



MALAYSIAN RESOURCES CORPORATION BERHAD

GOING FOR GOLD

Annual Report 2017





National Stadium

//////
MRCB DELIVERED A NATIONAL
SPORTS COMPLEX THAT
PROVIDES BOTH ATHLETES
AND SPECTATORS WITH
WORLD-CLASS SPORTING
FACILITIES AND EXPERIENCES.



KL Sports City Statistics

>> NUMBER OF STADIUMS

4 STADIUMS

>> ACHIEVEMENTS

8 CERTIFICATIONS, AWARDS AND NOMINATIONS

>> RECORD BREAKER

COMPLETED IN 18 MONTHS

>> NUMBER OF PEOPLE INVOLVED

23 CONTRACTORS
20 CONSULTANTS
1,800 CONSTRUCTION WORKERS

NATIONAL STADIUM

THE NATIONAL STADIUM, WITH ITS DISTINCTIVE EXTERNAL FAÇADE, IS UNIQUELY MALAYSIAN AND HOME TO MALAYSIA'S VERY OWN HARIMAU MALAYA.

It's the only stadium in Malaysia with over 85,000 seating capacity making it the largest in Malaysia, 2nd largest in ASEAN and the 11th largest in the world. This magnificent building was newly upgraded to a world-class standard consisting of state-of-the-art facilities with a luxurious Royal Lounge and Corporate Suites. The National Stadium has been inspected and declared compliant by the International Association of Athletics Federation (IAAF) and Fédération Internationale de Football Association (FIFA).

The multipurpose National Stadium, which was the host venue for the regional 29th SEA Games in 2017, is set to be a sporting and entertainment ground for all.



NATIONAL AQUATIC CENTRE

Constructed in accordance to the rigorous standards of regulation of the International Swimming Federation (FINA), the National Aquatic Centre is a special-integrated sports facility which meets all the needs of international swimming and diving sports competition events. Characterised by its dome-shaped roof measuring 7,500 square meters, the centre has three types of pools – all with new tiles, underwater lighting and mechanical filtration systems. The National Aquatic Centre can accommodate up to 4,000 spectators at any one time.



AXIATA ARENA

Axiata Arena (formerly known as Stadium Putra) which is located behind the National Stadium, is the first stadium partnership project incorporating corporate branding in Malaysia. It has a 13,000 seating capacity and is equipped with the latest sound and lights technology and world-class facilities for events. Axiata Arena is also known for its use of parametric technology for the LED lights on its façade. The arena is on par with Staples Centre in Los Angeles, O2 Arena in London and Mercedes-Benz Arena in Shanghai as a world-class sporting and entertainment venue.



NATIONAL HOCKEY STADIUM

The National Hockey Stadium, now the only Fédération Internationale de Hockey (FIH) Global Elite standard certified stadium in the world, consists of two hockey stadiums called Hockey Stadium 1 and Hockey Stadium 2. Hockey Stadium 1, which has 12,000 covered seating capacity, is used for competitions, while Hockey Stadium 2 which accommodates 1,000 seating capacity, is used for training. The stadium is equipped with conference rooms, a doping testing room, medical and physiotherapy room, first aid room and dressing room. There is also a media centre that contains two lounges and work space for 100 journalists, fully equipped with a platform for a digital TV, broadcasting room and one room for post-match press conferences.

//////
MRCB DELIVERED A NATIONAL
SPORTS COMPLEX THAT
PROVIDES BOTH ATHLETES
AND SPECTATORS WITH
WORLD-CLASS SPORTING
FACILITIES AND EXPERIENCES.



GOING FOR GOLD

At MRCB, our vision of Setting The Standard extends beyond our corporate aspirations of ensuring a sustainable and profitable business for the long-term. We are also proud of our role in catalysing the nation's growth; holding in the highest regard the projects entrusted to us and delivering world-class products at all times.

The KL Sports City project embodies this spirit. Malaysia's success in hosting and recording its highest achievements at the 29th SEA Games is exactly the kind of outcome we at MRCB hope for when we undertake a project. The endgame is never just a finished product, but rather the positive spillover effects we expect to come from it over the long-term.

The theme "Going For Gold" not only highlights our ultimate aim of achieving the highest standards in all that we do, but a shared aspiration with all Malaysians.



Scan this QR code for a direct link to our Annual Report online.

Or log on to

<https://www.mrcb.com.my/investor-relations/financial-reports/#annual-reports>

MRCB

The Annual Report is also on our App. Download the MRCB Investor App on Google Play.



National Stadium

PRINTED SECTION

The printed section of the Annual Report and Financial Report aims to provide concise, relevant and reliable information addressing the Group's issues and activities.

CORPORATE GOVERNANCE REPORT

The Annual Report and Financial Report should be read in conjunction with our Corporate Governance Report, which is available on the Group's website, www.mrcb.com

ANNUAL REPORT



CONTENTS

Provides a comprehensive assessment of the Group's performance for 2017 and outlook for 2018.

REPORTING FRAMEWORK

- Bursa Malaysia Main Market Listing Requirements.
- Malaysian Code on Corporate Governance.

NAVIGATION ICONS



This icon indicates where readers can find additional information in this Annual Report.



This icon indicates where readers can find additional information online.



FINANCIAL REPORT



CONTENTS

Presents the full set of the Group's audited financial statements.

REPORTING FRAMEWORK

- Financial Reporting Standards.
- Companies Act, 2016.

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* Proxy Form

2017 AT A GLANCE

The Financial Year 2017

The Financial Year 2017 saw us solidify our standing as a leading Transit Oriented Developer – recording strong financials, completing major projects and winning new contracts for future growth. We continued to roll out transformative initiatives to address both financial and non-financial performance, with a focus on scaling up our core businesses for the future.

Land Bank

>> **393** acres



Gross Development Value

> **RM55** billion

81% is in Transit Oriented Developments (TOD)

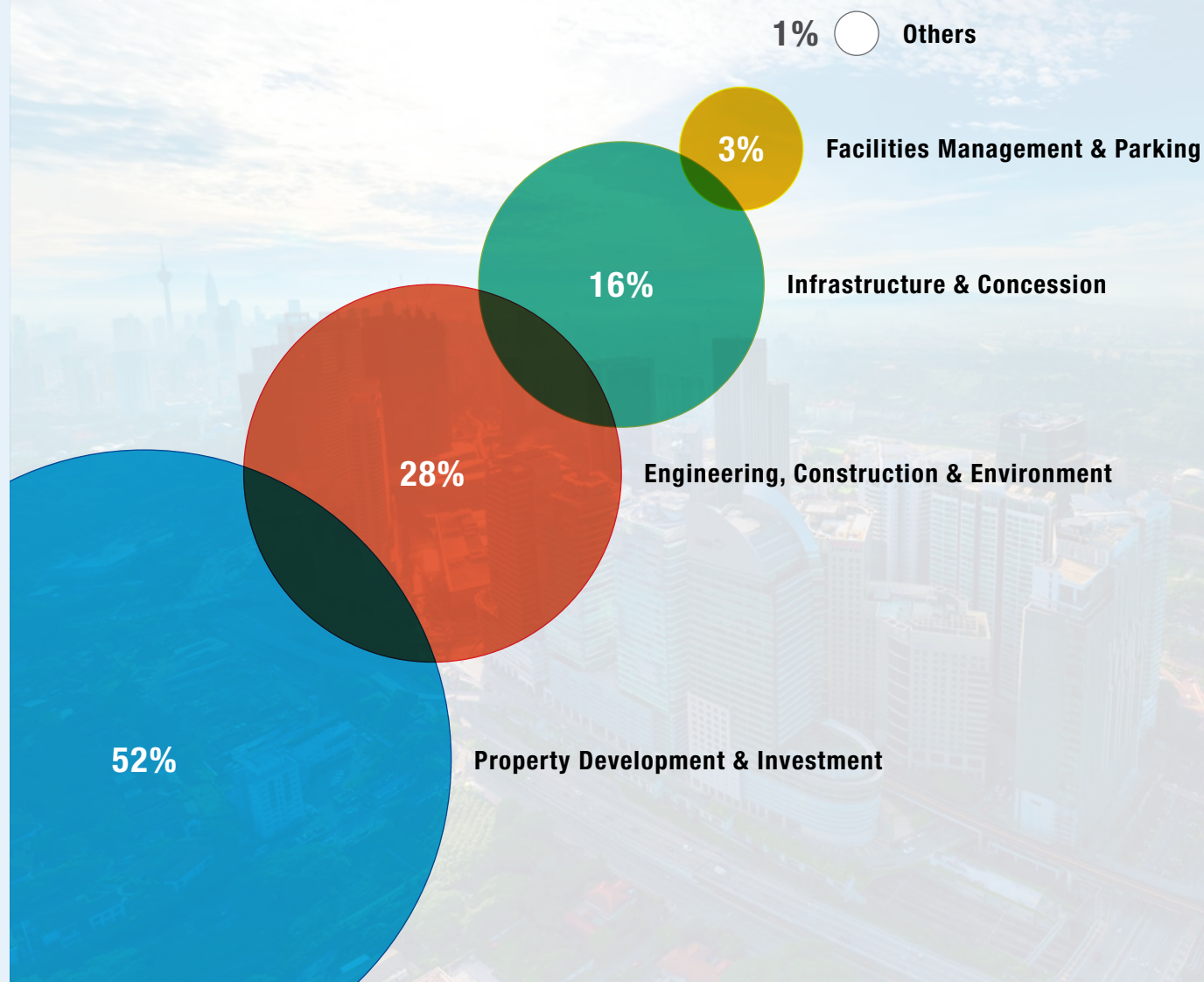


External Construction Order Book

>> **RM6.3** billion



OPERATING PROFIT BY SEGMENT



>> REVENUE

RM2.8 billion

>> PROFIT BEFORE TAX

RM247.3 million

>> EARNINGS PER SHARE

6.56 sen

>> DIVIDEND PER SHARE

1.75 sen

>> MARKET CAPITALISATION

RM4.9 billion

>> NET GEARING

0.53 times

>> NET ASSET PER SHARE

RM1.10

>> Shareholders' Funds

RM4.8 billion

(RM' Million)



* All figures as at 31 December 2017

OUR VISION, MISSION AND VALUES

OUR VISION



SETTING **THE STANDARD**



OUR MISSION

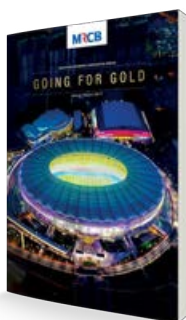
Leading the field through innovation in property development, engineering and construction



OUR VALUES



ABOUT THIS REPORT



MRCB GROUP'S 2017 ANNUAL REPORT IS ALIGNED WITH BEST PRACTICES FOR DISCLOSURES IN ANNUAL REPORTS.

It adheres to the corporate disclosure framework outlined by Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Main LR), and takes into account other guidelines published in this regard.



KL Sentral CBD

BASIS OF PREPARATION

This report aims to provide a transparent and balanced assessment of how we create value, taking into account both qualitative and quantitative matters that are material to our operations and strategic objectives, and which may influence the decision making of our stakeholders.

The report reviews our strategic performance, our commitment to creating sustainable Economic, Environmental and Social value, gives an account of our Governance, and a comprehensive review of our risks and the measures we have put in place to mitigate those risks. For more details, please refer to Our Strategic Performance on page 12, Sustainability Statement on page 62, and How We're Governed on page 102.

Our Annual Report, which includes our business model, and Annual Financial Statements should be read in conjunction with our analysis of our overall business performance and segmental performance reviews.

Our corporate structure and business model are provided on pages 9 and 10 while our financial statements can be found in the Financial Report 2017.

This Annual Report is our primary report. It is supplemented with online disclosures which can be found at www.mrcb.com.

ASSURANCE APPROACH AND BOARD APPROVAL

This is our Annual Report which outlines our corporate journey in creating long-term sustainable value for all our stakeholders. Our financial report is audited by an independent third party, PricewaterhouseCoopers PLT, who have audited our Financial Statements and whose audit opinion can be viewed on page 8 in the Financial Report 2017.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which are based on MRCB Group Management's current estimates and projections and currently available information. These forward-looking statements relate to the plans, objectives, goals, strategies, future operations and performance of MRCB Group and our subsidiaries. They are not guarantees of the future developments and results outlined as they are dependent on a number of factors which involve various risks, uncertainties and assumptions. Such factors include those laid out in the Statement on Risk Management and Internal Control on page 126. We do not assume any obligation to update the forward-looking statements contained in this report.

CORPORATE PROFILE



AS ONE OF THE COUNTRY'S LEADING PROPERTY AND CONSTRUCTION COMPANIES, MALAYSIAN RESOURCES CORPORATION BERHAD (MRCB) HAS BEEN A KEY PLAYER IN THE DEVELOPMENT OF THE NATION'S BUILDINGS AND INFRASTRUCTURE SINCE OUR LISTING ON BURSA MALAYSIA IN 1971.



OUR AIM:

At MRCB, we leverage on our position as an industry leader and a pioneer of Transit Oriented Developments (TOD) to drive continuous growth. Our aim is to provide vibrant and sustainable city-within-a-city developments through our TODs which focuses on pedestrian-oriented communities living and working around high quality mass transport systems. In competing for large infrastructure projects, we use our skills and expertise to develop high-quality infrastructure in tandem with population needs and expectations.

What is TOD?

A Transit Oriented Development (TOD) is a mixed-use residential and commercial area designed to maximise access to public transport and often incorporates features to encourage transit ridership.



Kwasa Sentral

CORPORATE PROFILE



PROPERTY DEVELOPMENT & INVESTMENT

MRCB is a leading urban property developer, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. MRCB is the pioneer of TOD in Malaysia, through its flagship and award winning Kuala Lumpur Sentral CBD project, which has attracted some of the world's leading corporations as tenants due to its high quality buildings and excellent transportation connectivity. MRCB's future TOD projects – PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral, will also feature excellent transportation connectivity and integration at their core.

MRCB has interests in an urban development land bank of 393 acres with an estimated Gross Development Value (GDV) of RM55 billion.

The Group's Property Investment activity is largely through its 27.9% equity stake in MRCB-Quill REIT (MQREIT), a commercial property real estate investment trust which owns 11 buildings valued at RM2.3 billion as at 31 December 2017.



INFRASTRUCTURE & CONCESSION

Infrastructure & Concession Division comprises the Eastern Dispersal Link (EDL), which was handed over to the Government of Malaysia after its concession period ended on 31 December 2017. MRCB is currently negotiating a mutual termination agreement and settlement sum.



ENGINEERING, CONSTRUCTION & ENVIRONMENT

Designing, building and contracting gives MRCB complete control over its own property development projects, helping the Group ensure that the project's vision is fully realised in terms of quality, on budget and on time.

As well as constructing world-class commercial and residential buildings, MRCB's Engineering, Construction & Environment Division also has an enviable track record as an infrastructure developer, including constructing rail and road transportation infrastructure and high voltage power transmission projects comprising substations, overhead transmission lines and underground cabling. Its environment business undertakes the rehabilitation and flood mitigation of rivers and coastal areas.



FACILITIES MANAGEMENT & PARKING

MRCB's Facilities Management & Parking operation has successfully established its own brand as a major player in Malaysia in managing, maintaining and providing security services and operating car parks at integrated transportation hubs and high profile commercial and residential complexes. The Division manages over 14,000 car park bays.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- | | |
|--|--|
| <p>» TAN SRI AZLAN ZAINOL
Non-Independent Non-Executive Chairman</p> | <p>» JAMALUDIN ZAKARIA
Senior Independent Director</p> |
| <p>» TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director</p> | <p>» ROHAYA MOHAMMAD YUSOF
Non-Independent Non-Executive Director</p> |
| <p>» MOHD IMRAN TAN SRI MOHAMAD SALIM
Executive Director</p> | <p>» HASMAN YUSRI YUSOFF
Independent Director</p> |
| <p>» DATUK SHAHRIL RIDZA RIDZUAN
Non-Independent Non-Executive Director</p> | <p>» TO' PUAN JANET LOOI LAI HENG
Independent Director</p> |



AUDIT COMMITTEE

Hasman Yusri Yusoff

Jamaludin Zakaria

Rohaya Mohammad Yusof



EXECUTIVE COMMITTEE

Datuk Shahril Ridza Ridzuan

Tan Sri Mohamad Salim Fateh Din

Jamaludin Zakaria



NOMINATION & REMUNERATION COMMITTEE

Jamaludin Zakaria

Rohaya Mohammad Yusof

Hasman Yusri Yusoff



EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

(Until 30 October 2017)

Datuk Shahril Ridza Ridzuan

Mohd Imran Tan Sri Mohamad Salim

Jamaludin Zakaria



LONG-TERM INCENTIVE PLAN (LTIP) COMMITTEE

(Established on 27 November 2017)

Jamaludin Zakaria

Mohd Imran Tan Sri Mohamad Salim

Datuk Shahril Ridza Ridzuan

» **COMPANY SECRETARY**
Mohd Noor Rahim Yahaya
(MAICSA 0866820)

» **REGISTERED OFFICE**
Level 33A, Menara NU 2
No. 203, Jalan Tun
Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03-2786 8080
Fax : 03-2780 7668

» **SHARE REGISTRAR**
**Symphony Share Registrars
Sdn Bhd**
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7849 0777
Fax : 03-7841 8151/8152

» **PRINCIPAL BANKERS**

- » Affin Bank Berhad
- » CIMB Bank Berhad
- » CIMB Islamic Bank Berhad
- » HSBC Bank Malaysia Berhad
- » Malayan Banking Berhad
- » Malaysia Building Society Berhad
- » RHB Bank Berhad
- » RHB Islamic Bank Berhad

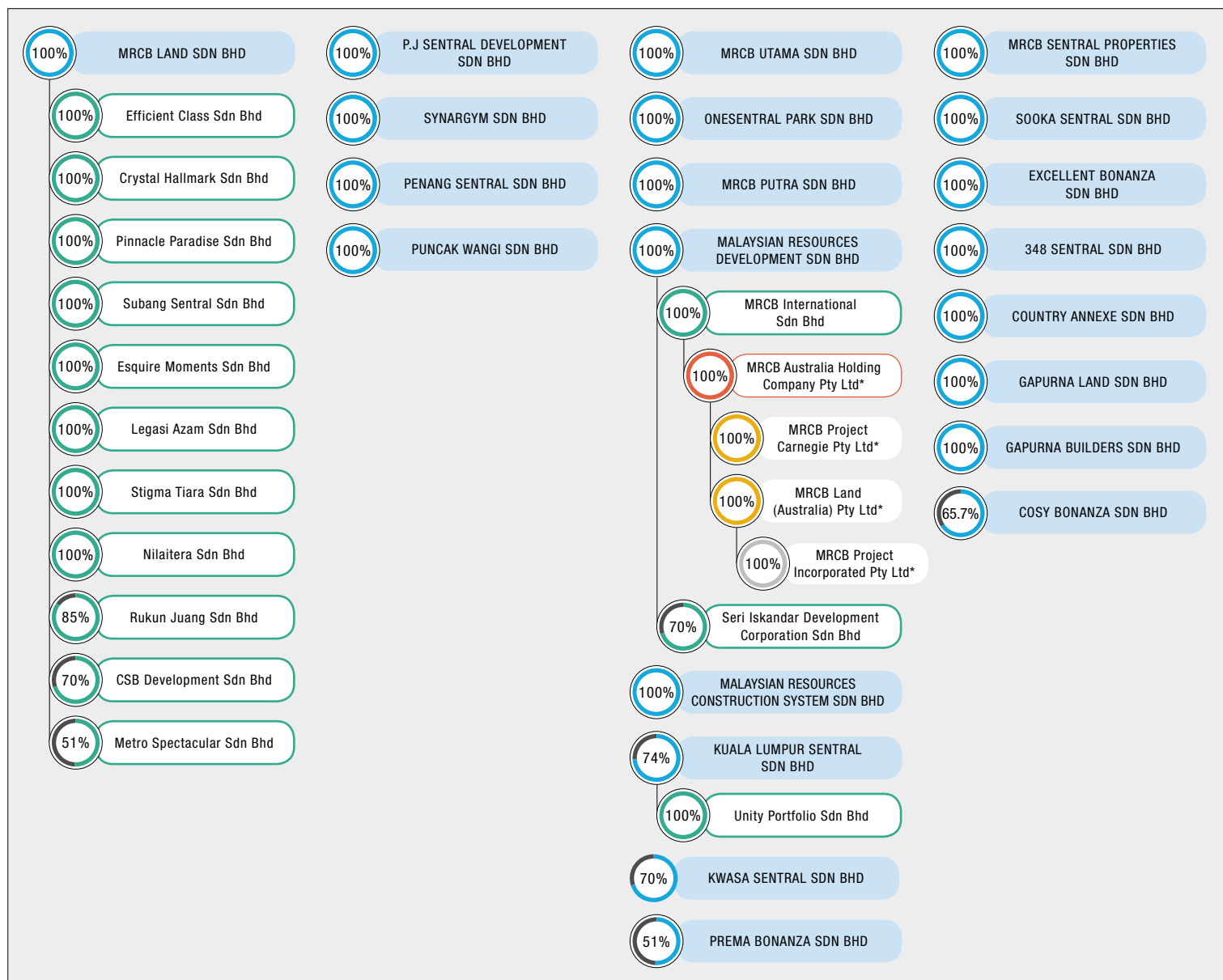
» **AUDITORS**
PricewaterhouseCoopers PLT

» **STOCK EXCHANGE LISTING**
Listed on Main Market of
Bursa Malaysia Securities
Berhad

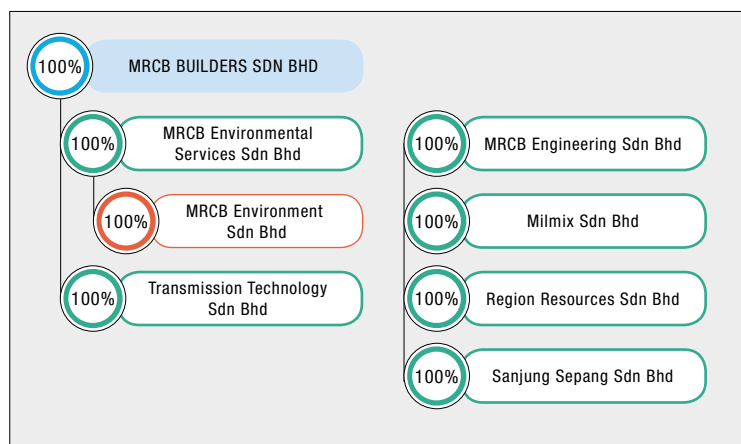
» **DATE OF LISTING**
22 March 1971

CORPORATE STRUCTURE

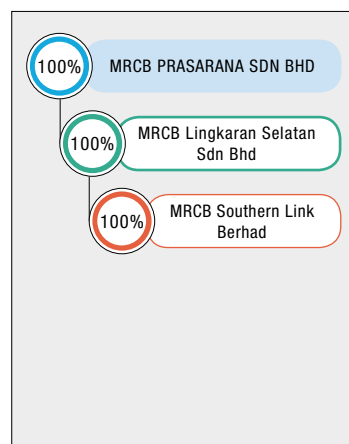
PROPERTY DEVELOPMENT & INVESTMENT



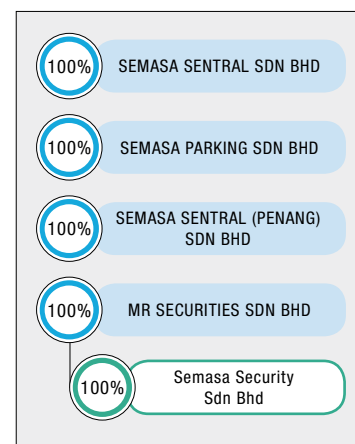
ENGINEERING, CONSTRUCTION & ENVIRONMENT



INFRASTRUCTURE & CONCESSION



FACILITIES MANAGEMENT & PARKING



(*) denotes that the company operates in Australia.
All other companies operate in Malaysia.

