in annual interest savings of approximately RM35.57 million to RJSB, based on the profit rate for the RJSB Sukuk Murabahah of 5.19% per annum as at LPD.

For information purposes, in view that RJSB has issued RM993.0 million in nominal value of RJSB Sukuk Murabahah, the proceeds from the Rights Issue to be advanced to RJSB will not be sufficient for RJSB to fully redeem the RJSB Sukuk Murabahah.

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

	Outstanding balance as at LPD RM('000)	Interest rate/ profit rate as at LPD (%)	Maturity *	Repayment/ redemption of borrowings	
				Minimum Scenario RM('000)	Maximum Scenario RM('000)
<u>Short-term borrowings</u>					
Syndicated term loan from Affin Bank Berhad and Affin Hwang Investment Bank Berhad	100,000	5.00 and 5.25	Within 1 year	100,000	100,000
Commodity murabahah term financing-i from RHB Islamic Bank Berhad ⁽¹⁾	37,743	6.49	Within 1 year	37,743	37,743
Other bank borrowings ⁽²⁾	1,166,630	4.35 – 6.33	Within 1 year	6,603	66,000
<u>Long-term borrowings</u>					
Syndicated term loan from Affin Bank Berhad and Affin Hwang Investment Bank Berhad	67,000	5.00 and 5.25	Within 2 years	67,000	67,000
Islamic medium term notes (“MRCB Sukuk Murahabah”) issued under MRCB’s sukuk murabahah programme (“MRCB Sukuk Murahabah Programme”) ⁽³⁾	426,000	5.44 and 6.10	Within 2 years	426,000	426,000
Commodity murabahah term financing-i from RHB Islamic Bank Berhad	129,572	6.49	Between 2 - 5 years	129,572	129,572
Other bank borrowings ⁽²⁾	2,208,704	4.62 – 10.40	Between 2 – 11 years	-	-
Total	4,135,649			766,918	826,315

Notes:-

- From LPD.
- (1) The Commodity murabahah term financing-i from RHB Islamic Bank Berhad was recognised as a long-term borrowing as at 31 December 2016. However, as at LPD, the borrowing has been classified under both short-term and long-term borrowings according to its repayment schedule.
- (2) The utilisation of gross proceeds for repayment of other bank borrowings will not include any other bank borrowings from entities within the RHB Bank Berhad group of companies.
- (3) 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.

Pending the completion of the 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 RM4.14 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, is expected to result in 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) As at LPD, our Company has identified the following property development projects which will be partially funded using the proceeds to be raised from the Rights Issue. Expenses for such projects which will be partially funded using the proceeds to be raised from the Rights Issue will also include regulatory fees, consultant and professional fees, project management as well as administrative costs. The remaining development costs for the said property development projects are expected to be funded using internally generated funds and/ or bank borrowings.

Property development projects	Note	Minimum Scenario RM('000)	Maximum Scenario 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 gross development value (“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 fourth 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 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 of our Group, the breakdown of which is as follows:-

	Note	RM('000)
Sales and marketing expenses	(a)	62,000
Consultant and professional fees	(b)	48,000
Costs and expenses in relation to any future land acquisition(s) by our Group and tender costs for our Group’s construction projects	(c)	7,000
Office expenses	(d)	6,500
Total		123,500

Notes:-

(a) Refers to sales and marketing expenses for our Group's future property development projects which have yet to be launched. The proceeds earmarked for such expenses will be used for the following:-

- advertisement and promotional expenditure;
- branding and design fees;
- sales commission;
- costs to be incurred for scale models, property launches and exhibitions; and
- roadshows to create brand and market awareness of our Group's products.

In each of the past three (3) financial years from 2014 to 2016, our Group incurred between RM40.0 million to RM50.0 million per annum for such purposes.

(b) Comprises of legal fees and consultancy fees in relation to preliminary project feasibility studies, bidding and/ or tender exercises as well as our Group's technical and administrative processes and policies. Consultants which our Group may engage include the following:-

- township planners, traffic consultants, security consultants and any other consultants for project feasibility studies;
- technical experts for our bidding and/ or tender exercises;
- technical experts to introduce/ recommend new methods/ technology to our Group to improve the efficiency and competitive advantage of our Group in the construction industry; and
- consultants to review our Group's key administrative policies such as human resource and information technology, and to recommend new initiatives, if required.

In each of the past three (3) financial years from 2014 to 2016, our Group incurred between RM23 million to RM49 million per annum for such purposes.

The proceeds earmarked for such expenses will not be utilised to fund any consultant and professional fees relating to specific property development activities and/ or construction projects such as those set out in Note (iii) above.

(c) Comprises of costs to be incurred by our Group's project teams for the identification of prospective land(s) to be acquired such as data mining, land searches, site visits and valuation fees as well as tender costs to be incurred by our Group for construction projects.

(d) Comprises of costs associated with the upgrading of the Group's information technology system. This includes both software and hardware expenditure to improve our Group's existing intranet system, accounting system, project monitoring system as well as intrusion protection and security system.

- (v) Estimated expenses in relation to the Rights Issue consist of professional fees, fees payable to the relevant authorities, underwriting commission, expenses to convene the EGM, printing and despatch cost relating to the circular to shareholders of our Company and this Abridged Prospectus, advertising expenses and other miscellaneous charges, the breakdown of which is as follows:-

	RM('000)
Professional fees	1,000
Regulatory fees	700
Underwriting commission	8,000
Printing and despatch cost	300
Advertisement expenses, cost of convening the EGM, press conference and other miscellaneous charges	5,000 ^(a)
Total	15,000

Note:-

- (a) Includes the amount allocated for advertisement expenses amounting to approximately RM25,000 and the cost of convening EGM and press conference amounting to RM317,414. The remaining balance has been allocated for miscellaneous charges which includes any shortfall in the amount allocated for professional fees (including the necessary out-of-pocket expenses), regulatory fees, printing and despatch cost and other contingencies. Any excess/ shortfall in the amount utilised for such purpose 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 Rights Issue will depend on the actual number of Rights Shares to be issued.

Pending utilisation of the proceeds to be raised from the 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 our Entitled Shareholders who subscribe for their respective entitlements under the 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. Any proceeds arising from the exercise of the Rights Warrants in the future shall be utilised for our Group's working capital requirements.

5. SALIENT TERMS OF THE PRIVATISATION AGREEMENT

The salient terms of the Privatisation Agreement are as follows:-

(i) Details of the Privatisation

The Privatisation will be carried out by RJSB at its own risk, cost and expense in two (2) phases, namely Project 1 and Project 2, which respectively comprise 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; 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 1 and Project 2 will be carried out on the following project lands:-

- (1) part of H.S.(D) 63195, PT 2875 Mukim Petaling, District Kuala Lumpur, in the state of Wilayah Persekutuan Kuala Lumpur, measuring approximately 117.73 acres;
- (2) part of GRN 41246, Lot 35323 Mukim Petaling, District Kuala Lumpur, in the state of Wilayah Persekutuan Kuala Lumpur, measuring approximately 50.38 acres; and
- (3) part of GRN 50029, Lot 38207 Mukim Petaling, District Kuala Lumpur, in the state of Wilayah Persekutuan Kuala Lumpur, measuring approximately 2.59 acres.

(collectively referred to as the “**Project Land**”).

(ii) Contract Sum

RJSB, the Government and Hartanah (collectively referred to as the “**Parties**”) agree that the total amount of consideration for the Privatisation Agreement shall be RM1,343,257,764.32 which comprise the following:-

- (a) the sum of RM1,035,000,000.00 (exclusive of goods and services tax (“**GST**”)) being the provisional cost for Project 1 (“**Agreed Project 1 Cost**”) and the sum of RM176,914,000.00 (inclusive of GST) being the sum payable in cash by RJSB to the Government or any other party nominated by the Government; and
- (b) the sum of RM131,343,764.32 (exclusive of GST) being the provisional cost for Project 2 (“**Agreed Project 2 Cost**”), or in the event that the Government decides not to proceed with Project 2, RJSB shall pay to the Government the difference between the contract sum and the actual cost for Project 1, which shall include the sum payable by RJSB to the Government or any other party nominated by the Government as set out in Section 5(ii)(a) of this Abridged Prospectus (“**Balance Cash Payment**”). The actual cost for Project 1 shall be determined in accordance with the procedure set out in Section 5(iv) of this Abridged Prospectus.

(iii) Exchange Lands

In consideration of RJSB agreeing to carry out and complete the Privatisation, the Government will cause Hartanah to transfer to RJSB and/ or its nominee(s) the following pieces of land:-

- (a) part of H.S.(D) 63195, PT 2875 Mukim Petaling, District Kuala Lumpur, in the state of Wilayah Persekutuan Kuala Lumpur, measuring approximately 24.09 acres, with an agreed value of RM424,994,477.84 (“**Exchange Land 1**”);

- (b) part of GRN 41246, Lot 35323 Mukim Petaling, District Kuala Lumpur, in the state of Wilayah Persekutuan Kuala Lumpur, measuring approximately 9.17 acres, with an agreed value of RM161,776,644.32 (“Exchange Land 2”); and
- (c) part of GRN 50029, Lot 38207 Mukim Petaling, District Kuala Lumpur, in the state of Wilayah Persekutuan Kuala Lumpur, measuring approximately 42.88 acres, with an agreed value of RM756,486,642.16 (“Exchange Land 3”).

(the Exchange Land 1, Exchange Land 2 and Exchange Land 3 shall collectively be referred to as the “Exchange Lands”).

The Exchange Lands will be transferred free from encumbrances and on the following terms:-

- (1) under a registry title;
- (2) leasehold period of 99 years;
- (3) as-is where-is basis; and
- (4) subject to the “building” category of land use and any other express conditions and restrictions in interest as may be imposed by the relevant authorities.

(iv) Construction of Project 1 and Project 2

The actual cost for Project 1 including the breakdown cost for each component shall be based on the parameters and mechanism determined pursuant to the procedure set out in the Privatisation Agreement. For the purpose of determining the actual cost for Project 1, the Parties agree that it shall be based on the following procedure:-

- (a) the schedule of agreed rates as set out in the Privatisation Agreement shall be used as a guide only;
- (b) the rates shall be determined by mutual agreement of the Parties based on the current market rate; and
- (c) in the event the Parties fail to agree on the actual cost for Project 1 pursuant to the agreed procedure, the Government shall determine the cost and if RJSB disputes the amount as determined by the Government, RJSB may refer the dispute to the dispute resolution committee in accordance with the Privatisation Agreement.

The actual cost for Project 2 shall be agreed between the Parties or failing which, it shall be determined by the Government. Upon the determination of the Agreed Project 2 Cost, the Parties shall enter into a supplemental agreement.

If the actual cost for Project 1 is less than the Agreed Project 1 Cost, the difference shall be utilised for the purpose of Project 2. If the actual cost for Project 1 is more than the Agreed Project 1 Cost, the Agreed Project 2 Cost shall be reduced by the difference.

In the event the actual cost incurred by RJSB for Project 1 or Project 2 exceeds the Agreed Project 1 Cost or Agreed Project 2 Cost, RJSB shall bear the excess amount without recourse to the Government, save and except where expressly stated in the Privatisation Agreement. If the actual cost incurred by RJSB for Project 1 or Project 2 is less than the Agreed Project 1 Cost or Agreed Project 2 Cost, RJSB shall pay the Government the difference between such sums in cash within 14 days upon the date of the closing of the final account. Pursuant to the terms of the Privatisation Agreement, the joint auditors shall, within three (3) months after the issuance of the certificate of making good defects for Project 1 or Project 2, as the case may be, submit to the Project Director (as defined herein) the statement of final account certifying the overall cost in respect of Project 1 or Project 2 incurred by RJSB to complete Project 1 or Project 2 for the purpose of determining whether there will be any amount payable by RJSB to the Government under this paragraph.

“**Project Director**” means the Secretary General of the Ministry of Youth and Sports or any person(s) (as may be authorised by the Government pursuant to the terms of the Privatisation Agreement) from time to time to carry out the obligations and functions as specified in the Privatisation Agreement and to ensure that the construction works comply with the Privatisation Agreement.

(v) **Transfer of the Exchange Lands as consideration**

In consideration of RJSB handing over Project 1, Hartanah shall deliver to RJSB and/ or its nominee(s):-

- (a) the issue document of title and the Memorandum of Transfer in Form 14A (National Land Code 1965) or such other form as may be prescribed by law from time to time duly executed by Hartanah; and
- (b) all other relevant documents required for the purposes of the transfer of the Exchange Lands,

within 30 days from the date of the last sectional certificate of practical completion issued in respect of each section of the construction works for Project 1 (“**Sectional Certificate of Practical Completion**”) to enable RJSB and/ or its nominee(s) to present the same for registration at the relevant land registry for the transfer of the Exchange Lands to RJSB and/ or its nominee(s).

(vi) **Land Bond**

RJSB shall before the application for the transfer of the Exchange Lands, submit to the Government a land bond as security for the due performance of RJSB’s obligation under the Privatisation Agreement. The value of the land bond shall be for the sum equivalent to the difference between the contract sum and the actual cost for Project 1 which shall include the sum to be paid in cash by RJSB to the Government or any other party nominated by the Government, as set out in Section 5(ii)(a) of this Abridged Prospectus (“**Land Bond**”).

RJSB shall ensure that the Land Bond provided shall be irrevocable and remain valid until:-

- (a) the issuance of the Certificate of Practical Completion (as defined herein) for Project 2 and the submission of the Maintenance Bond and the Design Guarantee Bond for Project 2 by RJSB to the Government; or
- (b) a written confirmation from the Government not to proceed with Project 2 and the Balance Cash Payment is received by the Government.

“**Certificate of Practical Completion**” means a certificate of opinion by the Project Director that the construction works have reached practical completion in accordance with the detailed design and specifications and provisions as set out in the Privatisation Agreement and have passed any inspection and/ or test carried out by the Project Director.

(vii) **Design Guarantee Bond**

RJSB shall on or before the issuance of the respective Sectional Certificate of Practical Completion for Project 1 or the Certificate of Practical Completion for Project 1, as the case may be, or the Certificate of Practical Completion for Project 2, provide to the Government a Design Guarantee Bond for an amount of:-

- (a) RM25,875,000.00 in respect of Project 1, being an amount equivalent to 2.5% of the total sectional costs of Project 1; and
- (b) RM3,283,594.11 in respect of Project 2, being an amount equivalent to 2.5% of the Agreed Project 2 Cost,

which shall be valid for a period of 60 months commencing from the issuance of the respective Sectional Certificate of Practical Completion for Project 1 or the Certificate of Practical Completion for Project 1, as the case may be, or the Certificate of Practical Completion for Project 2, as security for RJSB's obligations and warranties contained in the Privatisation Agreement.

(viii) Maintenance Bond

RJSB shall before the issuance of the respective Sectional Certificate of Practical Completion for Project 1 or the Certificate of Practical Completion for Project 1, as the case may be, or the Certificate of Practical Completion for Project 2, provide to the Government a Maintenance Bond(s) for an amount of:-

- (a) RM51,750,000.00 in respect of Project 1, being an amount equivalent to 5% of the total sectional costs of Project 1; and
- (b) RM6,567,188.22 in respect of Project 2, being an amount equivalent to 5% of the Agreed Project 2 Cost,

which shall be valid for a period of 24 months as follows:-

- (1) in respect of Project 1:-
 - (aa) commencing from the issuance of the respective Sectional Certificate of Practical Completion for Project 1 (if applicable) and expiring on the issuance of the respective certificate of making good defects for Project 1, whichever is later; or
 - (bb) commencing from the issuance of the Certificate of Practical Completion for Project 1 (if applicable) and expiring on the issuance of the certificate of making good defects for Project 1, whichever is later; and
- (2) in respect of Project 2, commencing from the issuance of the Certificate of Practical Completion for Project 2 and expiring on the issuance of the certificate of making good the defects for Project 2, whichever is later.

(ix) Performance Bond

RJSB shall before the construction commencement date for Project 1 and Project 2, provide to the Government a Performance Bond for an amount of:-

- (a) RM51,750,000.00 in respect of Project 1, being an amount equivalent to 5% of the total sectional costs of Project 1; and
- (b) RM6,567,188.22 in respect of Project 2, being an amount equivalent to 5% of the Agreed Project 2 Cost,

which shall be valid:-

- (1) until the date of issuance of the respective Sectional Certificate of Practical Completion for Project 1 or the Certificate of Practical Completion for Project 1, as the case may be; and
- (2) until the date of issuance of the Certificate of Practical Completion for Project 2,

and the submission of the respective Maintenance Bond and the respective Design Guarantee Bond by RJSB to the Government, whereupon the respective Performance Bond(s) shall be returned to RJSB.

(x) Conditions precedent (“CPs”)

For purposes of fulfilling the CPs, RJSB shall within two (2) months from the date of the Privatisation Agreement (hereinafter referred to as the “CP Period”) submit to the satisfaction of the Government the following:-

- (a) RJSB has the issued and paid-up capital of not less than RM5,000,000.00;
- (b) that MRCB has obtained the approval of its shareholders for RJSB to enter into the Privatisation Agreement;
- (c) neither RJSB nor any of its directors has committed any corrupt practices, unlawful or illegal activities for the purpose of securing the Government’s approval for the Privatisation;
- (d) all information and documents given by RJSB to the Government are true and correct; and
- (e) none of the directors of RJSB has been an undischarged bankrupt and has not committed any offences under the Companies Act 1965.

The Government had subsequently extended the CP Period to up to 11 February 2016. All the CPs were fulfilled on 4 February 2016 and accordingly, the Privatisation Agreement became unconditional on even date.

(xi) Construction commencement date

The construction commencement date for Project 1 shall be seven (7) days from the date the Approval (as defined herein) of any component for Project 1 is obtained or the date of the fulfilment of the CPs, whichever is later, provided that RJSB has fulfilled, among others, the following conditions:-

- (a) physical possession of the Project Land has been delivered to RJSB;
- (b) all necessary approvals (including but not limited to the development order and building plans approval) for the Project 1 construction works on the Project Land have been obtained;
- (c) RJSB shall have submitted to the Government the Performance Bond for Project 1; and
- (d) the actual cost in respect of the first component of the Project 1 construction works has been approved by the Government.

The construction commencement date for Project 2 shall be on a date to be mutually agreed by the Government and RJSB, provided that RJSB has fulfilled, among others, the following conditions:-

- (1) physical possession of the Project Land has been delivered to RJSB;
- (2) all necessary approvals (including but not limited to development orders and building plans approval) for the Project 2 construction works shall have been obtained;
- (3) RJSB shall have submitted to the Government the Performance Bond for Project 2; and
- (4) the Parties shall have executed the supplemental agreement for Project 2.

In the event that the construction commencement date for Project 1 and the construction commencement date for Project 2 is delayed due to delay in obtaining the Approval, the Government may extend the construction commencement date for Project 1 and/ or the construction commencement date for Project 2 provided that RJSB has expeditiously taken all necessary steps and complied with all statutory and legal requirements pertaining to the Approval.

“**Approval**” means any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, permit, pass, license, approval, authority or exemption from, by or with any government, quasi government and/ or other statutory authorities, departments, agencies or bodies or any other privatised corporation whose consents or approvals are necessary and/ or required to provide the necessary services or amenities to Project 1 and Project 2 including approvals for the design, drawings, specifications, layout and building plans for the implementation of Project 1 and Project 2, given in writing.

(xii) Obligations of RJSB

Under the terms of the Privatisation Agreement, RJSB shall, among others, do the following:-

- (a) at its own risk, cost and expense, finance and pay for Project 1 and Project 2 in accordance with the terms and conditions stated in the Privatisation Agreement;
- (b) carry out and complete and deliver Project 1 and Project 2 in accordance with the design concept, detailed design and approved plan and in strict compliance with all applicable laws, rules, regulations and the directive of all the authorities within respective construction periods of Project 1 and Project 2 and in accordance with the terms of the Privatisation Agreement;
- (c) at its own risk, cost and expense, apply for the necessary Approval in relation to Project 1 and Project 2; and
- (d) bear all cost or expenses incurred in connection with and in relation to the transfer of the Exchange Lands effected by the Federal Lands Commissioner to Hartanah and Hartanah to RJSB and/ or its nominee(s).

(xiii) Termination by the Government

The Government shall be entitled to give a notice of default to RJSB specifying the relevant default and requiring RJSB to remedy such default, failing which the Government shall be entitled to terminate the Privatisation Agreement under, among others, the following circumstances if RJSB, without reasonable cause:-

- (a) fails to commence the construction works for Project 1 and Project 2 in accordance with the terms and conditions contained in the Privatisation Agreement;
- (b) suspends or abandons the whole of Project 1 and Project 2 construction works or any part thereof for a continuous period of 30 days; or
- (c) breaches any of its obligations or fails to comply with any other provisions of the Privatisation Agreement.

The Government is entitled to exercise its termination rights, subject to the terms of the Privatisation Agreement at a time:-

- (1) prior to the construction commencement date for Project 1;
- (2) during the construction period for Project 1;
- (3) after the completion of Project 1; or

- (4) during the construction period for Project 2.

Upon termination of the Privatisation Agreement by the Government, among others:-

- (aa) the right to access the Project Land granted to RJSB shall expire.
- (bb) the right of RJSB to develop the Project Land for Project 1 and/ or Project 2 shall expire and the Government shall be entitled to appoint another party to carry out Project 1 and/ or Project 2 as the case may be.
- (cc) the Government shall be entitled to call on the bonds given (where applicable as at the date of termination) under the terms of the Privatisation Agreement.
- (dd) RJSB shall, among others:-
- (i) at its own cost and expense vacate and remove from the Project Land all its equipment, machineries, materials thereon and its workmen, employees, servants, agents, contractors and subcontractors therefrom within 30 days from the date of the termination and hand over vacant possession of the Project Land together with any building or infrastructure erected thereon to the Government in a well-maintained condition, fair wear and tear excepted;
- (ii) in the case of termination by the Government during the construction period for Project 1 or Project 2, cease all works immediately and terminate all third (3rd) party contracts entered into by RJSB in relation to the construction works; and
- (iii) in the case of termination by the Government after the completion of Project 1 or during the construction period for Project 2, be entitled to deal with the Exchange Lands.

The Parties agree that RJSB shall not be entitled to any compensation or any other form of losses including loss of profit, damages, claims or whatsoever upon the termination of the Privatisation Agreement.

(xiv) Termination by RJSB

The Privatisation Agreement may be terminated by RJSB if the Government without reasonable cause fails to transfer the Exchange Lands in accordance with the terms of the Privatisation Agreement. RJSB may issue to the Government a notice specifying the default by the Government and requiring the Government to remedy the same within the time period specified therein or such other period as may be agreed by both parties from the date of receipt of such notice.

Upon termination of the Privatisation Agreement by RJSB, among others:-

- (a) the access right granted to RJSB to enter the Project Land shall expire.
- (b) the right of RJSB to develop the Project Land shall expire and the Government shall be entitled to appoint another party to carry out the Privatisation.
- (c) in respect of failure to transfer the Exchange Lands, the Government shall -
- (1) within 30 days from the termination date, return to RJSB –
- (aa) the Land Bond (if any);
- (bb) the Performance Bond less any amount called by the Government;
- (cc) the Design Guarantee Bond (if any), less any amount called by the Government; and

- (dd) the Maintenance Bond (if any), less any amount called by the Government; and
- (2) no later than six (6) months from the termination date, pay to RJSB the value of construction works completed for Project 1 to be certified by the joint auditors. In the event the joint auditors cannot agree on the value of the construction works completed for Project 1 within one (1) month from their appointment, then the dispute resolution procedure under the Privatisation Agreement shall be applicable.
- (d) RJSB shall, among others:-
 - (1) cease all works immediately;
 - (2) at its own cost and expense vacate and remove from the Project Land all its equipment, machineries, materials thereon and its workmen, employees, servants, agents, contractors and subcontractors within 30 days from the date of the termination notice and hand over vacant possession of the Project Land together with any building or infrastructure erected thereon to the Government in a well-maintained condition, fair wear and tear excepted; and
 - (3) terminate all third party contracts entered into by RJSB in relation to the construction works.

The Parties agree that RJSB shall not be entitled to claim any costs, expenses, losses including loss of profit, damages, claims or compensation whatsoever other than as set out in the Privatisation Agreement.

(xv) Shareholders and shareholding structure of RJSB

In accordance with the terms of the Privatisation Agreement, the shareholders and shareholding structure of RJSB as at the date of the Privatisation Agreement may not be changed until the issuance of the Certificate of Practical Completion for Project 2. Any intention to change the shareholders and the shareholding structure during such period shall require the prior written approval of the Government and subject to the terms of the Privatisation Agreement.

(xvi) Non-disclosure

The Privatisation Agreement and all such drawings, records, data, books, reports and all matters pertaining thereto shall be considered as confidential matter and shall not be disclosed to any third (3rd) party (save and except the disclosure is required by law) without prior mutual agreement except where as determined by the Government:-

- (a) the disclosure of such information is necessary for purposes of raising finance;
- (b) the disclosure of such information is made to RJSB's consultants or advisors for purposes of performance of their duties under the Privatisation Agreement; or
- (c) the disclosure of such information is required by any government agency for the performance of any obligation under the Privatisation Agreement.

6. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable our Company to raise the requisite funds for, among others, advances to RJSB to finance Project 1 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 Rights Issue is an appropriate avenue to raise the necessary funding for our Group premised on the following reasons:-

- (a) the 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 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 Rights Issue;
- (c) the Rights Issue will provide our 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 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 our 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.

7. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for the Rights Issue.

7.1 Risks relating to our Group

Our Group is mainly involved in property development and investment as well as engineering, construction and environment. These divisions contributed 55.25% and 35.63% of our Group's revenue in FYE 31 December 2016 respectively. Our Group's other business activities and their corresponding contribution to revenue in FYE 31 December 2016 are infrastructure and concession (4.67%), facilities management (2.96%) and others (1.49%).

7.1.1 Risks associated with our property development and investment division as well as our engineering, construction and environment division

(i) Performance of the property market

Our Group's financial performance is largely dependent on the performance of the property market in Malaysia. Any material development affecting the property market such as changes in demographic trends, employment and income level, economic uncertainties, the deterioration in property demand and the property rental market may have an impact on our business operations and financial performance.

Furthermore, the performance of the property market is also affected by the regulatory environment. The Government of Malaysia has introduced several cooling measures to curb speculation in the property market in its effort to promote a more stable and sustainable property market which includes imposing different minimum threshold of purchase price on properties which can be purchased by foreigners in different states in Malaysia.

In 2010, Bank Negara Malaysia (“BNM”) introduced a maximum loan-to-value ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM also issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

In addition, banks can no longer provide financing for projects with developer interest bearing schemes (“DIBS”), which is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under DIBS, interests on the loan undertaken by the buyers are borne by the property developers until the property has been constructed.

Effective 1 January 2014, the real property gains tax (“RPGT”) rates for the disposal of properties have also been revised as follows:-

Disposal period	RPGT		
	Companies	Individuals (citizens and permanent residents)	Individuals (non-citizens)
Within 3 years	30%	30%	30%
In the 4 th year	20%	20%	30%
In the 5 th year	15%	15%	30%
In the 6 th year and subsequent years	5%	0%	5%

Any further introduction of cooling measures by the Government of Malaysia to control price levels of the Malaysian property market may impact our property development business in Malaysia. Nonetheless, we seek to minimise the abovementioned risk by diligently monitoring the developments in the Malaysian property market and manage such risks through, among others, careful selection of the type of property development projects to be undertaken by our Group and maintaining our competitiveness through competitive pricing of our properties.

(ii) Scarcity of commercially viable land banks for development

Our ability to deliver sustainable growth and profitability from our property development activities is largely dependent on our ability to identify and acquire suitable land bank with development potential to replenish and/ or expand our land bank. However, we face intense competition from other property developers in identifying and acquiring strategically located land banks at commercially viable prices. Competition among industry players has to a certain extent, created scarcity in strategically located land and this may lead to higher land acquisition cost. There can be no assurance that we will be able to continue identifying new land bank at commercially viable prices and on suitable terms and failure on our part to do so may potentially affect our prospects and financial performance.

Our Group has been working towards acquiring interests in urban development lands and as at LPD, we have interests in approximately 393 acres of such land banks. We will continue to exercise our best efforts to source for land banks at strategic locations with high development potential and at commercially viable terms to replenish and/ or expand our land bank.

(iii) Dependence on third party contractors

Our property development and construction businesses are dependent on works carried out by our third party contractors. Hence we are subject to the inherent risk of construction defects, potential delay in completing projects, shortage of labour and/ or failure to obtain relevant permits. Any non-performance or unsatisfactory performance by third party contractors may disrupt the progress and/ or quality of our property development and construction projects which may have an adverse effect on our Group's business operations and financial performance.

We implement stringent selection criteria to ensure that only contractors with proven track record and adequate financial resources are engaged to carry out construction works for our Group's property development and construction projects. We are not dependent on any single contractor and we select contractors from a pool of contractors who meet our Group's selection criteria, through a tendering process. In addition, we also seek to mitigate such risks by closely monitoring the contractors' work progress in order to ensure the timely completion of the property development and construction projects.

As at LPD, our Group's third party contractors have not caused any disruption to the progress and/ or quality of our property development and construction projects which resulted in a material adverse effect on our Group's business operations and financial performance.

(iv) Increase in the cost of operations

Any increase in raw material prices, labour and contractors' cost, overheads and other cost of operations may result in lower margins, culminating in a need to increase prices of our products and services. Any significant increase in the aforesaid costs will have an adverse impact on our profit margins in the event we are unable to pass on the additional costs by increasing the prices of our products and services.

While reasonable care is taken to address the possibility of the increase in costs by providing for contingencies in our project budgeting, there is no assurance that unforeseeable significant increase in costs will not have a material impact on our financial performance.

(v) Project completion risk

Timely completion and hand-over of our property development and construction projects is critical in ensuring costs are contained and our reputation is safeguarded. However, delays in completion could result from unforeseen circumstances such as natural disasters, shortage of construction materials and labour, adverse weather conditions, major labour disputes, unfavourable credit terms, unsatisfactory performance of contractors appointed for development and construction projects, delays in obtaining the necessary approvals from local authorities, major changes in government/ local authorities' approval policies, stop work orders issued by relevant local authorities and/ or other unforeseen circumstances.

If any of the abovementioned circumstances occur for a prolonged period, we may incur additional costs such as liquidated and ascertained damages ("LAD") payable to customers/ clients, rectification costs to repair defects or higher material/ labour costs which may be substantial and have a material adverse effect on our financial performance. However, depending on our Group's terms of engagement with our appointed contractors, our Group may be entitled to claim all or part of such LAD from our Group's appointed contractors for each project, in the event such delays are caused by them. Notwithstanding this, there can be no assurance that we will be successful in our claims against the contractors and if successful, such claims will be received in a timely manner.

We seek to mitigate these risks by carrying out pre-qualifying screening and tender processes to appoint contractors with proven track record and adequate financial resources to carry out construction works for our Group's projects. In addition, we have and will continue to plan our projects carefully, work closely with suppliers, contractors and relevant authorities as well as closely monitor the work progress of our contractors in order to ensure the timely completion of our projects.

For the past three (3) financial years, our Group has experienced certain delays in the completion of our property development and construction projects and have incurred certain LAD payments. However, the actual LAD payments did not result in any material effect on our Group's financial performance.

(vi) Competition risk

Our property development business faces competition from other property developers in terms of location and pricing of properties, design and quality of properties, facilities and supporting infrastructure and sale and marketing of properties. The success of our Group will depend on the ability of our Group to respond to ever changing economic conditions and market demands to sustain or spur growth in our revenue.

Similarly, our construction business faces competition from other construction companies in securing contracts. The intense competition may result in highly competitive pricing in securing a contract, which may subsequently affect our profit margins and our overall financial performance. There can be no assurance that we will be able to compete effectively with current competitors and new entrants into the construction business in the future.

Notwithstanding the above, we will continue to actively participate in competitive bidding and negotiations to secure contracts, maintain the quality of our products and services and develop innovative marketing strategies to remain competitive.

(vii) Risk of property overhang and/ or unsold properties

Property overhang is commonly caused by oversupply and/ or low take-up rate of new property launches by property developers. Other factors contributing to property overhang may include economic downturn and unfavourable market conditions. Any prolonged rise in the property overhang situation would inevitably result in us potentially holding a high number of unsold properties.

Apart from the general property overhang situation, an increase in the number of unsold properties in the property market may also be due to other factors such as weak response to the launched properties, location of the development and changes in consumer preferences.

We seek to minimise the abovementioned risk through, among others, careful planning of the type of property development projects to be undertaken by our Group, offering competitively priced properties and diligently monitoring the developments in the Malaysian property market.

Although our Group takes such measures into account in planning our new projects and managing our ongoing projects, there can be no assurance that the risk of property overhang will not have a material impact on our financial performance.

(viii) Dependence on approvals/ licences from authorities

Our property development business is highly reliant on our ability to obtain approvals and renewals of major licenses, such as development orders, building plan approvals, developer licenses, advertising permits, location permits and environmental licenses issued by the respective local authorities.

The Malaysian construction industry is also highly regulated, with various government bodies governing the approval of licenses and certification to contractors providing construction services in Malaysia. As such, our construction business is also bound by the terms of the licences awarded by these authorities, which dictate the types and nature of construction projects which we can undertake.

The revocation of one or more of these approvals or licenses would adversely affect the ability of our Group to generate future revenue stream and profits which will in turn impact the financial performance of our Group. However, as at LPD, our Group has obtained the necessary licenses to carry out our property development and construction businesses and has not experienced nor do we anticipate any major difficulty in obtaining renewals of the aforementioned licenses.

(ix) Risks relating to our investment properties

We have retained certain commercial properties developed by us as investment properties. These include Ascott Sentral in Kuala Lumpur Sentral, Menara Celcom in PJ Sentral, Plaza Alam Sentral in Shah Alam and Kompleks Sentral in Segambut.

Investment properties are subject to, among others, risks incidental to the ownership and management of properties such as competition for tenants, change in rental rates, inability to secure new tenants/ lessees or renew leases or re-let spaces as existing leases expire, illiquidity of property investments and inability to dispose of major investment properties for the values at which they are recorded in our financial statements, deterioration in the value of our properties, inability to collect outstanding rentals from tenants/ lessees, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated maintenance costs.

Our Group has been and will continue to monetise and unlock value of our investment properties. This will enable our Group to adopt an asset light business model moving forward. Since 2015, we have disposed of Platinum Sentral and Menara Shell to MQ REIT and we are currently exploring the possible sale of Ascott Sentral and Menara Celcom either to MQ REIT or third party purchasers. However, there can be no assurance that our Group will be able to dispose such investment properties in a timely manner or at commercially viable terms.

(x) Risks relating to our investment in MQ REIT

As at LPD, we own 27.89% equity interest in MQ REIT, a real estate investment trust listed on the Main Market of Bursa Securities. The returns on our investment is dependent on, among others, the financial performance of MQ REIT, distributions declared and paid by MQ REIT as well as the trading price of the units in MQ REIT (“Units”).

In respect of the financial year 2016, MQ REIT achieved income net of taxation of approximately RM62.77 million and declared a total distribution of 8.38 sen per Unit, resulting in a 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. However, there can be no assurance that MQ REIT will be able to sustain and/ or improve its financial performance and its future distributions.

Further, the trading prices of the Units are subject to fluctuations in response to, among others, the financial performance of MQ REIT, changes in general economic conditions, changes in accounting principles or other developments affecting MQ REIT and general stock market fluctuations. In addition, volatility in the market prices and demand for the Units may be caused by factors beyond the control of our Company, such as cyclical movements in domestic and international securities markets, foreign exchange rates and interest rates, and may be unrelated and disproportionate to the operating results of MQ REIT.

However, our investment in MQ REIT is intended as a long term investment and strategic entry into the real estate investment trust industry.

(xi) Compulsory land acquisition by the Government of Malaysia

The Government of Malaysia has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the Land Acquisition Act, 1960. If all or any portion of our development or project lands are compulsorily acquired by the Government of Malaysia at any point in time, the amount of compensation to be awarded to our Group may be less than the market value of the lands and/ or the purchase consideration that we have paid in acquiring such lands. Accordingly, our Group’s business operations, financial performance and prospects could be adversely affected.

7.1.2 Risks associated with our infrastructure and concession division

(i) Toll rates and traffic volume

Under our infrastructure and concession division, we have a concession period of up to February 2042 to operate and collect toll on the EDL Expressway, an 8.62 km highway that links to the CIQ. The toll collection for the EDL Expressway was gazetted in August 2014.

Revenue for the EDL Expressway is derived mainly from the collection of toll charges at the CIQ. In view of this, traffic volume and toll rates are primary determinants of our Group's revenue from this segment. Traffic volume for the EDL Expressway is dependent on factors outside our control, such as the level of economic activity, vehicle ownership in Malaysia and Singapore, travel costs involved, such as vehicle entry permit imposed by the Government of Singapore, road charges imposed by the Government of Malaysia and the reciprocal road charges imposed by the Government of Singapore, price of transportation fuels as well as the availability of alternative routes and modes of transportation.

In addition, the EDL Expressway concession sets out the scheduled toll rates throughout the concession period. In the event that the Government of Malaysia gazettes a lower toll rate, we are entitled to certain compensation payment. Nevertheless, there can be no assurance that we will receive such compensation in a timely manner, which may have an adverse effect on our Group's financial performance and profitability.

(ii) Operating and maintenance cost

Our Group's operating costs relating to the operation and maintenance of the EDL Expressway and capital expenditure requirements may increase due to, among others, the standards of maintenance of road safety as prescribed by the relevant regulatory authorities becoming more stringent or extensive as well as any increase in the cost of materials, labour and supplies. Further, in the event of higher axle loading, traffic volume or environmental stress, the EDL Expressway may be subjected to more frequent restoration works.

There can be no assurance that any increase in such costs will not have a significant adverse effect on our Group's financial performance. To mitigate this risk, our Group will ensure that we will obtain sufficient competitive quotations and carry out tendering processes, where necessary, before committing to large expenses.

7.1.3 Political, economic, market and regulatory risks

Like all other business entities, our business operations could be adversely affected by changes in the political, economic, regulatory and social conditions in Malaysia and in the countries in which we operate in. Such uncertainties include economic downturns, financial crisis, changes in political leadership, changes in monetary and fiscal policies, changes in foreign currency regulations, changes in interest rates and methods of taxation, introduction of new rules or regulations, expropriation, nationalisation, re-negotiation or nullification of existing contracts as well as the risk of war and riots.

While we strive to continue to take precautionary measures such as implementing prudent business, financial and risk management policies, much of the above changes are beyond our Group's control and there can be no assurance that any adverse development will not materially affect our business operations and financial performance.

7.1.4 Exposure to retention and succession risk of our Group's key personnel

As in any other business, we believe that our Group's continued success depends, to a certain extent, on the abilities and ongoing efforts of our Group's key personnel, including our existing directors and senior management who are instrumental in our Group's growth and expansion. The future success of our Group will depend on our ability to attract and retain qualified and skilled personnel. The loss of any key personnel without a suitable and timely replacement, or our Group's inability to continue to attract and retain qualified and skilled personnel, may affect our Group's ability to compete effectively in the industries in which our Group operates.

Our Group has in place succession plans and human resource incentives such as our ESOS, competitive remuneration packages and relevant trainings to attract and retain qualified and skilled personnel. In addition, our shareholders had at our EGM convened on 30 November 2016, approved the establishment of a long-term incentive plan of up to 10% of the issued share capital of our Company (excluding treasury shares), for the eligible employees of our Group (excluding subsidiaries which are dormant) and eligible executive directors of our Company (“LTIP”). The LTIP is intended to allow our Company to attract, motivate, reward and/ or retain the eligible persons through the grant/ award of MRCB Shares. As at LPD, the LTIP is pending implementation.

Notwithstanding the measures taken above, there can be no assurance that we will be successful in attracting and retaining qualified and skilled personnel.

7.1.5 Insurance risk

We have taken the necessary measures to ensure that all our assets are adequately covered by insurance in accordance with standard industry practice. Market forces beyond our control may nonetheless limit the scope of insurance coverage that we can obtain and our ability to obtain coverage at reasonable rates. Certain types of losses, generally of a catastrophic nature, such as natural disasters, terrorist acts, epidemic or outbreak or any losses arising therefrom, may be uninsurable. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment. Accordingly, we could lose some or all of the capital we have invested in a project, as well as the anticipated future revenue from a project, and we would remain obligated for guarantees, debt, or other financial obligations related to a project.

In addition, our insurance policies and terms of coverage are subject to renewals and negotiations and there is no assurance as to the nature and extent of coverage that will be available on reasonable terms acceptable to us in the future. Any material increase in insurance rates or decrease in available coverage in the future may adversely affect our business operations and financial performance.

We are also exposed to potential third party claims or litigation by tenants, shoppers, contractors or other persons relating to personal injury or other damages resulting from contact with or use of our Group’s properties. Such third party claims may be made against our Group as, among others, the owner, manager or developer of such properties. There can be no assurance that insurance coverage obtained by our Group will be adequate to safeguard our Group from the impact of such potential third party claims or litigation.

7.1.6 Foreign exchange risk

The reporting currency of our statutory financial statement is presented in RM as our Company is incorporated in Malaysia. However, we currently have property development activities in Australia through our foreign subsidiaries where their functional currencies are denominated in AUD.

Hence, we are exposed to foreign exchange fluctuations at each reporting date when the financial results of our operations in Australia are consolidated for purposes of presentation in our Company’s consolidated financial statements. We are also exposed to foreign exchange risk as we may provide additional capital/ funds to our foreign subsidiaries and/ or repatriate our profits from these entities, if such need arises from time to time.

We seek to mitigate this risk by matching the payments for our foreign currency payables against our receivables and/ or financing with bank borrowings denominated in the same foreign currency. We may also use derivative instruments to hedge the risk of adverse fluctuations in the foreign currency exchange rates. Nonetheless, we may not be able to fully hedge any fluctuation in the foreign currency exchange rates.

7.1.7 Borrowings and fluctuations in interest rates

Our Group has obtained and will continue to obtain bank borrowings and loan facilities to finance, among others, our day to day operations and our property development and construction projects. As payment of interest on the bank borrowings is dependent on prevailing interest rates, future fluctuations of interest rates could materially affect our Group's profitability.

In addition, the agreements on bank credit facilities and securities in relation thereto, contain covenants which may limit our Group's future operating and financing flexibility. Any breach of such covenants may give rise to a right by the financiers to terminate the relevant credit facilities and/ or enforce any securities granted in relation to the particular credit facility.

We have taken and will continue to take measures to mitigate our exposure to adverse movements in interest rate but such measures may not fully eliminate interest rate risks faced by our Group. Further, we will also take all precautions necessary to prevent any breach of the covenants contained in the agreements on bank credit facilities and securities.

7.2 Risks relating to the Rights Issue

7.2.1 Delay in or termination of the Rights Issue

The Rights Issue may be delayed or terminated if force majeure events or circumstances which are beyond the control of our Company and our Principal Adviser, including without limitation, acts of government, acts of God (including without limitation, the occurrence of a tsunami, flooding, landslide and/ or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of war, diseases or accidents, any change in law, regulation, policy or ruling, arises prior to the implementation of the Rights Issue.

In the event of a failure in the implementation of the Rights Issue, our Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest, in respect of any application for the subscription of the Rights Shares with Rights Warrants including the Excess Rights Shares with Rights Warrants within 14 days after our Company becomes liable to do so, in accordance with the provisions of the CMSA. If such monies are not refunded within 14 days after our Company becomes liable, our Company will repay such monies with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Rights Warrants have been allotted to the successful Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) and the Rights Issue is subsequently cancelled/ terminated, a return of the monies to the successful applicants can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation may be carried out with the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (where applicable) and may require the confirmation by the High Court of Malaya or supported by solvency statement made by all directors of our Company. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

7.2.2 Capital market risk

The market price of MRCB Shares is influenced by, among others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, changes in regulatory requirements, the financial performance of our Group and the outlook and prospects of the industries in which our Group operates. In view of this, there can be no assurance that the market price of MRCB Shares will trade at or above the Issue Price or the TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Accordingly, there can be no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares.

7.2.3 No prior market for the Rights Warrants

The Rights Warrants will be detached from the Rights Shares immediately upon issuance and will be traded separately on the Main Market of Bursa Securities.

As there is no prior market for the Rights Warrants, there can be no assurance that there will be an active market for the Rights Warrants upon or subsequent to the listing of and quotation for the Rights Warrants on the Main Market of Bursa Securities or if developed, that such a market is sustainable or adequately liquid during the tenure of the Rights Warrants. The Rights Warrants will be traded on the Main Market of Bursa Securities at prices which are dependent upon market forces and is beyond the control of our Company. In addition, there is no assurance that the Rights Warrants will be “in-the-money” during the tenure of the Rights Warrants. “In-the-money” refers to a market situation where the trading price of MRCB Shares is higher than the exercise price of the Rights Warrants.

7.2.4 Potential dilution

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares with Rights Warrants will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly. Further, their proportionate entitlement to any dividend, right, allotment and/ or other form of distribution that our Company may declare, make or pay will also reduce accordingly.

7.3 Forward-looking statements

This Abridged Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Abridged Prospectus, including, without limitation, those regarding the financial position, business strategies, prospects, plans and objectives for future operations of our Group, are forward-looking statements. Such forward-looking statements are made based on estimates and assumptions made by your Board, and although believed to be reasonable as at LPD, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser and/ or other advisers in relation to the Rights Issue that the plans and objectives of our Group will be achieved.

8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (First quarter (“1Q”) 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8%) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure (7.2%; 1Q 2017: 8.2%) and public sector spending (0.2%; 1Q 2017: 5.8%). Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sector wages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending. Private investment expanded by 7.4% in the second quarter (1Q 2017: 12.9%), mainly in the services and manufacturing sectors. Public consumption growth moderated to 3.3% (1Q 2017: 7.5%) following slower growth in the spending on emoluments, and supplies and services. Public investment declined by 5.0% in the second quarter (1Q 2017: 3.2%). This was attributable to the lower spending on fixed assets by public corporations, which more than offset the higher expenditure by the Federal Government. Gross fixed capital formation expanded at a moderate pace of 4.1% (1Q 2017: 10.0%). This was due to lower growth in private investment and a decline in public sector capital spending.

On the supply side, all economic sectors continued to expand. The services sector registered higher growth during the quarter. Growth in the wholesale and retail sub-sector improved, driven by higher household spending. The finance and insurance sub-sector also continued to benefit from the improvement in performance of the capital market and insurance segment. In the transportation and storage subsector, growth was principally supported by robust external trade and higher air passenger traffic.

The manufacturing sector growth was driven by both the export- and domestic-oriented industries. The strong performance of electronics and electrical segment, in line with higher global demand for semiconductors, continued to spur the export oriented industries. The domestic-oriented industries benefited from the strength in demand for food related products in view of the improved consumer sentiments, and higher production of construction related materials supported by robust construction activity. In the agriculture sector, growth remained firm as crude palm oil yields continued to recover from the negative impact of El Niño. Growth in the construction sector was higher, driven mainly by civil engineering activity in the transportation and power plant segments.

Growth in the mining sector moderated on lower crude oil production as part of the global initiative to reduce oil supply. The performance of the sector was also affected by lower natural gas production amid a major maintenance shutdown of a large gas field in Sabah.

Headline inflation (as measured by the annual change in consumer price index) moderated to 4.0% in the second quarter of 2017 (1Q 2017: 4.3%) due mainly to lower *transport* inflation of 13.4% (1Q 2017: 16.2%). During the quarter, prices of RON95 petrol averaged RM2.07 per litre, lower than the average of RM2.23 per litre in 1Q 2017. The lower domestic fuel prices were due mainly to the lower global oil prices amid a stronger ringgit exchange rate during the quarter.

Given the continued strong performance in the second quarter of 2017, the Malaysian economy recorded a strong growth of 5.7% in the first half of 2017. At this point, compared to the beginning of the year, there are considerable improvements in the operating environment of the economy. Looking ahead, it is likely for the Malaysian economy to expand by more than 4.8% for the whole year of 2017.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2017, BNM)

8.2 Overview and outlook of the industries in which our Group is involved in

8.2.1 Overview and outlook of the Malaysian property market

The take-up rate for residential units was lower at 25.6% in the first half of 2016 largely reflecting softer demand for high-end units (January – June 2015: 29.8%).

During the first half of 2016, a total of 102,096 residential properties valued at RM32.7 billion were transacted, accounting for 62.4% of total property transactions (January – June 2015: 119,446 transactions; RM36.5 billion; 64.1%). Residential properties transacted in Kuala Lumpur recorded a marked contraction of 20.1%, followed by Selangor (-14.1%), Pulau Pinang (-13.5%), and Johor (-10.9%). The softening of the transaction was partly due to the buyers' cautious sentiment and measures to contain the accelerating house prices. The residential overhang increased 63.1% to 13,438 units with a total value of RM7.6 billion during the first half of 2016 (January – June 2015: -24.1%; 8,238 units; RM2.7 billion) with Johor accounting for the highest overhang units at 21.1% (2015: 23.3%).

Malaysia House Price Index (“MHPI”) continues to moderate, reflecting implementation of various measures to contain spiralling prices. The MHPI stood at 235.4 points (at base year 2000) during the second quarter of 2016, increasing 5.3%, the lowest since the fourth quarter of 2009 (Second quarter (“2Q”) 2015: 223.5 points; 7.5%). All states recorded a positive growth except Kelantan (-0.2%) and Sabah (-0.6%). Johor registered the highest increase of 7%, followed by Kuala Lumpur (6.9%), Selangor (6.6%), Kedah (6.5%) and Negeri Sembilan (6.2%). The average all-house price increased to RM326,241 in the second quarter of 2016 relative to RM309,705 for the corresponding period in 2015, with detached houses recording the highest increase at 6.5%, followed by high rise units (6%) and terrace houses (5.7%).

Shop segment recorded 6,513 transactions worth RM4.7 billion during the first half of 2016, constituting 56% of total commercial property transactions (January – June 2015: 10,045 transactions; RM7.9 billion). Johor contributed the highest market volume of 17.5% followed by Selangor (16.1%). The shop overhang increased 22.6% to 5,024 units valued at RM2.5 billion during the period following a more cautious sentiment among businesses (January – June 2015: -14.8%; 4,097 units; RM1.7 billion). However, demand for commercial buildings remained favourable with the average occupancy rate of retail space at 82.2% and office at 83.5%, reflecting sustained demand for commercial space in prime areas. As at end-June 2016, the existing stock of shopping complexes and industrial segment stood at 14.2 million square metres (“sm”) and 106,453 units, respectively (end-June 2015: 13.4 million sm; 103,103 units).

The Purpose-Built Office Rent Index Wilayah Persekutuan Kuala Lumpur increased 4% to 128.7 points in the second quarter of 2016 (2Q 2015: 3.5%; 123.7 points). Kuala Lumpur City Center recorded the highest rental increase of 4.2% to RM4.73 per square feet (“psf”), surpassing the average rate of RM4.62 psf in Wilayah Persekutuan Kuala Lumpur.

(Source: Economic Report 2016/ 2017, Ministry of Finance Malaysia)

In the first quarter of 2017, activities in the housing market have shown some signs of a pick-up, with total housing transaction values recording a positive annual growth of 0.9% (Fourth quarter (“4Q”) 2016: -11.6%), the first time since 2015. Housing transaction volume has also showed improvement, recording a smaller contraction of 5.4% (4Q 2016: -12.7%) in the first quarter of 2017. This was mainly contributed by transactions for the purchase of houses priced above RM500,000 in both the primary and secondary markets. Based on preliminary data, the average house price registered an annual growth of 5.3% in the first quarter of 2017 (4Q 2016: +7%).

Vacancy and rental rates in the office space and shopping complex segments remained depressed in the first quarter of 2017. The continued excess supply in the commercial property segment, if left unaddressed, could become a long-term structural issue with wide implications to the economy.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2017, BNM)

8.2.2 Overview and outlook of the Malaysian construction sector

The construction sector recorded moderate growth in 2016 (7.4%; 2015: 8.2%). The faster pace of expansion in the civil engineering and residential sub-sectors was partially offset by a decline in non-residential activity. Growth in the civil engineering sub-sector was driven by higher activity in existing multi-year projects, particularly in the petrochemical, transportation and utilities segments. Activity in the residential sub-sector was supported by large property launches in the previous years while growth in the special trade sub-sector continued to be supported by early and end-works activity. Growth in the non-residential sub-sector, however, was weighed down by slower activity in the commercial property segment amid the oversupply of office and retail space.

(Source: BNM's 2016 Annual Report)

In the second quarter of 2017, the construction sector continued to register a strong growth of 8.3% (2Q 2016: 8.9%) reinforced by higher civil engineering activities. Civil engineering subsector strengthened by 14.9% (2Q 2016: 19.1%) mainly due to higher activities in the transportation, power plant and oil and gas related projects. The specialised construction activities subsector expanded further to register 9% (2Q 2016: 7.9%) supported by painting, interior design and electrical works. In addition, the non-residential subsector rebounded 6.7% (2Q 2016: -0.6%) underpinned by industrial-related projects, particularly in Klang Valley. The residential buildings subsector moderated at 2.1% (2Q 2016: 9.2%) attributed to lower construction of affordable housing projects, particularly in Klang Valley and Perak.

During the quarter, total value of construction work done recorded a double-digit growth of 11.2% to register RM33.8 billion involving 9,405 projects (2Q 2016: 11.7%; RM30.4 billion; 9,983 projects). The expansion in value of construction work done was driven by positive growth in all subsectors, particularly in civil engineering (19.3%) and special trades activities (11.6%). Private sector accounted for 63.8% of the total construction activity while the remaining by public sector.