HOW WE CREATE AND PRESERVE VALUE


OUR BUSINESS MODEL FOCUSES ON DELIVERING VALUE ACROSS THE ENTIRE VALUE CHAIN, CREATING SUSTAINABLE RETURNS FOR SHAREHOLDERS AND MAKING A POSITIVE IMPACT IN THE COMMUNITIES IN WHICH WE OPERATE.

WHAT WE DO

>> 1

WE PRE-LET AND BUILD BESPOKE BUILDINGS TO CLIENTS ON LONG-TERM LEASES


Pre-letting and building bespoke buildings is an important element of our strategy as it dovetails into other forms of revenue for the Group and reduces speculative risk. We are renowned for building green, environmental friendly buildings.



>> 2

WE PRE-SELL BESPOKE BUILDINGS


We pre-sell bespoke buildings to corporate or institutional purchasers and then build them to generate revenue and reduce risk.



>> 3

WE PRE-SELL AND BUILD RESIDENTIAL & RETAIL COMMERCIAL DEVELOPMENTS


We focus on developing large pedestrian foot traffic through our bespoke commercial properties, which catalyses demand for residential and retail commercial buildings.



>> 4

WE EARN INCOME FROM OUR INVESTMENT PROPERTIES & OUR UNITS HELD IN MQREIT


We derive an ongoing income from our properties and those we have developed and sold to MQREIT.




>> 5

WE ARE A CONSTRUCTION BUSINESS


We construct high-rise buildings, rail and road infrastructure, and high voltage power transmission lines. Our environment business undertakes the rehabilitation and flood mitigation of rivers and coastal areas.




RESOURCES AND RELATIONSHIPS CRITICAL TO OUR BUSINESS MODEL




Availability of financial capital
See our financial health in our Financial Report 2017




Outstanding people
See the calibre of our people on page 74




Strong relationships with local government and obtaining effective planning permissions




Availability of sufficient high quality building materials



Availability of sufficient labour and skilled subcontractors



Good relationships with communities in which we operate



Good relationships with land agents and land owners to secure sufficient land in prime locations

Who We Are and What We Do

HOW WE CREATE AND PRESERVE VALUE

THE VALUE WE CREATE

SHAREHOLDERS

Our strategies are designed to create sustainable wealth and value for our shareholders.

We are committed to ensure increased margins and return on equity through:

- » Achieving the best possible prices for the homes we sell, driving returns
- » Ensuring successful developments which enhances relationships and our reputation, improving opportunities to source future sites and obtaining effective planning permissions, and garnering community support and customers
- » Improving capital efficiency
- » Securing materials and subcontractor supplies at competitive rates
- » Delivering improved returns through high sales rates
- » Reducing remedial costs
- » Cultivating a strong communication line with shareholders to ensure transparency

» DIVIDEND PER SHARE
1.75 sen

» LEADER IN GOVERNANCE
13TH
in the MICG Survey

» NEW PROJECT WINS
RM468
million

CLIENTS

Our business model allows us to directly address market demand; tailoring our products to suit industry needs and delivering world-class developments.

We provide value-add to our clients through:

- » Building highly customised, purpose-built buildings for long-term blue-chip tenants which are optimised to their operational requirements
- » Providing attractive locations and foot traffic by leveraging on our TODs or areas with strong transportation connectivity
- » Providing a seamless integration between public transport, and working and living areas for better mobility
- » Creating critical mass through commercial properties, which in turn stimulates demand to support our clients
- » Providing attractive solutions, such as partnerships, to large institutional investors, and provident and wealth funds looking for direct equity participation at the project level in property investment

» TRANSIT ORIENTED DEVELOPMENT GDV
RM45 billion

» TOTAL GDV
RM55 billion

COMMUNITY & THE ENVIRONMENT

We are proud of our role in building the nation, and continuously look for opportunities to enhance the lives of the community-at-large while protecting the environment.

We are passionate about providing safe and healthy living and working spaces through:

- » Investing in local communities and infrastructure
- » Regenerating brownfield sites to generate economic value
- » Creating a positive legacy for local communities by building great places to live and work
- » Reducing energy consumption for a more sustainable future by designing and building energy efficient green offices and houses
- » Putting health and safety first at all our sites to ensure the wellbeing of our stakeholders are safeguarded
- » Creating an economic multiplier by designing our developments in ways that increase demand and value
- » Reducing carbon emissions by connecting communities through the integration of TODs

» LRT3 EXPECTED TO BENEFIT
2,000,000
people by 2020

» KL SENTRAL AVERAGE COMMUTERS
200,000
a day

EMPLOYEES

Our employees are our most valued assets. As such, we continue to invest in them and safeguard their interests.

We ensure our employees are protected and developed through:

- » Providing a conducive and safe place for employees to deliver world-class work
- » Motivating employees to perform through performance based rewards
- » Engaging employees to improve morale and wellbeing
- » Promoting inclusivity and diversity to ensure fairness
- » Encouraging employees to upskill themselves through internal and external programmes and training
- » Developing employees by providing avenues for professional and personal growth
- » Providing employees with comprehensive benefits and competitive remuneration

» TRAINING INVESTMENT
RM1.0
million

» UPHELD HEALTH & SAFETY STANDARDS
0 fatalities

» AVERAGE TRAINING PER EMPLOYEE
9.3 hours

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present my statement outlining MRCB Group's key highlights for the Financial Year 2017.

2017 was a successful year for us, featuring several high points which reinforced our Corporate vision, which is Setting The Standard. A major event was the successful handover of KL Sports City, the official venue for the 29th SEA Games in Malaysia. We achieved several "firsts" with the rejuvenation of the sports complex – a source of pride for both our Group and the nation.

In terms of our business performance, we remained on track with our transformation for growth agenda. We recorded a commendable performance across all our key operational and financial performance metrics, recording Revenue of RM2.8 billion and Profit Before Tax of RM247.3 million. The Revenue achieved in 2017 represents a 17.3% increase compared to 2016, while Profit Before Tax excluding disposal gains rose 22.9%. Thus, the Board of Directors has declared a first and final single-tier dividend of 1.75% or 1.75 sen per ordinary share, totaling approximately RM76.8 million for FY2017 compared to RM60.3 million for 2016.



For further details of our financial performance, please refer to our Management Discussion and Analysis on page 20.



WE BELIEVE THAT MAINTAINING A SHARP FOCUS ON OUR CORE BUSINESS WILL ENABLE US TO LEVERAGE ON THE UNIQUE SKILLS AND EXPERTISE MRCB IS RENOWNED FOR IN THE INDUSTRY.



CONTINUING OUR TRANSFORMATION JOURNEY BY STRENGTHENING OUR CORE BUSINESS

In our Annual Report for the year 2016, I highlighted MRCB's Transformation Journey. Continuing with our Transformation Strategies in 2017, we maintained our emphasis on enhancing long-term profitability and de-gearing, as well as realigning our business by focusing on our core business activities. We believe that maintaining a sharp focus on our core business will enable us to leverage on the unique skills and expertise MRCB is renowned for in the industry.

We made further inroads in achieving our transformation objectives through some key corporate exercises conducted during the year. All our non-core assets and businesses have now been disposed, apart from the largest, the Eastern Dispersal Link Highway (EDL) in Johor, which accounted for 31.3% of our debt at the end of 2017.

In late December 2017 efforts to dispose of the EDL came to a halt when we received a letter from the Ministry of Works informing us that the concession period for the EDL shall end on 31st December 2017, after which the highway will be taken over by the Government. The handing over was completed on schedule, and a mutual termination agreement along with negotiations on a settlement sum with the Government for the termination of the concession are ongoing.



Our Group Managing Director's Management Discussion and Analysis on page 23 of this Annual Report shares more details on the divestment of the EDL.

CHAIRMAN'S STATEMENT



TAN SRI AZLAN ZAINOL
Chairman

SUSTAINING FUTURE GROWTH

In the past, a recurring theme voiced by our shareholders and the investment fraternity alike was concern for our high net gearing. We have taken great strides in addressing this over the last three years, making it a top priority in our Transformation Journey. By the end of 2016, we successfully reduced our net gearing to 0.73 times from 1.73 times in 2013. Concurrently, we also managed to scale up our property development land bank, from just 54 acres in 2013 with a GDV of RM11 billion, to 393 acres in 2017 with a GDV of RM55 billion. Given the current size of our land bank and our GDV pipeline, it became increasingly clear that MRCB's existing capital base was no longer adequate to fund the scale of the enlarged Group's long-term growth. Further reductions in our net gearing would also not be sustainable given the sheer size of development projects we now have in the pipeline.



REVENUE

We recorded strong growth of revenue of

RM2.8 billion



PROFIT BEFORE TAX (PBT)

RM247.3 million

PAT: **RM181.8 million**



NET GEARING

We successfully reduced our net gearing to

0.53 times

in 2017 compared to 1.73 times in 2013

To sustain our continuous growth, in 2017 we concluded that a long-term solution was necessary through a One-for-One Rights Issue. The Rights Issue was a success, raising RM1.7 billion and receiving the backing of our largest shareholders, achieving a 108% take-up rate. The proceeds from the Rights Issue immediately reduced our net gearing to 0.35 times, and is expected to reduce more significantly after further impending disposals of non-core assets are completed later this financial year.

With this significant strengthening of our balance sheet, the Group is now in a very strong position to fund its future growth, as well as exploit other opportunities that may arise. However, we remain vigilant of the need to maintain a strong balance sheet, and will continue to ensure that the Group's long-term net gearing remains in line with our peers in the property development industry.



More details on our Rights Issue can be found within the Management Discussion and Analysis on page 23 of this Annual Report.

CHAIRMAN'S STATEMENT



National Stadium



You can read more about the innovative architectural and sustainability design features we have incorporated into KL Sports City as well as other outcomes generated from the project on page 48 of this Annual Report.

GOING FOR GOLD: KL SPORTS CITY

A momentous occasion for us during the year was the successful handover of KL Sports City to the Malaysian Government as the host venue for the regional 29th SEA Games.

The genesis of this project began in 2015 when Rukun Juang Sdn Bhd, an 85% owned subsidiary of MRCB Land Sdn Bhd, entered into a RM1.6 billion privatisation agreement with the Government of Malaysia, represented by the Ministry of Youth and Sports and Syarikat Tanah dan Harta Sdn Bhd. The agreement was in relation to the refurbishment and upgrading of sporting facilities at the National Sports Complex in Bukit Jalil, Kuala Lumpur which had been originally developed for the 16th Commonwealth Games in 1998.

Two years on since we entered into the agreement, I am proud to share that we have maintained our excellent standards of delivery with regards to KL Sports City. Against the odds and working against the clock, we completed the National Stadium three months ahead of schedule, whereas the other three stadiums, namely Axiata Arena, the National Aquatic Centre and the National Hockey Stadium were completed on schedule and in time for the 2017 SEA Games.

The regional sports meet turned out to be a tremendous success for Malaysia, and our outstanding work on the sports arenas drew many accolades from both Malaysians and international spectators. We were also complimented on the world-class quality of the sports complex by both the Malaysian and international media alike.

Our commitment in delivering gold-standard sporting and entertainment facilities, offering athletes and spectators an outstanding experience has garnered us a host of awards. Among them was being nominated for the World Architectural Festival 2017 awards in Berlin, making us one of 15 international projects shortlisted for this prestigious award out of 924 entries, which included architectural practices from 51 different nations and projects based across 68 countries.

Health and safety in the way we manage and conduct our development and construction projects remains one of our top priorities. The rejuvenation of KL Sports City was no exception, where we adhered to the highest standards of safety on site. In recognition of our sterling efforts, we were awarded the CIDB 5-Star Award for Safety.

We also received the ISO Standards Award from Hong Kong for our meticulously planned project delivery schedule, which resulted in an early and timely project delivery.

STRENGTHENING THE MRCB BRAND

Our position as an industry leader is evident from the strength of the MRCB brand. Our brand is aligned with our corporate vision, mission and core values. It embodies our Group-wide approach in the management and operations of our core businesses. Our corporate tagline of Setting The Standard has been designed to be inclusive, as a goal that all MRCB employees can work towards, regardless of their job function within the Group.

To build up our employees understanding of our brand and the values it represents, we embarked on a Group branding exercise in 2017. We conducted an internal communications programme, focused on disseminating the messages of our vision and mission statements and key core values. The outcome of this exercise was also a new Brand Identity book. The book refreshes our brand to ensure that our mission and vision is aligned to our purpose and core values.

CHAIRMAN'S STATEMENT

Both the Brand Identity book and the sustained communications programme effectively communicated to our staff the work output and deliverables that we expect of them. We believe it is critically important for all our people to align their individual goals with the Group's overarching vision. As a result of these measures, we have a shared understanding of the high standards of delivery and accountability that our shareholders, stakeholders, and customers expect from us.

DIGITALISING OUR BUSINESS

We are keenly aware that for a business to remain relevant and profitable in the digital age, it is necessary to leverage on the advantages and benefits that digitalisation offers. In tandem with this, a big push in 2017 was the digitalisation and automation of the Group. We re-evaluated our business and work processes and identified how we could use technology to enhance our operations to achieve increased efficiencies. This push into digital transformation will continue in 2018 and beyond.



Our Group Managing Director's Management Discussion and Analysis on page 24 gives you more in-depth details on this exercise and its outcomes, as well as our forward moving plans

STRENGTHENING OUR GOVERNANCE

We continue to maintain the highest standards of governance in the delivery of our overall strategy and culture. Our sustained success is inextricably linked to sound governance processes, mechanisms and structures to ensure transparency and accountability to our stakeholders and shareholders.

I am pleased to share that our philosophy of continuously strengthening and upholding strong governance received external validation in 2017. MRCB was ranked 13th in the Malaysian Institute of Corporate Governance (MICG) Survey of Malaysia's top 100 public listed companies entitled "Transparency in Corporate Reporting – Assessing Malaysia's Top 100 Public Listed Companies". MRCB also ranked 38th in Minority Shareholder Watchdog Group's (MSWG) Top 100 Companies with Good Disclosure. This clearly places MRCB as an industry leader in corporate governance practices.

We are equally committed to embedding sustainability and transparency elements within all our project deliveries and Environmental, Social and Governance (ESG) matters. Our placement in the globally benchmarked FTSE4GOOD Bursa Malaysia Index is a testament of this.

During the year under review, we reinforced our commitment towards upholding integrity by signing the Corruption-Free Pledge or Ikrar Bebas Rasuah. The signing was undertaken in the presence of our Group Managing Director, Tan Sri Mohamad Salim Fateh Din, and witnessed by Chief Commissioner of Malaysian Anti-Corruption Commission, Tan Sri Dzulkifli bin Ahmad. Subsequently, all our employees also signed individual pledges to commit to corruption prevention.

We have persistently maintained a culture of strong governance through annual initiatives. In 2017, we undertook an Anti-Bribery gap analysis conducted by an independent consultant, Transparency International Malaysia, to further strengthen our transparency and accountability.

We conducted the gap analysis to independently assess where we stand in terms of anti-bribery processes and measures, in light of our goal to implement the ISO 37001 Anti-Bribery Management System by the end of 2018. This particular ISO has become increasingly important with more Governments making compliance mandatory to access high-value Government contracts. As the Malaysian Government is one of our major clients, we consider the implementation of the ISO a way for us to remain ahead of the curve. It also fortifies our governance culture as a leading player in the Malaysian construction industry.



The results of the Anti-Bribery gap analysis revealed that the Group has achieved compliance in most areas relating to strong Anti-Bribery and Anti-Corruption measures. There are a few gaps left for us to address and we are currently underway to implement the necessary measures and actions, with an aim to achieve ISO 37001 certification by the end of 2018.

We have also revamped our Whistleblowing Policy to add greater clarity to it and to widen its scope. This includes strengthening the protection to whistleblowers, as well as introducing new whistleblowing channels to encourage employees and members of the public to reach out to the relevant governance parties. Additionally, we also strictly enforced the No Gift Policy throughout the year under review.

STRENGTHENING OUR BOARD

For some time now, the Malaysian Government has prioritised the need to have 30% female representation on the Board of Directors of public listed companies. I am happy to report that as at the end of 2017, MRCB has achieved 25% female representation on our Board – a testament of our commitment to championing gender diversity. We will continue to search for additional suitable candidates with the professional skills that may plug knowledge gaps and strengthen the Board even further.

Following on from the passing of Director Puan Chuah Mei Lin in January 2017, we appointed To' Puan Janet Looi Lai Heng to the Board. On behalf of the Board, I welcome To' Puan Janet Looi to the Group. Given her significant corporate legal experience, we look forward to her insights and advice in helping us steer the Group on its transformative journey.

APPRECIATION

On behalf of the Board, I wish to express our collective appreciation to all our shareholders, the regulatory authorities, business partners, subcontractors, suppliers, bankers and financiers and all our other stakeholders for their unstinting support and cooperation.

I am also deeply grateful to our employees for their unwavering commitment and dedication in giving their best to the Group and Setting The Standard within their respective roles and departments. It is their dedication and hard work which keeps us an industry leader.

My sincere gratitude also goes to my colleagues on the Board and our senior management team for their strong leadership in helping us achieve a successful and profitable 2017.

Thank you.

AZLAN ZAINOL

Chairman

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS



TAN SRI MOHAMAD SALIM FATEH DIN

Group Managing Director



WE HAVE EARMARKED TRANSIT ORIENTED DEVELOPMENTS (TOD) TO BE OUR STRATEGIC FOCUS, AND THIS STRATEGY WILL PRESENT US WITH MULTIPLE OPPORTUNITIES FOR CONTINUOUS GROWTH.



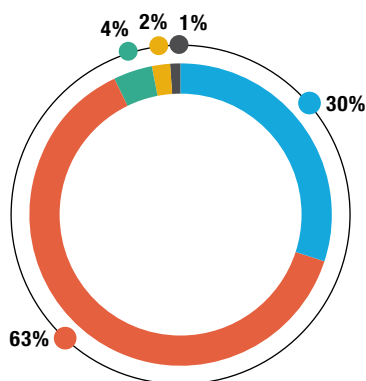
The Financial Year 2017 was an eventful and exciting one for MRCB Group, as we recorded several notable achievements with regards to our ongoing Transformation Journey.

We successfully completed and delivered one of the larger projects in our order book, KL Sports City, which was the venue for the 29th SEA Games in Kuala Lumpur. As a continuation of our plan to strengthen our core business proposition, we focused on our core business segments of Property Development & Investment, and Engineering, Construction & Environment. 2017 also saw us successfully address concerns over our gearing and long-term sustainability through our large fund raising exercise to ensure that we have adequate funds to secure our future growth.

GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION & ANALYSIS

Penang Sentral

TOTAL GROUP REVENUE



	RM' Million
Property Development & Investment	859
Engineering, Construction & Environment	1,774
Infrastructure & Concession	115
Facilities Management & Parking	56
Others	20

> PROPERTY INVESTMENT ACTIVITIES

Our property investments activity is focused through our

27.9%

stake in

MRCB-Quill REIT (MQREIT).

SCALING UP FOR THE FUTURE

AS A GROUP, WE HAVE EMBARKED ON A TRANSFORMATION JOURNEY TO BECOME AN INDUSTRY LEADER IN THE BUSINESSES WE OPERATE IN. OUR ACHIEVEMENTS ARE A TESTAMENT TO THE STRATEGY WE HAVE PUT IN PLACE, AND IN 2017, WE CONTINUED TO RETAIN OUR STRATEGIC FOCUS IN SCALING UP FOR LONG-TERM GROWTH AND SUSTAINABILITY.

In our Property Development & Investment Division, we have earmarked TOD to be our strategic focus, and this strategy will present us with multiple opportunities for continuous growth. Leveraging on the success of the Kuala Lumpur Central Business District (CBD) as an industry showcase of our expertise and skills in TOD, today we have an extensive TOD portfolio. This includes PJ Sentral Garden City, Cyberjaya City Centre, the northern transport hub of Penang Sentral, Kwasa Sentral and Bukit Jalil Sentral, all of which make up a significant portion of our property development activities.

The pivot of our long-term growth strategy is our interest in a sizeable 393 acres high value urban land bank with a GDV of RM55 billion. This land bank provides us with the capacity to plan future property development projects catered to market needs and demands over the long-term.

In providing a stable recurring income to our shareholders, our 27.9% stake in MQREIT

continues to be a significant income contributor for the Group and acts as the platform for our property investment activities.

Complementing our Property Development & Investment Division is our Engineering, Construction & Environment Division, which in recent years has grown significantly to earn a reputation as a formidable industry leader. We have been consistently awarded high value and large infrastructure projects over the years, becoming one of the major players in Malaysia's booming infrastructure sector. Our success lies within our expertise and excellent record of accomplishment in the construction of highways, rail infrastructure, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. We continued to deliver a solid performance in 2017, and at the year end, managed to secure long-term growth through an external client order book of over RM6.3 billion with a total unbilled portion of RM5.2 billion.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

OUR FUNDAMENTAL GROWTH STRATEGIES

The property market in 2017 was marked by sluggish growth, with developers struggling to sell their developments within a soft property market. However, the construction industry recorded strong growth, primarily driven by mega infrastructure projects such as the Refinery and Petrochemical Integrated Development (RAPID) project in Johor, Mass Rapid Transit 2 (MRT2) and Light Rail Transit Line 3 (LRT3) in the Klang Valley, and the Pan Borneo Highway connecting Sabah and Sarawak.