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

8.2.3 Overview and outlook of the Malaysian tolling sector

The performance of the tolling industry in Malaysia is, to a certain extent, dependent on traffic growth in the country. Factors which contribute to traffic growth include, among others, the increase in number of motor vehicles, population growth and gross domestic product ("GDP") growth. The following table sets out the growth rates for the aforesaid factors from 2013 to 2016:-

	Motor vehicles		Population		GDP	
	Number of motor vehicles	Annual growth rate	Size	Annual growth rate	GDP value	Annual growth rate
	(million)	(%)	(million)	(%)	(RM'mil)	(%)
2013	23.82	4.93	30.2	2.37	955,080	4.69
2014	25.10	5.37	30.7	1.66	1,012,506	6.01
2015	26.30	4.78	31.2	1.63	1,062,805	4.97
2016	27.61	4.98	31.7 ⁽¹⁾	1.60	1,107,855 ⁽¹⁾	4.24

Note:-

(1) Preliminary figure as indicated in BNM's 2016 Annual Report.

(Sources: Total registration of motor vehicles in Malaysia for years 2013-2016, Malaysian Institute of Road Safety Research and BNM's 2014-2016 Annual Reports)

Despite the year-on-year growth in number of motor vehicles, population and GDP, there has been a noticeable decline in annual growth rates for GDP and the number of motor vehicles in 2015. The stronger growth in 2014 was driven by the continued strength in private domestic demand, and further lifted by the improvement in external trade performance. In particular, net exports turned around to contribute positively to growth in 2014 after seven (7) consecutive years of negative contribution, as Malaysia's exports benefitted from the recovery in the advanced economies and continued demand from the region. However, the economy expanded at a slower pace in 2015 as a result of the implementation of the Good and Services Tax ("GST") in April 2015. Private consumption in 2015 continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living from the implementation of GST, adjustments in administrative prices and the depreciation in the ringgit.

The annual GDP growth in 2016 was affected by considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand and low commodity prices. International financial markets were also subjected to heightened uncertainty with significant reversal of capital flows from emerging economies. This was driven by the unexpected political developments in the advanced economies, such as the United Kingdom and the United States, and the macroeconomic policies adopted by these economies. Domestically, the economy continued to face headwinds from the higher cost of living amid soft employment conditions. Against these external and domestic challenges, all sectors of the economy recorded a modest expansion during the year. Private consumption growth sustained, supported by continued employment and wage growth following the increase in minimum wage and civil servant salaries. The Government of Malaysia's measures to boost disposal income such as the temporary reduction in employees' contribution to EPF, higher Bantuan Rakyat 1Malaysia payouts and tax relief to lower-income tax payers also supported household spending.

The gradual improvement in global growth, recovery in global commodity prices and the continued growth of domestic demand are expected to collectively support Malaysia's growth performance.

(Source: BNM's 2014-2016 Annual Reports)

8.3 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 83.76% over the previous financial year. The significant improvement was attributable to our on-going property development projects, which includes the Sentral Residences in KL Sentral CBD, 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers at PJ Sentral Garden City, namely MBSB and MyIPO, Menara MRCB in Putrajaya and the Bandar Seri Iskandar residential project in Perak.

For the FPE 30 June 2017, our Group's property development and investment division recorded an improvement in revenue by approximately 29.12% over the corresponding period in 2016, to RM486.45 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 monetise and unlock value of our investment properties. To-date, we have disposed of Platinum Sentral and Menara Shell to MQ REIT and as at LPD, we own 27.89% equity interest in MQ REIT. 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	65%
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	41%
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	Second quarter of 2021	RM1.6 billion	75% for Tower 1 and Tower 3
		May 2017 for Tower 2			25% 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 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, construction of the Giant Hypermarket in Setapak and power transmission projects across Peninsular Malaysia.

For the FPE 30 June 2017, our Group's engineering, construction and environment division recorded revenue of RM698.89 million, an improvement of approximately 110.16% over the corresponding period in 2016, mainly driven by the construction of our on-going property development projects, the commercial buildings in Johor, refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil and the power transmission 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	4% (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 Project 2: RM131.34 million	2016 – 2017	100%
			To be determined	-
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	19%

Within the environment division, we have secured a project from the Department of Irrigation and Drainage to carry out the rehabilitation of Phase 3 (Package 2) Sungai Pahang for a sum of RM178 million. The construction commenced in July 2016 and is expected to be completed by July 2018. The main component of the project is to extend an additional 345 metres in length to the breakwater constructed and river protection works. As at LPD, the status of physical completion is 71%.

Others

Our other business activities include infrastructure and concession as well as facilities management. Under our infrastructure and concession division, we have a concession period of up to February 2042 to operate and collect toll on the EDL Expressway in Johor Bahru. The toll collection for the EDL Expressway was gazetted in August 2014. Our facilities management is involved in providing securities services at integrated transportation hubs, high profile commercial and residential complexes and operating car parks.

For the FYE 31 December 2016, our Group's infrastructure and concession as well as facilities management recorded revenue of RM112.40 million and RM71.31 million respectively, representing a decrease of approximately 2.22% and 4.41% over the previous financial year. The decrease in revenue for our Group's infrastructure and concession division was mainly attributable to the decrease in revenue from the EDL Expressway whilst the decrease in revenue for our Group's facilities management division was mainly attributable to lower building maintenance income after the disposal of Platinum Sentral.

For the FPE 30 June 2017, our Group's infrastructure and concession as well as facilities management recorded revenue of RM29.01 million and RM10.84 million respectively, representing a decrease of 11.23% and 9.92% over the corresponding period in 2016. The decrease in revenue for our Group's infrastructure and concession division was mainly due to the decrease in revenue from the EDL Expressway. Meanwhile, the decrease in revenue for our Group's facilities management was mainly due to the disposal of our entire equity interest in Semasa Services Sdn Bhd in April 2017, which was principally involved in providing building maintenance services.

Since the commencement of toll collection in August 2014, the traffic volume for EDL Expressway has been lower than expected and traffic growth is expected to remain subdued in the near future as a result of the travel costs involved, such as vehicle entry permit imposed by the Government of Singapore, road charges imposed by the Government of Malaysia and the reciprocal road charges imposed by the Government of Singapore. The EDL Expressway currently competes with other modes of public transportation such as the Shuttle Tebrau train and the Causeway Link Bus. However, as the EDL Expressway is a direct link between Johor Bahru city and Singapore's central business district, it offers a shorter daily route for commuters working in Singapore. In this regard, your Management is of the view that the traffic volume for the EDL Expressway will improve gradually over the longer term albeit at a moderate pace.

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 in Kuala Lumpur Sentral and Menara Celcom in PJ Sentral. Our Group is also willing to consider suitable offers by any party to acquire the EDL Expressway. In order to ensure sustainability of earnings, our Group has been working towards acquiring interests in urban development lands and as at LPD, we have interests in approximately 393 acres of such land banks. We have also been and will continue to actively 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 RM6.2 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.

9. EFFECTS OF THE RIGHTS ISSUE

The pro forma effects of the Rights Issue on our Company's total issued share capital, consolidated NA per Share and gearing and consolidated earnings and EPS are set out below.

9.1 Total issued share capital

The pro forma effects of the 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	2,192,593,285	2,583,429,116 ⁽¹⁾	2,192,593,285	2,583,429,116 ⁽¹⁾
Upon full exercise of the outstanding ESOS Options	-	-	84,664,727	123,646,658 ⁽⁴⁾
Upon full exercise of the outstanding Warrants A	-	-	576,519,012	1,354,348,728 ⁽⁵⁾
	2,192,593,285	2,583,429,116	2,853,777,024	4,061,424,502
To be issued pursuant to the Rights Issue	2,192,593,285	1,722,315,032 ⁽²⁾	2,853,777,024	2,244,650,186 ⁽²⁾
	4,385,186,570	4,305,744,148	5,707,554,048	6,306,074,688
To be issued pursuant to the full exercise of the Rights Warrants	438,518,657	548,148,321 ⁽³⁾	570,755,405	713,444,256 ⁽³⁾
Enlarged total issued share capital	4,823,705,227	4,853,892,469	6,278,309,453	7,019,518,944

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 RM0.79 per Rights Share and after deducting estimated expenses amounting to RM15.00 million of which RM9.83 million will be debited from our Company's share capital and the remaining balance of RM5.17 million will be charged to retained earnings.
- (3) Based on the Exercise Price of RM1.25 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 RM6.41 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.

9.2 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 Rights Issue on the consolidated NA and gearing of our Company are as follows:-

Minimum Scenario

	Audited as at 31 December 2016	(I)	(II)	(III)
	RM('000)	Subsequent events up to LPD RM('000)	After (I) and the Rights Issue RM('000)	After (II) and the full exercise of the Rights Warrants RM('000)
Share capital	2,144,039	2,583,429 ⁽⁴⁾⁽⁵⁾	4,305,744 ⁽⁶⁾	4,853,892 ⁽⁹⁾
Share premium	372,391	- ⁽⁵⁾	-	-
Retained earnings	344,311	344,735 ⁽⁴⁾	339,569 ⁽⁶⁾	339,569
Other reserves				
- revaluation reserve	28,090	28,090	28,090	28,090
- currency translation reserves	642	642	642	642
- share option reserve	9,962	6,411 ⁽⁴⁾	6,411	6,411
- 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	2,989,693	4,706,842	5,254,990
Non-controlling interests	99,221	99,221	99,221	99,221
Total equity	3,025,042	3,088,914	4,806,063	5,354,211
Number of Shares outstanding ('000)				
NA per Share (RM) ⁽¹⁾	2,144,039	2,192,593	4,385,187	4,823,705
Interest-bearing borrowings	1.36	1.36	1.07	1.09
Gearing (times) ⁽²⁾	2,940,351	2,940,351	2,173,433 ⁽⁷⁾	2,173,433
Net gearing (times) ⁽³⁾	0.97	0.95	0.45	0.41
	0.73	0.70	0.09 ⁽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 48,554,257 MRCB Shares arising from the exercise of 48,554,257 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 9,765,434 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 RM0.79 per Rights Share and after deducting estimated expenses amounting to RM15.00 million of which RM9.83 million will be debited from our Company's share capital and the remaining balance of RM5.17 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 Rights Issue.
- (8) After taking into consideration the gross proceeds to be raised from the Rights Issue amounting to approximately RM1,732.15 million and after repayment of bank borrowings and payment of estimated expenses amounting to approximately RM766.92 million and RM15.00 million respectively.
- (9) Based on the Exercise Price of RM1.25 per Rights Warrant.

For information purposes, in accordance with our Company's accounting policy, the issuance of Rights Warrants is presented within our share capital in the financial statements. However, had the Rights Warrants been presented as a separate class of reserve, the impact to the pro forma consolidated NA of our Company after the Rights Issue would have been as follows:-

	Before reclassification RM('000)	Reclassification RM('000)	After reclassification RM('000)
Share capital	4,305,744	(162,252) *	4,143,492
Warrant reserves	28,355	162,252 *	190,607
Retained earnings	339,569	-	339,569
Other reserves	33,174	-	33,174
NA/ Shareholders' funds	4,706,842	-	4,706,842

Note:-

- * For illustrative purposes, it is assumed that the value allocated to the Rights Warrants as at 31 December 2016 is RM0.37 per Rights Warrant.

Maximum Scenario

	(I) Audited as at 31 December 2016 RM('000)	(II) After (I) and the full exercise of the outstanding ESOS Options and Warrants A RM('000)	(III) After (II) and the Rights Issue RM('000)	(IV) After (III) and the full exercise of the Rights Warrants RM('000)
Share capital	2,144,039	4,061,425 ⁽⁶⁾ ⁽⁷⁾	6,306,075 ⁽⁸⁾	7,019,519 ⁽¹¹⁾
Share premium	372,391	-	-	-
Retained earnings	344,311	344,735	339,569 ⁽⁸⁾	339,569
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⁾	-	-
- warrant reserve	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	4,432,923	6,672,407	7,385,851
Non-controlling interests	99,221	99,221	99,221	99,221
Total equity	3,025,042	4,532,144	6,771,628	7,485,072
Number of Shares outstanding ('000)				
NA per Share (RM) ⁽¹⁾	2,144,039	2,853,777	5,707,554	6,278,309
Interest-bearing borrowings	1.36	1.55	1.17	1.18
Gearing (times) ⁽²⁾	2,940,351	2,940,351	2,114,036 ⁽⁹⁾	2,114,036
Net gearing (times) ⁽³⁾	0.97	0.65	0.31	0.28
	0.73	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 48,554,257 MRCB Shares arising from the exercise of 48,554,257 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 9,765,434 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 RM6.41 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 RM0.79 per Rights Share and after deducting estimated expenses amounting to RM15.00 million of which RM9.83 million will be debited from our Company's share capital and the remaining balance of RM5.17 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 Rights Issue.
- (10) After taking into consideration the gross proceeds to be raised from the Rights Issue amounting to approximately RM2,254.48 million and after repayment of bank borrowings and payment of estimated expenses amounting to approximately RM826.32 million and RM15.00 million respectively.
- (11) Based on the Exercise Price of RM1.25 per Rights Warrant.

For information purposes, in accordance with our Company's accounting policy, the issuance of Rights Warrants is presented within our share capital in the financial statements. However, had the Rights Warrants been presented as a separate class of reserve, the impact to the pro forma consolidated NA of our Company after the Rights Issue would have been as follows:-

	Before reclassification RM('000)	Reclassification RM('000)	After reclassification RM('000)
Share capital	6,306,075	(211,180) *	6,094,895
Warrant reserves	-	211,180 *	211,180
Retained earnings	339,569	-	339,569
Other reserves	26,763	-	26,763
NA/ Shareholders' funds	6,672,407	-	6,672,407

Note:-

- * For illustrative purposes, it is assumed that the value allocated to the Rights Warrants as at 31 December 2016 is RM0.37 per Rights Warrant.

9.3 Earnings and EPS

As the Rights Issue is expected to be completed in the 4th quarter of 2017, the 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 Rights Issue was completed on 1 January 2016, our pro forma EPS (prior to the utilisation of proceeds for advances to RJSB to finance Project 1, property development activities and/ or construction projects and general working capital) would be as follows:-

	After the 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 Rights Issue ⁽¹⁾	(5,166)	(5,166)
Add: Interest savings upon repayment of borrowings	43,331	46,687
Pro forma PATANCI as at 31 December 2016	305,525	308,881
Weighted average ordinary shares in issue as at 31 December 2016 ('000)		
- before adjusting for ESOS Options	1,937,800	1,937,800
- after adjusting for ESOS Options ⁽²⁾	1,937,803	1,937,803
Pro forma weighted average ordinary shares in issue as at 31 December 2016 ('000) ⁽³⁾	4,385,187	5,707,554
Basic and diluted EPS for FYE 31 December 2016 (sen) ⁽⁴⁾	13.80	13.80
Pro forma basic and diluted EPS for FYE 31 December 2016 (sen) ⁽⁵⁾	6.97	5.41

Notes:-

- (1) Represents the portion of the total estimated expenses in relation to the Rights Issue which is charged to the income statement of our Company.
- (2) The adjustment only includes ESOS Options which were in-the-money as at 31 December 2016. For the avoidance of doubt, the adjustment does not include all the outstanding Warrants A, which were out-of-the-money as at 31 December 2016.
- (3) Based on the enlarged total issued share capital of our Company after the Rights Issue under the Minimum Scenario and Maximum Scenario respectively.
- (4) The basic and diluted EPS were 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 (before adjusting for ESOS Options) and the weighted average ordinary shares in issue of our Company as at 31 December 2016 (after adjusting for ESOS Options) respectively.
- (5) The pro forma basic and diluted EPS were computed based on the pro forma PATANCI for the FYE 31 December 2016 divided by the enlarged total issued share capital of our Company after the Rights Issue under the Minimum Scenario and Maximum Scenario respectively.

Based on the illustration above, our EPS for the FYE 31 December 2016 would decline from 13.80 sen to 6.97 sen and 5.41 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 Rights Issue.

The 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 Rights Issue for advances to RJSB to finance Project 1, repayment of borrowings as well as for our Group's property development activities and/ or construction projects.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

Your Board is of the opinion that, after taking into consideration the banking facilities available to our Group, the funds to be generated from our Group's operations as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

10.2 Borrowings

As at LPD, the total outstanding borrowings of our Group, all of which are interest-bearing, are as follows:-

	Total RM('000)
<u>Short-term borrowings</u>	
Senior Sukuk	35,000
Revolving credits	309,573
Term loans	950,436
Hire purchase	1,158
Other credit facilities	8,206
	1,304,373
<u>Long-term borrowings</u>	
Term loans	1,820,220
Hire purchase	2,056
Senior and Junior Sukuk	1,009,000
	2,831,276
Total	4,135,649

Our Group has not defaulted on payments of either interest and/ or principal sums on any of our borrowings for the FYE 31 December 2016 and the subsequent financial period up to LPD.

10.3 Material commitments and contingent liabilities

10.3.1 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	59,426

The above capital commitment will be funded via internally generated funds and/ or bank borrowings.

10.3.2 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	293,995

11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/ TRANSFER AND EXCESS APPLICATION

11.1 General

The Provisional Rights Shares with Rights Warrants are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares with Rights Warrants will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/ or your renounee(s) and/ or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares with Rights Warrants.

If you are an Entitled Shareholder (other than an Authorised Nominee who has subscribed for NRS), you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Rights Shares with Rights Warrants into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Rights Warrants that have been provisionally allotted to you, as well as to apply for Excess Rights Shares with Rights Warrants, if you choose to do so.

Full instructions for the acceptance of and payment for the Rights Shares with Rights Warrants provisionally allotted to you and/ or your renounee(s) and/ or transferee(s) (if applicable) and the procedures to be followed are set out in this Abridged Prospectus and the accompanying RSF. You are advised to read this Abridged Prospectus, the RSF and the notes and instructions contained in the documents carefully.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 11.4.4 and 11.6.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for Excess Rights Shares with Rights Warrants, if you choose to do so.

Acceptances which do not strictly conform to the terms and conditions as well as the notes and instructions contained herein, or which may be illegible may not be accepted at the absolute discretion of your Board.

11.2 Last time and date for acceptance and payment

The last time and date for acceptance and payment for the Provisional Rights Shares with Rights Warrants and Excess Rights Shares with Rights Warrants is at **5.00 p.m. on 20 October 2017**.

11.3 Methods of application

You may subscribe for such number of Rights Shares with Rights Warrants that you have been provisionally allotted as well as to apply for Excess Rights Shares with Rights Warrants, if you so choose, using either of the following methods:-

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:-

- (1) A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).
- (2) The following surcharge per Electronic Application will be charged by the following Participating Financial Institutions:-
- Public Bank Berhad – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad – RM4.24 (inclusive of 6% GST).
- (3) The following processing fee per Internet Application will be charged by the following Internet Participating Financial Institutions:-
- Public Bank Berhad (<http://www.pbebank.com>) – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad (<http://www.affinbank.com.my>) – RM4.24 (inclusive of 6% GST).

11.4 Procedures for acceptance and payment

11.4.1 By way of RSF

If you wish to accept the Provisional Rights Shares with Rights Warrants, either in full or in part, please complete **Parts I(A) and II** of the RSF strictly in accordance with the notes and instructions contained in the RSF. Send each completed and signed RSF with the relevant payment in the reply envelope enclosed with this Abridged Prospectus, by the mode of despatch of your choice (at your own risk) to our Share Registrar at the following address:-

**FOR DELIVERY BY HAND AND/
OR COURIER:-**

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

FOR ORDINARY POST:-

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Helpdesk Telephone No: 603-7849 0777
Facsimile No: 603-7841 8151/8152

and should reach our Share Registrar not later than **5.00 p.m. on 20 October 2017**, being the Closing Date.

If you have lost, misplaced or for any other reasons require another copy of the RSF, you may obtain additional copies from any one of the following:-

- (i) our registered office : Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
- (ii) our Share Registrar's office : Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- (iii) Bursa Securities' website : <http://www.bursamalaysia.com>

You must use one (1) RSF for the acceptance of the Provisional Rights Shares with Rights Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the Provisional Rights Shares with Rights Warrants standing to the credit of more than one (1) CDS Account. The Rights Shares with Rights Warrants accepted by you in accordance with the notes and instructions contained in the RSF will be credited into the respective CDS Accounts where the Provisional Rights Shares with Rights Warrants is standing to the credit.

The minimum number of Rights Shares that can be accepted is one (1) Rights Share. However, in order to be entitled to one (1) Rights Warrant, you must subscribe for five (5) Rights Shares. You should take note that a trading board lot for the Rights Shares and Rights Warrants comprise 100 MRCB Shares and 100 Rights Warrants respectively. Fractions of a Rights Share and/ or Rights Warrants, if any, will be disregarded and will be 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.

Each completed RSF must be accompanied by the appropriate remittance made in RM for the FULL and EXACT amount payable for the Provisional Rights Shares with Rights Warrants accepted, in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "MRCB RIGHTS SHARES ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters, contact number and CDS Account number to be received by our Share Registrar by the Closing Date. The payment must be made for the FULL and EXACT amount payable for the Provisional Rights Shares with Rights Warrants accepted. Applications accompanied by payment other than in the manner stated above or with excess or insufficient payment may be rejected at the absolute discretion of your Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

If the acceptance of and payment for the Provisional Rights Shares with Rights Warrants allotted to you (whether in full or in part) are not received by our Share Registrar by **5.00 p.m. on 20 October 2017**, the provisional entitlement to you will be deemed to have been declined and will be cancelled. Your Board will then have the right to allot such Rights Shares with Rights Warrants not taken up or not validly taken up to applicants applying for the Excess Rights Shares with Rights Warrants in the manner as set out in Section 11.6 of this Abridged Prospectus.

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Rights Shares with Rights Warrants application or the application monies will be issued by our Company or our Share Registrar.

Applications for Rights Shares with Rights Warrants shall not be deemed to have been accepted by reason of the remittance being presented for payment. Your Board reserves the right not to accept any Rights Shares with Rights Warrants application, in full or in part.

Notification on the outcome of your application for the Rights Shares with Rights Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants; or
- (ii) unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Rights Warrants.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/ distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.4.2 By way of Electronic Application

Only individuals who are Entitled Shareholders may apply for the Rights Shares with Rights Warrants by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institutions before making an Electronic Application.

(i) Steps for Electronic Applications through a Participating Financial Institutions' ATM

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights Shares with Rights Warrants at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus BEFORE making the application; and
- (c) You shall apply for the Rights Shares with Rights Warrants via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out under Section 11.4.2(iii) of this Abridged Prospectus. You shall enter at least the following information through the ATM when the instructions on the ATM screen require you to do so:-

1. Personal Identification Number (“PIN”);
2. Select ‘MRCB RIGHTS SHARES ACCOUNT’;
3. CDS Account number;
4. Number of Rights Shares with Rights Warrants applied for and/ or the RM amount to be debited from the account;
5. Current contact number (e.g. your mobile phone number); and
6. Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your Application.

You must ensure that you use the number of the CDS Account held in your name when making an Electronic Application. If you operate a joint bank account with any of the Participating Financial Institutions, you must ensure that you enter the number of the CDS Account held in your name when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

(ii) Participating Financial Institutions

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:-

- Public Bank Berhad
- Affin Bank Berhad

(iii) Terms and Conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:-

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
1. You have attained 18 years of age as at the last date for application and payment;
 2. You have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the application;
 3. You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in Section 11.3 (Note 2) of this Abridged Prospectus) from your bank account with the said financial institution (“**Authorised Financial Institution**”); and

4. You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/ refund, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/ refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Rights Shares with Rights Warrants as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Rights Warrants applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Rights Shares with Rights Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Rights Warrants that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Rights Warrants allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and irrevocably agrees that if:-

1. Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or

2. Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the Rights Shares with Rights Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Rights Warrants.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institutions and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which, the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:-
 1. In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Rights Warrants via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 2. Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 3. Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Rights Warrants for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Rights Warrants; and
 4. You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/ or the Electronic Application and/ or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your application for the Rights Shares with Rights Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 1. successful application – a notice of allotment will be despatched within eight (8) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants; or
 2. unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 11.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.4.3 By way of Internet Application

All Entitled Shareholders may apply for the Rights Shares with Rights Warrants by way of Internet Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institutions before making an Internet Application.

(i) Step 1: Set up of account

Before making an application by way of Internet Application, you **must have all** of the following:-

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com> or **Affin Bank Berhad** at <http://www.affinbank.com.my>. Accordingly, you will need to have your user identification and PIN/ password for the internet financial services facility; and
- (b) a CDS Account held in your name.

(ii) Step 2: Read the Abridged Prospectus

You are advised to read and understand this Abridged Prospectus **BEFORE** making your application.

(iii) **Step 3: Apply through Internet**

While we will attempt to provide you with assistance in your application for the Rights Shares with Rights Warrants through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/ password;
- (c) Navigate to the section of the website on applications in respect of the Rights Shares with Rights Warrants;
- (d) Select the counter in respect of the Rights Shares with Rights Warrants to launch the electronic Abridged Prospectus and the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;
- (g) Check that the information contained in your online application form, such as the share counter (in this case, MRCB RIGHTS SHARES ACCOUNT), your national registration identity card number, your current contact number (e.g. your mobile phone number), your CDS Account number, number of Rights Shares with Rights Warrants applied for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form;
- (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your money for the Rights Issue;
- (i) You must pay for the Rights Issue through the website of the Authorised Financial Institution, failing which the Internet Application is not completed, despite the display of the Confirmation Screen. "Confirmation Screen" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Rights Shares with Rights Warrants applied for, which can be printed out for your record;
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Rights Shares with Rights Warrants is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the confirmation screen on its website; and

- (k) You are advised to print out the Confirmation Screen for your reference and record.

(iv) Terms and Conditions of Internet Applications

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institutions and those appearing herein:-

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:-

1. You have attained 18 years of age as at the last date for application and payment;
2. You have, prior to making the Internet Application, received and/ or have had access to a printed/ electronic copy of this Abridged Prospectus, the contents of which you have read and understood;
3. You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;
4. You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in Section 11.3 (Note 3) of this Abridged Prospectus) from your bank account with the said Authorised Financial Institution; and
5. You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/ refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/ or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/ refund.

- (b) You confirm that you are not applying for the Rights Shares with Rights Warrants as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.

- (c) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Rights Warrants applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Rights Shares with Rights Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Rights Warrants that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.

- (d) By making and completing your Internet Application, you, if successful, request and authorise our Company to credit the Rights Shares with Rights Warrants allotted to you into your CDS Account.

- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institutions, Authorised Financial Institution or Bursa Depository and irrevocably agrees that if:-

1. Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
2. Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institutions, Authorised Financial Institution or Bursa Depository for the Rights Shares with Rights Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Rights Warrants.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institutions at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institutions and Bursa Depository shall be entitled to rely on the accuracy thereof.

- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institutions are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which, the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (h) By making and completing an Internet Application, you agree that:-
1. In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Rights Warrants via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 2. Our Company, the Internet Participating Financial Institutions, Authorised Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 3. Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Rights Warrants for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Rights Warrants; and
 4. You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/ or the Internet Application and/ or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (j) Notification on the outcome of your application for the Rights Shares with Rights Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
1. successful application – a notice of allotment will be despatched within eight (8) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants; or
 2. unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 11.4.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (k) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Application services.

11.4.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.

- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue.
- (f) To apply for the Rights Shares with Rights Warrants, you will be required to submit your subscription information via a Rights Shares with Rights Warrants Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Share with Rights Warrants Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last time and date for acceptance and payment.
- (h) Together with the Rights Shares with Rights Warrants Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:-
 - 1. Confirmation that you have, prior to making the application via NRS, received and/ or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - 2. Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights Shares with Rights Warrants which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:-

Bank: RHB BANK BERHAD
Account Name : MRCB RIGHTS SHARES ACCOUNT
Bank Account No. : 21412900295107

prior to submitting the Rights Shares with Rights Warrants Subscription File to Bursa Depository.
- (j) Upon completion of the transfer/ payment, you may receive a Transaction Record from the transacting financial institution confirming the details of your transfer/ payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares with Rights Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - 1. successful application – an electronic notification will be sent to you within eight (8) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants; or

2. unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Rights Shares with Rights Warrants.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights Shares with Rights Warrants Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 11.4.4(ii) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares with Rights Warrants allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares with Rights Warrants submitted under NRS will be irrevocable upon submission of the Rights Shares with Rights Warrants Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and Conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:-

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Rights Warrants applied for as stated on your Rights Shares with Rights Warrants Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Rights Warrants that may be allotted to you.

(c) You acknowledge that by completing and submitting the Rights Shares with Rights Warrants Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares with Rights Warrants allotted to you into the respective CDS Account(s) as indicated in the Rights Shares with Rights Warrants Subscription File.

(d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:-

1. our Company or our Share Registrar or Bursa Depository does not receive your application via NRS; or
2. the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares with Rights Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Rights Warrants.

(e) By completing and submitting the Rights Shares with Rights Warrants Subscription File to Bursa Depository, you agree that:-

1. In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Rights Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
2. Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
3. Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares with Rights Warrants issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Rights Warrants; and

4. You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to the contract between the parties and/ or the application via NRS and/ or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

11.5 Procedures for the sale or transfer of the Provisional Rights Shares with Rights Warrants

The Provisional Rights Shares with Rights Warrants are renounceable securities and will be traded on Bursa Securities commencing from Thursday, 5 October 2017 up to and including Wednesday, 11 October 2017. As such, you may sell/ transfer all or part of your entitlements under the Rights Issue during such period.

As the Provisional Rights Shares with Rights Warrants are prescribed securities, should you wish to sell or transfer, all or part of your entitlement to the Provisional Rights Shares with Rights Warrants to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares with Rights Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Rights Warrants, you may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Rights Shares with Rights Warrants, you are not required to deliver any document, including the RSF, to any stockbroker. You are however advised to ensure that you have sufficient number of Provisional Rights Shares with Rights Warrants standing to the credit of your CDS Account before selling or transferring.

If you have sold or transferred only part of the Provisional Rights Shares with Rights Warrants, you may still accept the balance of the Provisional Rights Shares with Rights Warrants not sold or transferred, in accordance with the instructions as set out in Section 11.4 of this Abridged Prospectus.

11.6 Procedures for application for the Excess Rights Shares with Rights Warrants

It is the intention of your Board to allot the Excess Rights Shares with Rights Warrants, if any, in a fair and equitable manner to our Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Rights Warrants in the following order of priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares with Rights Warrants, taking into consideration their respective shareholding as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares with Rights Warrants, taking into consideration the quantum of their respective Excess Rights Shares with Rights Warrants applied for; and
- (iv) lastly, on a pro-rata basis and in board lot to the renounee(s) and/ or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Rights Warrants, taking into consideration the quantum of their respective Excess Rights Shares with Rights Warrants applied for.

In the event there is any balance Excess Rights Shares with Rights Warrants after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares with Rights Warrants.

Nevertheless, your Board reserves the right to allot any Excess Rights Shares with Rights Warrants applied for in such manner as it deems fit and expedient, and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of your Board as set out in (i) to (iv) above is achieved. Your Board also reserves the right to accept any application for the Excess Rights Shares with Rights Warrants, in full or in part.

11.6.1 By way of RSF

If you are an Entitled Shareholder and/ or a renounee and/ or a transferee and/ or if you have purchased any Provisional Rights Shares with Rights Warrants, you may apply for the Excess Rights Shares with Rights Warrants in addition to your Provisional Rights Shares with Rights Warrants. If you wish to do so, please complete **Part I(B)** of the RSF (in addition to **Parts I(A) and II**) and forward it (together with a **separate remittance** made in RM for the FULL and EXACT amount payable in respect of the Excess Rights Shares with Rights Warrants applied for) to our Share Registrar at the address as set out in Section 11.4.1 of this Abridged Prospectus, so as to **arrive not later than 5.00 p.m. on 20 October 2017**, being the Closing Date.

Payment for the Excess Rights Shares with Rights Warrants applied for should be made in the same manner described in Section 11.4.1 of this Abridged Prospectus, except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia be made payable to "MRCB EXCESS RIGHTS SHARES ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters, contact number and CDS Account number to be received by our Share Registrar by the Closing Date. The payment must be made for the FULL and EXACT amount payable for the Excess Rights Shares with Rights Warrants applied for. Applications accompanied by payment other than in the manner stated above or with excess or insufficient payment may be rejected at the absolute discretion of your Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

The minimum number of excess Rights Shares that can be applied for is one (1) excess Rights Share. However, in order to be entitled to one (1) excess Rights Warrant, you must subscribe for five (5) excess Rights Shares. You should take note that a trading board lot for the Rights Shares and Rights Warrants comprise 100 MRCB Shares and 100 Rights Warrants respectively.

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Rights Shares with Rights Warrants application or the application monies will be issued by our Company or our Share Registrar.

Applications for Excess Rights Shares with Rights Warrants shall not be deemed to have been accepted by reason of the remittance being presented for payment. Your Board reserves the right not to accept any Excess Rights Shares with Rights Warrants application, in full or in part.

Notification on the outcome of your application for the Excess Rights Shares with Rights Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants; or
- (ii) unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/ distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.6.2 By way of Electronic Application

If you are an Entitled Shareholder and/ or a renounee and/ or a transferee and/ or if you have purchased any Provisional Rights Shares with Rights Warrants, you may apply for the Excess Rights Shares with Rights Warrants via Electronic Application in addition to your Provisional Rights Shares with Rights Warrants. You may do so by following the same steps as set out in Section 11.4.2 of this Abridged Prospectus, save and except that you shall proceed with the option for application for Excess Rights Shares with Rights Warrants and the amount payable to be directed to “**MRCB EXCESS RIGHTS SHARES ACCOUNT**” for the Excess Rights Shares with Rights Warrants applied for.

The minimum number of excess Rights Shares that can be applied for is one (1) excess Rights Share. However, in order to be entitled to one (1) excess Rights Warrant, you must subscribe for five (5) excess Rights Shares. You should take note that a trading board lot for the Rights Shares and Rights Warrants comprise 100 MRCB Shares and 100 Rights Warrants respectively.

The Electronic Application for the application for Excess Rights Shares with Rights Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 11.4.2 of this Abridged Prospectus, as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares with Rights Warrants applied for as stated on the Transaction Record or any lesser number of Excess Rights Shares with Rights Warrants that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares with Rights Warrants or not to allot any Excess Rights Shares with Rights Warrants to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess Rights Shares with Rights Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares with Rights Warrants that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess Rights Shares with Rights Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants; or
 - (b) unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 11.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk

11.6.3 By way of Internet Application

If you are an Entitled Shareholder and/ or a renounee and/ or a transferee and/ or if you have purchased any Provisional Rights Shares with Rights Warrants, you may apply for the Excess Rights Shares with Rights Warrants via Internet Application in addition to your Provisional Rights Shares with Rights Warrants. You may do so by following the same steps as set out in Section 11.4.3 of this Abridged Prospectus, save and except that you shall proceed with the option for application for Excess Rights Shares with Rights Warrants and the amount payable to be directed to "MRCB EXCESS RIGHTS SHARES ACCOUNT" for the Excess Rights Shares with Rights Warrants applied.

The minimum number of excess Rights Shares that can be applied for is one (1) excess Rights Share. However, in order to be entitled to one (1) excess Rights Warrant, you must subscribe for five (5) excess Rights Shares. You should take note that a trading board lot for the Rights Shares and Rights Warrants comprise 100 MRCB Shares and 100 Rights Warrants respectively.

The Internet Application for the application for Excess Rights Shares with Rights Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 11.4.3 of this Abridged Prospectus, as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares with Rights Warrants applied for as stated on the Confirmation Screen or any lesser number of Excess Rights Shares with Rights Warrants that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares with Rights Warrants or not to allot any Excess Rights Shares with Rights Warrants to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights Shares with Rights Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares with Rights Warrants that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess Rights Shares with Rights Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants; or
 - (b) unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 11.4.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.6.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/ or a renouncee and/ or a transferee and/ or if you have purchased any Provisional Rights Shares with Rights Warrants, you may apply for the Excess Rights Shares with Rights Warrants via NRS in addition to your Provisional Rights Shares with Rights Warrants. You may do so by following the same steps as set out in Section 11.4.4 of this Abridged Prospectus, save and except for the amount payable to be directed to “**MRCB EXCESS RIGHTS SHARES ACCOUNT**” (Bank Account No. 21412900295115 with **RHB BANK BERHAD**) for the Excess Rights Shares with Rights Warrants applied for, and you should also complete the details for Excess Rights Shares with Rights Warrants application at the designated fields for excess applications in the Rights Shares with Rights Warrants Subscription File.

The minimum number of excess Rights Shares that can be applied for is one (1) excess Rights Share. However, in order to be entitled to one (1) excess Rights Warrant, you must subscribe for five (5) excess Rights Shares. You should take note that a trading board lot for the Rights Shares and Rights Warrants comprise 100 MRCB Shares and 100 Rights Warrants respectively.

The application for Excess Rights Shares with Rights Warrants via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 11.4.4 of this Abridged Prospectus, Bursa Depository’s terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares with Rights Warrants applied for as stated on the Rights Shares with Rights Warrants Subscription File or any lesser number of Excess Rights Shares with Rights Warrants that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess Rights Shares with Rights Warrants or not to allot any Excess Rights Shares with Rights Warrants to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights Shares with Rights Warrants Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares with Rights Warrants that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your application for the Excess Rights Shares with Rights Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (a) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants; or
 - (b) unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last date for application and payment for the Excess Rights Shares with Rights Warrants.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights Shares with Rights Warrants Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 11.4.4(ii) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.7 Procedures for acceptance by renounee(s) and/ or transferee(s)

The procedures applicable to renounee(s) and/ or transferee(s) for acceptance, selling and/ or transferring of the Provisional Rights Shares with Rights Warrants, applying for the Excess Rights Shares with Rights Warrants and/ or, payment are the same as those which are applicable to our Entitled Shareholders as described in Sections 11.3, 11.4, 11.5 and 11.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/ or accompanying RSF, you may obtain for the same from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website at <http://www.bursamalaysia.com>.

RENOUNCEE(S) AND/ OR TRANSFEREE(S) ARE ADVISED TO READ AND ADHERE STRICTLY TO THIS ABRIDGED PROSPECTUS AND THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.8 CDS Accounts

Bursa Securities has already prescribed our MRCB Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Bursa Securities has also approved the admission of the Rights Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Warrants on the Main Market of Bursa Securities. Accordingly, the Rights Shares and Rights Warrants are prescribed securities and as such, all dealings in the Rights Shares and Rights Warrants will be by book entry through a CDS Account and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Rights Warrants. Failure to comply with these specific instructions for application or inaccuracy in the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Rights Warrants shall constitute consent to receive such Rights Shares with Rights Warrants as prescribed securities which will be credited directly into your CDS Account. No physical share or warrant certificates will be issued to you.

Any person who intends to subscribe for the Rights Shares with Rights Warrants as a renounee and/ or transferee by purchasing the Provisional Rights Shares with Rights Warrants from an Entitled Shareholder will have his Rights Shares with Rights Warrants credited directly as prescribed securities into his/ her CDS Account.

All Excess Rights Shares with Rights Warrants, if allotted to the successful applicants who apply for the Excess Rights Shares with Rights Warrants, will be credited directly into the CDS Accounts of the successful applicants.

11.9 Laws of foreign countries or jurisdictions

The Documents have not been, and will not be made to, comply with the laws of any country or jurisdiction other than Malaysia, and have not been, and will not be, lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The Documents are not intended to be, and will not be, issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving the Documents within Malaysia.

Accordingly, the Documents have not been, and will not be, despatched to the Foreign Addressed Shareholders. However, the Foreign Addressed Shareholders may collect the Documents from our Share Registrar in Malaysia, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, who is entitled to request such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the Documents.

Our Company will not make or be bound to make any enquiry as to whether you have an address or address for service in Malaysia other than as stated in our Record of Depositors on the Entitlement Date or who have provided the Share Registrar with an address in Malaysia for the despatch of Documents as at **5.00 p.m. on 4 October 2017** and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue and the acceptance by our Entitled Shareholders thereof would not be in breach of the laws of any jurisdiction. We will further assume that our Entitled Shareholders have accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

To the extent you accept your Provisional Rights Shares with Rights Warrants and/ or apply for the Excess Rights Shares with Rights Warrants, your acceptance of the terms thereof will be deemed to be in compliance with the Rights Issue and not in breach of the laws of any country or jurisdiction. To the extent you accept your Provisional Rights Shares with Rights Warrants and/ or apply for the Excess Rights Shares with Rights Warrants, you will be deemed to have accepted the Rights Issue in Malaysia and be subject to the laws of Malaysia with respect thereto.

All Foreign Addressed Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) shall be solely responsible to seek advice from their legal and/ or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject. Neither we, your Board, RHB Investment Bank, nor any other adviser to the Rights Issue (“Parties”) shall accept any responsibility or liability whatsoever in the event any acceptance or renunciation made by any Foreign Addressed Shareholder and/ or his renounee(s) and/ or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. Such Foreign Addressed Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) will also have no claims whatsoever against us in respect of their entitlements or to any proceeds thereof.

Foreign Addressed Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) 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 Addressed Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) 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 the Parties in respect of their rights or entitlements under the Rights Issue. Such Foreign Addressed Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) 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 Rights Issue.

We reserve the right, at our absolute discretion, to treat any acceptance as invalid, if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements in any country or jurisdiction outside Malaysia. The Provisional Rights Shares with Rights Warrants relating to any acceptance which is treated as invalid will be included in the pool of the Excess Rights Shares with Rights Warrants available for excess application by other Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable).

No shareholder or person acting for the account or benefit of any such person, or any other person, shall have any claims whatsoever against any of the Parties.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares with Rights Warrants by signing any of the forms accompanying this Abridged Prospectus, or subscribing for or acquiring the Rights Shares with Rights Warrants, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Addressed Shareholder and/ or his renounee(s) and/ or transferee(s) (if applicable) are or may be subject to;
- (ii) that person has complied with the laws to which he and/ or his renounee(s) and/ or transferee(s) (if applicable) is or may be subject to in connection with the acceptance or renunciation;
- (iii) that person is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation, be in breach of the laws of any country or jurisdiction to which that person is or may be subject to;
- (iv) that person has an address for service of process in Malaysia;
- (v) that person is aware that his Provisional Rights Shares with Rights Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (vi) that person has obtained a copy of this Abridged Prospectus and understands the contents of this Abridged Prospectus, and had relied on his own evaluation to assess the merits and risks of the investment; and
- (vii) that person has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares with Rights Warrants, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Rights Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue, offer, distribute or send any of them into any jurisdiction where doing so would or might contravene local securities, exchange control or other relevant laws or regulations. If the Documents are received by any person in such jurisdiction or by the agent or nominee of any such person, he/ she/ it/ they must not seek to accept the offer unless he/ she/ it/ they have complied with and observed the laws of all relevant jurisdictions.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section, and MRCB reserves the right to reject a purported acceptance of the Rights Shares with Rights Warrants from any application by Foreign Addressed Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

12. OTHER CORPORATE EXERCISE/ SCHEME WHICH HAS BEEN APPROVED BUT PENDING COMPLETION

Save for the Rights Issue and the corporate exercises disclosed below, there is no other corporate exercise which have been approved by our shareholders and/ or the regulatory authorities 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 RJSB had entered into the Privatisation Agreement with the Government and Hartanah 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.

The Privatisation 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 the Exchange 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.

The construction works for Project 1 was completed on 22 July 2017. On 8 August 2017, our Company announced that RJSB had on 7 August 2017 received the Sectional Certificate of Practical Completion for all components of Project 1 from the Government, which marks the completion and handing over of Project 1 to the Government.

The construction commencement date for Project 2 shall be on a date to be mutually agreed by the Government and RJSB.

- (iv) 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 GST 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 be completed by the end of year 2023.

- (v) On 25 August 2016, our Company announced that it intends to establish 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 our Company.

The proposal 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 proposal.

13. TERMS AND CONDITIONS

The issuance of the Rights Shares with Rights Warrants pursuant to the Rights Issue is governed by the terms and conditions as set out in the Documents.

14. FURTHER INFORMATION

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

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



TAN SRI AZLAN ZAINOL
Non-Independent Non-Executive Chairman

CERTIFIED TRUE COPY OF THE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 28 JULY 2017



MALAYSIAN RESOURCES CORPORATION BERHAD
[Company No: 7994-D]

Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral, P.O. Box 12640, Kuala Lumpur, Malaysia.
[tel] 603 2786 8080 / 2859 7070 [fax] 603 2780 7998 [url] www.mrcb.com

**EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF
MALAYSIAN RESOURCES CORPORATION BERHAD (“MRCB” OR “COMPANY”)
HELD ON 28 JULY 2017**

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”)

RESOLVED

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;

CERTIFIED TRUE COPY OF THE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 28 JULY 2017 (Cont'd)

Page 2 - Extract of EGM Minutes held on 28 July 2017

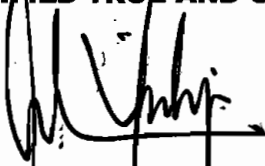
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,858,879,515 NEW ORDINARY SHARES IN MRCB ("MRCB SHARES" OR "SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 571,335,904 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS"), ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MRCB SHARE HELD AND ONE (1) FREE RIGHTS WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

- (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.

Dated this 28th day of July 2017.

CERTIFIED TRUE AND CORRECT



SECRETARY
MOHD NOOR RAHIM YAHAYA
MAICSA 0866820

INFORMATION ON OUR COMPANY

1. HISTORY OF OUR BUSINESS AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Companies Act 1965 on 21 August 1968 as a private limited company under the name of Perak Carbide Corporation Sdn Bhd. Subsequently, on 28 June 1969, our Company was converted to a public limited company under the name of Perak Carbide Corporation Berhad. Our Company was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 22 March 1971. On 12 October 1981, our Company assumed our present name.

Our Company is principally an investment holding company. Our Company also engages in property development, property investment, construction related activities, environmental engineering and provision of management services to our subsidiaries. Our subsidiaries, associates and joint ventures are principally involved in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and facilities management and parking services. Further details of our subsidiaries, associates and joint ventures are as set out in Section 5 of this Appendix.

2. SHARE CAPITAL

2.1 Share capital

Our Company's issued share capital as at LPD is RM2,583,429,116 (inclusive of existing share premium of RM390,835,831 pursuant to Section 618(2) of the Act) comprising 2,192,593,285 MRCB Shares.

2.2 Changes in the issued share capital

The changes in the issued share capital of our Company for the past three (3) years preceding the LPD are as follows:-

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative number of issued shares	Cumulative issued share capital ^ (RM)
9 September 2014	60,000	Cash/ Exercise of ESOS Options	1,760,178,299	1,760,178,299
13 January 2015	26,402,558	Other than cash ⁽¹⁾	1,786,580,857	1,786,580,857
30 November 2015	10,000	Cash/ Exercise of ESOS Options	1,786,590,857	1,786,590,857
21 April 2016	100,000,000	Cash/ Private Placement	1,886,590,857	1,886,590,857
18 August 2016	193,625,000	Cash/ Private Placement	2,080,215,857	2,080,215,857
7 November 2016	63,693,171	Cash/ Private Placement	2,143,909,028	2,143,909,028
14 November 2016	130,000	Cash/ Exercise of ESOS Options	2,144,039,028	2,144,039,028
24 January 2017	132,500	Cash/ Exercise of ESOS Options	2,144,171,528	2,144,171,528
14 February 2017	1,312,375	Cash/ Exercise of ESOS Options	2,145,483,903	2,518,308,709 ⁽²⁾
14 February 2017	40,000	Cash/ Exercise of ESOS Options	2,145,523,903	2,518,363,109
21 February 2017	1,293,000	Cash/ Exercise of ESOS Options	2,146,816,903	2,520,044,009
21 February 2017	168,500	Cash/ Exercise of ESOS Options	2,146,985,403	2,520,273,169
27 February 2017	120,000	Cash/ Exercise of ESOS Options	2,147,105,403	2,520,429,169
27 February 2017	51,000	Cash/ Exercise of ESOS Options	2,147,156,403	2,520,498,529
7 March 2017	434,000	Cash/ Exercise of ESOS Options	2,147,590,403	2,521,062,729
15 March 2017	471,207	Cash/ Exercise of ESOS Options	2,148,061,610	2,521,675,298
15 March 2017	273,500	Cash/ Exercise of ESOS Options	2,148,335,110	2,522,047,258
22 March 2017	803,750	Cash/ Exercise of ESOS Options	2,149,138,860	2,523,092,133
22 March 2017	181,750	Cash/ Exercise of ESOS Options	2,149,320,610	2,523,339,313
31 March 2017	1,846,125	Cash/ Exercise of ESOS Options	2,151,166,735	2,525,739,275
31 March 2017	986,200	Cash/ Exercise of ESOS Options	2,152,152,935	2,527,080,507
11 April 2017	3,618,850	Cash/ Exercise of ESOS Options	2,155,771,785	2,531,785,012
11 April 2017	1,301,875	Cash/ Exercise of ESOS Options	2,157,073,660	2,533,555,562

INFORMATION ON OUR COMPANY (Cont'd)

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative number of issued shares	Cumulative issued share capital ^ (RM)
13 April 2017	2,067,875	Cash/ Exercise of ESOS Options	2,159,141,535	2,536,243,800
13 April 2017	1,177,250	Cash/ Exercise of ESOS Options	2,160,318,785	2,537,844,860
13 April 2017	40,000	Cash/ Exercise of ESOS Options	2,160,358,785	2,537,909,260
14 April 2017	3,214,050	Cash/ Exercise of ESOS Options	2,163,572,835	2,542,087,525
14 April 2017	895,875	Cash/ Exercise of ESOS Options	2,164,468,710	2,543,305,915
26 April 2017	6,606,650	Cash/ Exercise of ESOS Options	2,171,075,360	2,551,894,560
26 April 2017	1,774,350	Cash/ Exercise of ESOS Options	2,172,849,710	2,554,307,676
4 May 2017	2,593,525	Cash/ Exercise of ESOS Options	2,175,443,235	2,557,679,258
4 May 2017	758,500	Cash/ Exercise of ESOS Options	2,176,201,735	2,558,710,818
12 May 2017	2,915,400	Cash/ Exercise of ESOS Options	2,179,117,135	2,562,500,838
12 May 2017	1,006,000	Cash/ Exercise of ESOS Options	2,180,123,135	2,563,868,998
23 May 2017	3,311,100	Cash/ Exercise of ESOS Options	2,183,434,235	2,568,173,428
23 May 2017	871,600	Cash/ Exercise of ESOS Options	2,184,305,835	2,569,358,804
31 May 2017	4,354,625	Cash/ Exercise of ESOS Options	2,188,660,460	2,575,019,817
31 May 2017	2,599,225	Cash/ Exercise of ESOS Options	2,191,259,685	2,578,554,763
1 June 2017	676,850	Cash/ Exercise of ESOS Options	2,191,936,535	2,579,434,668
1 June 2017	126,750	Cash/ Exercise of ESOS Options	2,192,063,285	2,579,607,048
8 June 2017	100,000	Cash/ Exercise of ESOS Options	2,192,163,285	2,579,737,048
8 June 2017	7,000	Cash/ Exercise of ESOS Options	2,192,170,285	2,579,746,568
14 June 2017	10,000	Cash/ Exercise of ESOS Options	2,192,180,285	2,579,759,568
20 June 2017	114,000	Cash/ Exercise of ESOS Options	2,192,294,285	2,579,907,768
20 June 2017	12,000	Cash/ Exercise of ESOS Options	2,192,306,285	2,579,924,088
29 June 2017	39,200	Cash/ Exercise of ESOS Options	2,192,345,485	2,579,975,048
10 July 2017	82,950	Cash/ Exercise of ESOS Options	2,192,428,435	2,580,082,883
10 July 2017	72,750	Cash/ Exercise of ESOS Options	2,192,501,185	2,580,181,823
17 July 2017	56,300	Cash/ Exercise of ESOS Options	2,192,557,485	2,580,255,013
24 July 2017	31,800	Cash/ Exercise of ESOS Options	2,192,589,285	2,580,296,353
24 July 2017	4,000	Cash/ Exercise of ESOS Options	2,192,593,285	2,583,429,116 ⁽³⁾

Notes:-

^ The share capital recorded are as at the respective dates of allotment.

- (1) Represents the consideration shares issued pursuant to the conditional share sale agreement dated 8 February 2013 (as varied and supplemented by the supplemental agreement dated 3 June 2013 and letters dated 19 August 2013 and 22 August 2013) entered into between our Company and several vendors ("Vendors") for the acquisition by our Company of the entire equity interest in MRCB Builders Sdn Bhd ("MRCB Builders") (formerly known as Gelanggang Harapan Construction Sdn Bhd) from the Vendors ("Acquisition of MRCB Builders"). The total consideration for the Acquisition of MRCB Builders was RM250,000,000, which was satisfied via a combination of cash and the issuance of MRCB Shares and consideration warrants to the Vendors on 27 August 2013 and 13 January 2015.
- (2) Includes share premium as at 31 December 2016 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.
- (3) Represents the cumulative issued share capital after taking into consideration the reversal of option reserve for ESOS Options which were exercised since 1 January 2017 up to LPD.

INFORMATION ON OUR COMPANY (Cont'd)**3. SUBSTANTIAL SHAREHOLDERS**

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

Minimum Scenario

Substantial shareholders	As at LPD				(I) After the Rights Issue				(II) After (I) and the full exercise of the Rights Warrants			
	<-----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	761,458,797	34.73	-	-	1,522,917,594	34.73	-	-	1,675,209,354	34.73	-	-
GSB	364,545,752	16.63	-	-	729,091,504	16.63	-	-	802,000,654	16.63	-	-
Bank Kerjasama Rakyat Malaysia Berhad	172,000,000	7.84	-	-	344,000,000	7.84	-	-	378,400,000	7.84	-	-
Lembaga Tabung Haji	164,682,373	7.51	-	-	329,364,746	7.51	-	-	362,301,220	7.51	-	-
Tan Sri Mohamad Salim Fatch Din	-	-	364,545,752 ⁽¹⁾	16.63	-	-	729,091,504 ⁽¹⁾	16.63	-	-	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.