Property Development & Investment's Strategy

Our property development activities primarily focus on building commercial and residential developments either within or very close to TODs. This approach caters to corporate and consumer demand for office space and homes within sustainable development models which provide for integrated lifestyle needs related to transport, commercial, retail and entertainment. As laid out below, we employ four distinct strategies within this segment.

One of our key differentiators in the marketplace is building bespoke buildings for corporate clients. It allows us to supplement our revenue through long-term leasing arrangements and targeted property investment by selling the commercial buildings we develop on to MQREIT, which has the first right of refusal.

Strategic Thrust 1:

BUILDING BESPOKE BUILDINGS AND PRE-LETTING ON LONG-TERM LEASES

Why It's Important

- Reduces our risk as buildings are pre-let prior to commencement of construction.
- We obtain favourable rental rates for long durations.
- We build highly customised, purpose-built buildings for long-term blue-chip tenants which are optimised to their operational requirements, adding to their value.
- Profits are earned from rental income when the buildings are completed and the tenant has occupied the building, and gains are booked when the building is disposed.

Example Developments

- PJ Sentral: Menara Celcom for Celcom (Malaysia) Berhad
- KL Sentral: Menara Shell for Shell Malaysia (disposed to MQREIT in 2016)

Strategic Thrust 2:

PRE-SELLING BESPOKE BUILDINGS

Why It's Important

- Reduces our risk as buildings are pre-sold and purpose-built for client requirements.
- We build highly customised, purpose-built buildings for corporate clients which are optimised to their operational requirements, adding to their value.
- Profits are recognised progressively as each phase of construction is completed.

Example Developments

- PJ Sentral: Office tower for Intellectual Property Corporation of Malaysia
- PJ Sentral: Office tower for Malaysia Building Society Berhad

Strategic Thrust 3:

BUILDING RESIDENTIAL AND STRATA TITLED COMMERCIAL DEVELOPMENTS

Why It's Important

- Leverages on the high occupancy rates in the commercial office buildings in our TODs or areas with strong transportation connectivity.
- Creates long-term value by providing a seamless integration between public transport, and working and living areas for better mobility.
- Stimulates demand by creating high pedestrian foot traffic through commercial properties.

Example Developments

- KL Sentral: Sentral Residences
- KL Sentral: Sentral Suites
- KL Sentral: Q Sentral
- Old Klang Road: 9 Seputeh

Strategic Thrust 4:

INCOME FROM INVESTMENT PROPERTIES AND OUR UNITS IN MQREIT

Why It's Important

- We obtain an ongoing income from our legacy assets.
- Provides a stable, long-term source of income to the Group.
- Our 27.9% stake in MQREIT provides us with a long-term income stream.

Example Developments

- KL Sentral: Ascott Sentral
- Shah Alam: Plaza Alam Sentral
- Segambut: Kompleks Sentral
- KL Sentral: Menara Shell (disposed to MQREIT in 2016)
- KL Sentral: Platinum Sentral (disposed to MQREIT in 2015)

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Against this sectoral backdrop, our identified strategies within both the property and engineering & construction sectors augured well for us. Our TOD strategy is based on generating market demand for our properties through the development of a self-sustaining city-within-a-city model, anchored around very strong mass transportation infrastructure. As for our Engineering, Construction & Environment Division, our sustained focus on tendering for high value infrastructure projects has kept us at the forefront of the industry.

Engineering, Construction & Environment's Strategy

In line with our focus to secure high margin projects, a significant portion of our construction order book now comprises large infrastructure projects. These require complex knowledge, expertise and engineering skills which creates barriers to entry and helps limit competition.

As a full service construction company, we have leveraged on our areas of expertise to create new revenue streams, which present us with a viable means to sustain our long-term business growth. Our unique experience and skills are further complemented by our position as the largest listed Bumiputera construction company in Malaysia. We possess strong capacities and abilities to successfully tender for large value and highly specialised Government infrastructure projects both at home and abroad.

Strategic Thrust 1:

LEVERAGING ON MRCB'S POSITION AS THE LARGEST LISTED BUMIPUTERA CONSTRUCTION COMPANY IN MALAYSIA

Why It's Important

- Provides access to substantial Bumiputera-designated construction contracts in transportation infrastructure.
- Reduces competition in the tendering process due to limited large scale Bumiputera construction companies.

Example Projects

- Mass Rapid Transit 2 (MRT2)
- Damansara-Shah Alam Elevated Expressway (DASH)
- Ampang Line LRT extension (Package B)



MRT2 Station

Strategic Thrust 2:

EXPANDING PROJECT DELIVERY PARTNER (PDP) AND FEE-BASED PROJECTS

Why It's Important

- PDP and fee-based projects will help reduce earnings risks and volatility.
- PDP contracts provide long-term earnings visibility, ironing out the cyclicity of the construction industry.
- Enables us to leverage on our core engineering skill sets.

Example Projects

- Kwasa Utama C8 Management Contract
- Kwasa PDP Infrastructure Contract
- Light Rail Transit Line 3 (LRT3)

Strategic Thrust 3:

EXPLORING RENEWABLE ENERGY PROJECTS

Why It's Important

- Enables us to leverage on our core engineering skill sets.
- Renewable energy projects will also provide MRCB with a stable and long-term revenue stream.
- Helps iron out cyclicity of the property development and construction sectors.

Example Projects

- Waste to energy
- Solar power
- Hydro power

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

GROUP FINANCIAL AND NON-FINANCIAL PERFORMANCE



>> Cyberjaya City Centre

Financial Performance

Our undivided focus on sustaining our long-term strategies has resulted in MRCB concluding yet another year of growth and profitability.

In 2017, we recorded Revenue of RM2.8 billion and Profit Before Tax of RM247.3 million. The Revenue achieved in 2017 represents a 17.3% increase compared to 2016, while Profit Before Tax excluding disposal gains rose 22.9%. The higher Revenue was mainly derived from the Engineering, Construction & Environment Division, which contributed 62.8% to the Group's revenue base, while the Property Development & Investment Division contributed 30.4%.

Profit Before Tax in 2016 was higher mainly due to the recognition of disposal profits totaling RM245.4 million from the sale of a leasehold land to Mass Rapid Transit Corporation Sdn Bhd, gains from the disposal of investment properties, namely Menara Shell and Sooka Sentral, and from the disposal of Ekovest-MRCB JV Sdn Bhd. In comparison, we only recognised a disposal gain of RM66.3 million in 2017, from a share sale to TH Properties Sdn Bhd for a mixed development project in Setapak, Kuala Lumpur, and the disposals of Semasa Services Sdn Bhd and Dekad Kaliber Sdn Bhd.

As the main contributor to the Group's results, the Engineering, Construction & Environment Division managed to record a 106.8% increase in Revenue to RM1.8 billion and a higher Operating Profit of RM92.7 million in 2017, compared to RM11.6 million in 2016. The strong growth was driven by large infrastructure projects and the initiatives implemented to manage construction costs during the year. We also started to reap the benefits of our strategy to grow our fee-based income by securing more PDP roles – the Group's 50% owned joint venture, MRCB George Kent Sdn Bhd, the PDP of LRT3, contributed RM15.2 million Profit After Tax to the Group.

The Property Development & Investment Division recorded a 35.5% decrease in Revenue to RM858.7 million. This decline was attributed to the completion of Sentral Residences in KL Sentral and our Easton Burwood development in Melbourne very early in the financial year, and new replacement projects still being in the early phases of construction when sales recognition is still minimal. The decline in Revenue also resulted in a lower Operating Profit of RM175.9 million, which was made significantly greater due to the larger disposal gains recognised in 2016. Main contributors to the Division's

Revenue and Operating Profit include the ongoing 9 Seputeh mixed development in Old Klang Road, the en-bloc office towers sold at PJ Sentral Garden City, Menara MRCB in Putrajaya, Sentral Residences and Eastern Burwood. The Division also exceeded its sales target and recorded sales of RM1.4 billion, with unbilled property sales totaling RM1.7 billion. Recurring Income from investment properties also contributed RM7.7 million, whilst MRCB-Quill REIT and MRCB Quill Management Sdn Bhd contributed RM18.7 million.

The Group's shareholders' funds increased to RM4.8 billion in 2017, largely as a result of the Rights Issue which raised RM1.7 billion. Net gearing also fell to 0.53 times as at the end of 2017 compared to 0.73 times in 2016, while Group total assets was recorded at RM10.3 billion.

GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION & ANALYSIS

Non-Financial Performance

AT MRCB, WE ADOPT A COMPREHENSIVE APPROACH IN ACHIEVING SUSTAINED PROFITABILITY. THIS INVOLVES UNDERTAKING NON-FINANCIAL RELATED INITIATIVES WITH THE AIM TO ATTAIN OUR FINANCIAL AND OPERATIONAL GOALS. IN 2017, WE FOCUSED ON SEVERAL KEY AREAS TO ENSURE OUR BUSINESSES OPERATED AT AN OPTIMAL LEVEL.

> NON-FINANCIAL PERFORMANCE

Our Non-Financial Performance covers 3 key areas as below:



- 1 Building Our Human Capital
- 2 Putting Health and Safety First
- 3 Incorporating Sustainability into Our Business

Building Our Human Capital

WE COULD NOT HAVE ACHIEVED OUR SUCCESS WITHOUT THE VALUABLE CONTRIBUTIONS OF OUR EMPLOYEES. REPRESENTING THE CORE PROPOSITION OF OUR TALENTED AND SKILLED HUMAN CAPITAL BASE, OUR PEOPLE ARE THE DRIVING FORCE POWERING OUR SUSTAINED BUSINESS ACTIVITIES.

The valuable outcome of their work product is evident in the sterling reputation MRCB has garnered as a leader in the property development and construction industry.

To remain ahead of the curve, we believe it is critical to employ the right people with the right skills. Along with this, we also believe in providing them the necessary training and career development opportunities to accelerate their professional and personal development.

In line with our beliefs, in 2017 we ramped up our training and talent development programmes by introducing the MRCB Learning Zone. Our rationale in setting it up was based on the outcomes of a gaps need analysis we conducted with regards to our employees' skills and proficiencies. We found that our people are highly skilled in terms of technical expertise. However, their management and soft skills could be enhanced.

Their technical skill sets form the basis upon which the Group can retain its industry certifications and technical competencies to pre-qualify for, and deliver the large scale projects we undertake. We believe that investing in enhancing our peoples' management and soft skills will complement their technical skill sets and result in even better on-the-job deliverables.

The Learning Zone is an e-learning platform featuring over 87 courses sourced from Leaderonomics for personal and professional development. It is a powerful tool for ambitious people within our Group to upskill themselves to advance their careers.

Courses on the platform cover diverse areas such as managing stress, time management, how to conduct meetings, motivate teams and marketing, as well as computer literacy skills such as Microsoft and other technical courses. The platform is deliberately designed to be inclusive, so that anyone in the organisation, from our pantry staff and drivers to our engineers and quantity surveyors, who wants to improve themselves and sharpen their skills can access these courses. Our staff can take these courses at any time, with unfettered access to them either

at the office, at home or even on-the-go. During the year under review, there were 765 enrolments on the Learning Zone.

Another new talent development initiative was the soft launching of MRCB Talent Development Academy. The Academy is a classroom training-based talent development programme comprising 23 courses. In developing the Academy, we structured it as a talent development platform concentrated on the key divisions within the Group. A survey we conducted revealed key skills deficiencies which needed to be addressed to strengthen our employees' capabilities. The courses available through the Academy have been designed to deliver these identified gaps.

As we move into 2018, we intend to further refine, formalise and brand the Academy as a more structured, continuous learning talent development platform with a scheduled training calendar. We will also be conducting continuous reviews with our Divisions to monitor progress made and identify any gaps in skills due to the changing market, regulatory conditions and demands. Essentially, it will be a fluid demand-based programme which will change from time to time according to the needs identified by each Division to overcome key operational issues identified, be it on our construction sites or in our offices. In its inaugural year, 112 staff participated in the programme.

Our employee engagement activities revolve around our desire to keep the lines of communication open with our people, and encouraging mature and open discussions at the workplace. During the year, we conducted several staff engagement events such as our Annual Dinner, Family Day, numerous departmental team building programmes, health and fitness talks, financial planning, and motivational talks. We also rolled out a Zero Accident Programme to underline the importance of health and safety at our construction sites and at the workplace.

In 2017, we invested a total of RM1.02 million in internal and external training programmes, a 173% increase from the previous year.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Putting Health and Safety First

A CRITICAL COMPONENT OF OUR SUCCESS HAS BEEN OUR CONSISTENT FOCUS ON ENSURING A HIGH LEVEL OF HEALTH AND SAFETY ON OUR CONSTRUCTION SITES AND AT THE WORKPLACE. WE RECOGNISE THAT THE HUMAN AND FINANCIAL COST OF POOR HEALTH AND SAFETY COMPLIANCE COULD ADVERSELY IMPACT OUR BOTTOM LINE.

Underpinning this business imperative is our commitment in safeguarding the health, safety and wellbeing of our staff, subcontractors, suppliers, and the surrounding community. Our health and safety responsibility does not just stop at work sites, but extends to our completed buildings and structures. The people who live, work and utilise them must be able to do so knowing that it is a fundamentally safe and sound structure.

We have in place comprehensive health and safety policies and measures in compliance with the OHSAS 18001 safety management system for all employees and subcontractors when they perform their job. We also have a dedicated Health and Safety team which monitors compliance through monthly site inspections, and internal health and safety audits conducted according to a predetermined schedule.

Regular risk assessment exercises are conducted to identify the risks our workers are exposed to according to the type of work they are doing. Mitigation measures are then implemented commensurate to the nature of the risks identified. Our risk assessment approach ensures that our various Divisions manage occupational health and safety through measures which are appropriate to the work category of our employees and the risks they face.

Our health and safety management initiatives include the ongoing adoption of the Safety and Health Assessment in Construction (SHASSIC), an independent method of assessing and evaluating the safety and health performance of a contractor in construction works.

Additionally, we intensified Environment, Safety and Health (ESH) Trainings for our project teams, to ensure that our sites are safe for our workers as well as surrounding communities. In 2017, we invested 7,244 man hours in ESH training.

As mentioned earlier, our health and safety ethos extends to the buildings that we build. In line with this, in 2017 we conducted a safety audit on the cladding used in all the buildings which the Group has built, and are owned either by MRCB or MQREIT, as well as those currently under construction. After the fire at Grenfell Tower in London, we believed it would be beneficial to conduct a safety audit, to ensure that all the buildings in our current portfolio were safe for people to live and work in. The results of our audit found all our buildings were compliant to current fire safety standards.

During the year, we also revamped safety standards and processes across the Group to meet current health and safety protocols and requirements. We have consistently communicated all our health and safety policy changes and revamps, as well as the outcomes of our health and safety initiatives to our employees and subcontractors, to cultivate a Group culture focused on health and safety. A continuous communication programme has been implemented, providing constant reminders to all staff on the importance of deploying good safety practices, not just on our construction sites, but also in our headquarters. Consequently, we have seen an improvement in non-incident man hours and the actual number of injuries on our construction sites, with 2017 seeing zero fatalities.



For more details on our ESH practices, please refer to page 77 of the Annual Report.

Incorporating Sustainability into Our Business

OUR SUSTAINABILITY PRACTICES ARE DEEPLY EMBEDDED INTO OUR BUSINESS PROCESSES AND OPERATIONS, AND FORM A CORE COMPONENT OF OUR VALUE PROPOSITION TO CATALYSE CONTINUOUS GROWTH. THEY CUT ACROSS ALL OUR BUSINESS SEGMENTS AND DIVISIONS, AND WITHIN OUR DEVELOPMENT AND CONSTRUCTION ACTIVITIES.

A focal point of our sustainable development practices is tied in to our role as a TOD. Studies have proven that the presence of urban mass transport infrastructure, such as the LRT3 and MRT2 projects we are involved in, encourages city dwellers to choose these to commute to work, instead of driving their own vehicles. The impact is even greater through the integration of office buildings and residential developments in very close proximity to mass transportation infrastructure. The reduction in the number of vehicles on urban roads brings a host of environmental benefits, such as less pollution, reducing traffic gridlocks during rush hours and most importantly reducing carbon emissions.

Leveraging on the outcome of these studies, we have been designing our TODs to be seamlessly integrated with public transport access points. We

employ an out-of-the-box approach in the way we address the integration of our TODs. A good example of this is the MRT Linkway opened during the year, linking Muzium Negara MRT Station with KL Sentral Station. Among the features we have incorporated are air-conditioned and covered linkways, so that the public can conveniently and comfortably walk within the interconnected development of hotels, office buildings, shopping malls and rail stations. These integrated walkways make our TOD city-within-a city concept successful and sustainable by creating demand for our office buildings, residential units, and retail and food and beverages outlets. These have received great accolades from office workers, residents, and tourists, who have described them as “world-class”.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

SUSTAINING OUR CONTINUOUS GROWTH

Our Transformation Journey is designed to ensure we grow our businesses in a sustainable and profitable way. In 2017, we continued to consolidate our business and drive future growth through corporate exercises aligned with this strategy.

01

DISPOSAL OF NON-CORE ASSETS TO REFOCUS ON OUR CORE BUSINESS

Following our efforts from 2013, this year we achieved more momentum in shifting our strategic focus to our core business through the disposal of several more non-core assets.

A notable exception, as it is still ongoing, is the removal of the EDL from our balance sheet. The present management team has always regarded the EDL as a non-core asset. As one of the shortest toll roads in the country, it provided limited scope for generating economies of scale, and accounted for RM1.1 billion of our debt as at the end of 2017. Our intention was always to remove the asset and its accompanying debt from our balance sheet through a sale, as we believed that the capital could be deployed elsewhere within the Group more effectively.

In late December 2017, we received notification from the Government via the Ministry of Works informing us that the concession period for

the EDL would end on 31st December 2017. The highway has subsequently been taken over by the Government, and we are negotiating a mutual termination agreement and settlement sum for the termination of the concession. We believe this will be a protracted exercise, as it involves getting agreement from EDL's Sukuk bondholders. However, we do anticipate that this will be resolved before the end of 2018. Once negotiations with all involved parties are concluded, we expect this exercise will result in a significant further strengthening of our balance sheet.

2017 also saw the disposal of the Group's 100% equity interest in Semasa Services Sdn Bhd (Semasa Services) to Crystal Clear Cleaning Sdn Bhd for RM5.7 million. The disposal of Semasa Services, which is involved in the provision of building and facilities maintenance services, has enabled us to streamline our activities and utilise our resources more effectively.

The final purchase price for Semasa Services was arrived at on a willing-seller willing-buyer basis after taking into consideration the audited net profit of the company for the financial year ended 31st December 2016. The disposal generated a gain of RM3.8 million to the Group. The sale proceeds will be utilised to finance our working capital.

Additionally, MRCB Engineering Sdn Bhd disposed of its 51% equity interest in Dekad Kaliber Sdn Bhd (Dekad Kaliber) to DRB-Hicom Group for RM3.7 million. Dekad Kaliber is the only subcontractor appointed by the unincorporated joint venture, Zelan Kiara Teratai, for the development of the Integrated Custom, Quarantine and Security Complex located at Bukit Kayu Hitam, Kedah. Again, the proceeds generated from the disposal will also enable us to deploy our resources more effectively.

02

SUSTAINING FUTURE GROWTH THROUGH A ONE-FOR-ONE RIGHTS ISSUE

To effectively roll out projects and initiatives identified as critical to sustain our long-term growth, we must have a fundamentally strong balance sheet and sustainable source of financial capital.

As mentioned on page 13 of the Annual Report, a recurring concern of our shareholders and the investment fraternity was our high net gearing. We have made great strides in addressing this over the last three years, and successfully reduced our net gearing from 1.73 times at the end of 2013 to 0.53 times at the end of 2017.

Nevertheless, the growth of our land bank over the course of our corporate transformation has been dramatic, rising seven-fold to 393 acres, and

our GDV five-fold to RM55 billion. During this time, MRCB's GDV per share has risen from just RM6.70 per share at the end of 2013, to RM21.30 per share at the end of 2017 (before the issuance of the Rights shares). It became clear to management that MRCB's existing capital base was simply too small to fund this scale of development in the future, without incurring a significant ballooning in our net gearing, and a more sustainable solution was necessary to fund the enlarged Group's long-term growth.

The game changer in this regard was the decision to undertake a major Rights Issue in 2017. We offered all our shareholders the opportunity to subscribe to one New Rights Share for every one Ordinary Share they already owned, and a free Rights Warrant for every five Rights Shares they subscribed. On

19th September 2017, the issue price for the Rights Shares was fixed at RM0.79 per Rights Share, while the exercise price for the Rights Warrants was fixed at RM1.25 per Rights Warrant. The Rights entitlement date was set for 4th October 2017, and trading commenced on 5th October 2017 and ceased on 12th October 2017.

The Rights Issue was completed and listed on Bursa Malaysia on 3rd November 2017. It was a tremendous success, achieving a 108% take-up rate, raising RM1.73 billion in additional capital for the Group, and received the backing of our largest shareholders. With this significant strengthening of our balance sheet, the Group is now in a very strong position to fund its future growth, and capitalise on other opportunities that may arise.

03

DIGITALISATION OF OUR BUSINESS

The advent of the digital age has resulted in the increasing digitalisation of businesses. MRCB has identified opportunities within this sphere to further enhance our business capacities, performance, and deliveries. In 2017, we began digitalising our business platforms and processes to leverage on the various benefits digital technologies offer our business. To speed up the process of digitalisation, and to ensure that our critical digitalisation projects are on track and rolled out on time, we set up a dedicated Project Management Office (PMO) within our Information Technology (IT) Department. This will ensure that we can drive the implementation of our priority projects faster, and that we have the adequate skills internally to guarantee their successful implementation, including delivering the ongoing training required within the organisation to meet this goal. To ensure alignment with our growth strategies, a Digitalisation/IT Roadmap has also been developed, prioritising the key projects required to help drive efficiencies and ultimately reduce costs.

A key project that the PMO delivered in 2017 was a digital construction project management platform, to help us manage our construction projects more efficiently and drive cost efficiencies. After a rigorous search and a period of testing, a suitable, customisable and reputable software solution that matched our internal environment, and had the capability of being integrated with future digitalised processes was identified, and was deployed across all new construction projects. On this platform, all day to day project communication and approvals are conducted through automated standard operating procedures, with authorisation gateways and digital signatures. This saves time, by reducing communication lines and the use of paper to enable a much smoother time efficient communication process. With a full project audit trail, it is possible for us to identify project bottlenecks and take corrective measures accordingly. The platform also encompasses a digital archive for all project documentation. The construction business entails a significant amount of paperwork with technical drawings, reports, approvals, instructions and directions between clients, consultants, contractors, and subcontractors, both upstream and downstream. By consolidating all documentation on a single digital platform, we now have a complete audit trail of all our projects, which has also strengthened our governance.