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INFORMATION ON OUR COMPANY (Cont'd)

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 Rights Issue			
	<-----Direct----->		<-----Indirect----->	<-----Direct----->		<-----Indirect----->	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
EPF	761,458,797	34.73	-	-	762,806,725 ⁽²⁾	26.73	-	1,525,613,450	26.73	-
GSB	364,545,752	16.63	-	-	418,180,775 ⁽³⁾	14.65	-	836,361,550	14.65	-
Bank Kerjasama Rakyat Malaysia Berhad	172,000,000	7.84	-	-	172,000,000	6.03	-	344,000,000	6.03	-
Lembaga Tabung Haji	164,682,373	7.51	-	-	164,682,373	5.77	-	329,364,746	5.77	-
Tan Sri Mohamad Salim Fateh Din	-	-	364,545,752 ⁽¹⁾	16.63	2,500,000 ⁽⁴⁾	0.09	418,180,775 ⁽¹⁾	5,000,000	0.09	836,361,550 ⁽¹⁾

Substantial shareholders	(III) After (II) and the full exercise of the Rights Warrants		
	<-----Direct----->		<-----Indirect----->
	No. of Shares	%	No. of Shares
EPF	1,678,174,795	26.73	-
GSB	919,997,705	14.65	-
Bank Kerjasama Rakyat Malaysia Berhad	378,400,000	6.03	-
Lembaga Tabung Haji	362,301,220	5.77	-
Tan Sri Mohamad Salim Fateh Din	5,500,000	0.09	919,997,705 ⁽¹⁾

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 Fateh Din exercises all of his 2,500,000 ESOS Options held as at LPD prior to the Entitlement Date.

INFORMATION ON OUR COMPANY (Cont'd)**4. DIRECTORS****4.1 Particulars of our Directors**

The details of our Directors as at the LPD are as follows:-

Name (Designation)	Address	Age	Nationality	Profession
Tan Sri Azlan Zainol (<i>Non-Independent Non-Executive Chairman</i>)	No. 21, Jalan SS1/39 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	67	Malaysian	Company Director and Banker
Tan Sri Mohamad Salim Fateh Din (<i>Group Managing Director</i>)	B8-1, One Menerung No. 1, Jalan Menerung Bukit Bandaraya, Bangsar 59100 Kuala Lumpur Wilayah Persekutuan	60	Malaysian	Company Director and Entrepreneur
Mohd Imran Tan Sri Mohamad Salim (<i>Non-Independent Executive Director</i>)	B8-1, One Menerung No. 1, Jalan Menerung Bukit Bandaraya, Bangsar 59100 Kuala Lumpur Wilayah Persekutuan	35	Malaysian	Company Director and Entrepreneur
Datuk Shahril Ridza Ridzuan (<i>Non-Independent Non- Executive Director</i>)	No. 5, Jalan Rimba Riang 9/1C Seksyen 9, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	47	Malaysian	Company Director and Chief Executive Officer of EPF
Jamaludin Zakaria (<i>Senior Independent Non- Executive Director</i>)	No. 20, Jalan Bidai U8/22 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	51	Malaysian	Company Director and Investment Banker
Rohaya Mohammad Yusof (<i>Non-Independent Non- Executive Director</i>)	14, Jalan 14/37 46100 Petaling Jaya Selangor Darul Ehsan	52	Malaysian	Company Director and Head of Private Markets Department of EPF
Hasman Yusri Yusoff (<i>Independent Non- Executive Director</i>)	No. 8, Jalan Cecawi 6/3 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	57	Malaysian	Company Director

INFORMATION ON OUR COMPANY (Cont'd)

4.2 Directors' shareholdings

For illustrative purposes only, assuming that all our Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue, the pro forma effects of the Rights Issue on the shareholdings of the directors of our Company are as follows:-

Minimum Scenario

Directors	As at LPD				(I) After the Rights Issue				(II) After (I) and the full exercise of the Rights Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Azlan Zainol	120,000	0.01	30,000 ⁽¹⁾	*	240,000	0.01	60,000 ⁽¹⁾	*	264,000	0.01	66,000 ⁽¹⁾	*
Tan Sri Mohamad Salim Fateh Din	-	-	364,545,752 ⁽²⁾	16.63	-	-	729,091,504 ⁽²⁾	16.63	-	-	802,000,654 ⁽²⁾	16.63
Mohd Imran Tan Sri Mohamad Salim	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Shahril Ridza Ridzuan	500,000	0.02	-	-	1,000,000	0.02	-	-	1,100,000	0.02	-	-
Jamaludin Zakaria	-	-	-	-	-	-	-	-	-	-	-	-
Rohaya Mohammad Yusof	-	-	-	-	-	-	-	-	-	-	-	-
Hasman Yusri Yusoff	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

- * Less than 0.01%.
- (1) Deemed interested by virtue of his substantial shareholding in Edenview Projects Sdn Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his substantial shareholding in GSB pursuant to Section 8 of the Act.

INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Directors	As at LPD				(I)				(II)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Azlan Zainol	120,000	0.01	30,000 ⁽¹⁾	*	120,000	*	30,000 ⁽¹⁾	*	240,000	*	60,000 ⁽¹⁾	*
Tan Sri Mohamad Salim Fateh Din	-	-	364,545,752 ⁽²⁾	16.63	2,500,000 ⁽³⁾	0.09	418,180,775 ⁽²⁾⁽⁶⁾	14.65	5,000,000	0.09	836,361,550 ⁽²⁾	14.65
Mohd Imran Tan Sri Mohamad Salim	-	-	-	-	1,875,000 ⁽⁴⁾	0.07	-	-	3,750,000	0.07	-	-
Datuk Shahril Ridza Ridzuan	500,000	0.02	-	-	666,667 ⁽⁵⁾	0.02	-	-	1,333,334	0.02	-	-
Jamaludin Zakaria	-	-	-	-	-	-	-	-	-	-	-	-
Rohaya Mohammad Yusof	-	-	-	-	-	-	-	-	-	-	-	-
Hasman Yusri Yusoff	-	-	-	-	-	-	-	-	-	-	-	-

Substantial shareholders	(III)			
	After (II) and the full exercise of the Rights Warrants			
	Direct		Indirect	
No. of Shares	%	No. of Shares	%	
Tan Sri Azlan Zainol	264,000	*	66,000 ⁽¹⁾	*
Tan Sri Mohamad Salim Fateh Din	5,500,000	0.09	919,997,705 ⁽²⁾	14.65
Mohd Imran Tan Sri Mohamad Salim	4,125,000	0.07	-	-
Datuk Shahril Ridza Ridzuan	1,466,667	0.02	-	-
Jamaludin Zakaria	-	-	-	-
Rohaya Mohammad Yusof	-	-	-	-
Hasman Yusri Yusoff	-	-	-	-

INFORMATION ON OUR COMPANY (Cont'd)**Notes:-**

- * Less than 0.01%.
- (1) Deemed interested by virtue of his substantial shareholding in Edenview Projects Sdn Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his substantial shareholding in GSB pursuant to Section 8 of the Act.
- (3) Assuming Tan Sri Mohamad Salim Fateh Din exercises all of his 2,500,000 ESOS Options held as at LPD prior to the Entitlement Date.
- (4) Assuming Mohd Imran Tan Sri Mohamad Salim exercises all of his 1,875,000 ESOS Options held as at LPD prior to the Entitlement Date.
- (5) Assuming Datuk Shahril Ridza Ridzuan exercises all of his 166,667 Warrants A held as at LPD prior to the Entitlement Date.
- (6) Assuming GSB exercises all of its 53,635,023 Warrants A held as at LPD prior to the Entitlement Date.

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INFORMATION ON OUR COMPANY (Cont'd)
5. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our subsidiaries as at LPD are as follows:-

Company	Date and place of incorporation	Issued share capital ^ RM (unless stated otherwise)	Effective equity interest of MRCB (%)	Principal activities
348 Sentral Sdn Bhd	9 October 2006 Malaysia	100,714,001	100.00	Leasing of office and service residence space and provision of interior design fit out consultancy work and services
59 INC Sdn Bhd	30 July 2009 Malaysia	95,455,000	100.00	Property development
Country Annexe Sdn Bhd	16 July 1997 Malaysia	220,556,000	100.00	Construction and property development
Cosy Bonanza Sdn Bhd	1 October 2007 Malaysia	25,120,000	65.70	Property development
Excellent Bonanza Sdn Bhd	5 June 2007 Malaysia	5,000,624	100.00	Property development, leasing of office space and provision of interior design fit out consultancy work and services
Gapurna Builders Sdn Bhd	30 December 1999 Malaysia	4,300,000	100.00	Construction and development of property
Gapurna Global Solutions Sdn Bhd	23 December 2008 Malaysia	147,100	100.00	Property and investment holding
Gapurna Land Sdn Bhd	3 September 2007 Malaysia	89,530,000	100.00	Property development
Kuala Lumpur Sentral Sdn Bhd	7 November 1994 Malaysia	50,000,001	74.00	Sale of land, property development and property management
MRCB Builders Sdn Bhd	18 May 1994 Malaysia	35,300,000	100.00	Engineering, construction services and investment holding
MRCB Land Sdn Bhd	9 September 1980 Malaysia	245,215,703	100.00	Investment holding
MRCB Prasarana Sdn Bhd	23 January 1978 Malaysia	138,186,000	100.00	Operation, management and maintenance of the EDL Expressway
MRCB Putra Sdn Bhd	18 August 2011 Malaysia	24,211,970	100.00	Property development, property management and investment holding

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued share capital ^ RM (unless stated otherwise)	Effective equity interest of MRCB (%)	Principal activities
Malaysian Resources Development Sdn Bhd	22 January 1976 Malaysia	103,000,000	100.00	Property holding, property development and investment holding
Malaysian Resources Sentral Sdn Bhd	15 August 2000 Malaysia	2	100.00	Provision of facility management
MRCB Sentral Properties Sdn Bhd	14 November 1990 Malaysia	64,350,000	100.00	Property development and property management
MRCB Utama Sdn Bhd	12 May 1983 Malaysia	15,000,000	100.00	Property development
Onesentral Park Sdn Bhd	13 February 1996 Malaysia	930,090	100.00	Property development
Penang Sentral Sdn Bhd	1 November 2007 Malaysia	106,946,300	100.00	Property development and management of a temporary transport terminal
P.J Sentral Development Sdn Bhd	7 March 2001 Malaysia	222,051,000	100.00	Construction and property development
Prema Bonanza Sdn Bhd	11 December 2006 Malaysia	250,000	51.00	Property development
Puncak Wangi Sdn Bhd	25 September 1995 Malaysia	291,749	100.00	Property investment and property management
Semasa Sentral Sdn Bhd	4 May 1982 Malaysia	5,000,000	100.00	Operation, management and maintenance of the Kuala Lumpur Sentral Station
Semasa Parking Sdn Bhd	6 August 1997 Malaysia	56,200,002	100.00	Operation and management of car parks and parking areas
Semasa Sentral (Penang) Sdn Bhd	8 December 1995 Malaysia	240,002	100.00	Dormant
Sooka Sentral Sdn Bhd	27 November 2000 Malaysia	2	100.00	Provision of management services
Superview Development Sdn Bhd #	27 December 1979 Malaysia	14,000,000	100.00	Property development, management and shares trading
SynarGym Sdn Bhd	3 April 1996 Malaysia	22,780,002	100.00	Leasing of office space and sub-lease to tenants and also leasing of machinery

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued share capital ^	Effective equity interest of MRCB (%)	Principal activities
Landas Utama Sdn Bhd	24 August 1995 Malaysia	320,000	100.00	Dormant
Mafira Holdings Sdn Bhd	30 September 1981 Malaysia	3,000,000	100.00	Dormant
MRCB Ceramics Sdn Bhd	4 May 1982 Malaysia	52,078,600	100.00	Dormant
MRCB Green Energy Sdn Bhd	27 July 2007 Malaysia	2	100.00	Dormant
MRCB Property Management Sdn Bhd	3 July 1973 Malaysia	1,775,900	100.00	Dormant
MR Securities Sdn Bhd	16 July 1982 Malaysia	2	100.00	Dormant
Seleksi Untung Sdn Bhd	27 March 2013 Malaysia	3,940,002	100.00	Modular building design system
MRCB Tekad Sdn Bhd +	25 September 2012 Malaysia	2	100.00	Dormant
MRCB DCS Holding Sdn Bhd	11 June 2015 Malaysia	11,640,002	100.00	Investment holding
Bisraya Construction-MRCB Engineering Consortium @	Unincorporated	Not applicable	30.00	Engineering services and construction
KONSORTIUM KOP-HG-MRCB-ISOPLAS	Unincorporated	Not applicable	100.00	Design and build transmission line and substation
Malaysian Resources Construction System Sdn Bhd	16 March 2017 Malaysia	2	100.00	Modular construction system
Held through 348 Sentral Sdn Bhd				
348 Sentral Office Sdn Bhd	15 April 2003 Malaysia	2	100.00	Dormant
348 Sentral Service Residence Sdn Bhd	17 April 2008 Malaysia	10	100.00	Dormant
Held through Kuala Lumpur Sentral Sdn Bhd				
Unity Portfolio Sdn Bhd	14 March 1997 Malaysia	2	74.00	Provision of management and maintenance services
Held through MRCB Builders Sdn Bhd				
Milmix Sdn Bhd	17 December 1991 Malaysia	18,238,000	100.00	Dormant

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued share capital ^ RM (unless stated otherwise)	Effective equity interest of MRCB (%)	Principal activities
Region Resources Sdn Bhd	25 April 1983 Malaysia	11,100,000	100.00	Engineering and construction services
Sanjung Sepang Sdn Bhd	17 April 2002 Malaysia	1,500,000	100.00	Trading in construction material
Transmission Technology Sdn Bhd	7 June 1982 Malaysia	3,000,000	100.00	Engineering, construction and commissioning of transmission lines and substations
MRCB Environmental Services Sdn Bhd	23 November 2000 Malaysia	1,000,000	100.00	Provision of project management services and consultancy services and engaged in the design, construction, operation, management and maintenance of beaches and rivers for rehabilitation and improvement purposes
MRCB Engineering Sdn Bhd	27 February 1982 Malaysia	53,000,000	100.00	Engineering and construction services
Held through MRCB Environmental Services Sdn Bhd				
MRCB Environment Sdn Bhd	14 November 2000 Malaysia	750,000	100.00	Dormant
Held through MRCB Engineering Sdn Bhd				
MRCB (Thailand) Ltd	11 August 2006 Thailand	THB 7,500,000	99.99	Dormant
Held through MRCB Land Sdn Bhd				
Efficient Class Sdn Bhd	13 May 2013 Malaysia	46,794,302	100.00	Property development
Esquire Moments Sdn Bhd	17 July 2014 Malaysia	77,465,302	100.00	Property development
Crystal Hallmark Sdn Bhd	5 May 2014 Malaysia	23,815,663	100.00	Property development
Legasi Azam Sdn Bhd	28 August 2014 Malaysia	77,272,202	100.00	Property development
MRCB Rasma JV Sdn Bhd	30 September 2015 Malaysia	2	100.00	Dormant
Nilaitera Sdn Bhd	4 May 2012 Malaysia	5,000,000	100.00	Property development

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued share capital ^	Effective equity interest of MRCB (%)	Principal activities
Pinnacle Paradise Sdn Bhd	8 May 2014 Malaysia	RM (unless stated otherwise) 18,663,302	100.00	Property development
Subang Sentral Sdn Bhd	28 August 2014 Malaysia	2	100.00	Dormant
Stigma Tiara Sdn Bhd	28 August 2014 Malaysia	2	100.00	Dormant
Lot F Residence Sdn Bhd	10 July 2017 Malaysia	2	100.00	Development of branded residence
Lot F Hotel Sdn Bhd	10 July 2017 Malaysia	2	100.00	Development of luxury hotels
Rukun Juang Sdn Bhd	17 July 2014 Malaysia	5,000,000	85.00	Construction and property development
Metro Spectacular Sdn Bhd	14 April 2015 Malaysia	100,000	51.00	Property development
Held through MRCB Prasarana Sdn Bhd				
MRCB Lingkaran Selatan Sdn Bhd	27 November 2000 Malaysia	72,000,000	100.00	Design, development, construction, project management, operations and maintenance of the EDL Expressway
Held through MRCB Lingkaran Selatan Sdn Bhd				
MRCB Southern Link Berhad	28 November 1995 Malaysia	2	100.00	Design, development, construction, project management and financing of expressway and infrastructure related project
Held through MRCB International Sdn Bhd				
MRCB Australia Holding Company Pty Ltd	8 August 2016 Australia	AUD 2	100.00	Dormant
Held through MRCB International Sdn Bhd and Malaysian Resources Development Sdn Bhd				
MRCB Land (Australia) Pty Ltd	8 January 2008 Australia	AUD 6,831,220	100.00 *	Property development
Held through MRCB Australia Holding Company Pty Ltd				
MRCB Project Carnegie Pty Ltd	8 August 2016 Australia	AUD 2	100.00	Property development
Held through MRCB Land (Australia) Pty Ltd				
MRCB Project Incorporated Pty Ltd	29 July 2011 Australia	AUD 12	100.00	Dormant

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date and place of incorporation	Issued share capital ^	Effective equity interest of MRCB (%)	Principal activities
Held through Malaysian Resources Development Sdn Bhd				
MRCB International Sdn Bhd	14 February 1969 Malaysia	8,508,496	100.00	Investment holding
Golden East Corporation Sdn Bhd	27 September 1977 Malaysia	681,284	100.00	Dormant
Sunrise Properties Sdn Bhd	14 August 1981 Malaysia	1,000,000	100.00	Dormant
MRCB Property Development Sdn Bhd	23 May 1979 Malaysia	14,350,002	100.00	Dormant
Seri Iskandar Development Corporation Sdn Bhd	3 April 1978 Malaysia	5,000,000	70.00	Property development
Held through MR Securities Sdn Bhd				
Semasa Security Sdn Bhd	15 May 2000 Malaysia	300,000	100.00 ~	Security guard services
Held through MRCB DCS Holding Sdn Bhd				
DCS Operation & Maintenance Sdn Bhd	2 July 2015 Malaysia	2	100.00	Dormant
KL Sentral DCS Sdn Bhd	2 July 2015 Malaysia	2	100.00	Dormant
PJ Sentral DCS Sdn Bhd	2 July 2015 Malaysia	2	100.00	Cooling system services
Penang Sentral DCS Sdn Bhd	30 July 2015 Malaysia	2	100.00	Dormant
KD District Cooling System Sdn Bhd	12 August 2015 Malaysia	2	100.00	Dormant
Semasa District Cooling Sdn Bhd	20 March 1998 Malaysia	7,790,000	100.00	Supply chilled water
Held through Rukun Juang Sdn Bhd				
Bukit Jalil Sentral Property Sdn Bhd	21 April 2017 Malaysia	2	85.00	Property development and property investment

Notes:-

^ The issued share capital of companies incorporated in Malaysia includes 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. In respect of companies whose share capital comprises of various classes of shares (i.e ordinary shares and other securities including non-convertible redeemable preference shares, redeemable preference shares, special rights preference shares and redeemable cumulative preference shares), the issued share capital as disclosed above reflects the sum of the aforesaid classes of shares.

This subsidiary is under creditors' voluntary liquidation.

INFORMATION ON OUR COMPANY (Cont'd)

- + This subsidiary is under members' voluntary winding up.
- @ Our Group has full control of this consortium.
- & 99.99% equity interest is held by MRCB International Sdn Bhd whilst the remaining 0.01% equity interest is held by Malaysian Resources Development Sdn Bhd.
- ~ Held in trust by two (2) employees of our Group for MR Securities Sdn Bhd pursuant to a trust deed dated 16 March 2015.

Our associates as at LPD are as follows:-

Company	Date and place of incorporation	Issued share capital ^	Effective equity interest of MRCB (%)	Principal activities
One IFC Sdn Bhd	5 February 2007 Malaysia	250,000,000	30.00	Investment holding
Suasana Sentral Two Sdn Bhd	16 March 2004 Malaysia	850,000	30.00	Property development
UEMB – MRCB JV Sdn Bhd	23 June 1997 Malaysia	100	49.00	Construction and engineering
MRCB-Quill REIT	Constituted by a deed of trust dated 9 October 2006 Malaysia	1,068,000,000	27.89	Acquisition of land and investment in commercial properties
MRCB Quill Management Sdn Bhd	12 June 2006 Malaysia	1,000,000	41.00	Manage real estate investment trust
Held through MRCB Land Sdn Bhd				
Compass PM (Sentral) Sdn Bhd	15 December 2015 Malaysia	1,000	49.00	Property management

Note:-

- ^ Includes 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. In respect of companies whose share capital comprises of various classes of shares (i.e ordinary shares and redeemable convertible preference shares), the issued share capital as disclosed above reflects the sum of the aforesaid classes of shares.

INFORMATION ON OUR COMPANY (Cont'd)

Our joint ventures as at LPD are as follows:-

Company	Date and place of incorporation	Issued share capital ^ RM (unless stated otherwise)	Effective equity interest of MRCB (%)	Principal activities
Held through MRCB Land Sdn Bhd				
CSB Development Sdn Bhd	7 December 2012 Malaysia	327,000,000	70.00	Property development
Held through MRCB Builders Sdn Bhd				
MRCB George Kent Sdn Bhd	17 September 2015 Malaysia	10,000,000	50.00	Project delivery partner
Held through CSB Development Sdn Bhd				
MRCB CSB 1 Sdn Bhd	20 March 2017 Malaysia	2	70.00	Property development
MRCB CSB 2 Sdn Bhd	20 March 2017 Malaysia	2	70.00	Property development
MRCB CSB 3 Sdn Bhd	20 March 2017 Malaysia	2	70.00	Property development
MRCB CSB 4 Sdn Bhd	20 March 2017 Malaysia	2	70.00	Property development
MRCB CSB 5 Sdn Bhd	20 March 2017 Malaysia	2	70.00	Property development
MRCB CSB 6 Sdn Bhd	20 March 2017 Malaysia	2	70.00	Property development

Note:-

^ Includes 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. In respect of companies whose share capital comprises of various classes of shares (i.e ordinary shares and redeemable preference shares), the issued share capital as disclosed above reflects the sum of the aforesaid classes of shares.

INFORMATION ON OUR COMPANY (Cont'd)
6. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited consolidated financial statements for the FYE 31 December 2014 to FYE 31 December 2016, and our unaudited consolidated financial statements for the six (6) months FPE 30 June 2017 are as follows:-

	Audited			Unaudited	Unaudited
	FYE 31 December 2014	FYE 31 December 2015	FYE 31 December 2016	Six (6) month FPE 30 June 2016	Six (6) month FPE 30 June 2017
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	1,514,767	1,696,727	2,408,072	825,206	1,281,373
Cost of sales	(1,145,012)	(1,242,899)	(1,841,081)	(626,169)	(1,054,365)
Gross profit	369,755	453,828	566,991	199,037	227,008
Other income	219,009	347,809	276,743	95,481	20,184
Selling and distribution costs	(39,689)	(50,332)	(49,193)	(16,622)	(37,126)
Administrative expenses	(109,799)	(175,856)	(169,863)	(83,986)	(73,126)
Other operating expenses	(61,570)	(67,705)	(112,254)	(24,425)	(18,667)
Finance income	38,409	39,329	23,466	4,608	12,071
Finance costs	(171,193)	(184,843)	(175,922)	(91,125)	(72,559)
Share of results of associates	12,252	16,007	26,348	7,032	1,780
Share of results of joint ventures	(36,556)	(8,125)	6,313	2,415	3,879
Profit before tax ("PBT")	220,618	370,112	392,629	92,415	63,444
Income tax expenses	(53,276)	(6,083)	(73,532)	(21,889)	(16,978)
Profit after tax from continuing operations	167,342	364,029	319,097	70,526	46,466
<u>Discontinuing operations</u>					
Profit from discontinuing operations (net of tax)	16,177	-	-	-	-
Profit after tax for the financial year/ period ("PAT")	183,519	364,029	319,097	70,526	46,466
<u>Attributable to:</u>					
Equity holders of our Company		330,392	267,360	49,886	33,833
- from continuing operations	136,457	-	-	-	-
- from discontinuing operations	16,177	-	-	-	-
Non-controlling interests	30,885	33,637	51,737	20,640	12,633
Earnings before interest, taxation, depreciation and amortisation ⁽¹⁾	425,409	568,371	571,845	198,403	152,040
Gross profit margin	24.41%	26.75%	23.55%	24.12%	17.72%
PBT margin	14.56%	21.81%	16.30%	11.20%	4.95%
PBT margin excluding share of results of associates and joint ventures	16.17%	21.35%	14.95%	10.05%	4.51%
EPS					
- Basic ⁽²⁾	8.93 ⁽⁴⁾	18.50	13.80	2.73	1.56
- Diluted ⁽³⁾	8.93 ⁽⁴⁾	18.50	13.80	2.73	1.56
Dividend per share (sen)	2.5	2.5	2.75	-	-

Notes:-

(1) Calculated based on the following formula:-

(PBT + net finance cost + depreciation + amortisation (except for amortisation of order book) - share of results of associates and joint ventures)

INFORMATION ON OUR COMPANY (Cont'd)

- (2) Calculated based on the profit for the financial year attributable to equity holders of our Company over the weighted average number of MRCB Shares in issue.
- (3) Calculated based on the profit for the financial year attributable to equity holders of our Company over the adjusted weighted average number of MRCB Shares in issue (after adjusting for the dilutive effects of all potential MRCB Shares i.e. share options granted to employees).
- (4) Comprises of the EPS from continuing operations and discontinuing operations amounting to 7.99 sen and 0.94 sen respectively.

Commentaries on financial performance**FYE 31 December 2014**

For the FYE 31 December 2014, our Group posted revenue of RM1,514.77 million, representing an increase of 60.99% from the FYE 31 December 2013. Our property development and investment (“PDI”) division contributed 57.86% of our Group’s revenue whilst our engineering, construction and environment (“ECE”) division contributed 33.72% of our Group’s revenue. Other divisions such as infrastructure and concession, facilities management and others made up the remaining 8.42%.

Our PDI division posted revenue of RM876.44 million, representing an increase of 90.51% from the FYE 31 December 2013. The increase in revenue was mainly due to sales derived from our Group’s Q Sentral offices and the Sentral Residences serviced apartments, both located in KL Sentral CBD. In addition, the 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers at PJ Sentral Garden City, namely MBSB and MyIPO, also started contributing to our Group’s revenue.

Our ECE division posted an improvement in revenue by 35.84% from the FYE 31 December 2013, to RM510.74 million mainly due to the LRT construction works on the Ampang and Kelana Jaya lines extension. In addition, the construction of the Giant Hypermarkets in Kampar, Kangar and Setapak as well as the ongoing works on Phase 3 Sungai Pahang rehabilitation programme and the installation of the high voltage overhead electricity transmission line crossing over the Straits of Malacca from Pantai Siring to Pulau Besar in Malacca for Tenaga Nasional Berhad (“TNB”) (“Transmission Line”) were also major contributors.

During the financial year, our infrastructure and concession division posted revenue of RM48.99 million, representing an increase of 29.39% from the FYE 31 December 2013. The increase in revenue was mainly due to the recognition of toll collection from the EDL Expressway in Johor Bahru which commenced on 1 August 2014.

Despite the higher revenue posted for the year, such increase was offset by higher administrative expenses and finance cost attributable to our Group’s bank borrowings. Administrative cost increased by 40% to RM109.80 million as we increased our number of full time employees from 1,249 personnel to 1,449 by the end of FYE 31 December 2014, to accommodate our Group’s expansion plans. Nonetheless, our Group managed to turnaround our loss before taxation for the FYE 31 December 2013 to post PBT of RM220.62 million for the FYE 31 December 2014. The improvement in our PBT was mainly due to other income arising from the following:-

- (i) gain on disposal amounting to RM94.87 million arising from the sale of our investment in the Duta-Ulu Klang Expressway (“DUKE”), via the disposal of:-
- (a) 1,500,000 ordinary shares and 13,500,000 redeemable preference shares in Nuzen Corporation Sdn Bhd (“Nuzen”), representing our 30% equity interest in Nuzen, to Wira Kristal Sdn Bhd, a wholly-owned subsidiary of Ekovest Berhad (“Ekovest”);
- (b) 585 Series A redeemable preference shares in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (“Kesturi”), a wholly-owned subsidiary of Nuzen and the concession holder of DUKE, to Ekovest Construction Sdn Bhd, a wholly-owned subsidiary of Ekovest; and

INFORMATION ON OUR COMPANY (Cont'd)

- (c) RM54.0 million nominal value redeemable secured junior bonds in Kesturi to Ekovest, for a total cash consideration of RM228.00 million.
- (ii) the cash payment amounting to RM33.70 million from Ekovest, being the settlement payment for the termination of the construction contract of DUKE 2 as a consequence of the abovementioned disposal of our investment in the DUKE; and
- (iii) receipt of interim payments by MRCB Lingkaran Selatan Sdn Bhd (“**MRCB Lingkaran**”), a wholly-owned subsidiary of our Company, from the Government amounting to RM62.87 million to reimburse MRCB Lingkaran for the operating and maintenance expenses and finance costs incurred in relation to the EDL Expressway, pending the conclusion of the terms of the take over of the EDL Expressway by the Government. Such interim payments commenced on 1 May 2012 and was discontinued following the Government’s decision not to proceed with the take over of the EDL Expressway and allow MRCB Lingkaran to commence toll collection with effect from 1 August 2014.

FYE 31 December 2015

For the FYE 31 December 2015, our Group posted revenue of RM1,696.73 million, representing an increase of 12.01% from the FYE 31 December 2014. The improvement in our Group’s revenue was mainly driven by our ECE division, which contributed 45.60% of our Group’s revenue. Our PDI division contributed 42.67% of our Group’s revenue whilst the other divisions such as infrastructure and concession, facilities management and others contributed the remaining 11.73% of our Group’s revenue.

Our PDI division posted a decline in revenue by 17.40% from the FYE 31 December 2014, to RM723.97 million. Revenue posted during the year was mainly generated from sales derived from our Group’s commercial development, namely Q Sentral which was completed in June 2015 as well as residential developments, namely the Sentral Residences and 9 Seputeh. The decline in revenue was mainly due to the completion of Q Sentral in the middle of the year, and lower revenue recognition from the Bandar Seri Iskandar residential project in Perak, as two (2) phases were completed during the year.

Our ECE division posted revenue of RM773.73 million, representing an increase of 51.49% from the FYE 31 December 2014. The increase was mainly due to the LRT construction works on the Ampang and Kelana Jaya lines extension. During the financial year, our ECE division successfully completed and handed over the fabrication and delivery of the Segmental Box Girders (Package B) for the 17.7 km Kelana Jaya line extension project. The construction and completion of facilities works which includes fabrication and delivery of the Segmental Box Girders (Package B) for the 18.10 km Ampang line extension project was also near completion. In addition, the construction of Giant Hypermarkets in Kampar, Kangar and Setapak, and the various TNB projects also contributed positively to revenue. The Giant Hypermarkets at Kangar and Kampar were completed during the year. Our ECE division also completed and handed over to TNB the Transmission Line. In addition, Phase 3 Sungai Pahang rehabilitation programme was successfully completed and handed over at the end of 2015.

During the financial year, our infrastructure and concession division posted revenue of RM114.95 million, representing an increase of 134.63% from the FYE 31 December 2014. The increase was mainly due to the recognition of a full year’s toll collection amounting to RM112.78 million from the EDL Expressway in Johor Bahru which commenced on 1 August 2014.

Although our Group recorded an increase in revenue during the year, such increase was offset by higher administrative expenses which increased by 60.16% from the FYE 31 December 2014 to RM175.86 million. This was mainly due to the increase in our Group’s staff costs by approximately RM37.24 million as we further increased our number of full time employees from 1,449 personnel to 1,721 by the end of FYE 31 December 2015. There was also an increase in professional fees by approximately RM25.97 million which were incurred for, among others, the appointment of consultants to review and improve our Group’s construction and property development monitoring systems and processes, technical experts for our tender exercises, financial advisory as well as legal costs for our Group’s corporate exercises.

INFORMATION ON OUR COMPANY (Cont'd)

Nonetheless, our Group managed to post an improvement in PBT by 67.76% from the FYE 31 December 2014 to RM370.11 million as a result of the higher revenue from our ECE Division as well as our Group's other income which included the gains on disposal amounting to RM329.56 million arising from the disposals of a commercial building namely Platinum Sentral, our joint venture company namely NU Sentral Sdn Bhd, and our subsidiaries namely Paradigma Berkas Sdn Bhd and Lotus Terrain Sdn Bhd.

FYE 31 December 2016

For the FYE 31 December 2016, our Group posted revenue of RM2,408.07 million, representing an increase of 41.92% from the FYE 31 December 2015. The improvement was mainly driven by our PDI division which contributed 55.25% of our Group's revenue, followed by our ECE division which contributed 35.63%. The other divisions such as infrastructure and concession, facilities management and others contributed the remaining 9.12%.

Our PDI division posted a strong improvement in revenue by 83.76% from the FYE 31 December 2015, to RM1,330.37 million. This was mainly attributable to our on-going property development projects, which includes the Sentral Residences, 9 Seputeh as well as the MBSB and MyIPO office towers at PJ Sentral Garden City, Menara MRCB in Putrajaya and the Bandar Seri Iskandar residential project in Perak.

Our ECE division posted revenue of RM857.91 million, representing an increase of 10.88% from the FYE 31 December 2015. The increase was mainly due to completion of the construction works for the LRT Ampang line extension as well as the on-going construction of six (6) commercial buildings in Johor, construction of the Giant Hypermarket in Setapak and power transmission projects across Peninsular Malaysia. In addition, the construction of a new Giant Hypermarket in Kajang had also commenced in 2016. Our environment division also secured a new project from the Department of Irrigation and Drainage to carry out the rehabilitation of Phase 3 (Package 2) Sungai Pahang for a sum of RM178 million. Construction works commenced in July 2016 and is expected to be completed by July 2018.

Our Group posted PBT of RM392.63 million, representing an increase of 6.08% from the FYE 31 December 2015. The improvement was mainly due to the increase in our Group's revenue as well as our Group's other income arising from the gain on disposal arising from the sale of a piece of leasehold land located at Jalan Kia Peng, Kuala Lumpur to Mass Rapid Corporation Sdn Bhd amounting to RM56.1 million and the gains on disposal amounting to RM144.93 million and RM41.62 million arising from the sale of Menara Shell and Sooka Sentral to MRCB-Quill REIT and Cardiac Vascular Sentral Kuala Lumpur Sdn Bhd respectively. Nonetheless, the increase in PBT was offset by the full impairment of goodwill associated with 348 Sentral Sdn Bhd amounting to RM53.12 million following its disposal of Menara Shell.

Unaudited six (6) months FPE 30 June 2017

For the six (6) months FPE 30 June 2017, our Group posted revenue of RM1,281.4 million, representing an increase of 55.28% from the corresponding period in 2016. The improvement was driven by our ECE division, which contributed 54.54% of our Group's revenue. Our PDI division contributed 37.96% of our Group's revenue whilst the other divisions such as infrastructure and concession, facilities management and others contributed the remaining 7.5%.

Our PDI division posted revenue of RM486.45 million, representing an improvement of 29.12% from the corresponding period in 2016 due to our on-going property development projects and Eastern Burwood in Melbourne, which began contributing to our Group's revenue in the second quarter of 2017. The Sentral Residences and Easton Burwood projects were both completed in January 2017 and March 2017 respectively.

Our ECE division posted revenue of RM698.89 million, representing a significant increase of 110.16% from the corresponding period in 2016. The increase was mainly driven by the construction of our on-going property development projects, the commercial buildings in Johor, refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil as well as the power transmission projects across Peninsular Malaysia.

INFORMATION ON OUR COMPANY (Cont'd)

Our Group posted PBT of RM63.44 million, representing a decrease of 31.35% from the corresponding period in 2016. Notwithstanding the improvement in our Group's revenue, the lower PBT recorded for the six (6) months FPE 30 June 2017 as compared to the corresponding period in 2016 was mainly due to the gains on disposal amounting to RM44.4 million recognised in the corresponding period of 2016 arising from the disposals of Sooka Sentral and other non-core investments of our Group.

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 October 2016 to September 2017 are as follows:-

Month	High (RM)	Low (RM)
<u>2016</u>		
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
July	1.54	1.21
August	1.24	1.13
September	1.23	1.00
Last transacted market price of MRCB Shares on 16 May 2017, being the last trading day immediately before the announcement of the Rights Issue on 17 May 2017		1.75
Last transacted market price of MRCB Shares on 18 September 2017, being the last trading day immediately before the price-fixing date on 19 September 2017		1.19
Last transacted market price of MRCB Shares as at LPD		1.18
Last transacted market price on 29 September 2017, being the last trading day prior to the ex-date for the Rights Issue		1.06

(Source: Bloomberg Finance L.P.)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN AN ABRIDGED PROSPECTUS

The Board of Directors
Malaysian Resources Corporation Berhad
Level 33A, Menara NU 2, No. 203
Jalan Tun Sambanthan, Kuala Lumpur Sentral
50470, Kuala Lumpur
Wilayah Persekutuan, Malaysia

21 September 2017

PwC/SG/MR/WYF/py/1330B7

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2016

- 1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2016, as set out in the Appendix (which we have stamped for the purpose of identification), which have been compiled by the Directors of the Company ("Directors") for inclusion in the Abridged Prospectus of MRCB to be dated 4 October 2017 in connection with the renounceable rights issue of up to 2,853,777,024 new ordinary shares in MRCB ("MRCB Shares") ("Rights Shares") at an issue price of RM0.79 per Rights Share, together with up to 570,755,405 free detachable warrants ("Rights Warrants"), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held by the entitled shareholders as at 5.00pm on 4 October 2017 and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for ("Rights Issue" or the "Proposal").
- 2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position are described in the Notes to the Appendix and are specified in Appendix 4 of *Part I Division 5: Abridged Prospectus of the Prospectus Guidelines* issued by the Securities Commission.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/WYF/py/1330B7
21 September 2017

- 3 The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Proposal on the audited consolidated statement of financial position of the Company as at 31 December 2016 had the Proposal been effected on that date. As part of this process, information about the Company's consolidated statement of financial position has been extracted by the Directors from the Company's audited consolidated statement of financial position as at 31 December 2016.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

- 4 The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes to the Appendix and in accordance with the requirements of Appendix 4 of *Part I Division 5: Abridged Prospectus of the Prospectus Guidelines* issued by the Securities Commission.

Our Independence and Quality Control

- 5 We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
- 6 Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

- 7 Our responsibility is to express an opinion as required under Appendix 4 of *Part I Division 5: Abridged Prospectus of the Prospectus Guidelines* issued by the Securities Commission, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the Notes to the Appendix.
- 8 We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes to the Appendix.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/WYF/py/1330B7
21 September 2017**

Our Responsibilities (continued)

- 9 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.
- 10 The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 would have been as presented.
- 11 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
- The related pro forma adjustments give appropriate effect to those criteria; and
 - The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.
- 12 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company and its subsidiaries, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.
- 13 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

- 14 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes to the Appendix.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/WYF
21 September 2017**

Other Matters

- 15 This report is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Proposal and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Proposal.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PricewaterhouseCoopers
(No. AF 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Goh', written over the printed name.

Shirley Goh
01778/08/2018 J
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MRCB Consolidated Proforma Statements of Financial Position as at 31 December 2016

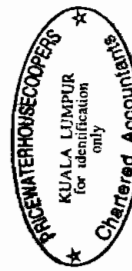
RM'000

Minimum Scenario

Appendix

The Pro Forma Consolidated Statements of Financial Position as set out below have been prepared for illustrative purposes only to show the effects on the audited Consolidated Statement of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2016 on the assumption that the Proposal as set out in Note 1 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	Audited	Pro Forma I - Effect of Completed Transaction	Pro Forma II - After Pro Forma I and Rights Issue	Pro Forma III - After Pro Forma II and Full Exercise of Rights Warrants
ASSETS					
Non-current assets					
Property, plant and equipment		437,823	437,823	437,823	437,823
Investment properties		520,077	520,077	520,077	520,077
Land held for property development		1,767,639	1,767,639	1,767,639	1,767,639
Service concession asset		1,176,347	1,176,347	1,176,347	1,176,347
Associates		289,320	289,320	289,320	289,320
Joint ventures		12,545	12,545	12,545	12,545
Long term loan and receivables		34,497	34,497	34,497	34,497
Available for sale financial assets		577	577	577	577
Intangible assets		252,868	252,868	252,868	252,868
Deferred tax assets		96,588	96,588	96,588	96,588
		<u>4,588,281</u>	<u>4,588,281</u>	<u>4,588,281</u>	<u>4,588,281</u>
Currents assets					
Inventories		57,521	57,521	57,521	57,521
Property development costs		759,287	759,287	759,287	759,287
Trade and other receivables		1,334,888	1,334,888	1,334,888	1,334,888
Amount due from associates and joint ventures		19,981	19,981	19,981	19,981
Tax recoverable		22,217	22,217	22,217	22,217
Financial assets at fair value through profit or loss		2,255	2,255	2,255	2,255
Deposits, cash and bank balances	4.1	722,157	786,029	1,736,260	2,284,408
		<u>2,918,306</u>	<u>2,982,178</u>	<u>3,932,409</u>	<u>4,480,557</u>
TOTAL ASSETS		<u>7,506,587</u>	<u>7,570,459</u>	<u>8,520,690</u>	<u>9,068,838</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

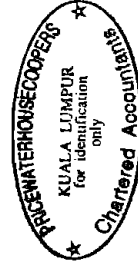
MRCB Consolidated Proforma Statements of Financial Position as at 31 December 2016

RM'000

Minimum Scenario

Appendix

	Audited	Pro Forma I - Effect of Completed Transaction	Pro Forma II - After Pro Forma I and Rights Issue	Pro Forma III - After Pro Forma II and Full Exercise of Rights Warrants
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital	2,144,039	2,583,429	4,305,744	4,853,892
Share premium	372,391	-	-	-
Retained earnings	344,311	344,735	339,569	339,569
Other reserves	65,080	61,529	61,529	61,529
Shareholders' equity	2,925,821	2,989,693	4,706,842	5,254,990
Non-controlling interests	99,221	99,221	99,221	99,221
Total equity	3,025,042	3,088,914	4,806,063	5,354,211
LIABILITIES				
Non-current liabilities				
Senior and Junior Sukuk	1,058,477	1,058,477	1,058,477	1,058,477
Post-employment benefit obligations	14,935	14,935	14,935	14,935
Long term borrowings	1,072,304	1,072,304	411,989	411,989
Long term liabilities	2,915	2,915	2,915	2,915
Government grant	62,971	62,971	62,971	62,971
Deferred tax liabilities	80,368	80,368	80,368	80,368
	2,291,970	2,291,970	1,631,655	1,631,655
Current liabilities				
Provision for other liabilities and charges	26,117	26,117	26,117	26,117
Trade and other payables	1,314,575	1,314,575	1,314,575	1,314,575
Current tax liabilities	42,552	42,552	42,552	42,552
Short term borrowings	806,331	806,331	699,728	699,728
	2,189,575	2,189,575	2,082,972	2,082,972
Total liabilities	4,481,545	4,481,545	3,714,627	3,714,627
TOTAL EQUITY AND LIABILITIES	7,506,587	7,570,459	8,520,690	9,068,838



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MRCB Consolidated Proforma Statements of Financial Position as at 31 December 2016

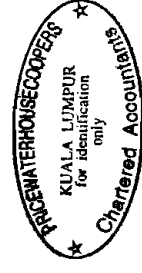
RM'000

Minimum Scenario

Appendix

	Audited	Pro Forma I - Effect of Completed Transaction	Pro Forma II - After Pro Forma I and Rights Issue	Pro Forma III - After Pro Forma II and Full Exercise of Rights Warrants
Number of shares outstanding ('000)	2,144,039	2,192,593	4,385,187	4,823,705
NA per share (RM)	1.36	1.36	1.07	1.09
Gearing (times)	0.97	0.95	0.45	0.41
Net Gearing (times)	0.73	0.70	0.09	N/A

N/A - Not applicable



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MRCB Consolidated Proforma Statements of Financial Position as at 31 December 2016

RM'000

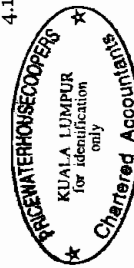
Maximum Scenario

The Pro Forma Consolidated Statements of Financial Position as set out below have been prepared for illustrative purposes only to show the effects on the audited Consolidated Statement of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2016 on the assumption that the Proposal as set out in Note 1 had been effected on that date, and should be read in conjunction with the notes thereon.

Appendix

	Note	Audited	Pro Forma I - Effect of Completed Transaction	Pro Forma II - After Pro Forma I and the full exercise of the outstanding ESOS Options and existing Warrants A	Pro Forma III - After Pro Forma II and Rights Issue	Pro Forma IV - After Pro Forma III and Full Exercise of Rights Warrants
ASSETS						
Non-current assets						
Property, plant and equipment		437,823	437,823	437,823	437,823	437,823
Investment properties		520,077	520,077	520,077	520,077	520,077
Land held for property development		1,767,639	1,767,639	1,767,639	1,767,639	1,767,639
Service concession asset		1,176,347	1,176,347	1,176,347	1,176,347	1,176,347
Associates		289,320	289,320	289,320	289,320	289,320
Joint ventures		12,545	12,545	12,545	12,545	12,545
Long term loan and receivables		34,497	34,497	34,497	34,497	34,497
Available for sale financial assets		577	577	577	577	577
Intangible assets		252,868	252,868	252,868	252,868	252,868
Deferred tax assets		96,588	96,588	96,588	96,588	96,588
		<u>4,588,281</u>	<u>4,588,281</u>	<u>4,588,281</u>	<u>4,588,281</u>	<u>4,588,281</u>
Currents assets						
Inventories		57,521	57,521	57,521	57,521	57,521
Property development costs		759,287	759,287	759,287	759,287	759,287
Trade and other receivables		1,334,888	1,334,888	1,334,888	1,334,888	1,334,888
Amount due from associates and joint ventures		19,981	19,981	19,981	19,981	19,981
Tax recoverable		22,217	22,217	22,217	22,217	22,217
Financial assets at fair value through profit or loss		2,255	2,255	2,255	2,255	2,255
Deposits, cash and bank balances		722,157	786,029	2,229,259	3,642,428	4,355,872
		<u>2,918,306</u>	<u>2,982,178</u>	<u>4,425,408</u>	<u>5,838,577</u>	<u>6,552,021</u>
		<u>7,506,587</u>	<u>7,570,459</u>	<u>9,013,689</u>	<u>10,426,858</u>	<u>11,140,302</u>

4.1



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

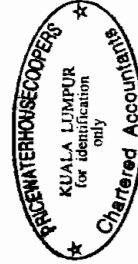
MRCB Consolidated Proforma Statements of Financial Position as at 31 December 2016

RM'000

Maximum Scenario

Appendix

	Note	Audited	Pro Forma I - Effect of Completed Transaction	Pro Forma II - After Pro Forma I and the full exercise of the outstanding ESOS Options and existing Warrants A	Pro Forma III - After Pro Forma II and Rights Issue	Pro Forma IV - After Pro Forma III and Full Exercise of Rights Warrants
EQUITY						
Capital and reserves attributable to equity holders of the company						
Share capital	4-2	2,144,039	2,583,429	4,061,425	6,306,075	7,019,519
Share premium		372,391	-	-	-	-
Retained earnings	4-3	344,311	344,735	344,735	339,569	339,569
Other reserves	4-4	65,080	61,529	26,763	26,763	26,763
Shareholders' equity		2,925,821	2,989,693	4,432,923	6,672,407	7,385,851
Non-controlling interests		99,221	99,221	99,221	99,221	99,221
Total equity		3,025,042	3,088,914	4,532,144	6,771,628	7,485,072
LIABILITIES						
Non-current liabilities						
Senior and Junior Sukuk		1,058,477	1,058,477	1,058,477	1,058,477	1,058,477
Post-employment benefit obligations		14,935	14,935	14,935	14,935	14,935
Long term borrowings		1,072,304	1,072,304	1,072,304	411,989	411,989
Long term liabilities		2,915	2,915	2,915	2,915	2,915
Government grant		62,971	62,971	62,971	62,971	62,971
Deferred tax liabilities		80,368	80,368	80,368	80,368	80,368
		2,291,970	2,291,970	2,291,970	1,631,655	1,631,655
Current liabilities						
Provision for other liabilities and charges		26,117	26,117	26,117	26,117	26,117
Trade and other payables		1,314,575	1,314,575	1,314,575	1,314,575	1,314,575
Current tax liabilities		42,552	42,552	42,552	42,552	42,552
Short term borrowings		806,331	806,331	806,331	640,331	640,331
		2,189,575	2,189,575	2,189,575	2,023,575	2,023,575
Total liabilities		4,481,545	4,481,545	4,481,545	3,655,230	3,655,230
TOTAL EQUITY AND LIABILITIES		7,506,587	7,570,459	9,013,689	10,426,858	11,140,302



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MRCB Consolidated Proforma Statements of Financial Position as at 31 December 2016

RM'000

Maximum Scenario

Appendix

	Audited	Pro Forma I - Effect of Completed Transaction	Pro Forma II - After Pro Forma I and the full exercise of the outstanding ESOS Options and existing Warrants A	Pro Forma III - After Pro Forma II and Rights Issue	Pro Forma IV - After Pro Forma III and Full Exercise of Rights Warrants
Number of shares outstanding ('000)	2,144,039	2,192,593	2,853,777	5,707,554	6,278,309
NA per share (RM)	1.36	1.36	1.55	1.17	1.18
Gearing (times)	0.97	0.95	0.65	0.31	0.28
Net Gearing (times)	0.73	0.70	0.16	N/A	N/A

N/A - Not applicable



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

1 INTRODUCTION

- 1.1 The Pro Forma Consolidated Statements of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company"), for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only in connection with the renounceable rights issue of up to 2,853,777,024 new ordinary shares in MRCB ("MRCB Shares" or "Shares") ("Rights Shares") at an issue price of RM0.79 per Rights Share, together with up to 570,755,405 free detachable warrants ("Rights Warrants"), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held by the entitled shareholders as at 5.00pm on 4 October 2017 ("Entitlement Date") and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for ("Rights Issue" or the "Proposal").
- 1.2 The Proposal is not inter-conditional with or conditional upon any other corporate exercises being or proposed to be undertaken by MRCB.
- 1.3 The Pro Forma Consolidated Statements of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of: (i) the Completed Transaction as set out in Note 1.3(a); (ii) the Assumed Transactions as set out in Note 1.3(b); and (iii) the Proposal as set out in Note 1.1; on the audited Consolidated Statement of Financial Position of the Company as at 31 December 2016, had these transactions been effected on that date.

The Completed and Assumed Transactions are as follows:

(a) Completed Transaction

- (i) Exercise, lapse and/or granting of Employee Share Options Scheme ("ESOS Options") up to the Last Practical Date ("LPD")*.

There were 48,554,257 ESOS Options exercised from 1 January 2017 up to 5 September 2017. 9,765,434 ESOS Options have lapsed from 1 January 2017 up to 5 September 2017.

- (ii) Granting of additional ESOS Option

- A total of 1,443,750 additional ESOS Option is granted as at 5 September 2017. Share option expense arising from the granting of the additional ESOS amounted to RM188,000.

(b) Assumed Transactions

- (i) Exercise of all outstanding ESOS Options and existing Warrants A as at the LPD*

- A total of 84,664,727 ESOS Options which are still outstanding as at 5 September 2017 is assumed to be exercised; and
- A total of 576,519,012 existing Warrants A which are still outstanding as at 5 September 2017 is assumed to be fully exercised.

*LPD is defined as 5 September 2017

- 1.4 The Pro Forma Consolidated Statements of Financial Position are prepared for illustrative purposes only and such information, because of its hypothetical nature, does not give a true picture of the effects of the Completed and Assumed Transactions and the Proposal on the financial position of MRCB and its subsidiaries (the "MRCB Group") presented had the transactions or events occurred on 31 December 2016. Further, such information does not purport to predict the MRCB Group's future financial position.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

2 BASIS OF PREPARATION

- 2.1 The Pro Forma Consolidated Statements of Financial Position, for which the Directors of the Company are solely responsible, have been prepared based on the audited consolidated financial statements of the Company as at 31 December 2016 in accordance with the Financial Reporting Standards and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group.

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Pro Forma Consolidated Statement of Financial Position are prepared for illustrative purposes only based on two (2) scenarios:

Minimum scenario:-

The minimum scenario assumed that none of the outstanding ESOS Option and existing Warrants A granted as at the LPD as set out in Note 1.3(b) are exercised.

Maximum scenario:-

The maximum scenario assumed that all outstanding ESOS Option and existing Warrants A as at the LPD as set out in Note 1.3(b) are fully exercised.

3.1 Minimum Scenario**3.1.1 Pro Forma I – Effect of Completed Transactions**

- (a) Exercise of Employee Share Options Scheme (“ESOS”) Options and Warrants A

Pro Forma I incorporates the effects of the exercise of ESOS options as at 5 September 2017 (i.e. Last Practical Date or “LPD”). This will result in an increase in number of shares as at 31 December 2016 of 2,144,039,028 to 2,192,593,285. Details of the ESOS being exercised is as follows:

Tranche	ESOS exercised up to 5 September 2017	Exercise price RM	Total RM
Tranche 5	40,000	1.61	64,400
Tranche 6	36,206,132	1.30	47,067,972
Tranche 8	12,308,125	1.36	16,739,050
	48,554,257		63,871,422

9,765,434 ESOS Options have lapsed from 1 January 2017 up to 5 September 2017.

- (b) Granting of additional ESOS Options

Total of 1,443,750 additional ESOS Option is granted as at 5 September 2017. Share option expense arising from the granting of the additional ESOS amounted to RM188,000.

- (c) Transfer of share premium to share capital

The new Companies Act 2016 (the “Act”), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company’s share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act.

Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,391,468 for purposes as set out in Sections 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.1 Minimum Scenario (continued)

3.1.2 Pro Forma II - After Pro Forma I and Rights Issue

Pro Forma II incorporates the effects from Pro Forma I and the effects of the Rights Issue (i.e. 1 Rights Share for every existing 1 MRCB Share held) including the proposed utilisation of the proceeds in the manner as set out below. The number of rights shares to be issued will be 2,192,593,285 number of shares based on the issued and paid up capital of 2,192,593,285 shares. This will result in an enlarged total issued share capital of 4,385,186,570 number of shares.

Simultaneously, 438,518,657 free detachable warrants ("Rights Warrants") is issued on the basis of one (1) Rights Warrant for every five (5) Rights Shares issued. In accordance with the Company's accounting policy, the issuance of rights warrants is presented within share capital in the financial statements.