For more information on our new digital construction project management platform and an in-depth analysis of its use in our projects, please refer to page 40 of this Annual Report.

Moving into 2018, a key PMO endeavor will be the sourcing of a new and truly integrated Enterprise Resource Planning (ERP) system across our Group which will allow us to consolidate all our business information on a single platform. This will offer us the capacity to conduct a deep dive analysis and gather intelligence on our business and key data points, to aid us in managing our business and resources more effectively.

The ERP platform will allow us to access information on a real-time basis, thus shortening our decision making timeframes. It will also provide us the ability to respond in a timelier manner to changes in the marketplace or regulatory conditions. An additional benefit lies in ensuring that our various Divisions and subsidiaries are not working in silos due to the legacy, un-integrated electronic platforms they are presently using, or duplicating data entry.

In that vein, 2017 also saw us set up a one-stop Digital Media Team to allow better quality control and ensure uniformity of our brand across various digital platforms. The centralised team not only allows for a more efficient way of working, but also demonstrates the Group's willingness to adapt to new technologies.



Over the last two years, we have consistently pursued an asset light approach in our business and operations to minimise the cost impacts of investing in resources which are not core competencies required to fulfill our business model. This philosophy is also adopted within our IT practices. For example, MRCB does not own and operate a data center, and as at the end of 2017, 50% of the Group's data was on the cloud, while the remainder resides in a data center with full cloud Disaster Recovery functionality, to be fully migrated to the cloud in late 2018. Additionally, 99% of our computers and notebooks are leased. We will continue with this asset light approach in our digitalisation drive, outsourcing resources where possible rather than building up and maintaining large support infrastructure and resources internally, that will drive up our overheads.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS






KEY PERFORMANCE INDICATORS (KPIs)

MRCB's KPIs for 2017 are aligned to our growth strategies, measuring both our employees' and our company's performance to ensure we are meeting our strategic and operational targets. Group KPIs are aligned to achieve high shareholder wealth, which are then cascaded down to Project KPIs.

Subsidiary KPIs

 Financial	 Customer Satisfaction	 Internal Process	 Learning and Growth
Number of New Contracts Target Revenue Target Profit	Customer Satisfaction Index Authority Compliance Complaint Handling Stakeholder Engagement	Safety and Environment Quality Control Cost Control Time Monitoring Contract Management Risk Assessment Report/ Standard Operating Procedures	Training Hiring and Staff Turnover SL1M Trainee Programme Talent Management

Project KPIs

 Safety	 Time	 Cost	 Quality	 Stakeholders
Monthly ESH Audit/ SHASSIC ratings Non-Conformance Report (NCR) Closure Rate Public Safety Incident Rates Stop Work Orders	Project Schedule Notice of Delay/ Extension of Time Liquidated and Ascertained Damages Schedule Performance Index Project Performance	Project Cost Budget Variation Orders Claims	Site Quality Site Checklist NCR Closure Rate Construction Quality Assessment Internal Audit Findings	Customer Satisfaction Index Authority Compliance Complaint Handling Stakeholder Engagement Human Capital/Learning and Development Subordinate Satisfaction Staff Turnover

GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION & ANALYSIS
(SEGMENTAL REVIEW)

PROPERTY DEVELOPMENT & INVESTMENT



Kwasa Sentral

FROM THE OUTSET, MRCB HAS BEEN CLEAR WITH ITS GOAL TO BECOME THE LEADING TOD DEVELOPER, FOCUSED ON PROVIDING SEAMLESS INTEGRATION BETWEEN PUBLIC TRANSPORT, AND WORKING AND LIVING AREAS. WITH INTERESTS IN 393 ACRES OF URBAN DEVELOPMENT LAND WITH AN ESTIMATED RM55 BILLION GDV, WE ARE MORE THAN EVER POISED FOR GROWTH.

The first few years of our Transformation Journey saw us refining and strengthening our Strategic Thrusts, as shown on page 18, under “Our Fundamental Growth Strategies”. To date, this model has served us well in extracting maximum value from our urban land bank and generating market demand.

Despite having a sound business model in place, we realise the urgent need for a robust growth strategy. With this in mind, in 2017 we embarked on the next leg of our Journey to ensure the Division's long-term growth and sustainability.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

PROPERTY DEVELOPMENT & INVESTMENT: KEY STRATEGIC INITIATIVES AND OUTCOMES IN 2017

The main thrust of our Property Development & Investment Division over the next few years is to scale up our business to ensure the Division maintains a pipeline of developments for sustainable long-term growth and profitability. Several strategic initiatives were identified to meet this goal, and were successfully carried out in 2017.

Strategic Initiative 1:



Creating a Pipeline of Projects and Sustainable Profits

We are acutely aware of the fact that we operate in an ever increasing competitive market, where success lies in how fast one can react to meet customer needs and demands to stay relevant. As such, this strategic initiative ensures we constantly look for innovative ways to deliver new products to address changing market demands.

This strategic initiative also centers on our valued shareholders, where measures are taken to ensure the Group can consistently provide the best returns. We address this by making sure we mitigate cyclical risks as best we can through a steady stream of local and international project launches each year, recurring income through our investment in MQREIT, and securing purchasers or long-term occupiers for our office spaces prior to commencing construction.

Creating a Pipeline of Projects through New Product Launches

IN 2017, THE GROUP LAUNCHED THREE (3) RESIDENTIAL PROPERTY DEVELOPMENT PROJECTS, NAMELY 1060 CARNEGIE IN MELBOURNE, AUSTRALIA (GDV: RM305 MILLION), KALISTA PARK HOMES IN BUKIT RAHMAN PUTRA (GDV: RM101 MILLION) AND SENTRAL SUITES IN KL SENTRAL (GDV: RM1,529 MILLION). TO DATE, 1060 CARNEGIE HAS ACHIEVED A TAKE-UP RATE OF 72%, WHILE TOWERS 1 AND 3 OF SENTRAL SUITES HAVE ACHIEVED COMBINED SALES OF 73% AND KALISTA PARK HOMES 55%. ALL DEVELOPMENTS SAW MORE THAN 50% OF THEIR UNITS BEING SOLD.



1060 Carnegie

The Division will continue to focus its marketing efforts on its new residential development projects, namely Sentral Suites in KL Sentral, 1060 Carnegie in Melbourne and Kalista Park Homes in Bukit Rahman Putra, as well as the remaining unsold units in the Sentral Residences, Q Sentral and VIVO in 9 Seputeh, which has historically achieved strong sales.

Revenues and operating profits in the Property Development & Investment Division will continue to be progressively recognised in line with construction progress in 2018 from VIVO (9 Seputeh) and the two en-bloc office towers sold in PJ Sentral Garden City and Menara MRCB in Putrajaya. 2018 will also see the launch of two new projects, namely TRIA, which forms Parcel B of the successful 9 Seputeh development, and Alstonia Hilltop Homes in Bukit Rahman Putra.

Operating profits from Sentral Suites are not anticipated to contribute until late 2018 and will continue until its physical completion in 2021, while TRIA and Alstonia Hilltop Homes should commence contributing in 2019. In Melbourne, 1060 Carnegie will only contribute to revenue and operating profit upon physical and sales completion, anticipated in 2020.

GROUP MANAGING DIRECTOR’S
MANAGEMENT DISCUSSION & ANALYSIS
(SEGMENTAL REVIEW)

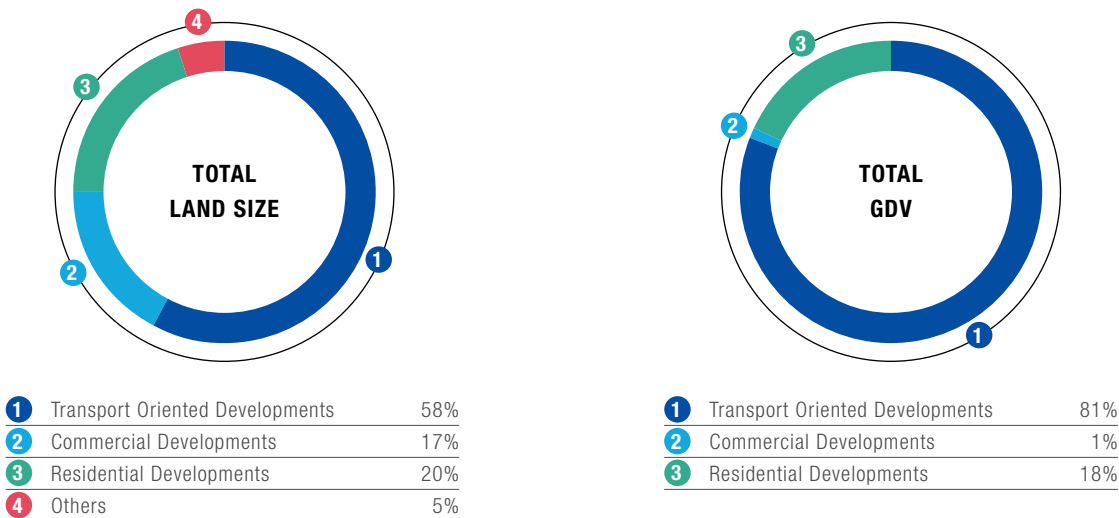
Strategic Initiative 2:

>> **Achieving Competitive Advantage and Business Differentiation**

Leveraging on our robust business model and extensive track record as a pioneer TOD developer, this strategic initiative ensures we gain a competitive edge by monetising our skills as a TOD expert and our existing land bank, to sustain the business moving forward. With TODs making up 81% or RM44.6 billion of our total future GDV, our focus remains in generating long-term growth within this space. This focus on TODs is core to our property development strategy, and is becoming increasingly more important as the Government ramps up its investment in transportation infrastructure. Access to mass rail transportation infrastructure is becoming a very key determinant in where both corporates wish to locate, and consumers wish to reside. Moving forward, during challenging property markets, we believe this will help underpin demand, as we witnessed with the launch of Sentral Suites in KL Sentral, which achieved strong sales in 2017 despite sluggish overall industry sales.

In line with this strategy, 2017 saw us successfully grow and enhance our presence as a TOD leader, as well as secure new projects for future developments, as follows:

>> **TOTAL PROPERTY DEVELOPMENT PROJECTS**



This strategic initiative also puts our stakeholders at the forefront, pushing us to continuously strengthen and enhance our brand equity to become the TOD developer of choice. In line with our growing portfolio, in 2017 we decided it was time to refocus our staff to reflect the “new MRCB” – one whose objective is to consistently exceed customers’ expectations, as the business that sets the standard in the industry. We firmly believe that an organisation should build its brand from the inside out, and to this end MRCB embarked on a Group Internal Branding Exercise in 2017, as detailed in the Chairman’s Statement on page 14 of this Annual Report.

As part of our efforts to achieve a competitive advantage, we also diversified our sales channels by using new avenues to drive sales within our various development projects, including building overseas sales channels.

**GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION & ANALYSIS**
(SEGMENTAL REVIEW)

Total Property Development Projects

Type/Name	Land Size (Acres)	GDV (RM'mil)	Start (Year)	Completion (Year)
Transport Oriented Developments				
KL Sentral: Sentral Residences	2.35	1,438	2011	2017
KL Sentral: Lot F	5.70	2,993	2018	2025
PJ Sentral Garden City	11.91	2,619	2013	2022
Penang Sentral	22.65	2,865	2015	2027
Cyberjaya City Centre	45.31	5,350	2017	2024
Kwasa Sentral	64.30	8,606	2018	2030
Bukit Jalil Sentral	76.14	20,700	2018	2038
Sub Total	228.36	44,571		
Commercial Developments				
Pulai Land, Johor	67.52	770	TBD	TBD
Sub Total	67.52	770		
Residential Developments				
9 Seputeh	17.63	2,680	2014	2024
Lot 349, Sentral Suites	4.92	1,529	2016	2021
1060 Carnegie, Melbourne	1.00	305	2018	2020
Semarak City	27.41	3,163	2015	2025
Bukit Rahman Putra (incl. Kalista)	14.18	547	2016	2021
Lot 94, Jalan Kia Peng German Embassy Land	1.87	1,012	2018	2023
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	2014	2025
Sub Total	78.54	10,002		
Others				
Suria Subang	3.20	NA	NA	NA
Batu Ferringhi, Penang	3.34	NA	NA	NA
Selbourne 2, Shah Alam	2.37	NA	NA	NA
Metro Spectacular Land, Jalan Putra	10.06	NA	NA	NA
Sub Total	18.97			
Total	393.39	55,343		

* All figures as at 31 December 2017

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Strategic Initiative 3:



Pursuing Long-Term Growth

We remain cognisant of the competitive market we operate in and continuously look for ways to remain relevant in the long term. While our long-term growth strategy is straight forward, in that it is premised on growing our urban land bank to increase our development pipeline, we must innovate to find the best ways to effectively and efficiently secure prime land for our property development portfolio.

In 2017, we successfully secured sufficient land to allow for sustained developments up to the year 2030 and beyond. This included the acquisition of three parcels of land, with development potential measuring approximately 10 acres, from Datuk Bandar Kuala Lumpur by Metro Spectacular Sdn Bhd, a 51% owned subsidiary of MRCB Land Sdn Bhd, for a total cash consideration of RM335.5 million.

We also proactively pursued opportunities through other key initiatives, that have yielded successful results in the year under review, as listed below.

Expanding and Growing Through Strategic Alliances and Collaborations

IN LINE WITH OUR ADOPTION OF AN “ASSET LIGHT” MODEL TO ENSURE LONG-TERM BALANCE SHEET STRENGTH SUSTAINABILITY, WE ENGAGE IN STRATEGIC ALLIANCES AND COLLABORATIONS WITH IDENTIFIED PARTNERS WHO COMPLEMENT AND ADD VALUE TO OUR SKILL SETS. AMONG OUR PARTNERSHIP MODELS IS REACHING OUT TO STRATEGIC INVESTORS TO TAKE UP EQUITY WITH US DIRECTLY AT THE PROJECT LEVEL.

As institutional investors, provident funds and sovereign wealth funds are increasingly looking for direct equity participation at the project level in property investment, in their quest for higher returns, we have witnessed a spike in interest in this type of arrangement. As these types of investors have largely in the past been investors in completed properties – they do not have direct master planning, development order or re-zoning, project management or construction expertise and resources – this type of partnership is very beneficial to them. For MRCB, it allows us to sell a majority stake in a project and extract the value we have created in the land, after getting all the development orders in place. Additionally, this model frees up capital that can then be deployed elsewhere. It also allows us to earn multiple construction earnings, acting as the PDP on behalf of the Joint Venture (JV) company while retaining an equity interest in the development, without having large amounts of capital tied up in the project. In short, it is a “win-win” for both MRCB and the investor partner.

We successfully embarked on two partnerships undertaken using this model in 2017 with the Employees Provident Fund Board (EPF) relating to Bukit Jalil Sentral and Kwasa Sentral, and TH Properties Sdn Bhd (THP), the property arm of Lembaga Tabung Haji, relating to a mixed development project in Setapak, Kuala Lumpur.

A key highlight for MRCB in 2017 was the completion and successful handover of the KL Sports City project in time for the 29th SEA Games.

The RM1.2 billion project, which was conducted through a privatisation agreement with the Ministry of Youth and Sports via a land swap deal, encompassed the refurbishment and upgrading of four stadiums at the previous National Sports Complex in Bukit Jalil, Kuala Lumpur. We are extremely proud of our achievements at KL Sports City, which you can read about on page 48 of this Annual Report.

Following on from the completion of KL Sports City, in May 2017, the EPF offered to acquire an 80% interest in the exchange land we had obtained under the privatisation exercise. The 76.14 acre land in Bukit Jalil is to be developed into a mixed development with a potential GDV of RM21 billion over the course of 20 years.

The 80% equity interest in Bukit Jalil Sentral Sdn Bhd (Bukit Jalil Sentral), the special purpose JV company formed for the development, will reside with the EPF's unit Tanjung Wibawa Sdn Bhd, with MRCB's 85% owned subsidiary Rukun Juang Sdn Bhd subscribing for a 20% equity interest. Bukit Jalil Sentral will purchase the said land from Rukun Juang for a consideration of RM1.43 billion.

The EPF and MRCB have also agreed that Bukit Jalil Sentral will appoint a subsidiary of MRCB as the management contractor for the design and construction of the future development. The expected development cost of the project including financing cost and GST is RM14.83 billion. Funding will be sourced through the JV company's internally generated funds, debt financing, shareholders' advances and equity financing.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)



>> Kwasa Sentral

The JV enables MRCB to conduct a large-scale property development at a prime location, and benefit from the support and profiling accorded to the proposed development by our JV partner, the EPF. Although our interest in the land and future development will be diluted as a result of EPF's participation, the JV offers us many benefits. It allows us to undertake multiple property development projects concurrently. It also provides us with the flexibility to reallocate our cash flows and resources efficiently within our various projects. The JV will also reduce our financial burden of having to finance the entire project development.

During the year under review, we also made further inroads into the Kwasa Sentral project, in a revised agreement with Kwasa Land Sdn Bhd (KLSB) and Kwasa Damansara Sdn Bhd relating to the amount to be paid for our equity interest in the project. Earmarked to be the Central Business District for the Kwasa Damansara Township, the proposed development has a GDV of approximately RM8 billion. The project, which is conducted through a JV, will take between 12 to 15 years to complete. Besides holding equity as a developer, we are also undertaking its construction within a PDP role.

The initial agreement in 2014 was for the subscription of 700,000 new ordinary shares by MRCB, representing 70% equity interest in Kwasa Sentral Sdn Bhd (KSSB). The agreement had been signed with KLSB and Kwasa Damansara Sdn Bhd, with MRCB's subscription payment amounting to around RM816.6 million. KSSB is the special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land known as the MX-1 Land, which has been identified as the future town centre of the Kwasa Damansara Township.

Since then, the land has been subdivided, and its acreage has increased to 64.3 acres. Consequently, we entered into a supplemental Shareholders' Agreement to vary the terms of our subscription amount to approximately RM819.5 million. This new subscription amount represents a fair market value of the MX-1 Land, following the change in size, while the number of ordinary shares to be issued by KSSB remains the same. The transaction was completed on 27th December 2017.

Another significant move in 2017 was the JV with THP to take up a majority stake in a mixed development project in Setapak, Kuala Lumpur. The project involves three parcels of land measuring 27.4 acres, with a net book value of RM113 million. As with Bukit Jalil Sentral, the sale of a 80% stake in the project to THP allows MRCB to extract value for shareholders from the development process, recoup capital invested in the project and ensure that it can continue to generate construction revenues from the long-term development of the project through the JV, allowing it to carry out multiple development projects concurrently, without hampering its balance sheet, while retaining a 20% equity interest in the project.

In 2017, we also extended the cut-off date for our JV agreement with Cyberview Sdn Bhd to 31 December 2017, with regards to our subscription of new ordinary shares and redeemable preference shares. This represents a 70% equity interest in the JV company, CSB Development, to purchase and undertake the development of Cyberjaya City Centre for a subscription payment of RM228.9 million.

The Cyberjaya City Centre project is a joint development project with Cyberview Sdn Bhd to develop 45.3 acres of land in Cyberjaya. The development comprises commercial blocks, an integrated lifestyle and retail arena, serviced residential complexes and a convention centre.

The first phase of the project has been consolidated into three zones, namely, Vibrant, Tech and Enterprise, and Gateway. These will be developed into global landmarks, with the right infrastructure and facilities to stimulate new ideas and inspire the establishment of creative and commercial opportunities, as well as social networking platforms.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Strategic Initiative 3:

>> Pursuing Long-Term Growth

Strengthening Our International Presence

To mitigate risks from the local market, we understand the need to diversify our property development activities outside of Malaysia. We began expanding our footprint into the Australian market in 2009, with the most recent development being the Easton Burwood project in Melbourne, which was successfully completed in the second quarter of 2017. We continue to remain focused on strengthening our Group's international presence by identifying new property development projects which cater to international market demands.

In 2017 we re-invested our profits from our Easton Burwood project into a new project, 1060 Carnegie, also in Melbourne. This development, which is our second residential development in Melbourne, has a GDV of RM305 million. Sitting on approximately 1 acre of land, 1060 Carnegie comprises 173 apartments with built-ups from 500 square feet upwards. There are 50 units of one-bedroom units, 114 two-bedroom units and nine three-bedroom units, all of which will be entitled to one parking lot. The project offers a panoramic view of Port Philip Bay and the Dandenong Ranges, and has achieved sales of 72% since its launch in January 2017.



WE CONTINUE TO REMAIN FOCUSED ON STRENGTHENING OUR GROUP'S INTERNATIONAL PRESENCE BY IDENTIFYING NEW PROPERTY DEVELOPMENT PROJECTS WHICH CATER TO INTERNATIONAL MARKET DEMANDS.



PROPERTY DEVELOPMENT & INVESTMENT ACHIEVEMENTS IN 2017

IN 2017, WE COMPLETED SEVERAL LARGE DEVELOPMENT PROJECTS, INCLUDING SENTRAL RESIDENCES IN THE FIRST QUARTER OF 2017 AND EASTON BURWOOD IN THE SECOND QUARTER. WITH MOST OUR NEW PROJECTS BEING IN THE EARLY PHASES OF CONSTRUCTION WHEN SALES RECOGNITION IS STILL MINIMAL, OUR PROPERTY DEVELOPMENT & INVESTMENT DIVISION REVENUE CONTRIBUTION DECREASED FROM THE PREVIOUS YEAR BY 35.5% WITH A REVENUE OF RM858.7 MILLION.

The decline in Revenue also resulted in a lower Operating Profit of RM175.9 million. This decline was made significantly greater due to the RM242.6 million gain recognised from the disposal of Menara Shell and other assets in 2016, compared to only RM60.8 million in gains recognised in 2017. Excluding these gains, the Division's Operating Profit fell 48.1%, commensurate to the 35.5% reduction in revenue.

As a whole, this segment contributed 30.4% towards the Group's Revenue in FY2017, compared to 55.2% in the previous year. The main Revenue contributors included the ongoing 9 Seputeh mixed development in Old Klang Road, the en-bloc office towers sold at PJ Sentral Garden City, Menara MRCB in Putrajaya, Sentral Residences and Easton Burwood in Melbourne.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)



>> **TRIA, 9 Seputeh**

Our Property Investment segment recorded a net recurring income of RM7.7 million, from Ascott Sentral, Kompleks Sentral and Plaza Alam Sentral, while our ongoing equity shareholding in MQREIT and MRCB Quill Management Sdn Bhd contributed RM18.7 million Profit After Tax to the Group.

Despite a soft market, we achieved property sales of RM1.4 billion in 2017, exceeding our RM1.2 billion target, largely from Sentral Suites in KL Sentral and 1060 Carnegie development in Melbourne. Our unbilled property sales as at 31 December 2017 stood at RM1.71 billion.

Within our ongoing residential and mixed development projects, sales of 78% were recorded for VIVO (Parcel C) of the mixed development of 9 Seputeh, 89% for Sentral Residences and 85% for Begonia 2 at Bandar Seri Iskandar. As for our strata commercial development Q Sentral, we recorded 96% sales as at the end of 2017.

We also recorded progress on the ongoing construction of our residential and commercial

DESPITE A SOFT MARKET,
WE ACHIEVED PROPERTY
SALES OF RM1.4 BILLION IN
2017, EXCEEDING OUR RM1.2
BILLION TARGET, LARGELY
FROM SENTRAL SUITES
IN KL SENTRAL AND 1060
CARNEGIE DEVELOPMENT IN
MELBOURNE.

>> **UNBILLED PROPERTY SALES**

as at the end of 2017

RM1.71 BILLION

developments. Of our new launches, Kalista in Bukit Rahman Putra is 26% completed while Sentral Suites is 10% completed.

Ongoing development work at VIVO, Parcel C of 9 Seputeh, is 61% complete, whereas in Bandar Seri Iskandar, Caspia 3 is 20% completed, while Begonia 2 is 85% completed. We also fully completed the Easton Burwood residential development in Melbourne.

As for our pre-sold commercial developments, MBSB Tower and MyIPO Tower in PJ Sentral are at 48% and 31% completion respectively, while Menara MRCB, Putrajaya is 94% completed. We also completed the construction of Q Sentral during the year.

We have several new property development projects to be launched in 2018, which will generate ongoing and future sales. These include TRIA, which forms Parcel B Phase 1 and 2 of the 9 Seputeh development, and Alstonia Hilltop Homes in Bukit Rahman Putra, with a combined GDV of RM1.1 billion.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Performance Highlights 2017

>> REVENUE

of
RM858.7 MILLION

>> PROPERTY DEVELOPMENT & INVESTMENT

contributed

30.4%

to Group Revenue

>> MQREIT & MRCB QUILL MANAGEMENT

contributed

RM18.7 MILLION

to Group Profit After Tax

>> NEW LAUNCHES IN 2017:

- >> 1060 Carnegie in Melbourne, Australia – 173 residential units; 10 units of small office home; two retail spaces
- >> Kalista Park Homes at Bukit Rahman Putra – 28 units of three-storey super link units and 18 units of three-storey semi-detached units
- >> Tower 1, 2 and 3, Sentral Suites in KL Sentral – Tower 1 comprises 458 units; Tower 2 458 units; Tower 3 518 units, all on 43 storeys

>> SALES ACHIEVED

RM1.4 BILLION

exceeding target of RM1.2 billion

Project/Sales (RM'mil)	GDV	% Sales	2017
2017 launches (Residential):			
1060 Carnegie	305	72%	220
Kalista (Bukit Rahman Putra)	101	55%	55
Lot 349, Sentral Suites (Tower 1, 2 & 3)	1,529	58%	886
Total	1,935		1,161
Residential:			
9 Seputeh:			
- VIVO (Parcel C)	952	78%	41
- TRIA (Parcel B, Phase 1)	566	23%	131
Sentral Residences	1,438	89%	41
Bandar Seri Iskandar (SIDEK):			
- Begonia 2	20	85%	8
- Viscaria	17	53%	9
Total	2,993		230
Commercial:			
Q Sentral	1,254	96%	33
Total	1,254		33
Grand Total	6,182		1,424



>> Sentral Suites

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

>> UNBILLED PROPERTY SALES

of

RM1.7 BILLION

Project/Revenue (RM'mil)	Completion	2017	Unbilled Sales
New Launches:			
1060 Carnegie	0%	0	217
Kalista (Bukit Rahman Putra)	26%	13	37
Lot 349, Sentral Suites	10%	81	739
9 Seputeh / TRIA (Phase 1)	3%	0	113
Total		94	1,106
Residential:			
9 Seputeh / VIVO (Parcel C)	61%	202	252
SIDEC / Caspia 3	20%	1	6
SIDEC / Begonia 2	85%	5	2
Total		208	260
Commercial:			
PJ Sentral / MBSB	48%	46	125
PJ Sentral / MYIPO	31%	9	196
Menara MRCB, Putrajaya	94%	166	22
Total		221	343
Others		0	
Grand Total		523	1,709

MID-TERM TARGETS

Moving into 2018, our medium-term strategies are focused on strengthening our growth and profitability. In identifying our future priorities, we are mindful of the evolution of customer expectations and needs with regards to their property investments.

Within a flat property market, we have found that customers are more discerning of the value-added qualities of the properties they invest in. As such, we will continue to build a brand synonymous with trusted product and service offerings to tie in with market demand for high value commercial and residential developments. Moving forward, we will continue to strengthen the MRCB brand to capture the intangible benefits this offers us.

As part of our strategy to ensure a sustainable stream of revenue, we have committed to launch and market new products each year. This includes focusing our marketing efforts on new residential development projects, namely Sentral Suites in KL Sentral, 1060 Carnegie in Melbourne and Kalista Park Homes, as well as the remaining unsold units in the Sentral Residences, Q Sentral and VIVO in 9 Seputeh, which has historically

achieved strong sales. We also have several new property developments to be launched in 2018, namely TRIA of 9 Seputeh in Old Klang Road and Alstonia Hilltop Homes in Bukit Rahman Putra, which have a combined GDV of RM1.1 billion. Taking into consideration our new launches and the industry landscape, we have set a sales target of RM1 billion for 2018.

We also remain cognisant of the increasingly competitive market we operate in, and will continue to leverage on our TOD skills and expertise, as well as our interests in a high value urban land bank to create strategic alliances with reputable partners. This approach will not only provide us the latitude to free up capital that can be deployed elsewhere, while allowing us to earn multiple construction earnings, but will also allow us to explore brand alliances that can strengthen our market proposition.

Achieving operational efficiencies remains a key priority. As mentioned earlier, we have identified the digitalisation of our business as a powerful tool to enhance our efficiencies. We will continue to drive our digitalisation ambitions through collaborations with technology companies to identify new ways of working.

GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION & ANALYSIS
(SEGMENTAL REVIEW)

ENGINEERING, CONSTRUCTION & ENVIRONMENT



>> Fins making up the façade of the National Stadium

OUR ENGINEERING, CONSTRUCTION & ENVIRONMENT DIVISION HAS GROWN FROM STRENGTH TO STRENGTH IN THE PAST FEW YEARS, STEADILY BECOMING A LEADING PLAYER IN THE INDUSTRY – A STATUS FURTHER SOLIDIFIED WITH OUR RECENT HIGH-PROFILED PROJECT WINS AND COMPLETIONS.

Through our Transformation Journey, the Division has managed to chart its growth to match the country's booming infrastructure industry; in turn making MRCB an active contributor to the current nation building efforts taking place today. This was made possible due to our clearly defined strategies that have enabled us to move away from merely relying on in-house contracts from our Property Development & Investment Division, to becoming a standalone more autonomous business equipped with the expertise to compete effectively in the market.

While we continue to aggressively build our track record and develop our skills as an engineering powerhouse, we also remain steadfast in providing our stakeholders with the highest value and standards that they expect of us. With this in mind, 2017 saw us continue to roll out initiatives to improve our service delivery and operational efficiencies.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

ENGINEERING, CONSTRUCTION & ENVIRONMENT: KEY STRATEGIC INITIATIVES AND OUTCOMES IN 2017

The main thrust for our Engineering, Construction & Environment Division's strategy within the next few years is to become a comprehensive, full service, multi-disciplinary construction company delivering best-in-class projects. With an external client order book of RM6.3 billion and an unbilled portion of RM5.2 billion as at the end of 2017, we place great value in delivering quality products efficiently. Several strategic initiatives were identified to meet this goal, and were successfully carried out in 2017.

Strategic Initiative 1:



Establishing A Full Service, Autonomous Construction Company

Our priority within this Division in scaling it up for future growth is to ensure a more profitable execution of projects, without compromising on quality. In 2016, we began to introduce established best practices and new internal control procedures and processes to enhance governance and accountability in the form of a Central Procurement Department, Tender Cost Committee and a Pre-Qualification Committee. These moves not only ensure we adopt more transparency and fair trade principles in our day to day operations, but have also injected more competition among our suppliers in our procurement process, allowing us to obtain better and more competitive prices.

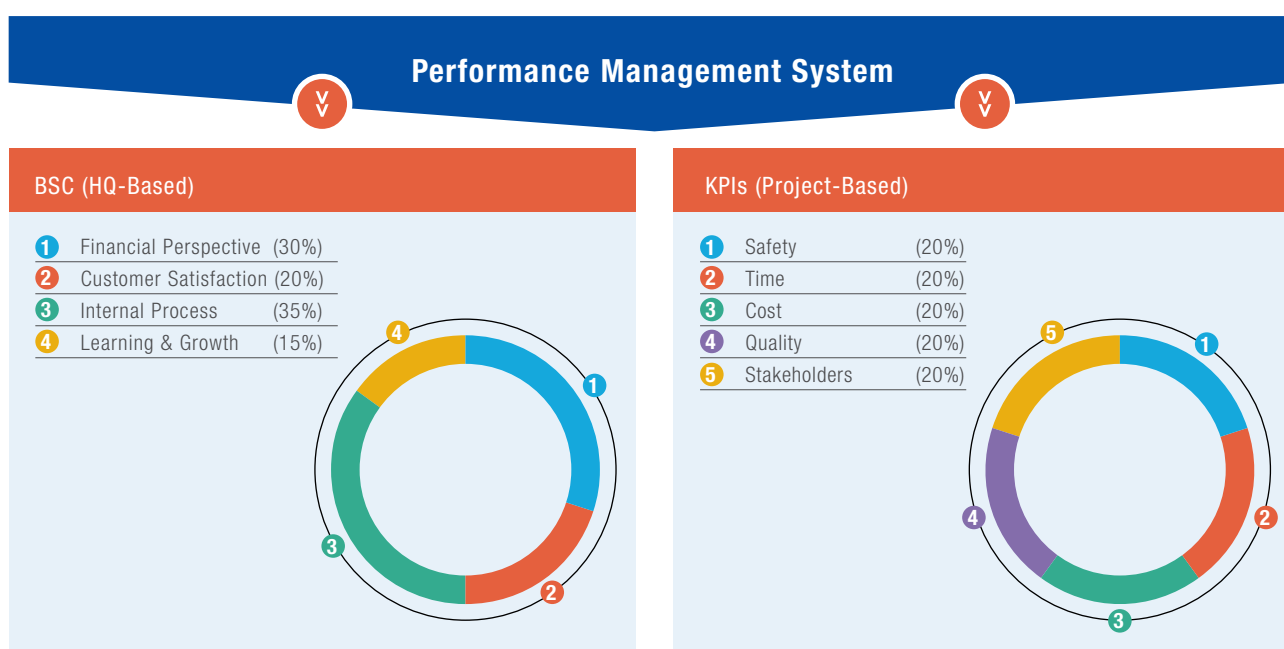
In 2017, we focused on analysing and allocating costs more meticulously across the Division which resulted in greater cost transparencies. This allowed us to identify areas where we could further drive down costs to achieve a more efficient and competitive business.

Anchored on our strategy to enhance governance and increase efficiency, 2017 saw us successfully put in place measures to improve the Division's performance.

Enhancing Accountability Through Measurable Metrics

Throughout the years, we have consistently implemented new layers of efficiencies within our processes to harness the cost benefits this offers us. In 2016, we revamped our approach to KPI by modularising them into Headquarters-based KPIs and Project-based KPIs.

Building on this, in 2017 we established a Performance Management System (PMS) – a system that employs a dual approach of a Balanced Scorecard (BSC) which is HQ-based, and KPIs which are project-based. KPIs are then cascaded down to all employees to ensure accountability and reward good performance.

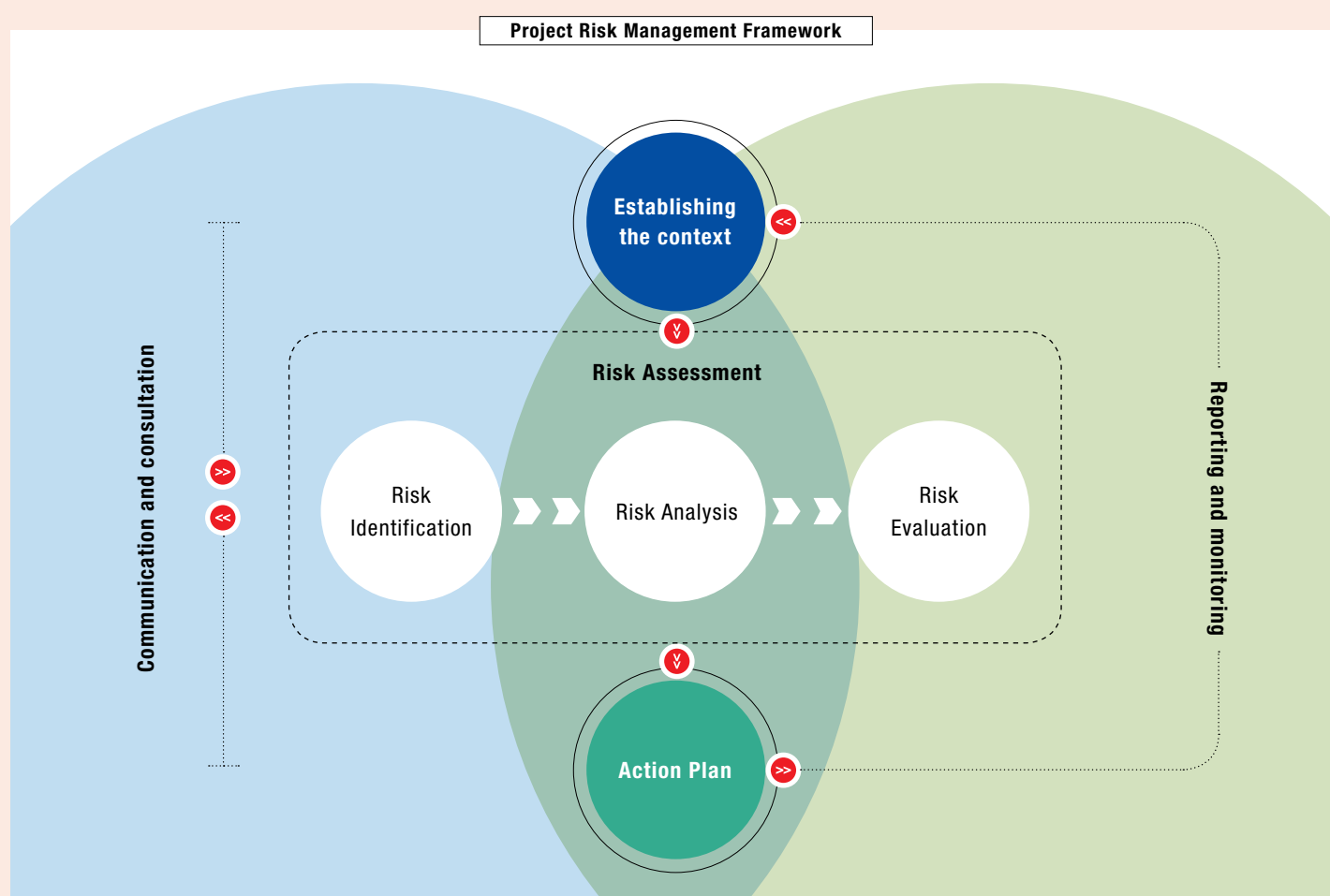


GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Strategic Initiative 1:

>> Establishing A Full Service, Autonomous Construction Company

To protect the interests of our stakeholders, we are also committed to operating in a responsible manner by identifying risks that may adversely affect our business operations. In line with this, we developed a Project Risk Management (PRM) Framework to better mitigate potential risks before they escalate. This framework utilises a structured and comprehensive approach, aligning our strategies, processes, people and technologies to identify and evaluate key project risks. Through the adoption of a robust and comprehensive framework, we expect to achieve efficiencies by avoiding costly disruptions to our operations. The Group's Enterprise Risk Management Framework, which encompasses a strategic, consistent and structured enterprise-wide approach to managing risks faced by the Group, is described in the Statement on Risk Management and Internal Control on page 126.



Continuously Improving Standard Operating Procedures and Processes

OUR STRONG CULTURE OF GOVERNANCE AND ACCOUNTABILITY HAS BEEN A KEY FACTOR IN THE SUCCESSFUL OUTCOME OF OUR PROJECT TENDER BIDS. IN 2017, WE UPDATED OUR ESH GUIDELINES, AND ESTABLISHED STANDARDISED AND UPDATED CONSTRUCTION SAFETY REQUIREMENTS WHICH WERE INCORPORATED INTO NEW TENDERS.

This added to our value proposition in the marketplace, and made us an attractive company for clients to engage for construction services.

The outcome of our improved policies and procedures has also translated into more stringent safety programmes and zero fatalities in 2017, which in turn results in higher efficiencies. Details on the outcome of our updated ESH guidelines can be found on page 77 in our Sustainability Statement.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Strategic Initiative 2:

Improving Construction Margins and Growing Fee-Based Income

The establishment of the Central Procurement Department in 2016 to centrally manage our raw material procurement process has provided us with a means to mitigate the risk of high material costs. Today, we can obtain better prices for raw materials and high value items by amalgamating our purchases across all our projects, leveraging on bigger volume to negotiate better prices.

Apart from mitigating the impact of volatile raw material costs, a broader strategy within this Division is to grow our fee-based income to reduce construction risk and improve our earnings. In line with this strategy, we have successfully grown our fee-based income by securing more PDP roles:

Kwasa Utama C8 Management Contract

With a fee of RM187 million, and a targeted completion date of 2027, the scope of work includes a feasibility study, sales and marketing consultancy, best endeavours in obtaining all required approvals, management and design services, and engineering, procurement, construction and commissioning of work.

Kwasa PDP Infrastructure Contract

Fee of RM112 million covering supervision and management of the contractors appointed to carry out project works, with the aim of ensuring project delivery within an agreed schedule and cost.

LRT3 PDP

Another major PDP project is managing the construction of the LRT3, being undertaken by MRCB George Kent Sdn Bhd, a 50% owned MRCB company. With a fee of RM540 million, the project is targeted to be completed by 2020. The scope of work covers a single point of accountability, managing and delivering the project on time, on budget and to the correct quality standards, and to manage all contractors, design, construction, integration and commissioning work.

In 2017 we saw our first contribution from the MRCB-George Kent JV of RM15.2 million. This is expected to grow very strongly in 2018, as the pace of this project picks up.

When we tender for new projects, we also focus on those which fulfil our higher margin criteria. These are related to projects which have a higher barrier to entry, such as infrastructure projects and highly complex traditional buildings with higher mechanical and engineering content (hospitals, convention centres, stadiums etc.), as well as the more specialised niche areas of environment and power transmission projects. In line with this approach, in 2017 we submitted RM2,276 million worth of tenders, and achieved a 20.6% success rate from the RM468 million of new project wins:

TENAGA NASIONAL BERHAD HQ CAMPUS

for

RM40 million

Contract Tenure

15-month contract beginning from date of site possession of the construction of Balai Islam and staff quarters at Lot 490 and Lot 6266, Jalan Bangsar, Kuala Lumpur.

DAMANSARA-SHAH ALAM ELEVATED EXPRESSWAY

for

RM369 million

Contract Tenure

26-month contract under a privatisation project for DASH covering construction of mainline and other associated works. The expected date for completion of the project is October 2019.

LARKIN INDOOR STADIUM

for

RM59 million

Contract Tenure

18-month contract beginning from the date of site possession for the construction of Larkin Indoor Stadium, Johor Bahru for Johor Land Berhad.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Strategic Initiative 3:



Improving Efficiencies Through New Technologies

As a Group, we are inherently responsive to new and innovative methods of running our business to reach our maximum potential. The way forward has always been to increase efficiency and as such, we continue to embrace new ways to achieve this. In 2017, we embarked on several new initiatives that have changed the way we work, and over time will result in improved productivity and profit margins.

Digitalising Our Business

As mentioned earlier on page 24, we implemented a digital construction project management platform as part of our Digitalisation drive in 2017. The platform was rolled out for four new projects in 2017, namely Sentral Suites in KL Sentral, Kwasa C8, DASH and TNB Balai Islam. We have enjoyed significant improvements in operational efficiencies due to this new initiative and intend to expand its use within all future new projects.

Digital Construction Project Management Platform

(Project Management & Document Control tool for all Projects)



Project

- Ease management of mail and documents (creating, filing & responding, dashboard & status management)
- Manage controlled documents (document distribution, transmittals, bulk upload)
- Reduce risk of superseded documents
- Accessible to all related project staff
- Management of multiple subcontractors at a single point
- Unlimited project document storage
- Manage document review and approval



Management

- Real-time version for entire team
- Built-in best practice for document control standards
- Expediting report to reduce delay
- Indisputable audit trail
- Secure and controlled access
- Cloud-based and accessible anywhere in the world through various mobile applications
- Customisable to MRCB's Quality, Environment, Safety & Health requirements



Knowledge

- Data is structured to simplify searching
- Ability to capture the team's views to make informed and expeditious decisions
- Records correspondences
- Seamless integration with industry applications

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Improving Overall Efficiencies Through Industrialised Building Systems (IBS) and Building Information Modelling (BIM)

We have identified the area of mechanised construction modules as one which holds huge promise for the continued growth of our business. In 2016, we worked on the research and development of pre-fabricated, pre-cast, pre-assembled Volumetric Construction Systems and a Flat Pack System for high-rise buildings. As a follow up to this, in 2017 we embarked on the design, research and development of IBS which will enable us to add to our cost efficiencies. This will continue in 2018.

We also utilised the intelligent 3D model-based process of BIM within the KL Sports City project to get a more accurate model of the complex during the rejuvenation project and aid value engineering. This resulted in improved efficiencies within our construction projects, and can be read in detail on page 48 of the Annual Report.