Had the Rights Warrants been presented as a separate class of reserve, the impact to Pro Forma II would have been as follows:

	Before reclassification	Reclassification	After reclassification
	RM'000	RM'000	RM'000
Share capital	4,305,744	(162,252)*	4,143,492
Warrant reserves	28,355	162,252*	190,607
Retained earnings	339,569	-	339,569
Other reserves	33,174	-	33,174
Shareholders' Equity	4,706,842	-	4,706,842

*For illustration purposes, it is assumed that the value allocated to Rights Warrants as at 31 December 2016 is RM0.37/warrant

The issue price of the Rights Shares for the Rights Issue is RM0.79 per Rights Share. This is based on a discount of approximately 20.20% to the theoretical ex-rights price ("TERP") of MRCB Shares of approximately RM0.99, based on the five (5)-day VWAMP of MRCB shares up to and including 18 September 2017, being the market day immediately preceding the price-fixing date of the Rights Issue on 19 September 2017 ("Price-Fixing Date"), of RM1.1999. Based on the issue price of RM0.79 per Rights Share, the Company is expected to raise gross proceeds of approximately RM1,732,148,695.

The total proceeds will be utilised by the Company as follows:

Details of utilisation	RM'000	Timeframe for utilisation#
Advances to Rukun Juang Sdn Bhd to finance Project 1*	793,689	Within 6 months
Repayment of borrowings	766,918	Within 6 months
Property development activities and/or construction projects	33,042	Within 24 months
General working capital	123,500	Within 24 months
Estimated expenses in relation to the Rights Issue	15,000	Within 6 months
Total	1,732,149	

*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") pursuant to the Privatisation Agreement entered into between RJSB, the Government of Malaysia, as represented by the Ministry of Youth and Sports and Syarikat Tanah dan Harta Sdn Bhd dated 28 October 2015

#From the date of completion of the Rights Issue



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.1 Minimum Scenario (continued)

3.1.2 Pro Forma II - After Pro Forma I and Rights Issue (continued)

The amount earmarked for advances to Rukun Juang Sdn Bhd ("RJSB"), a subsidiary of the Company, is included in deposits, cash and bank balances as at 31 December 2016, to redeem the Sukuk Murabahah that was issued by RJSB on 19 June 2017 and which has not been reflected in the audited consolidated financial statements of the Company for the financial year ended 31 December 2016.

The repayment of borrowings have been adjusted against the long term and short term borrowings as at 31 December 2016. There is no premium required for the repayment of these borrowings.

The amount identified for property development activities and/or construction projects and general working capital purposes have been included in deposits, cash and bank balances as at 31 December 2016.

Share issue expense of RM9,833,663 is set off against share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act. The remaining RM5,166,337 expenses incurred is recognised in profit or loss.

3.1.3 Pro Forma III - After Pro Forma II and Full Exercise of Rights Warrants

Pro Forma III incorporates the effects from Pro Forma II and the effects of the assumed full exercise of 438,518,657 Rights Warrants. This will raise total proceeds of RM548,148,321 based on an exercise price of RM1.25 per Rights Warrants.

The exercise price of the Rights Warrants of RM1.25 per Rights Warrant, represents a premium of approximately 26.26% to the TERP of MRCB Shares of approximately RM0.99, based on the five (5)-day VWAMP of MRCB Shares up to and including 18 September 2017, being the market day immediately preceding the price-fixing date of the Rights Issue on 19 September 2017 ("Price-Fixing Date"), of RM1.1999.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.2 Maximum Scenario

3.2.1 Pro Forma I – Effect of Completed Transactions

(a) Exercise of Employee Share Options Scheme (“ESOS”) Options and Warrants A

Pro Forma I incorporates the effects of the exercise of ESOS options as at 5 September 2017 (i.e. Last Practical Date or “LPD”). This will result in an increase in number of shares as at 31 December 2016 of 2,144,039,028 to 2,192,593,285. Details of the ESOS being exercised is as follows:

Tranche	ESOS exercised up to 5 September 2017	Exercise price RM	Total RM
Tranche 5	40,000	1.61	64,400
Tranche 6	36,206,132	1.30	47,067,972
Tranche 8	12,308,125	1.36	16,739,050
	48,554,257		63,871,422

9,765,434 ESOS Options have lapsed from 1 January 2017 up to 5 September 2017.

(b) Granting of additional ESOS Options

Total of 1,443,750 additional ESOS Option is granted as at 5 September 2017. Share option expense arising from the granting of the additional ESOS amounted to RM188,000.

(c) Transfer of share premium to share capital

The new Companies Act 2016 (the “Act”), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company’s share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act.

Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,391,468 for purposes as set out in Sections 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.2 Maximum Scenario (continued)

3.2.2 Pro Forma II – After Pro Forma I and the full exercise of the outstanding ESOS Options and existing Warrants A

Pro Forma II incorporates the effects of Pro Forma I and the assumed full exercise of the outstanding ESOS options and existing Warrants A as at 5 September 2017 of 84,664,727 and 576,519,012 respectively.

Details of the exercise of the ESOS options in Pro Forma II under the Maximum Scenario is as follows:

Tranche	No. of ESOS as at 31 December 2016	ESOS exercised up to 5 September 2017	ESOS lapsed as of 5 September 2017	ESOS granted as at 5 September 2017	No. of ESOS options unexercised as of 5 September 2017	Exercise price RM	Total RM
1	499,410	-	(69,810)	-	429,600	2.79	1,198,584
2	58,111	-	(2,528)	-	55,583	1.14	63,365
3	368,500	-	(60,000)	-	308,500	2.00	617,000
4	13,000	-	-	-	13,000	2.48	32,240
5	14,052,272	(40,000)	(861,753)	-	13,150,519	1.61	21,172,336
6	75,688,125	(36,206,132)	(7,669,968)	-	31,812,025	1.30	41,355,632
7	3,368,750	-	-	-	3,368,750	1.30	4,379,375
8	47,492,500	(12,308,125)	(1,101,375)	-	34,083,000	1.36	46,352,880
9	-	-	-	1,443,750	1,443,750	1.43	2,064,562
	141,540,668	(48,554,257)	(9,765,434)	1,443,750	84,664,727		117,235,974

Warrants A represents free warrants issued by the Company during the financial years 2013 to 2015 pursuant to the issuance of free warrants exercise and as consideration warrants for the acquisition of Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd, Puncak Wangi Sdn Bhd ("Puncak Wangi"), P.J. Sentral Development Sdn Bhd ("P.J. Sentral"), MRCB Builders Sdn Bhd (f.k.a Gelanggang Harapan Construction Sdn Bhd) and Gapurna Global Solutions Sdn Bhd.

Details of the exercise of existing Warrants A in Pro Forma II under the Maximum Scenario is as follows:

No. of Warrants A as at 31 December 2016	Warrants A exercised up to 5 September 2017	Warrants A lapsed as of 5 September 2017	No. of Warrants A unexercised as of 5 September 2017	Exercise price RM	Total RM
576,519,012	-	-	576,519,012	2.30	1,325,993,728

This will result in an increase in number of shares from 2,192,593,285 as indicated in Pro Forma I to 2,853,777,024.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.2 Maximum Scenario (continued)

3.2.3 Pro Forma III - After Pro Forma II and Rights Issue

Pro Forma III incorporates the effects from Pro Forma II and the effects of the Rights Issue (i.e. 1 Rights Share for every existing 1 MRCB Share held) including the proposed utilisation of the proceeds in the manner as set out below. The number of Rights Shares to be issued will be 2,853,777,024 number of shares based on the issued and paid up capital of 2,853,777,024 shares. This will result in an enlarged total issued share capital of 5,707,554,048 number of shares.

Simultaneously, 570,755,405 free detachable warrants ("Rights Warrants") is issued on the basis of one (1) Rights Warrant for every five (5) Rights Shares issued. In accordance with the Company's accounting policy, the issuance of Rights Warrants is presented within share capital in the financial statements.

Had the Rights Warrants been presented as a separate class of reserve, the impact to Pro Forma III would have been as follows:

	Before reclassification	Reclassification	After reclassification
	RM'000	RM'000	RM'000
Share capital	6,306,075	(211,180)*	6,094,895
Warrant reserves	-	211,180*	211,180
Retained earnings	339,569	-	339,569
Other reserves	26,763	-	26,763
Shareholders' Equity	6,672,407	-	6,672,407

*For illustration purposes, it is assumed that the value allocated to Rights Warrants as at 31 December 2016 is RM0.37/warrant

The issue price of the Rights Shares for the rights issue is RM0.79 per rights share. This is based on a discount of approximately 20.20% to the theoretical ex-rights price ("TERP") of MRCB shares of approximately RM0.99, based on the five (5)-day VWAMP of MRCB shares up to and including 18 September 2017, being the market day immediately preceding the price-fixing date of the Rights Issue on 19 September 2017 ("Price-Fixing Date"), of RM1.1999. Based on the issue price of RM0.79 per Rights Share, the Company is expected to raise gross proceeds of approximately RM2,254,483,849.

The total proceeds will be utilised by the Company as follows:

Details of utilisation	RM'000	Timeframe for utilisation#
Advances to Rukun Juang Sdn Bhd to finance Project 1*	801,306	Within 6 months
Repayment of borrowings	826,315	Within 6 months
Property development activities and/or construction projects	488,363	Within 24 months
General working capital	123,500	Within 24 months
Estimated expenses in relation to the Rights Issue	15,000	Within 6 months
Total	2,254,484	

*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") pursuant to the Privatisation Agreement entered into between RJSB, the Government of Malaysia, as represented by the Ministry of Youth and Sports and Syarikat Tanah dan Harta Sdn Bhd dated 28 October 2015

#From the date of completion of the Rights Issue



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.2 Maximum Scenario (continued)

3.2.3 Pro Forma III - After Pro Forma II and Rights Issue (continued)

The amount earmarked for advances to Rukun Juang Sdn Bhd ("RJSB"), a subsidiary of the Company, is included in deposits, cash and bank balances as at 31 December 2016, to redeem the Sukuk Murabahah that was issued by RJSB on 19 June 2017 and which has not been reflected in the audited consolidated financial statements of the Company for the financial year ended 31 December 2016.

The repayment of borrowings have been adjusted against the long term and short term borrowings as at 31 December 2016. There is no premium required for the repayment of these borrowings.

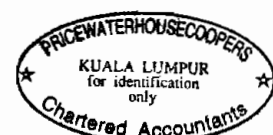
The amount identified for property development activities and/or construction projects and general working capital purposes have been included in deposits, cash and bank balances as at 31 December 2016.

Share issue expense of RM9,833,663 is set off against share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act. The remaining RM5,166,337 expenses incurred is recognised in profit or loss.

3.2.4 Pro Forma IV - After Pro Forma III and Full Exercise of Rights Warrants

Pro Forma IV incorporates the effects from Pro Forma III and the effects of the assumed full exercise of 570,755,405 Rights Warrants. This will raise total proceeds of RM713,444,256 based on an exercise price of RM1.25 per Rights Warrants.

The exercise price of the Rights Warrants of RM1.25 per Rights Warrant, represents a premium of approximately 26.26% to the TERP of MRCB Shares of approximately RM0.99, based on the five (5)-day VWAMP of MRCB Shares up to and including 18 September 2017, being the market day immediately preceding the price-fixing date of the Rights Issue on 19 September 2017 ("Price-Fixing Date"), of RM1.1999.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Deposits, cash and bank balances

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016, the Group's deposits, cash and bank balances upon the implementation of the Proposal are as follows:

	Minimum Scenario
	RM'000
Per audited consolidated balance of the Group as at 31 December 2016	722,157
Adjustment for Pro Forma I – Completed transactions	
- Proceeds from exercise of ESOS options up to LPD	63,872
Total adjustment for Pro Forma I	63,872
As per Pro Forma I	786,029
Adjustments for Pro Forma II – Rights Issue	
- Proceeds from rights issue of 2,192,593,285 shares at a price of RM0.79 per Rights Share	1,732,149
- Estimated expenses in relation to the Rights Issue	(15,000)
- Repayment of short term borrowings	(106,603)
- Repayment of long term borrowings	(660,315)
Total adjustments for Pro Forma II (N1)	950,231
As per Pro Forma II	1,736,260
Adjustments for Pro Forma III – Full exercise of Rights Warrants	
- Proceeds from full exercise of Rights Warrants of 438,518,657 shares at price of a RM1.25 per Rights Warrants	548,148
Total adjustments for Pro Forma III	548,148
As per Pro Forma III	2,284,408

N1: The RM950,230,695 included in deposits, cash and bank balances will be utilised by the Company for the following:

	RM'000
Advances to Rukun Juang Sdn Bhd ("RJSB"), a subsidiary of the Company, to redeem the Sukuk Murabahah that was issued by RJSB on 19 June 2017	793,689
Property development activities and/or construction projects	33,042
General working capital	123,500
Total	950,231



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.1 Deposits, cash and bank balances (continued)

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016, the Group's deposits, cash and bank balances upon the implementation of the Proposal are as follows:

	Maximum Scenario RM'000
Per audited consolidated balance of the Group as at 31 December 2016	722,157
Adjustment for Pro Forma I – Completed transactions	
- Proceeds from exercise of ESOS options up to LPD	63,872
Total adjustment for Pro Forma I	<u>63,872</u>
As per Pro Forma I	786,029
Adjustments for Pro Forma II – Full exercise of the outstanding ESOS Options and existing Warrants A	
- Proceeds from exercise of outstanding ESOS options of 84,664,727 options and existing Warrants A of 576,519,012 warrants	1,443,230
Total adjustments for Pro Forma II	<u>1,443,230</u>
As per Pro Forma II	2,229,259
Adjustments for Pro Forma III – Rights Issue	
- Proceeds from rights issue of 2,853,777,024 shares at a price of RM0.79 per Rights Share	2,254,484
- Estimated expenses in relation to the Rights Issue	(15,000)
- Repayment of short term borrowings	(166,000)
- Repayment of long term borrowings	(660,315)
Total adjustments for Pro Forma III (N2)	<u>1,413,169</u>
As per Pro Forma III	3,642,428
Adjustment for Pro Forma IV – Full exercise of Rights Warrants	
- Proceeds from full exercise of Rights Warrants of 570,755,405 shares at price of a RM1.25 per Rights Warrants	713,444
Total adjustment for Pro Forma IV	<u>713,444</u>
As per Pro Forma IV	4,355,872

N2: The RM1,413,168,849 included in deposits, cash and bank balances will be utilised by the Company for the following:

	RM'000
Advances to Rukun Juang Sdn Bhd ("RJSB"), a subsidiary of the Company, to redeem the Sukuk Murabahah that was issued by RJSB on 19 June 2017	801,306
Property development activities and/or construction projects	488,363
General working capital	123,500
Total	<u>1,413,169</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (CONTINUED)**

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.2 Share capital

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016, the Company's share capital balance upon the implementation of the Proposal are as follows:

	Minimum Scenario RM'000
Per audited balance of the Company as at 31 December 2016	2,144,039
Adjustments for Pro Forma I – Completed transactions	
- Proceeds from exercise of ESOS options up to LPD	63,872
- Share options reserves transferred to share capital upon exercise of ESOS options up to LPD	3,127
- Transfer of share premium to share capital pursuant to the transitional provision of Section 618 (2) Companies Act 2016	372,391
Total adjustments for Pro Forma I	<u>439,390</u>
As per Pro Forma I	2,583,429
Adjustments for Pro Forma II – Rights Issue	
- Proceeds from rights issue of 2,192,593,285 shares at a price of RM0.79 per Rights Share	1,732,149
- Estimated expenses in relation to the Rights Issue	(9,834)
Total adjustments for Pro Forma II	<u>1,722,315</u>
As per Pro Forma II	4,305,744
Adjustment for Pro Forma III – full exercise of Rights Warrants	
- Proceeds from full exercise of Rights Warrants of 438,518,657 shares at a price of RM1.25 per Rights Warrants	548,148
Total adjustment for Pro Forma III	<u>548,148</u>
As per Pro Forma III	4,853,892

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.2 Share capital (continued)

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016, the Company's share capital balance upon the implementation of the Proposal are as follows:

	Maximum Scenario RM'000
Per audited balance of the Company as at 31 December 2016	2,144,039
Adjustments for Pro Forma I – Completed transactions	
- Proceeds from exercise of ESOS options up to LPD	63,872
- Share options reserves transferred to share capital upon exercise of ESOS options up to LPD	3,127
- Transfer of share premium to share capital pursuant to the transitional provision of Section 618 (2) Companies Act 2016	372,391
Total adjustments for Pro Forma I	439,390
As per Pro Forma I	2,583,429
Adjustments for Pro Forma II – Full exercise of the outstanding ESOS Options and existing Warrants A	
- Proceeds from exercise of outstanding ESOS options of 84,664,727 options and existing Warrants A of 576,519,012 warrants	1,443,230
- Share options reserve transferred to share capital upon exercise of 84,664,727 options	6,411
- Warrant reserve transferred to share capital upon exercise of Warrants A	28,355
Total adjustments for Pro Forma II	1,477,996
As per Pro Forma II	4,061,425
Adjustments for Pro Forma III – Rights Issue	
- Proceeds from rights issue of 2,853,777,024 shares at a price of RM0.79 per Rights Share	2,254,484
- Estimated expenses in relation to the Rights Issue	(9,834)
Total adjustments for Pro Forma III	2,244,650
As per Pro Forma III	6,306,075
Adjustment for Pro Forma IV – full exercise of Rights Warrants	
- Proceeds from full exercise of Rights Warrants of 570,755,405 shares at price of a RM1.25 per Rights Warrants	713,444
Total adjustment for Pro Forma IV	713,444
As per Pro Forma IV	7,019,519

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.3 Retained earnings

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016, the Group's retained earnings balance upon the implementation of the Proposal are as follows:

	Minimum Scenario RM'ooo
Per audited consolidated balance of the Group as at 31 December 2016	344,311
Adjustments for Pro Forma I – Completed transactions	
- Share option expense recognised for 1,443,750 ESOS Option granted in June 2017	(188)
- Share options lapsed as at LPD and transferred from options reserve to retained earnings	612
Total adjustments for Pro Forma I	424
As per Pro Forma I	344,735
Adjustment for Pro Forma II – Rights Issue	
- Estimated expenses recognised to profit or loss	(5,166)
Total adjustment for Pro Forma II	(5,166)
As per Pro Forma II & III	339,569

	Maximum Scenario RM'ooo
Per audited consolidated balance of the Group as at 31 December 2016	344,311
Adjustments for Pro Forma I – Completed transactions	
- Share option expense recognised for 1,443,750 ESOS Option granted in June 2017	(188)
- Share options lapsed as at LPD and transferred from options reserve to retained earnings	612
Total adjustments for Pro Forma I	424
As per Pro Forma I & II	344,735
Adjustment for Pro Forma III – Rights Issue	
- Estimated expenses recognised to profit or loss	(5,166)
Total adjustment for Pro Forma III	(5,166)
As per Pro Forma III & IV	339,569



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)


4.4 Other reserves

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016, the Group's other reserves balance upon the implementation of the Proposal are as follows:

	Minimum Scenario
	RM'000
Per audited consolidated balance of the Group as at 31 December 2016	65,080
Adjustments for Pro Forma I – Completed transactions	
- Share option expense recognised for 1,443,750 ESOS Option granted in June 2017	188
- Share options lapsed as at LPD and transferred from options reserve to retained earnings	(612)
- Share options reserves transferred to share capital upon exercise of ESOS options up to LPD	(3,127)
Total adjustments for Pro Forma I	(3,551)
As per Pro Forma I to III	61,529
	Maximum Scenario
	RM'000
Per audited consolidated balance of the Group as at 31 December 2016	65,080
Adjustments for Pro Forma I – Completed transactions	
- Share option expense recognised for 1,443,750 ESOS Option granted in June 2017	188
- Share options lapsed as at LPD and transferred from options reserve to retained earnings	(612)
- Share options reserves transferred to share capital upon exercise of ESOS options up to LPD	(3,127)
Total adjustments for Pro Forma I	(3,551)
As per Pro Forma I	61,529
Adjustments for Pro Forma II – Full exercise of the outstanding ESOS Options and existing Warrants A	
- Share options reserve transferred to share capital upon exercise of 84,664,727 options	(6,411)
- Warrant reserve transferred to share capital upon exercise of Warrants A	(28,355)
Total adjustments for Pro Forma II	(34,766)
As per Pro Forma II to IV	26,763

5 APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Malaysian Resources Corporation Berhad on 21 September 2017.



 ANN WAN TEE
 CHIEF FINANCIAL OFFICER



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31
DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON**

CERTIFIED TRUE COPY

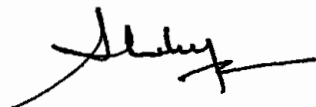
MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2016

PRICEWATERHOUSECOOPERS
(AF 1146)

PRICEWATERHOUSECOOPERS
No. AF: 1146
Chartered Accountants



SHIRLEY GOH
01778/08/2018 J
Chartered Accountant
PARTNER

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in property development, property investment, construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and facilities management and parking services.

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

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Profit for the financial year attributable to:		
Equity holders of the Company	267,360	222,943
Non-controlling interests	51,737	-
	<u>319,097</u>	<u>222,943</u>

DIVIDENDS

As disclosed in the Directors' report for the financial year ended 31 December 2015, the Directors on 18 December 2015 declared a single tier interim dividend of 2.5% or 2.5 sen per ordinary share, amounting to RM44,664,823 and the dividend was paid on 24 February 2016.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 2.75% or 2.75 sen per ordinary share, amounting to approximately RM59.1 million at the date of this report which is subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Azlan Mohd Zainol (Chairman)

Tan Sri Mohamad Salim Fateh Din (Group Managing Director)

Mohd Imran Tan Sri Mohamad Salim (Executive Director)

Datuk Shahril Ridza Ridzuan

Rohaya Mohammad Yusof

Jamaludin Zakaria

Hasman Yusri Yusoff

Chuah Mei Lin

(Demised on 6 January 2017)

In accordance with Articles 101 and 102 of the Company's Articles of Association, Tan Sri Mohamad Salim Fateh Din and Rohaya Mohammad Yusof retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company to Executive Directors of the Group pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

According to the Register of Directors' Shareholdings, particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company and its related corporations were as follows:

Company

	No. of ordinary shares of RM1.00 each			
	At 1.1.2016	Acquired	Sold	At 31.12.2016
<u>Direct</u>				
Tan Sri Azlan Mohd Zainol	120,000	-	-	120,000
Datuk Shahril Ridza Ridzuan	500,000	-	-	500,000
<u>Indirect</u>				
Tan Sri Azlan Mohd Zainol*	30,000	-	-	30,000
Tan Sri Mohamad Salim Fateh Din**	298,322,581	60,000,000	-	358,322,581

	No. of options over ordinary shares of RM1.00 each			
	At 1.1.2016	Granted	Exercised	At 31.12.2016
<u>Direct</u>				
Tan Sri Mohamad Salim Fateh Din	-	1,750,000	-	1,750,000
Mohd Imran Tan Sri Mohamad Salim	-	1,312,500	-	1,312,500

	No. of warrants over ordinary shares of RM1.00 each			
	At 1.1.2016	Granted	Sold	At 31.12.2016
<u>Direct</u>				
Datuk Shahril Ridza Ridzuan	166,667	-	-	166,667
<u>Indirect</u>				
Tan Sri Mohamad Salim Fateh Din**	85,235,023	-	(5,100,000)	80,135,023

* Deemed interest by virtue of his shareholding in Edenview Projects Sdn. Bhd..

** Deemed interest by virtue of his shareholding in Gapurna Sdn. Bhd. which in turn holds an equity interest of 16.71% (2015: 16.70%) in the Company. The addition of the shares were acquired through the Private Placement as disclosed in Note 49(c) to the financial statements.

The other Directors in office at the end of the financial year did not hold any interest in shares, options and warrants over shares or debentures of the Company and its related corporations during the financial year.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ISSUE OF SHARES

During the financial year, 357,318,171 new ordinary shares of RM1.00 each were issued by the Company pursuant to the Private Placement as disclosed in Note 49(c) to the financial statements. The purpose of the Private Placement was to fund the Group's borrowing commitment and general working capital requirements.

There were also 130,000 new ordinary shares of RM1.00 each issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at the exercise price of RM1.30 per share as part of the Company's long term plan to incentivise and retain employees.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad's Employees' Share Option Scheme (2007/2012 ESOS or the Scheme) was approved by shareholders at an Extraordinary General Meeting held on 29 May 2007 and became effective on 31 October 2007 for a period of five (5) years.

On 25 October 2012, the Board of Directors of the Company had approved the extension of the ESOS for another five (5) years. The expiry date is revised from 30 October 2012 to 30 October 2017.

The details of the 2007/2017 ESOS are contained in the By-Laws and the salient features thereof are set out in Note 32 to the financial statements.

On 31 May 2016, the shareholders of the Company at the Annual General Meeting had approved the granting of a total of 3,062,500 options under the Scheme to the following Directors:

<u>Name</u>	<u>Number of options over ordinary shares of RM1.00 each</u>
Tan Sri Mohamad Salim Fateh Din	1,750,000
Mohd Imran Tan Sri Mohamad Salim	1,312,500

On 16 November 2016, the ESOS Committee of the Company had approved the granting of 49,341,125 options under the Scheme of which 47,492,500 options were granted and vested.

On 27 January 2017, the Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names of the persons with number of outstanding options less than 225,000 units.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

The names and the number of options granted and accepted but not exercised during the financial year in respect of the 2007/2017 ESOS, for 225,000 options and in excess are as follows:

<u>Name</u>	<u>Number of options over ordinary shares of RM1.00 each</u>
Ann Wan Tee	375,000
Kwan Joon Hoe	375,000
Cheong Yi-Pui	350,000
Neoh Phaik Hoon	350,000
Nor Izzati Tan Sri Mohamad Salim	306,250
Kam Ther Hwa	268,750
Dato' Ishak Bin Haji Mohamed	225,000
Datuk Dell Akbar Bin Hyder Khan	225,000
Lok Ngai Hey	225,000
Wong Hong Yeong	225,000

There were no options granted to the Directors for the above batch as at the date of this report.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the significant events during the financial year as disclosed in Note 49 to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made, except for the significant events subsequent to the financial year as disclosed in Note 50 to the financial statements.

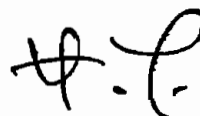
AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 29 March 2017.



TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director



HASMAN YUSRI YUSOFF
Director

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

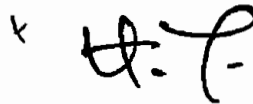
We, Tan Sri Mohamad Salim Fateh Din and Hasman Yusri Yusoff, two of the Directors of Malaysian Resources Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 17 to 175 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 52 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to the Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In accordance with a resolution of the Board of Directors dated 29 March 2017.



TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director



HASMAN YUSRI YUSOFF
Director

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Ann Wan Tee, the Officer primarily responsible for the financial management of Malaysian Resources Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 17 to 176 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



ANN WAN TEE

Subscribed and solemnly declared by the above named Ann Wan Tee in the State of Wilayah Persekutuan, Kuala Lumpur, Malaysia on 29 March 2017.

Before me,



COMMISSIONER FOR OATHS

205, Bangunan Mole Yew
4, Jln Mankaman Persekutuan
50050 Kuala Lumpur (W.P.)



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)
(Company No. 7994 D)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Our opinion**

In our opinion, the financial statements of Malaysian Resources Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 175.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 7994 D)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)****Our audit approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)

(Incorporated in Malaysia)

(Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the Key audit matters
<p>Revenue recognition – Property development and construction contracts – RM2,060,676,000</p> <p><i>Refer to page 47 (Note 2.9(a) and (b) – Summary of Significant Accounting Policies – Property Development Activities), page 49 (Note 2.13 – Summary of Significant Accounting Policies – Construction Contracts), page 64 (Note 3(a) – Critical accounting estimates and judgements) and page 73 (Note 6 – Revenue)</i></p> <p>The Group and the Company recognise property development and construction contracts revenue in the statements of comprehensive income by using the stage of completion method. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.</p> <p>Property development and construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgement involved in the following areas:</p> <ul style="list-style-type: none"> • Determination of stage of completion • Extent of construction costs incurred to date • Estimated total construction costs • Estimation of provision due to liquidated ascertained damages against revenue 	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We tested the operating effectiveness of key controls in respect of the revenue recognition process involving construction contracts in particular around the budgeting process of total estimated construction costs and the continuous review process of these budgets. In addition, controls over the accounting process of costs incurred for work done to date was also tested. • We tested reasonableness of the estimated total construction costs based on approved budgets to supporting documentation such as contracts, quotations and change order documentation with main or sub- contractors. We also sought appropriate evidence including the Group's and Company's expert opinions (including contract claim consultants and lawyers) to support key judgements inherent in the project costs on a sample basis, particularly around disputes or unresolved negotiations with employers and subcontractors. • We tested a sample of costs incurred to date on significant projects to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers. • In respect of construction contracts, we also tested key judgments by management in estimating the total construction costs and accruals for costs to complete through the reading of executive committee meeting minutes, reading correspondences with employers and sub-contractors, and obtaining audit evidence on employers or sub- contractors disputes from in-house or external legal counsel. We discussed with management on instances of material uncertified value of costs submitted and the level of accruals held against these amounts to ensure that the amount recorded are reasonable and supported.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)
(Incorporated in Malaysia).
(Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the Key audit matters
<p>Revenue recognition – Property development and construction contracts – RM2,060,676,000 (continued)</p>	<ul style="list-style-type: none"> • We tested actual sales of development properties to signed sales and purchase agreements and billings raised to unit buyers. • We agreed total construction contract project revenue on a sample basis to supporting documentation comprising construction contracts, approved variation orders and correspondences with employers. In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as correspondences with employers or consultants, extension of time approvals and work progress reports indicating reasons for delays. • On a test basis we checked the mathematical calculation of the percentage of completion and we ensured that the percentage of revenue and costs recognised in the statements of comprehensive income is appropriate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. <p>Based on our procedures, we noted no material exception in the revenue recognition of property development and construction contracts.</p>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report and contents in 2016 Annual Reports, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 7994 D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 7994 D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following: -

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 47 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 52 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 7994 D)

OTHER MATTERS

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name of the firm.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Goh', written over the printed name of the accountant.

SHIRLEY GOH
01778/08/2018 J
Chartered Accountant

Kuala Lumpur
29 March 2017



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	6	2,408,072	1,696,727	601,986	455,623
Cost of sales	7	(1,841,081)	(1,242,899)	(283,719)	(97,918)
Gross profit		566,991	453,828	318,267	357,705
Other income	8	276,743	347,809	46,014	11,472
Selling and distribution costs		(49,193)	(50,332)	(1,108)	(2,052)
Administrative expenses		(169,863)	(175,856)	(72,987)	(87,181)
Other operating expenses		(112,254)	(67,705)	(32,707)	(8,559)
Finance income	8	23,466	39,329	7,704	3,863
Finance costs	12	(175,922)	(184,843)	(40,001)	(38,804)
Share of results of associates	20	26,348	16,007	-	-
Share of results of joint ventures	21	6,313	(8,125)	-	-
Profit before income tax	9	392,629	370,112	225,182	236,444
Income tax expense	13	(73,532)	(6,083)	(2,239)	(2,053)
Profit for the financial year		319,097	364,029	222,943	234,391

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year		319,097	364,029	222,943	234,391
Other comprehensive income/(loss) for the financial year, net of tax:					
Item that may be reclassified subsequently to comprehensive income					
- currency translation differences		6	448	-	-
- share of associate's (loss)/gain on re-measurement of financial derivatives		(1,017)	502	-	-
Total comprehensive income for the financial year, net of tax		318,086	364,979	222,943	234,391
Profit for the financial year attributable to:					
Equity holders of the Company		267,360	330,392	222,943	234,391
Non-controlling interests	19	51,737	33,637	-	-
		319,097	364,029	222,943	234,391
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		266,349	331,342	222,943	234,391
Non-controlling interests	19	51,737	33,637	-	-
		318,086	364,979	222,943	234,391
Earnings per share attributable to the ordinary equity holders of the Company during the financial year (sen)					
Basic and diluted earnings	14	13.80	18.50		

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	437,823	337,465	1,926	2,393
Investment properties	16	520,077	413,517	-	-
Land held for property development	17(a)	1,767,639	1,786,892	-	-
Service concession asset	18	1,176,347	1,209,992	-	-
Subsidiaries	19	-	-	2,408,374	2,032,636
Associates	20	289,320	241,905	442,763	335,763
Joint ventures	21	12,545	6,162	-	-
Long term loan and receivables	22	34,497	5,253	29,011	-
Available for sale financial assets	23	577	577	577	577
Intangible assets	24	252,868	317,073	-	-
Deferred tax assets	25	96,588	76,705	-	-
		<u>4,588,281</u>	<u>4,395,541</u>	<u>2,882,651</u>	<u>2,371,369</u>
Current assets					
Inventories	26	57,521	63,103	5,921	7,220
Property development costs	17(b)	759,287	488,610	-	-
Trade and other receivables	27	1,334,888	1,095,102	237,361	231,251
Amounts due from subsidiaries	27	-	-	534,760	585,529
Amounts due from associates and joint ventures	27	19,981	18,702	15,218	17,282
Tax recoverable		22,217	26,762	1,070	-
Financial assets at fair value through profit or loss	29	2,255	2,381	2,255	2,381
Deposits, cash and bank balances	30	722,157	521,508	139,673	92,525
		<u>2,918,306</u>	<u>2,216,168</u>	<u>936,258</u>	<u>936,188</u>
Assets held for sale	31	-	478,088	-	54,576
Total assets		<u><u>7,506,587</u></u>	<u><u>7,089,797</u></u>	<u><u>3,818,909</u></u>	<u><u>3,362,133</u></u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	32	2,144,039	1,786,591	2,144,039	1,786,591
Share premium	33	372,391	327,950	372,391	327,950
Retained earnings		344,311	83,153	407,710	184,121
Other reserves		65,080	62,453	36,082	32,186
		<u>2,925,821</u>	<u>2,260,147</u>	<u>2,960,222</u>	<u>2,330,848</u>
Non-controlling interests	19	99,221	52,624	-	-
Total equity		<u>3,025,042</u>	<u>2,312,771</u>	<u>2,960,222</u>	<u>2,330,848</u>
LIABILITIES					
Non-current liabilities					
Senior and Junior Sukuk	36	1,058,477	1,058,464	-	-
Post-employment benefit obligations	37	14,935	16,307	6,953	6,537
Long term borrowings	38	1,072,304	1,286,785	333,366	432,275
Long term liabilities	39	2,915	622	-	-
Government grant	40	62,971	33,024	-	-
Deferred tax liabilities	25	80,368	85,293	-	-
		<u>2,291,970</u>	<u>2,480,495</u>	<u>340,319</u>	<u>438,812</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2016</u> RM'000	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2015</u> RM'000
Current liabilities					
Loan stock at cost	34	-	7,000	-	-
Provisions for other liabilities and charges	35	26,117	10,510	-	-
Trade and other payables	41	1,314,575	1,177,904	124,117	73,774
Amounts due to subsidiaries	41	-	-	44,251	134,435
Current tax liabilities		42,552	3,100	-	-
Short term borrowings	43	806,331	1,042,126	350,000	339,600
Dividend payable	51	-	44,664	-	44,664
		<u>2,189,575</u>	<u>2,285,304</u>	<u>518,368</u>	<u>592,473</u>
Liabilities associated with assets held for sale					
	31	-	11,227	-	-
		<u>4,481,545</u>	<u>4,777,026</u>	<u>858,687</u>	<u>1,031,285</u>
Total liabilities		<u>4,481,545</u>	<u>4,777,026</u>	<u>858,687</u>	<u>1,031,285</u>
Total equity and liabilities		<u>7,506,587</u>	<u>7,089,797</u>	<u>3,818,909</u>	<u>3,362,133</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Attributable to equity holders of the Company						Total equity RM'000
	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(a)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2016	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771
Comprehensive profit	-	-	-	267,360	267,360	51,737	319,097
- Profit for the financial year	-	-	-	267,360	267,360	51,737	319,097
Other comprehensive income/(loss)	-	-	6	-	6	-	6
- Currency translation differences	-	-	6	-	6	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,017)	-	(1,017)	-	(1,017)
- Post-employment benefit obligations	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(1,269)	267,618	266,349	51,737	318,086

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	Attributable to equity holders of the Company						Total equity RM'000
	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note (a)) RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
<u>Transactions with owners</u>							
Issuance of: (Note 49(c))							
- ordinary shares	357,318	44,385	-	-	401,703	-	401,703
Acquisition of additional equity interest in subsidiaries	-	-	-	(7,106)	(7,106)	23	(7,083)
Employees' share option scheme (Note 32)	-	-	4,559	-	4,559	-	4,559
- options granted	130	56	(17)	-	169	-	169
- options exercised	-	-	(646)	646	-	-	-
- options lapsed	-	-	-	-	-	-	-
Dividends paid for financial year ended 31 December 2016	-	-	-	-	-	(5,163)	(5,163)
Total transactions with owners	357,448	44,441	3,896	(6,460)	399,325	(5,140)	394,185
At 31 December 2016	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	Attributable to equity holders of the Company						Total equity RM'000
	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(a)) RM'000	(Accumulated losses)/ retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
At 1 January 2015	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509
Comprehensive profit	-	-	-	330,392	330,392	33,637	364,029
- Profit for the financial year	-	-	-	330,392	330,392	33,637	364,029
Other comprehensive income/(loss)	-	-	448	-	448	-	448
- Currency translation differences	-	-	448	-	448	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	-	502	-	502	-	502
- Post-employment benefit obligations	-	-	(335)	335	-	-	-
Total comprehensive income	-	-	615	330,727	331,342	33,637	364,979

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	Attributable to equity holders of the Company						Total equity RM'000
	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note (a)) RM'000	(Accumulated/ losses)/ retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
Transactions with owners							
Issuance of:							
- ordinary shares	26,403	3,960	-	-	30,363	-	30,363
- warrants	-	-	1,320	-	1,320	-	1,320
Acquisition of additional equity Interest in subsidiaries	-	-	-	(3,688)	(3,688)	4,358	670
Disposal of a subsidiary	-	-	-	-	-	(82)	(82)
Employees' share option scheme (Note 32)	-	-	4,869	-	4,869	-	4,869
- options granted	10	4	(1)	-	13	-	13
- options exercised	-	-	(287)	287	-	-	-
- options lapsed	-	-	-	-	-	-	-
Dividends paid and declared for financial year ended (Note 51)	-	-	-	(44,664)	(44,664)	-	(44,664)
- 31 December 2014	-	-	-	(44,664)	(44,664)	(64,542)	(109,206)
- 31 December 2015	26,413	3,964	5,901	(92,729)	(56,451)	(60,266)	(116,717)
Total transactions with owners	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771
At 31 December 2015							

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

Note (a)

Other reserves

	Other reserves RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Share option reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2016	2,168	28,090	636	6,066	28,355	(2,862)	62,453
<u>Other comprehensive income/(loss)</u>							
- Currency translation differences	-	-	6	-	-	-	6
- Share of associate's loss on re-measurement of financial derivatives	(1,017)	-	-	-	-	-	(1,017)
- Post-employment benefits obligations	-	-	-	-	-	(258)	(258)
Total other comprehensive income/(loss)	(1,017)	-	6	-	-	(258)	(1,269)
<u>Transactions with owners</u>							
Employees' share option scheme (Note 32)							
- options granted	-	-	-	4,559	-	-	4,559
- options exercised	-	-	-	(17)	-	-	(17)
- options lapsed	-	-	-	(646)	-	-	(646)
Total transactions with owners	-	-	-	3,896	-	-	3,896
At 31 December 2016	1,151	28,090	642	9,962	28,355	(3,120)	65,080

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

Note (a)

Other reserves

	Other reserves RM'000	Revaluation reserve RM'000	Currency translation differences RM'000	Share option reserve RM'000	Warrant reserve RM'000	Retirement benefit reserve RM'000	Total RM'000
At 1 January 2015	1,666	28,090	188	1,485	27,035	(2,527)	55,937
Other comprehensive income/(loss)							
- Currency translation differences	-	-	448	-	-	-	448
- Share of associate's gain on re-measurement of financial derivatives	502	-	-	-	-	-	502
- Post-employment benefits obligations	-	-	-	-	-	(335)	(335)
Total other comprehensive income/(loss)	502	-	448	-	-	(335)	615
Transactions with owners							
Issuance of new warrants	-	-	-	-	1,320	-	1,320
Employees' share option scheme (Note 32)							
- options granted	-	-	-	4,869	-	-	4,869
- options exercised	-	-	-	(1)	-	-	(1)
- options lapsed	-	-	-	(287)	-	-	(287)
Total transactions with owners	-	-	-	4,581	1,320	-	5,901
At 31 December 2015	2,168	28,090	636	6,066	28,355	(2,862)	62,453

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2016	1,786,591	327,950	32,186	184,121	2,330,848
Comprehensive income					
- Profit for the financial year	-	-	-	222,943	222,943
Total comprehensive income	-	-	-	222,943	222,943
Transactions with owners					
Issuance of: (Note 49(c))					
- ordinary shares	357,318	44,385	-	-	401,703
Employees' share option scheme (Note 32)					
- options granted	-	-	4,559	-	4,559
- options exercised	130	56	(17)	-	169
- options lapsed	-	-	(646)	646	-
Total transactions with owners	357,448	44,441	3,896	646	406,431
At 31 December 2016	2,144,039	372,391	36,082	407,710	2,960,222

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Share capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note(b)) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015	1,760,178	323,986	26,285	38,771	2,149,220
<u>Comprehensive income</u>					
- Profit for the financial year	-	-	-	234,391	234,391
Total comprehensive income	-	-	-	234,391	234,391
<u>Transactions with owners</u>					
Issuance of:					
- ordinary shares	26,403	3,960	-	-	30,363
- warrants	-	-	1,320	-	1,320
Employees' share option scheme (Note 32)					
- options granted	-	-	4,869	-	4,869
- options exercised	10	4	(1)	-	13
- options lapsed	-	-	(287)	287	-
Dividends paid and declared for financial year ended (Note 51)					
- 31 December 2014	-	-	-	(44,664)	(44,664)
- 31 December 2015	-	-	-	(44,664)	(44,664)
Total transactions with owners	26,413	3,964	5,901	(89,041)	(52,763)
At 31 December 2015	1,786,591	327,950	32,186	184,121	2,330,848

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Note (b)

Other reserves

	Share option <u>reserve</u> RM'000	Warrant <u>reserve</u> RM'000	Retirement benefit <u>reserve</u> RM'000	<u>Total</u> RM'000
At 1 January 2016	6,066	28,355	(2,235)	32,186
<u>Transactions with owners</u>				
Employees' share option scheme (Note 32)				
- options granted	4,559	-	-	4,559
- options exercised	(17)	-	-	(17)
- options lapsed	(646)	-	-	(646)
Total transactions with owners	<u>3,896</u>	<u>-</u>	<u>-</u>	<u>3,896</u>
At 31 December 2016	<u>9,962</u>	<u>28,355</u>	<u>(2,235)</u>	<u>36,082</u>
At 1 January 2015	1,485	27,035	(2,235)	26,285
<u>Transactions with owners</u>				
Issuance of new warrants	-	1,320	-	1,320
Employees' share option scheme (Note 32)				
- options granted	4,869	-	-	4,869
- options exercised	(1)	-	-	(1)
- options lapsed	(287)	-	-	(287)
Total transactions with owners	<u>4,581</u>	<u>1,320</u>	<u>-</u>	<u>5,901</u>
At 31 December 2015	<u>6,066</u>	<u>28,355</u>	<u>(2,235)</u>	<u>32,186</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES					
Profit attributable to equity holders of the Company		267,360	330,392	222,943	234,391
Adjustments for:					
Taxation		73,532	6,083	2,239	2,053
Non-controlling interests		51,737	33,637	-	-
Share of results of					
- associates		(26,348)	(16,007)	-	-
- joint ventures		(6,313)	8,125	-	-
Dividend income	6	(158)	(289)	(253,354)	(304,761)
Finance income	8	(23,466)	(39,329)	(7,704)	(3,863)
(Gain)/loss on disposal					
- subsidiaries	8	-	(38,904)	(2,436)	8,868
- a joint venture	8	-	(70,121)	-	(17,776)
- associates	8	(2,770)	-	(4,858)	-
- investment properties	8	(186,549)	(220,531)	(36,604)	-
Gain arising from dilution of interest of an associate	8	(9,393)	-	-	-
Employees' share option scheme					
- value of service provided	10	4,559	4,869	1,773	1,723
Finance costs	12	175,922	184,843	40,001	38,804
Impairment/(write back) on investments in					
- subsidiaries	19	-	-	21,858	65,498
- loan stock	19	-	-	(17,333)	-
- goodwill	24	53,378	862	-	-
Fair value gain on financial assets at fair value through profit or loss		49	848	49	848
Provision for/(write back) of receivables and amount due from subsidiaries		466	4,134	5,313	(79,956)
Property, plant and equipment					
- depreciation		20,112	20,892	1,228	1,746
- written off		7,440	1,759	-	377
- net gain on disposal		(24)	(54)	-	(4)
Depreciation of investment properties		4,664	9,432	-	519
Amortisation of intangible assets					
- service concession asset	18	34,645	30,303	-	-
- order book	24	3,153	3,534	-	-
Provision for/(write back) of					
- liabilities and charges	35	15,607	(29,485)	-	-
- post-employment benefits	37	2,082	1,879	785	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALYSIAN RESOURCES CORPORATION BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES (CONTINUED)					
Unrealised gain on currency translation differences		(887)	(2,087)	(381)	(1,414)
Realised gain on transactions with an associate		(1,732)	(1,164)	-	-
Operating profit/(loss) from operations before changes in working capital		457,066	223,621	(26,481)	(52,175)
Changes in working capital:					
Property development costs		77,444	20,383	-	-
Inventories		5,581	(20,475)	1,299	-
Receivables		(254,534)	147,464	(32,338)	27,526
Amounts due from subsidiaries (net)		-	-	(44,984)	(75,797)
Amounts due from associates and joint ventures (net)		(1,278)	(12,890)	20,705	(2,546)
Amounts due to related parties (net)		-	-	187	98
Payables		116,333	59,373	51,954	(20,231)
Net cash flow from operations		400,612	417,476	(29,658)	(123,125)
Interest income received		9,580	10,595	3,445	3,863
Dividends received from - subsidiaries		-	-	149,543	72,270
- financial assets at fair value through profit or loss		158	303	158	303
Tax refunded		2,440	564	-	-
Tax paid		(56,870)	(81,257)	(3,309)	(2,670)
Finance cost paid		(197,003)	(201,419)	(38,692)	(37,589)
Retirement benefits paid		(2,077)	(2,111)	(369)	(1,130)
Liability and charges paid		-	(3,739)	-	-
Net cash flow generated from/(used in) operating activities		156,840	140,412	81,118	(88,078)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
INVESTING ACTIVITIES					
Proceeds from disposal of associates		8,500	-	8,500	-
Redemption of redeemable preference shares by subsidiaries		-	-	101,884	-
Redemption of loan stock by a subsidiary		-	-	17,333	-
Proceeds from disposal of a joint venture		-	119,776	-	119,776
Net cash outflow from acquisition of a subsidiary	5	(2,204)	-	-	-
Proceeds from disposal of asset held for sale	A	237,683	96,000	3,100	-
Proceeds from disposal of property, plant and equipment		86	2,530	-	6
Purchase of property, plant and equipment		(130,687)	(75,616)	(761)	(2,937)
Purchase of investment properties		(107,750)	(118,053)	-	-
Purchase of land held for property development		(288,363)	(449,930)	-	-
Capital repayment of a financial asset at fair value through profit or loss		77	-	77	-
Subscription of shares in					
- subsidiaries		-	-	-	(20,000)
- associate		(110,000)	(5,883)	-	(5,883)
- joint ventures		(70)	(5,510)	-	-
Dividends received from associates		28,853	14,379	28,853	14,379
Acquisition of additional equity interest in a subsidiary		(7,132)	-	(7,132)	-
Repayment of advances by subsidiaries		-	-	89,097	175,016
Advances to subsidiaries		-	-	(630,230)	(214,579)
Acquisition of order book		-	(20,000)	-	-
Proceed from Government grant		29,947	33,024	-	-
Net cash flow (used in)/generated from investing activities		(341,060)	(409,283)	(389,279)	65,778

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
FINANCING ACTIVITIES					
Proceeds from term loans		734,137	701,253	-	162,000
Repayment of term loans		(694,362)	(488,679)	(1,900)	(126,400)
Proceeds from private placement of shares		401,703	-	401,703	-
Proceeds from share options exercised		169	13	169	13
Subscription of shares by non-controlling interest		49	-	-	-
Dividend paid to shareholders		(44,664)	(44,664)	(44,664)	(44,664)
Dividend paid to non-controlling interest		(5,163)	(37,730)	-	-
Redemption of loan stock		(7,000)	-	-	-
Released of bank balances and fixed deposits as security for financing		52,887	170,199	6,775	45,867
Net payment for additional equity interest in subsidiary		-	(502)	-	-
Net cash flow generated from financing activities		437,756	299,890	362,083	36,816
CHANGES IN CASH AND CASH EQUIVALENTS		253,536	31,019	53,922	14,516
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR		339,229	308,210	55,660	41,144
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	30	592,765	339,229	109,582	55,660

A. Non-cash transactions other than those disclosed elsewhere in the financial statements

INVESTING ACTIVITIES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross proceeds from disposal of assets held for sale	31	730,800	476,000	90,800	-
Less:					
- cash directly repaid for term loan and finance cost	38	(493,117)	(380,000)	(87,700)	-
Net proceeds from disposal of assets held for sale		237,683	96,000	3,100	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in property development, property investment, construction related activities, environmental engineering and provision of management services to its subsidiaries.

The Group is principally engaged in property development, property investment, engineering and construction related activities, environmental engineering, infrastructure and facilities management and parking services.

The principal activities of the subsidiaries, joint ventures and associates are described in Note 47 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 March 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and the requirements of the Companies Act, 1965 in Malaysia.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. In the next financial year, the Group and the Company will continue to apply FRS. The Group and the Company will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for the financial year ending 31 December 2018. In adopting the new framework, the Group and the Company will be applying MFRS 1 "First-time Adoption of MFRS".

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(a) The new/revised accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group's and the Company's financial year beginning 1 January 2016 are as follows:

- Amendment to FRS 11 "Joint Arrangements" requires an investor to apply the principles of FRS 3 "Business Combination" when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.
- Amendments to FRS 116 "Property, Plant and Equipment" and FRS 138 "Intangible Assets" clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to FRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to FRS 10 and FRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture resolve a current inconsistency between FRS 10 and FRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not have material financial impact on the results of the Group and of the Company for the current and any prior financial year and are not likely to affect future periods.

(b) Standards early adopted by the Group and the Company

There are no standards early adopted by the Group and the Company.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

- (c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

Financial year beginning on/after 1 January 2018

- MFRS 15 'Revenue From Contracts With Customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
 - Identify the separate performance obligations
 - Determine the transaction price of the contract;
 - Allocate the transaction price to each of the separate performance obligations; and
 - Recognise the revenue as each performance obligation is satisfied.
- MFRS 9 'Financial Instruments' will replace FRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group and the Company are in the process of making an assessment on the potential impact of these standards on the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activity of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting.

Subsidiaries that were consolidated prior to 1 January 2002 are in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

The Group has taken advantage of the transitional provision provided by FRS 3 (revised) to apply these standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Acquisition related costs are recognised as expenses when incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to the fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.7 on intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in the subsidiaries' equity since that date.

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MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (continued)

All earnings and losses of the subsidiaries are attributable to the parent and the non-controlling interest, even if the attributable losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit and loss attributable to non-controlling interests for prior financial year is not restated.

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business Combinations" and FRS 127 "Consolidated and Separate Financial Statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payments will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Previously, the Group had stopped attributing losses to the non-controlling interest because the losses exceeded the carrying amount of the non-controlling interest. The Group has applied this policy prospectively. On the date of adoption of the new policy, the non-controlling interest reflects its previous carrying amount.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (continued)

The Group had adopted FRS 10 "Consolidated Financial Statements" with effective for financial year beginning 1 January 2013 and resulted in changes to the following policies:

- Control exists when the Group is expected, or has rights, to variable from its involvement with the entity and has the ability to the effect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such right are substantive. In the previous financial years, potential voting rights are considered with assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy had been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 had no significant impact to the financial statements of the Group.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when the control is lost, with the change in carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amount previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries disposed.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

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MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

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MALAYSIAN RESOURCES CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(d) Joint arrangements

Joint arrangements are arrangement of which the Group has joint control, establishment by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group had adopted FRS 11 "Joint Arrangements" with effect from 1 January 2013. As a result, joint arrangement are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to assets and obligations for the liabilities relating to the arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method.

Investments in joint ventures are stated at cost in the separate financial statements. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non- financial assets as set out in Note 2.21 to the financial statements.

Results and interests in joint venture are equity accounted in the venturer's financial statements of the Group.

Equity accounting involves recognising the venturer's share of the post-acquisition results of joint ventures in the profit or loss and its share of post- acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturer. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

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MALAYSIAN RESOURCES CORPORATION BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the statements of comprehensive income within other expenses.

The principal closing rates used in translation of foreign currency amounts were as follows:

<u>Foreign currency</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	RM	RM
100 Thai Baht	12.40	11.83
1 Australian Dollar	3.23	3.12
1 UK Pound	5.51	6.36
1 Singapore Dollar	3.10	3.03
1 US Dollar	4.48	4.29

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life. Construction in progress are also not depreciated as these assets are not available for use. Cost includes expenditure that is directly attributable to the acquisition of the items. The initial cost of property, plant and equipment is net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts to their residual values over their estimated useful lives summarised as follows:

Buildings	50 years
Plant and machinery	5 to 10 years
Furniture, fittings, office equipment and computers	3 to 20 years
Motor vehicles	3 to 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are credited or charged to other expenses in the profit or loss.