Kwasa Sentral

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Strategic Initiative 4:



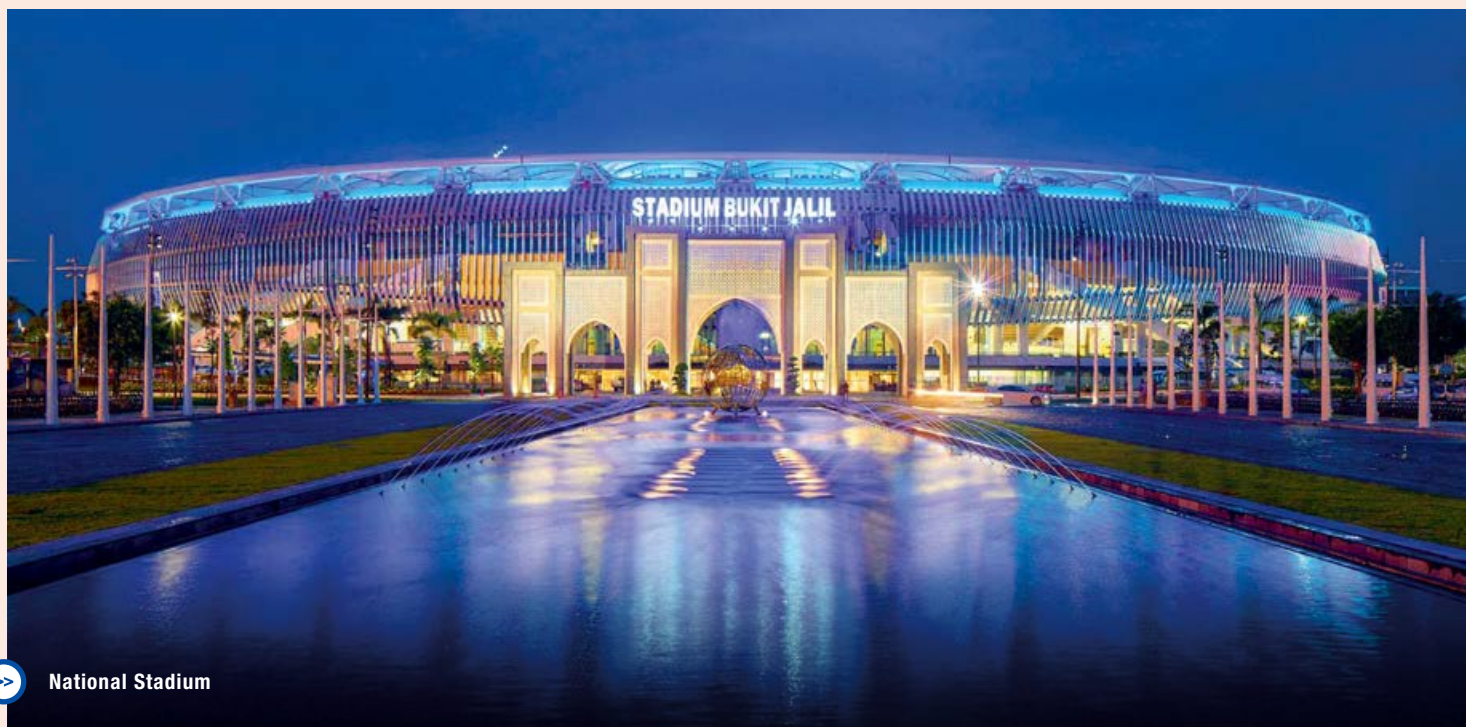
Identifying And Growing New Business Segments/Markets

To create wealth and value for our shareholders, we are always striving to grow our revenue base. This strategic initiative ensures that we continue to aggressively secure opportunities, be it by increasing the number of tenders we submit, or venturing into new business segments, like stadiums, where we can leverage on our proven expertise in infrastructure.

KL Sports City

The highlight for us in 2017 was the completion of the KL Sports City – a project that showcased not only our expertise in undertaking highly complex infrastructure, but also our commitment to delivering high quality projects on time and within budget. The RM1.2 billion project, which was conducted through a privatisation agreement with the Ministry of Youth and Sports, encompassed the refurbishment and upgrading of four stadiums at the previous National Sports Complex in Bukit Jalil, Kuala Lumpur comprising the National Stadium, the Aquatic Centre, the Axiata Arena and the National Hockey Stadium.

Details on how the Division managed to successfully deliver the project ahead of schedule, despite a very challenging 18 month timeline, and the innovative solutions MRCB applied to the project can be read in greater detail on page 48 of this Annual Report.



National Stadium

Increasing Our Tendering Opportunities

We remained focused on tendering for projects where we have a strong core experience, and recent contract wins which embody this are DASH and MRT2. In 2017, we entered into an agreement with Gamuda Berhad to set up an unincorporated 50:50 consortium to participate in the PDP tender for the KL Singapore High Speed Rail project.

Catalysing Growth Through New Business Segments

In efforts to secure high margin projects, we have undertaken initiatives to unlock value through new business segments. Given our strong track record and technical expertise, we have identified PDP roles as one of the areas where we should focus on.

We will also continue to sustain our profitability through new ventures that will assist in our plans for long-term growth. In 2017, we continued to explore IBS with the aim to operate optimally through increased efficiencies that can benefit the Group as well as our clients.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

External Construction Order Book 2017

RM'mil	Contract Value	Completion
Buildings:		
Johor Land Tower	184	85%
Aman Desaru	139	90%
Desaru Convention Centre	60	60%
Desa Desaru	223	60%
Westin Desaru Resort	196	55%
Giant Hypermarket – Setapak	52	95%
Giant Kajang	58	90%
PR1MA Kajang	173	25%
PR1MA Brickfields	355	0%
Indoor Stadium – Larkin	59	0%
TNB HQ Campus (Phase 1)	40	0%
Transmission lines:		
Lenggeng Extension	51	95%
Kg Cempaka LI LO – OHTL	16	95%
Jabi Serting Hilir	126	65%
Infrastructure:		
MRT2 V210 Package – 2.6km Guideway	648	15%
NPE Bridge	127	75%
Kwasa Utama C8 (provisional TCC)	2,648	0%
DASH – Package CB2	369	0%
Environment:		
Sungai Pahang Rehabilitation Phase 3	178	65%
Fee-based orders:		
Kwasa Pahang, C8 – management contract	187	
PDP LRT3	270	
Kwasa Land – PDP Infra	112	
Total E&C	6,271	

* All figures as at 31 December 2017



TOTAL EXTERNAL ORDER BOOK VALUE

RM6.3 BILLION



TOTAL UNBILLED SALES

RM5.2 BILLION

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

ENGINEERING, CONSTRUCTION & ENVIRONMENT ACHIEVEMENTS IN 2017

THE HIGHLIGHT OF THE YEAR WAS THE COMPLETION OF THE RM1.2 BILLION KL SPORTS CITY PROJECT, WHICH LED TO A 106.8% GROWTH IN OUR ENGINEERING, CONSTRUCTION & ENVIRONMENT DIVISION REVENUE TO RM1.8 BILLION. WE ALSO SAW THE COMPLETION OF THE AMPANG LINE LRT EXTENSION (PACKAGE B) PROJECT IN 2017.

Operating profit from the Division rose eight-fold to RM92.7 million, due to improved margins from operational efficiencies achieved in our infrastructure projects.

The segment contributed 62.8% to the Group's total Revenue on the back of several large scale projects conducted during the year. It also included progressive revenue booked from the ongoing construction of several commercial buildings in Johor such as Johor Land Tower, Aman Desaru, Desaru Convention Centre, Desa Desaru and Westin Desaru Resort. Apart from that, there were power transmission related construction projects in Peninsular Malaysia such as the 132 kV UGC Damansara City and Bukit Tarek Projek BTCTB projects.

Our consistent tendering for new projects resulted in new project awards totaling RM468 million as shown on page 39.

Performance Highlights 2017

ENGINEERING, CONSTRUCTION & ENVIRONMENT

contributed

62.8%

to Group Revenue

EXTERNAL CONSTRUCTION ORDER BOOK

currently stands at

RM6.3 BILLION

with a total unbilled portion of **RM5.2 billion**

CONSTRUCTION TENDER BOOK

of

RM2.3 BILLION

Key Construction Projects and Status of Work

Project

Light Rail Transit Line 3 Project Delivery Partner (LRT3 PDP)

Kwasa Utama

Aman Desaru

Desa Desaru

Westin Desaru Resort

Desaru Convention Centre

Mukim Jabi to Serting Hilir Overhead Transmission Line

Mass Rapid Transit Line 2 (MRT2) Package V210

PR1MA, Kajang

PR1MA, Brickfields

MID-TERM TARGETS

Our medium-term strategic priorities within this segment are focused on growing our construction order book and enhancing our project delivery capacities.

We have maintained a consistent approach of tendering for projects with higher profit margins, and to grow our fee-based project tender base. We will continue with this tender strategy by leveraging on our proven track record in large infrastructure projects within the rail and highway, healthcare and retail sectors.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS (SEGMENTAL REVIEW)

Description	Contract Value	Target Completion	Status of Physical Completion*
LRT3 PDP is a 50:50 joint venture with George Kent (Malaysia) Berhad that manages the construction of the 37.6 km LRT line from Bandar Utama to Klang. It will feature one underground station and 25 elevated stations with 6,000 parking lots. Contract is valued at RM9 billion, and the line will serve two million users by 2020.	PDP fee of 6% from the total development cost of RM9 billion.	2020	6% (preliminary stage)
The 29.82-acre Kwasa Utama mixed development project comprises the Employees Provident Fund'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.	2027	2% (at earth work stage)
Construction of central facilities, conference centre, spa, carpark with M&E rooms and back of house facilities and related supporting facilities, 46 units of club suite, 2 units of prototype villa, and beach recreation club.	RM139 million	2017	Completed
Construction of 386 room hotel in 9 blocks of 5 storey buildings.	RM223 million	2018	60%
Construction of 275 room hotel in 4 blocks of 4 to 5 storey buildings.	RM196 million	2018	55%
Construction of conference centre and basement car park.	RM60 million	2017	Completed
Installation of a Double Circuit 500kv overhead transmission line.	RM126 million	2018	65%
Infrastructure project of a construction of Viaduct.	RM648 million	2021	15%
Construction of 3 residential towers of 19, 25 and 29 storeys respectively, complete with outdoor and indoor amenities such as multipurpose hall, kindergarten, lounge, parcourse, multipurpose courtyard and playground. Built-ups ranging from 900 to 1,124 sq ft.	RM173 million	2020	25%
Construction of 3 residential blocks with 920 apartment units, complete with outdoor and indoor amenities such as community hall, kindergarten, gymnasium, futsal court and playground. Built-ups ranging from 690 to 1,004 sq ft.	RM355 million	2020	0%

* As at 31 December 2017. Physical completion percentage may not equate to actual accounting revenue recognition.

Our use of construction technologies is helping us ensure robust project deliveries for our clients. We will be stepping up our use of construction technologies such as our digital construction project management platform within all our projects to enhance our new project management efficiencies and continue with our high standards of delivery.

Within the Malaysian regulatory landscape, the Government has made it mandatory for all private projects valued at RM50 million and above to utilise IBS. As a response to this call, we have participated in several discussions on this initiative with the aim to embark on IBS. It is our hope that the new system will bring about more pronounced cost efficiencies in the future.

We will continue exploring new business segments and the medium-term plan is to explore setting up a pre-cast division. This could entail manufacturing pre-cast concrete and related products, as well as manufacturing plaster and mortar.

We believe the cumulative effects of these measures will further strengthen our value proposition as a full service, multi-disciplinary construction company.

GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION & ANALYSIS
(SEGMENTAL REVIEW)

FACILITIES MANAGEMENT & PARKING



>> MRCB Auxiliary Police

IN 2017, OUR FACILITIES MANAGEMENT & PARKING DIVISION ALSO UNDERWENT SIGNIFICANT CHANGES. IN LINE WITH OUR STRATEGY TO FOCUS ON OUR CORE BUSINESSES, WE SUCCESSFULLY COMPLETED THE DISPOSAL OF THE GROUP'S 100% EQUITY INTEREST IN SEMASA SERVICES SDN BHD (SEMASA SERVICES), WHICH WAS INVOLVED IN THE PROVISION OF BUILDING AND FACILITIES MAINTENANCE SERVICES, FOR RM5.7 MILLION.

The disposal of Semasa Services, which can be read in detail on page 23, has enabled us to streamline our activities and utilise our resources more effectively, and because of this disposal, revenue from the Division fell from RM71.3 million in 2016 to RM55.8 million in 2017. The Division can now focus on parking management as a core activity, whereas previously it offered a diverse range of facilities maintenance services, which included cleaning, mechanical and electrical services, pest control, landscaping works, façade cleaning, energy management and security services.

We believe the parking management business has very strong growth prospects, as it complements and can feed off the Group's property development business. With 14,130 bays across 17 locations within the Klang Valley area, this business provides us with a stable income, and good earnings visibility. By adopting a strategic business model of retaining and managing parking areas from our own development projects, we can create a captive market that allows us to ensure sustainable growth. Moving forward, we are also considering managing the parking areas at Penang Sentral, which is expected to have 576 parking bays, and PJ Sentral, which is expected to have 4,482 parking bays. In the very long-term there will be ample opportunities for further growth from our other large TOD projects.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

LOOKING AHEAD

THE PROGNOSIS FOR THE MALAYSIAN ECONOMY IN 2018 IS POSITIVE, WITH BANK NEGARA FORECASTING GROWTH OF BETWEEN 5.5% AND 6.0%. DESPITE THE POSITIVE ECONOMIC FORECAST, WE EXPECT CAUTIOUS SENTIMENT IN THE PROPERTY MARKET TO CONTINUE IN 2018. OVER THE LONGER TERM HOWEVER, AIDED BY POPULATION GROWTH, STRONG DEMOGRAPHICS AND ECONOMIC EXPANSION, WE REMAIN VERY POSITIVE OF THE PROPERTY MARKET, ESPECIALLY IN THE KLANG VALLEY.



>> Cyberjaya City Centre

The construction market, on the other hand, is poised to enter into a period of robust growth, with order books across the industry set to be boosted by approximately RM155 billion worth of rail infrastructure projects up for tender in 2018, higher than the RM139 billion value of all construction output in 2017.

Over the last few years we have been building a more resilient business by maintaining a sharp focus on our Transformation Strategy. We have built a fundamentally strong business model which has delivered high quality property developments and strengthened our market reputation for projects which require very specialised skills and expertise.

Bearing in mind the challenging industry backdrop, we remain confident in continuing with our upward growth trajectory, as we capitalise on the strengths we have built over the years. Our interests in a high value 393 acre urban land bank will provide us with a sustainable pipeline of property development projects, offering multiple revenue streams over the next 20 years.

As we continue with expanding our property development portfolio, we will carefully consider and evaluate each project to cater to the shifting market demands and the needs of our customers. Our core competencies lie in TODs, and we will continue to be at the forefront of the industry in this regard.

In our Engineering, Construction & Environment Division, our focus remains on tendering for projects requiring our specialised engineering

expertise, with relatively higher barriers of entry. These projects attract less competition in the tendering process, and very importantly help protect profit margins. These include projects such as complex buildings with high mechanical and engineering content (e.g. hospitals, stadiums etc) and infrastructure projects. We will also be exploring other new growth segments in the renewable energy space, like waste to energy, solar power and hydro power – all segments where our strong engineering skill sets can be deployed.

Leveraging on our status as the largest Bumiputera registered construction company in the country, we will be capitalising on opportunities available for Government-related construction projects. Under Budget 2018, the Government announced a total of RM350 billion in Government projects which are slated to begin within the next two to three years. We intend to bid for these projects to generate and sustain our long-term growth.

We are mindful of the need to maintain a culture of continuous improvement and we will work towards achieving financial and operational excellence. As a responsible organisation, we are also committed to operating ethically and accountably in our bid to create sustainable value for all our stakeholders.

MOHAMAD SALIM FATEH DIN
Group Managing Director



KL SPORTS CITY

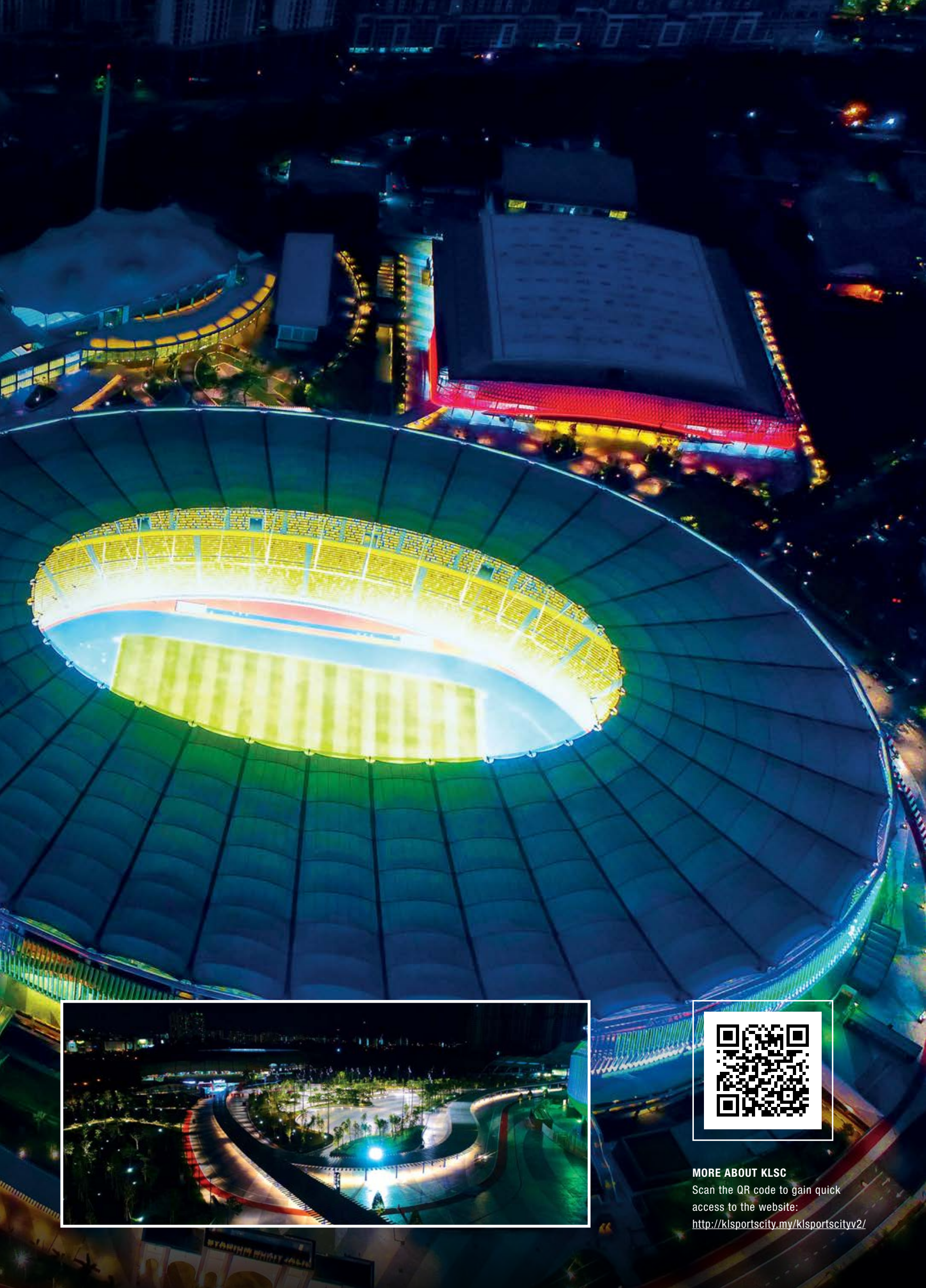
CASE STUDY

“

THE NEW KUALA LUMPUR SPORTS CITY (KLSC), FORMERLY KNOWN AS BUKIT JALIL NATIONAL SPORTS COMPLEX, IS SET TO BE ONE OF THE MOST ICONIC AND DISTINCTIVE INTERNATIONAL SPORTING AND ENTERTAINMENT CENTRES IN ASIA.

”

As a redeveloped and fully-integrated sports hub, KLSC is fully compliant with local and international standards, consisting of new infrastructures on par with the most renowned world-class sports and entertainment centres. This regeneration and redevelopment project includes providing high-performance sports training facilities, a sports rehabilitation science centre, youth park, public sports facilities, sports museum, youth hostel, convention centre and a sports-focused retail mall. Located in the KLSC compound are the National Stadium, Axiata Arena, National Aquatic Centre, National Squash Centre and National Hockey Stadium.



MORE ABOUT KLSC

Scan the QR code to gain quick
access to the website:
<http://klsportscity.my/klsportscityv2/>

KL SPORTS CITY CASE STUDY



Axiata Arena

GOING FOR GOLD

A HIGH POINT IN 2017 FOR MRCB GROUP WAS THE SUCCESSFUL COMPLETION AND HANDOVER OF THE KL SPORTS CITY PROJECT IN TIME FOR THE 29TH SEA GAMES. WE CONSIDERED IT A SPECIAL OPPORTUNITY AND HONOUR TO CREATE AN INTEGRATED SPORTS CITY WHICH THE COMMUNITY AT LARGE CAN ACCESS ALL YEAR ROUND BY ADAPTING, UPDATING, IMPROVING AND LINKING THE EXISTING FACILITIES, TO PROVIDE A LIVEABLE SPORTS COMPLEX FOR ALL MALAYSIANS.

In Going for Gold at KL Sports City, our project deliveries were firmly grounded on our corporate vision of Setting The Standard, as we took the opportunity to deliver a world-class national sports complex that will provide both athletes and spectators with gold-standard sporting facilities and experiences.

In the redesign of the National Stadium, Axiata Arena, National Aquatic Centre and National Hockey Stadium, we set a high bar on architectural and design innovations, and embedded elements of sustainability into not just the completed complex itself, but in the design and construction process.

KL Sports City was a complex project, one which presented several challenges. Initially estimated to take 36 months to complete, we ended up completing the National Stadium within a record breaking 15 months. The National Stadium was completed three months ahead of schedule, while the other three stadiums were completed on schedule in 18 months. We received outstanding feedback on the completed refurbishment, as both the Malaysian and foreign media, along with sport athletes, officials and visitors heaped tremendous praise on the integrated sports complex.

Award Winning

ISO STANDARDS AWARD

from Hong Kong



CIDB 5-STAR AWARD FOR SAFETY



NOMINATED FOR THE WORLD ARCHITECTURAL AWARD 2017

in Berlin

– 1 of 15 projects shortlisted out of 924 entries.



KL SPORTS CITY CASE STUDY

Quick Facts

>> National Stadium

- >> 678 blades or fins on the façade
- >> Total general admission (GA) seats of 84,426; with 160 seats for the disabled
- >> 742 VIP seats
- >> 90 VIP Royal seats
- >> 250 seats in 20 VIP Suites
- >> 232 media seats
- >> 87 public turnstiles; 2 media turnstiles
- >> Double volume VIP lobby with escalators

>> Axiata Arena

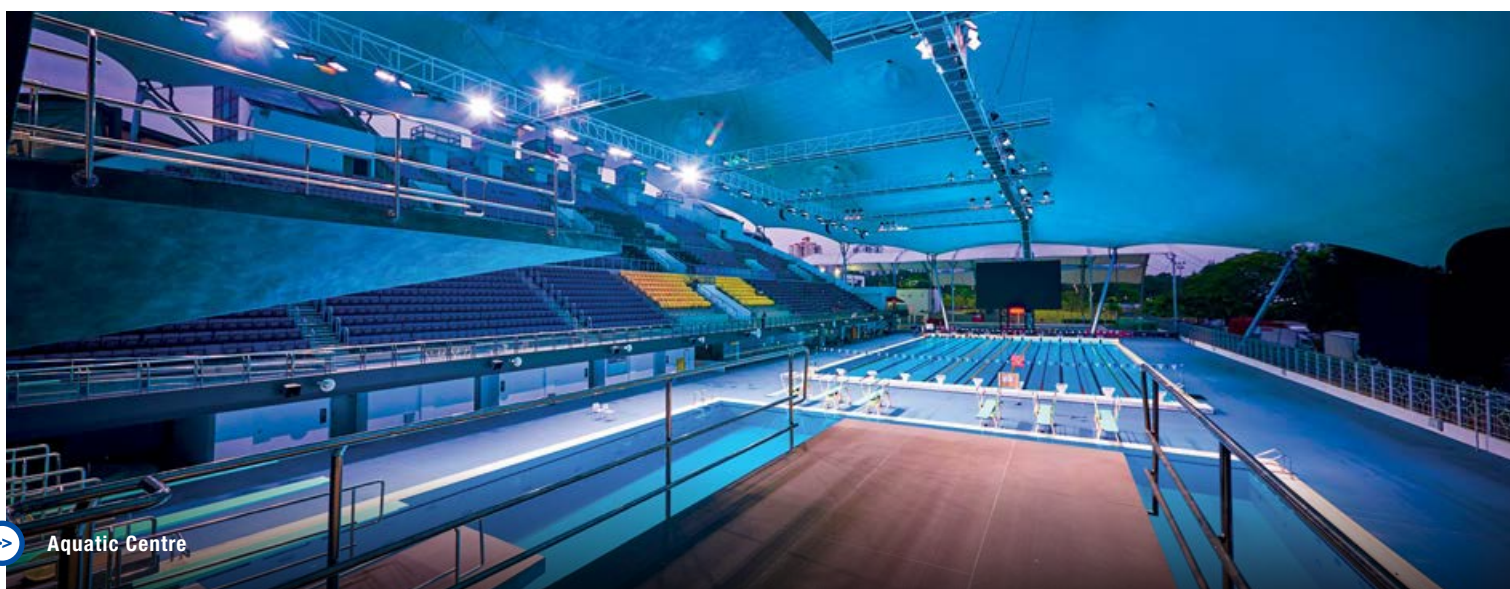
- >> Façade with a total length of 203 metres
- >> 11,106 GA seats; with 14 wheel chair seating
- >> 68 media seats

>> National Aquatic Centre

- >> Non-combustible membrane roof with 20-year warranty
- >> Diving tower compliant to FINA standard
- >> New lobby & VIP lobby

>> Plaza & Other Infrastructure

- >> Original length of 470 metres; extended to 930 metres
- >> Twisted blades of steel incorporated in the canopy walkway around the plaza to resemble the National Stadium façade
- >> Width to cater to pedestrian traffic of 40,000 people to the stadium
- >> Parking space for 56 coaches; 3,068 cars including 20 handicapped parking; 498 motorcycles
- >> Landscape lighting for night view



>> Aquatic Centre

OUR ASSET LIGHT APPROACH: WORKING WITH THE BEST SPECIALISTS IN THE WORLD

MRCB believes in an asset light approach, where we either outsource or partner with niche specialists to obtain the best deliveries on the projects we work on. This allows us to focus on our areas of expertise, while leveraging on the skills of our project partners. Even for an end-to-end construction business like MRCB, it is not economical to have niche design and construction specialists within our own organisation, as it is not sustainable from a business point of view. Bringing in the right consultants, with the requisite expertise as partners, is therefore important in certain projects.

For KL Sports City, we worked with Populous, a global architecture and design firm that has designed some of the best stadiums in the world. Their work covers many major international sporting and public arenas which have hosted events such as the London Olympics, Sydney Olympics and the Super Bowl. By bringing them on board, we were able to incorporate their innovative ideas in terms of design, and their approach to the project. We still managed to keep things Malaysian – while Populous worked on the concept design, project detailing was done by MRCB and Malaysian consultants.

KL SPORTS CITY CASE STUDY



>> National Stadium

ARCHITECTURAL INNOVATIONS

World-Class Certifications for Stadiums

In order to rejuvenate KL Sports City into a world-class gold-standard stadium complex, MRCB conducted an international benchmarking exercise, whereby our team visited numerous stadiums around Europe. This proved to be an extremely useful exercise, as we were able to identify the gaps in the existing Bukit Jalil Sports Complex and plan the way forward for the rejuvenation project. The Ministry of Youth and Sports' brief was clear – it wanted the new complex to be true to Malaysian culture, and reflect its identity as the home for Harimau Malaya, Malaysia's national football team.

WORKING AROUND THE CLOCK

To deliver the project on time for the 29th SEA Games, our team had to work around the clock, through seamless project management which allowed for different trades to work on different parts of the site concurrently. In usual circumstances, different trades are brought on site at different times per the project schedule. However, employing the usual approach would have meant not completing the project on time. Therefore, a different and innovative approach was necessary. We calculated that we needed to do between RM2 million and RM3 million worth of work daily to meet the time demands of the project. A critical item was the façade around the National Stadium – if this had been delayed, the entire project would have been affected.

To complete such a large scale project within a significantly compressed time period, we had to think out of the box to come up with solutions to ensure we would succeed. Usually, design engineering takes six months, but we did this within two and a half months. During this period, we produced over 10,000 technical drawings.

We had 23 contractors and 20 consultants on site at the same time. Along with a total of 1,800 construction workers, they all worked three shifts every day for 18 months. Considering that we spent a total of three million man hours on the project, our prioritisation of health and safety led to us not having one single accident on site – an achievement which earned us the CIDB 5-Star Award for Safety.

We had to seamlessly plan and manage all site materials to be brought in at the right time, and then used as soon as they were delivered, another remarkable project management achievement, which won us the ISO Standards Awards from Hong Kong.

When we presented the project at the Stadia & Arena Asia Pacific 2017 convention in Japan, the feedback we received was that no one in the industry had heard of such a massive rejuvenation and refurbishment of a stadium complex being completed within such a short space of time.

KL Sports City International Certifications

>> NATIONAL STADIUM

The National Stadium has been inspected and declared compliant by the International Association of Athletics Federation (IAAF) and Fédération Internationale de Football Association (FIFA)

>> NATIONAL HOCKEY STADIUM



Both the Main and Training Hockey Pitches are the only hockey fields to be awarded the Gold Elite Standard in the world – the highest certification awarded by the Fédération Internationale de Hockey

>> AQUATIC CENTRE



The Aquatic Centre has been certified as a FINA Olympic Standard Pool

KL SPORTS CITY CASE STUDY



>> National Stadium

The interior of the National Stadium, comprising the athletes' changing rooms, all the stadium lights and the running track were upgraded and are now compliant with the latest IAAF and FIFA standards. As well as that, 20 new executive suites were also added to allow for more comfortable hosting venues catered to VIP guests, making it the only stadium in Malaysia with this feature.



>> Pixelated Seats at the National Stadium

All 85,000 seats at the National Stadium were replaced in order to conform to current stringent fire safety standards. The new seats used were obtained through Camatic, the largest manufacturer of theatre, cinema and stadium seating in Australia. The new seats have a pixelated effect and come in five different colours. The effect of the pixelated seats means that even if the stadium is empty, it gives the illusion of being full – another useful way to monetise the stadium as it adds value to the commercialisation and broadcasting of sports events.



>> Recreating the Harimau Malaya Stripes

In order to reflect the National Stadium's identity as the home of the national football team Harimau Malaya, we had to think about how to differentiate it, and to add value to the existing stadium. We landed on the idea of the fins surrounding the stadium – 678 in all – to represent the stripes of the Malayan tiger.

Starting off on the project, our priority was to have the most accurate drawings possible of the existing structure. We used the latest, cutting edge Building Information Modelling (BIM) technology to map out the existing structure. We then discovered that the National Stadium was not symmetrically oval. Our challenge was to obtain that symmetry through other innovations, since rebuilding the stadium was not an option. The stadium fins were used to get back the symmetry the stadium needed.

Each fin weighs between 1.5 and 2 tonnes and was designed in five portions per fin. Each fin was also custom made – individually crafted in order to hold the weight of the structure as well as to symmetrically realign the stadium. We completed the façade for all the stadiums within a year.



>> National Hockey Stadium

MRCB's contract with the Government of Malaysia specified the delivery of a Fédération Internationale de Hockey (FIH) certified stadium, granted by the international governing body of field hockey and indoor field hockey. An FIH certification is only obtained after an independent FIH Accredited Test is conducted to ensure the hockey pitch has been built according to the dimensions, line marking, slope and surface draining requirements of the FIH Quality Programme. We delivered above and beyond our contractual requirements by obtaining an FIH Global Elite standard certification, making Malaysia the first country in the world to have a hockey pitch of the highest possible standard, suitable for FIH World Level International Competitions.

KL SPORTS CITY CASE STUDY



>> National Aquatic Centre

When MRCB took on the KL Sports City project, one of our challenges was how to help monetise the venues and create value for the owners through our design and construction. At the National Aquatic Centre, we replaced the swimming pool tiles in all three pools with Italian tiles. All swimming pool equipment was also replaced, including the diving tower which is compliant to FINA standards, recognised by the International Olympic Committee. A design innovation is the moveable floor in the training pool, which can be raised up to the surface level. The moveable floor comes in two sections which means you can set the depth of the pool according to individual requirements for the two halves of the pool. This makes it a valuable asset which can be monetised by extending its use for events and functions throughout the year.



>> National Aquatic Centre Roof

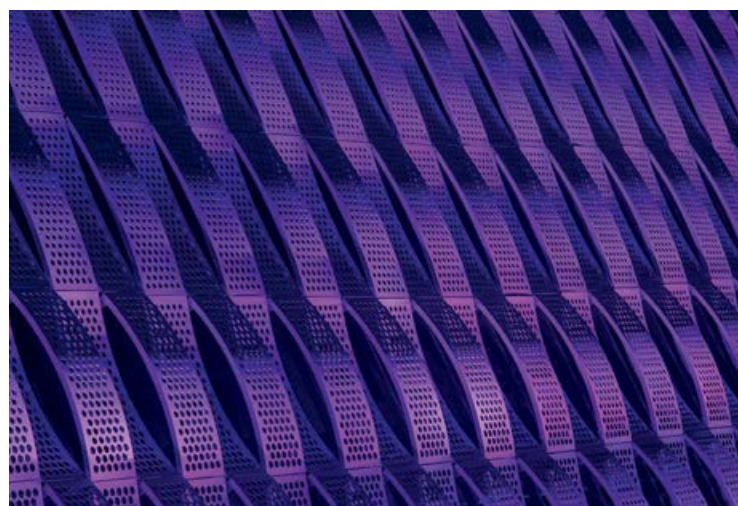
The membrane roof of the National Aquatic Centre, which covers an area of 1,600 square metres, had to be replaced as part of the rejuvenation. We had to source a non-combustible membrane which came as a single piece from France. In a separate tender from the Ministry of Works, we were given a year to complete the roof replacement. With the assistance of a specialist German firm, we completed it within six months, including all engineering works and the replacement itself.

>> Embedding Technology in Design & Construction

To obtain an accurate “as built drawing” for the KL Sports City project, we utilised the latest BIM software to model the design of the sports complex. BIM enables the creation of scaled 3D digital models, instead of using 2D technical drawings, ensuring greater accuracy and efficiency, and reducing the risk of expensive and time consuming mistakes.

>> Accessing Information in Real-Time

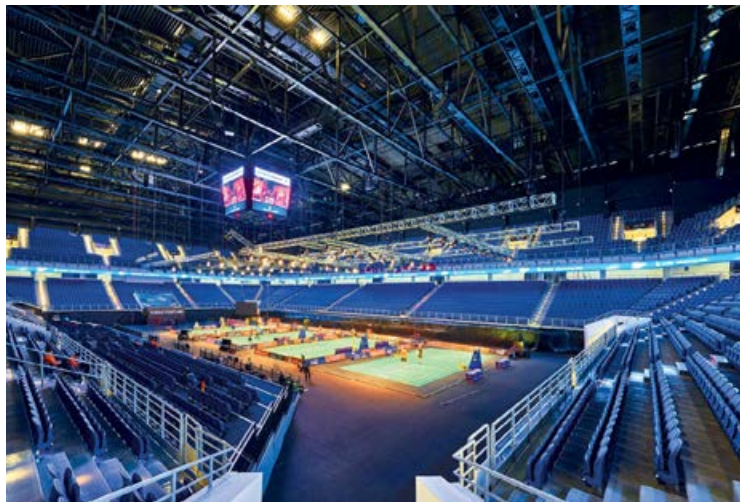
Working with a large number of consultants from around the world, it was imperative that the entire team be able to share and access project information in real-time. To achieve this, we used Aconex, a shared system that enables key information to be uploaded anywhere in the world, to ensure efficiency and greater communication flow between project team members, consultants and subcontractors.



>> Using Parametric Technology in Axiata Arena

Axiata Arena uses parametric technology, an advanced lighting and design technology, for the LED lights on its façade. The use of this technology enabled us to reduce the usage and cost of electricity, while ensuring that the entire façade could be dramatically lit up. In fact, the estimated electricity cost for the LED lights is only RM33 per day.

KL SPORTS CITY CASE STUDY



>> State-of-the-Art Sound Systems

All the stadiums in KL Sports City come equipped with state-of-the-art sound systems from L-Acoustics in France, which is used by leading artistes and entertainment venues throughout the world. Known as the “Rolls Royce” of sound systems, it offers spectators an immersive and unforgettable entertainment experience, enabling the National Stadium and Axiata Arena to be Malaysians’ venues of choice to host large, international music concerts.

>> Facial Recognition Technology

Security and safety is of the utmost importance, therefore at KL Sports City, there are over 400 cameras located all around the complex. All these cameras come with an advanced facial recognition technology, which allows them to capture the faces of all the people in the complex. The system also has the ability to map the human aging process, and thus can recognise faces recorded even with the passing of time, providing high end security during the 29th SEA Games and other major events in the future.

CHAMPIONING MALAYSIAN BUSINESSES

During the project, MRCB did its part in championing Malaysian businesses by paving the way for joint ventures between international firms and local companies. The synergies of these partnerships offered Malaysian companies the opportunity to upskill themselves, and learn about new methods and processes from their international counterparts, thus allowing for the transfer of skills and knowledge on the job.

>> Replacing the Seats at the National Stadium

When we engaged Camatic, one of the largest seat suppliers in the world, to provide the pixelated seats for the National Stadium, they told us it would take them seven months to manufacture the approximately 85,000 seats we required. We only had three months to complete the job. They had one mould for the seats which they planned to use in the manufacturing process. We decided to obtain the mould from them, and then paid them to produce a second mould for us. We approached Sipro Plastic Industries Sdn Bhd, a local company that manufactures bumpers for vehicles, and managed to persuade Camatic to work in partnership with them. In Australia, Camatic would have been able to manufacture about 600 to 700 seats a day, but the Malaysian company produced 1,100 seats a day, all done in accordance to strict quality control standards. All seats were removed and replaced within two months and three weeks, and comply with BS 5852: 2006 Class 5 standards for fire ignitability.

>> Building the Stadium Fins

In sourcing the advanced engineering required to manufacture and install the fins around the National Stadium, we found that there was no contractor in Malaysia with the requisite skills for the job. We ended up engaging German owned company, Mero. While they designed the façade, we insisted that they engage Malaysian companies to manufacture the fins. Four factories in Johor, Banting, Rawang and Seremban, were identified to manufacture the fins, which contributed to the economic development of these areas.

The fins of the National Stadium offer more than aesthetic value. Prior to their placement, the National Stadium, which is made of concrete, absorbed a lot of heat. However, the fins’ aerodynamic design allows for air flow and ventilation into the stadium, as well as shading and protecting the concrete structure from heat absorption. As well as that, the design of the fins and their placement allows for the activation of the entire area of empty space beneath the seats at the National Stadium. Before this, the area was not opened to the public as it was too hot. The fins’ aerodynamic design allows for cooler air flow in this space and it is now rented out as a commercial area for stall owners.

KL SPORTS CITY CASE STUDY

CHAMPIONING SUSTAINABILITY

At MRCB, sustainability flows through every facet of our business and the projects we work on. We are committed to ensuring that sustainability is embedded in each and every one of our projects, and KL Sports City was no exception.



>> Energy Saving LED Lights

The new façades in the stadiums at KL Sports City all incorporate energy saving LED lights which offer 39% energy savings in general. The idea was to utilise the façades as dynamic digital visual mediums that could present spectacular and co-ordinated light shows by night. Therefore the lights at the National Stadium come with LED programming, in effect making it a giant stadium-sized screen. This can be programmed according to requirements. For example, when Harimau Malaya is playing, the LED lights built into the fins can be programmed to display tiger stripes around the National Stadium. The lights can even spell words or be made into patterns that can be made to rotate around the façade of the stadium. Currently, no other stadium in the world has this type of lighting on its façade. It has been estimated that as a result of the use of the LED lights, electricity cost will amount to only RM470 per day. While in the Aquatic Centre, the estimated electricity cost for the LED lights is only RM12 per day.

>> Creating Financial Sustainability

All the stadiums come with features which allow the venues to be monetised. From the raiseable floor at the Aquatic Centre to Axiata Arena's state-of-the-art sound system, and the pixelated seats and VIP suites at the National Stadium, there are features which allow the KL Sports City management to obtain a recurring and sustainable income from the complex all year round. This will help the owners fund the maintenance and upkeep of the complex over the long-term, to keep the complex well maintained and ensure its sustainability.



KL SPORTS CITY CASE STUDY

**>> Creating an Integrated Landscape**

In rejuvenating KL Sports City, we paid particular attention to the landscaping as well as the public amenities and facilities. Now, 35% of the complex is landscaped, compared to only 5% previously. We also had to replace and upgrade the drainage, underground pipes and relocate services such as electricity and sewage pipes. In creating an integrated liveable landscape which could be used by the community all year round, we incorporated a number of different features.



The large scale plaza comes with a canopy walkway linking KL Sports City to the train station, thus encouraging people to take public transport to the venue.

A total of 1,373 trees and 102,000 shrubs were planted around the complex to green the area. Additionally, 32,210 square metres of turf was planted.



A 1.4 metre jogging and running track winds through the complex. It has become the jogging track of choice for communities living close to the KL Sports City complex.

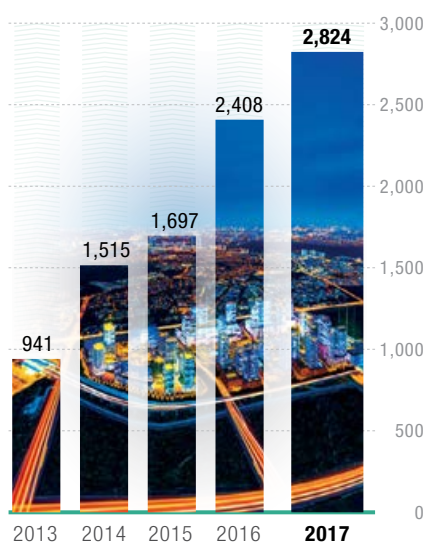
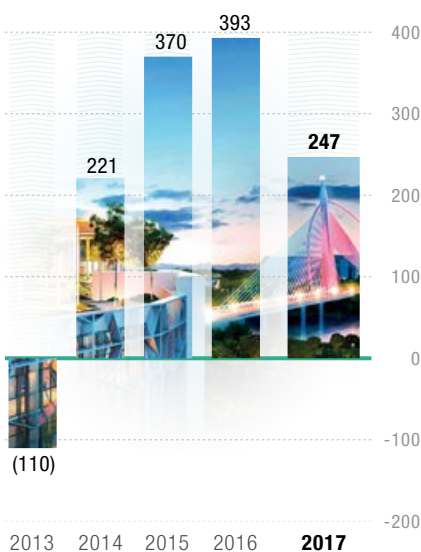
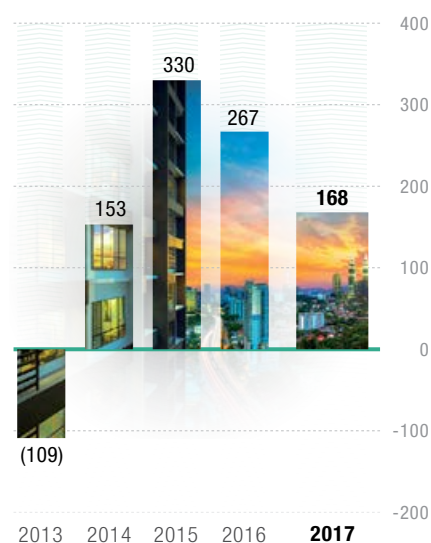
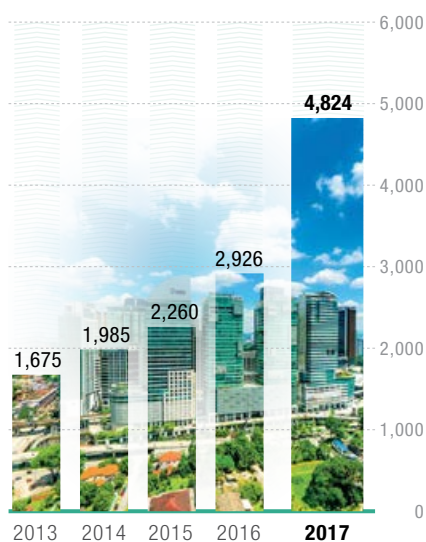
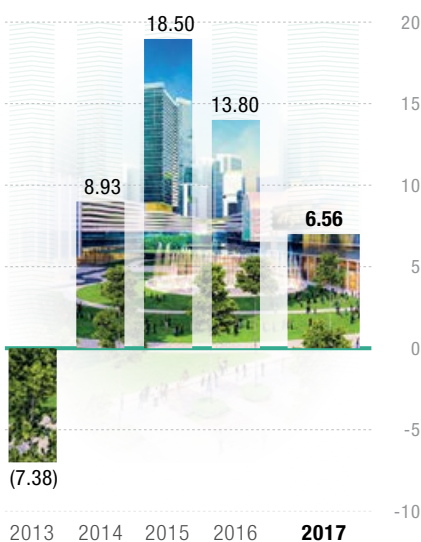
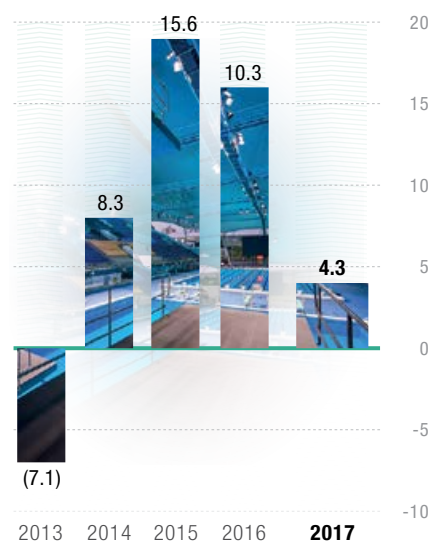
The water fountain at KL Sports City comes with nozzle lights in the fountain which accentuates its lighting, making it more visually attractive.

For exercise seekers, there is also an outdoor gym which is free for the public, complete with water features and terraces.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
FINANCIAL RESULTS (RM' MILLION)					
Revenue	941	1,515	1,697	2,408	2,824
Gross profit margin (%)	3	24	27	24	19
Profit/(loss) before income tax	(110)	221	370	393	247
Profit/(loss) after income tax	(123)	221	364	319	182
Profit/(loss) attributable to equity holders	(109)	153	330	267	168
FINANCIAL POSITION (RM' MILLION)					
Total cash & bank balances and investment securities	608	664	524	722	778
Total assets	6,603	7,042	7,090	7,507	10,301
Total borrowings	3,510	3,691	3,394	2,937	3,382
Total net assets	1,675	1,985	2,260	2,926	4,824
Share capital	1,651	1,760	1,787	2,144	4,309
Total equity	1,737	2,065	2,313	3,025	4,929
FINANCIAL RATIOS					
Basic earnings/(loss) per share (sen)	(7)	9	19	14	7
Return on average shareholders' funds (%)	(7)	8	16	10	4
Return on total net assets (%)	(7)	8	15	9	3
Share price at year end (RM)	1.29	1.22	1.28	1.33	1.12
Price earning ratio (times)	(17.49)	13.66	6.92	9.64	17.08
Dividend per share (sen)	1.0	2.5	2.5	2.75	1.75
Dividend yield (%)	0.8	2.0	2.0	2.1	1.6
Net assets per share attributable to equity holders (RM)	1.02	1.13	1.27	1.36	1.10
Net gearing ratio (times)	1.73	1.52	1.27	0.73	0.53
Market capitalisation (RM' Million)	2,130	2,147	2,287	2,852	4,913
Profit/(loss) after tax & non-controlling interest (RM' Million)	(109)	153	330	267	168
Average shareholders' funds (RM' Million)	1,545	1,830	2,123	2,593	3,875
Weighted average no. of shares (No. of shares)	1,479	1,709	1,786	1,938	2,556
Share capital (No. of shares)	1,651	1,760	1,787	2,144	4,387
BANK BORROWINGS (RM' MILLION)					
Bank borrowings	2,226	2,431	2,180	1,783	2,323
EDL financing	1,277	1,253	1,207	1,154	1,059
Loan stock	7	7	7	0	0
Total borrowings	3,510	3,691	3,394	2,937	3,382
Total cash & bank balances and investment securities	(608)	(664)	(524)	(722)	(778)
Total net borrowings	2,902	3,027	2,870	2,215	2,604
Total net borrowings excluding EDL financing	1,625	1,774	1,663	1,061	1,545

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

RM2,824 million>> **GROUP REVENUE**
(RM' MILLION)**RM247 million**>> **PROFIT/(LOSS) BEFORE TAX**
(RM' MILLION)**RM168 million**>> **PROFIT/(LOSS) ATTRIBUTABLE TO
EQUITY HOLDERS**
(RM' MILLION)**RM4,824 million**>> **SHAREHOLDERS' FUNDS**
(RM' MILLION)**6.56 sen**>> **BASIC EARNING/(LOSS) PER SHARE**
(SEN)**4.3 %**>> **RETURN ON AVERAGE
SHAREHOLDERS' FUNDS**
(%)

GROUP QUARTERLY PERFORMANCE

2017 RM' MILLION FOR THE PERIOD ENDED	FIRST QUARTER 31/3/2017	SECOND QUARTER 30/6/2017	THIRD QUARTER 30/9/2017	FOURTH QUARTER 31/12/2017	2017
Revenue	525	757	1,134	408	2,824
Profit before taxation	29	34	52	132	247
Profit after taxation	20	26	31	105	182
Profit attributable to equity holders	11	23	28	106	168
Basic earning per share (sen)	0.49	1.07	1.28	4.82	6.56
Dividend per share (sen)	-	-	-	1.75	1.75
Net assets per share attributable to equity holders (RM)	1.37	1.38	1.37	1.10	1.10

2016 RM' MILLION FOR THE PERIOD ENDED	FIRST QUARTER 31/3/2016	SECOND QUARTER 30/6/2016	THIRD QUARTER 30/9/2016	FOURTH QUARTER 31/12/2016	2016
Revenue	436	389	551	1,032	2,408
Profit before taxation	19	74	61	239	393
Profit after taxation	13	57	40	209	319
Profit attributable to equity holders	4	46	29	188	267
Basic earning per share (sen)	0.25	2.44	1.49	8.92	13.80
Dividend per share (sen)	-	-	-	2.75	2.75
Net assets per share attributable to equity holders (RM)	1.26	1.29	1.27	1.36	1.36

GROUP SEGMENTAL PERFORMANCE

RM' MILLION	2013	2014	2015	2016	2017
REVENUE					
Property development & investment	460	876	724	1,330	859
Engineering, construction & environment	376	511	774	858	1,774
Infrastructure & concession	38	49	115	113	115
Facilities management & parking	67	78	75	71	56
Others	0	1	9	36	20
Total revenue	941	1,515	1,697	2,408	2,824
OPERATING PROFIT/LOSS BY SEGMENT*					
Property development & investment	10	160	443	464	176
Engineering, construction & environment	(79)	43	35	12	93
Infrastructure & concession	(7)	20	59	58	55
Facilities management & parking	7	10	10	16	11
Others	(22)	82	7	7	2
Total revenue	(91)	315	554	557	337

* Earnings before interest, tax and unallocated corporate expenses.

AWARDS AND ACCOLADES

Awards in 2017

1. STARPROPERTY.MY AWARDS 2017

Special Mention – National Contribution
– Kuala Lumpur Sentral CBD

2. NATIONAL ANNUAL CORPORATE REPORT AWARD (NACRA) 2016

Certificate of Merit
– Malaysian Resources Corporation Berhad

3. MALAYSIA OCCUPATIONAL SAFETY AND HEALTH PRACTITIONER'S ASSOCIATION (MOSHPA)

13th Occupational Safety and Health Excellence Award 2017
Gold Award 2017
– MRCB Builders Sdn. Bhd.

7TH MIDDLE EAST BUSINESS LEADERS AWARDS (MEBSA) 2017

4. Best Urban Property Developer
– Malaysian Resources Corporation Berhad

5. Best Transit Oriented Development
– Kuala Lumpur Sentral CBD

6. MALAYSIA SOCIAL MEDIA CHAMBERS

Social Media Excellence Awards
– Malaysian Resources Corporation Berhad

Urban Property Developer
– Malaysian Resources Corporation Berhad

PROPERTY INSIGHT PRESTIGIOUS DEVELOPERS AWARDS 2017

7. Top 10 Developer Award
– Malaysian Resources Corporation Berhad

8. Best Mixed Development Award
– 9 Seputeh

9. Best Luxury Lifestyle Development Award
– The Sentral Residences



OUR COMMITMENT TO SUSTAINABILITY



Kwasa Sentral

MRCB IS COMMITTED TO DISCLOSING THE PROGRESS OF OUR SUSTAINABILITY JOURNEY AND SETTING THE HIGHEST STANDARDS IN THE SOCIAL, ECONOMIC, AND ENVIRONMENTAL PERFORMANCES OF OUR SECTOR. WE ASPIRE TO RAISE OUR UNDERSTANDING OF SUSTAINABILITY ISSUES SO THAT WE MAY CONTINUE TO GROW AND PERFORM BETTER AS A CORPORATE CITIZEN.

We are currently in the process of reviewing our sustainability approach and intend to explore various ways in which we can improve our sustainability practices and performances across our management and operations.

For this report, we began embarking on obtaining baseline data to measure and subsequently monitor the impact of our projects and activities, which helped us determine our performance and progress in areas considered material to our company and stakeholders. We believe that developing our comprehension of where we stand in our sustainability journey is essential towards identifying potential sustainability opportunities, implementing effective programmes, retaining and attracting talent in our workforce, and instilling the sustainability mindset and practices in our corporate culture – all of which contribute towards raising the MRCB Group's value and reputation.

This statement encompasses five key topics – our sustainability goals and governance, materiality, economic impact, social responsibility, and environmental stewardship. In preparing this statement, we established

our reporting scope and priorities through conducting stakeholder engagement and a materiality assessment, identifying sustainability indicators, referring to global practices and standards in sustainability reporting, and adopting the sustainability guidelines provided by Bursa Malaysia.

While we seek to maintain our compliance to national laws and regulations, we are becoming increasingly aware that more can be done to reduce the harmful impacts of our business activities. In managing and mitigating our footprints, we would like to work more closely with our stakeholders and local policymakers to gain in-depth knowledge on the issues surrounding our business, as well as the wider construction industry.

Through our renewed commitment to sustainability, we aim to accomplish our corporate vision, which is “Setting the Standard”, while contributing to the sustainable development of our business, people, clients, country, and environment. We invite you to join us in this journey.

SCOPE OF THIS STATEMENT

The coverage of this statement includes all domestic operations of MRCB, consisting of its subsidiaries, of which MRCB has direct control and holds a majority stake.

REPORTING PERIOD

The reporting period covered is from 1 January, 2017 to 31 December, 2017. Where possible, historical information from previous years were included to provide comparative data.

REPORTING CYCLE

Annually

REFERENCES AND GUIDELINES

- **Principal Guideline:**
 - Bursa Malaysia Sustainability Reporting Guide
- **Supporting Guidelines:**
 - Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)
 - United Nations Sustainable Development Goals (SDGs)

CONTACT US

We value your feedback and regard your suggestion(s) as an opportunity to learn and improve ourselves. If you have any comments and/or suggestions on our Sustainability Statement, please do not hesitate to send them to Dr. Nur Syafrina Mohd Sharif at the following e-mail address:
nursyafrina@mrcb.com

OUR SUSTAINABILITY GOALS AND GOVERNANCE



THE 1987 BRUNDTLAND REPORT DEFINES SUSTAINABLE DEVELOPMENT AS DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS. THE KEY PILLARS OF SUSTAINABLE DEVELOPMENT ARE ECONOMIC, SOCIAL AND ENVIRONMENTAL.

At MRCB, we appreciate global and national efforts to champion and realise sustainable development. In this report, we use the terms “sustainability” and “sustainable development” interchangeably.

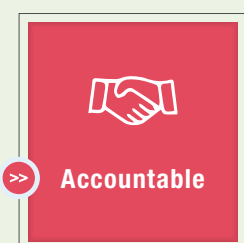
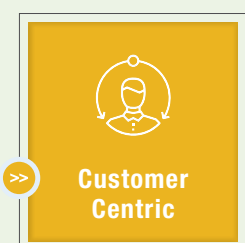
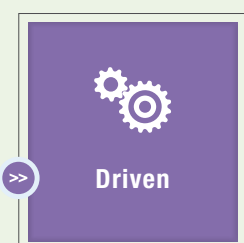
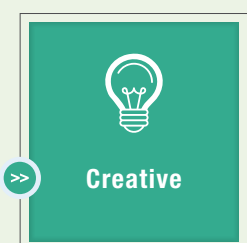
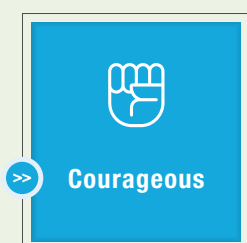
We acknowledge the United Nations Sustainable Development Goals (SDGs) and endeavour to contribute to SDG 9, which emphasises building resilient infrastructure, promoting sustainable industrialisation and fostering innovation. We are specifically aligned to SDG Target 9.1, which centres on the critical need to develop quality, reliable, sustainable and resilient infrastructure, in addition to supporting economic development and human wellbeing.



We are also keen on exploring how we could potentially contribute to SDG 11, which underscores the importance of making cities inclusive, safe, resilient, and sustainable. We believe that these two SDGs are closely related to our core business and would like to work on improving our contribution to these global goals as we progress in our quest for sustainability. We hope to increase our commitment to other SDGs as we continue to develop our indicators and knowledge of the impacts of our business in the context of sustainable development.



OUR VALUES

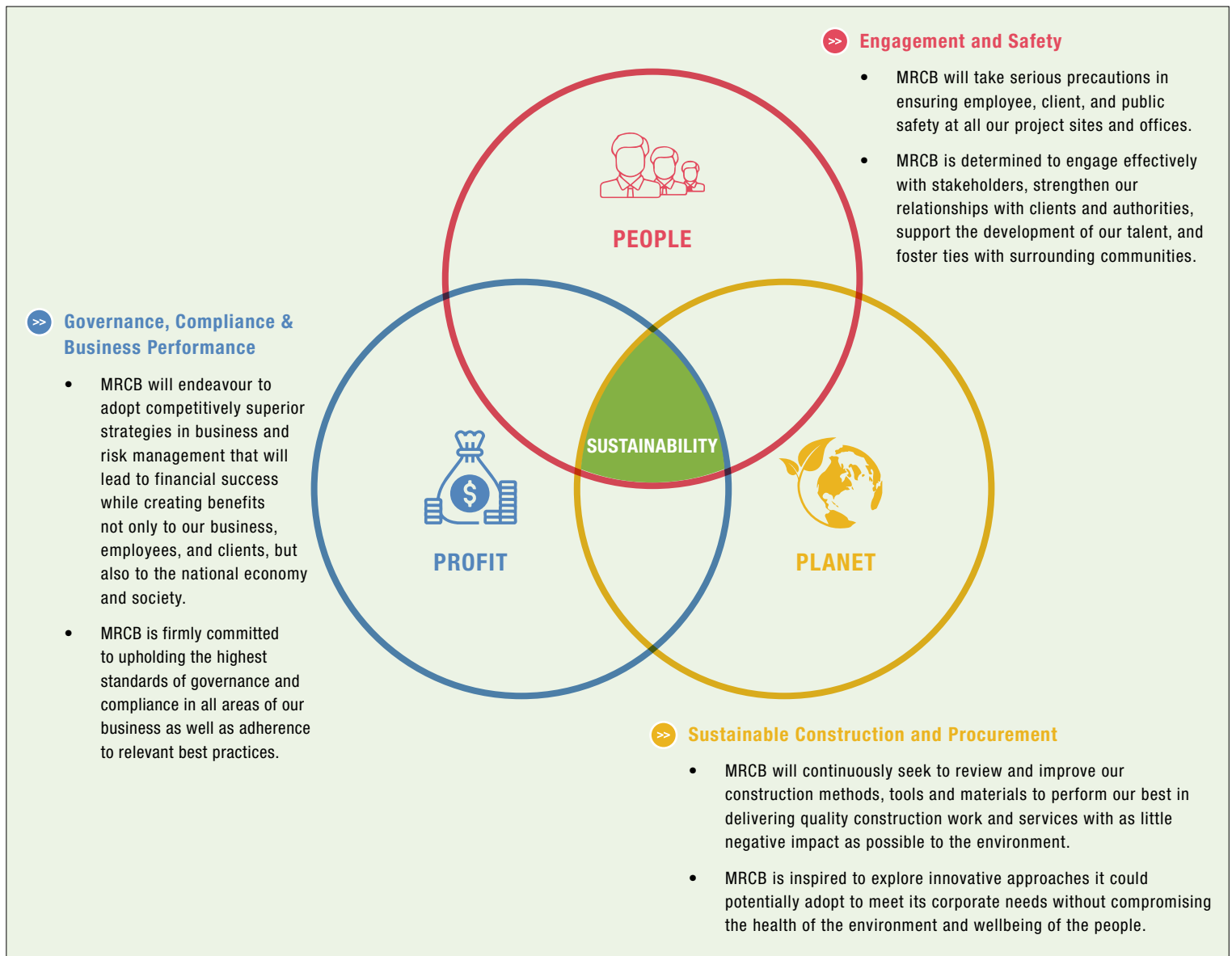


OUR SUSTAINABILITY GOALS AND GOVERNANCE

SUSTAINABILITY GOALS AT MRCB

As one of the largest urban developers in Malaysia, we recognise the important role we play in contributing to the sustainability of our nation's economy, society and environment. We have re-examined and revised our corporate sustainability goals so that they better reflect our vision, values and material issues, while also being in consonance with the core pillars of sustainable development.

MRCB's Sustainability Goals seek to achieve the triple bottom line – placing people, planet and profit at the heart of our journey towards sustainability.



THE UN GLOBAL COMPACT ASKS COMPANIES TO FIRST DO BUSINESS RESPONSIBLY AND THEN PURSUE OPPORTUNITIES TO SOLVE SOCIETAL CHALLENGES THROUGH BUSINESS INNOVATION AND COLLABORATION.

- United Nations Global Compact

In addition to our Sustainability Goals, we do our best to promote and put into practice the ten (10) principles of the United Nations (UN) Global Compact. Through our years in operation, we have made strides in incorporating the principles into our strategies, policies and procedures to ensure we uphold our basic responsibilities to people and the planet in our pursuit for prosperity. Nonetheless, this remains a work in progress as we are continuously learning and evolving the way we do business.



For details on the ten principles of the UN Global Compact, visit unglobalcompact.org

OUR SUSTAINABILITY GOALS AND GOVERNANCE

SUSTAINABILITY GOVERNANCE

In efforts to reach above and beyond our Sustainability Goals, MRCB Group is working on further developing and advancing how we govern sustainability across our organisation.

Our Board is responsible for determining the direction of the Group, and provides oversight and guidance in the formulation and refinement of our corporate strategies as well as policies. The Board champions ethical principles and practices, and promotes good governance to ensure the successful delivery of our strategies, thus safeguarding the long-term success and sustainability of the Group. The Board is regularly updated on sustainability issues by our Group Managing Director (GMD) and/or other members of our senior management.

The GMD shoulders the highest level of responsibility for sustainability at MRCB, and takes into consideration all economic, environmental, social and governance dimensions of our business development and direction.

We recently appointed our first Head of Sustainability to lead us in developing our sustainability strategy, framework, policies, and reporting. We are hopeful that efforts to advance our sustainability agenda will enable us to nurture sustainability practices in our corporate culture, and further strengthen our position and reputation in the property and construction industry.



>> MRCB GMD engaging with SL1M trainees

> MEMBERSHIP OF ASSOCIATIONS

MRCB holds memberships in a number of business and trade associations:

- Construction Industry Development Board (CIDB)
- International Real Estate Federation (FIABCI)
- Malaysian Institute of Corporate Governance (MICG)
- Minority Shareholder Watchdog Group (MSWG)
- Master Builders Association Malaysia (MBAM)
- British Malaysian Chamber of Commerce (BMCC)
- Malaysian Employers Federation (MEF)
- Real Estate & Housing Developers' Association Malaysia (REHDA)
- The Institution of Engineers, Malaysia (IEM)
- Royal Institute of British Architects (RIBA)
- Board of Engineers Malaysia (BEM)
- Financial Markets Association Malaysia (PPKM)
- Institution of Civil Engineers (ICE)
- Pertubuhan Arkitek Malaysia (PAM)
- Royal Institution of Surveyors Malaysia (RISM)

MATERIALITY

AS WE STRIVE FOR SUSTAINABILITY, MRCB IS DETERMINED TO MEET STAKEHOLDERS' EXPECTATIONS WHILE GENERATING VALUE FOR SHAREHOLDERS AND ENSURING WE ARE ON TRACK WITH THE COMPANY'S OVERALL BUSINESS STRATEGY.

We performed a materiality assessment to identify issues that are most material to MRCB, and are looking forward to engaging more actively with stakeholders to enhance our ability in addressing those issues. We believe that it is essential to listen to and learn from our stakeholders, in order to strike a balance between their needs and the needs of our business.



PJ Sentral Garden City




IN SUSTAINABILITY REPORTING, MATERIALITY IS THE PRINCIPLE THAT DETERMINES WHICH RELEVANT TOPICS ARE SUFFICIENTLY IMPORTANT THAT IT IS ESSENTIAL TO REPORT ON THEM.

- Global Reporting Initiative


OUR METHODOLOGY




The following steps were undertaken in our materiality assessment:




Evaluation of previous reports




Comparative analyses –
peers, best-in-class, and international standards




Management interviews –
face-to-face group interview



Online survey –
compiled by an external consultant to protect anonymity

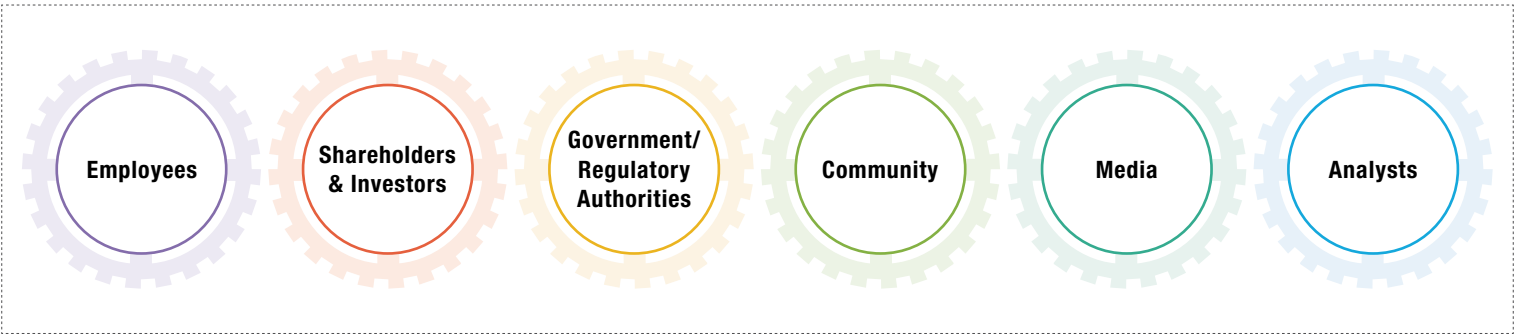


Materiality matrix assessment and validation –
conducted by an external consultant to preserve impartiality



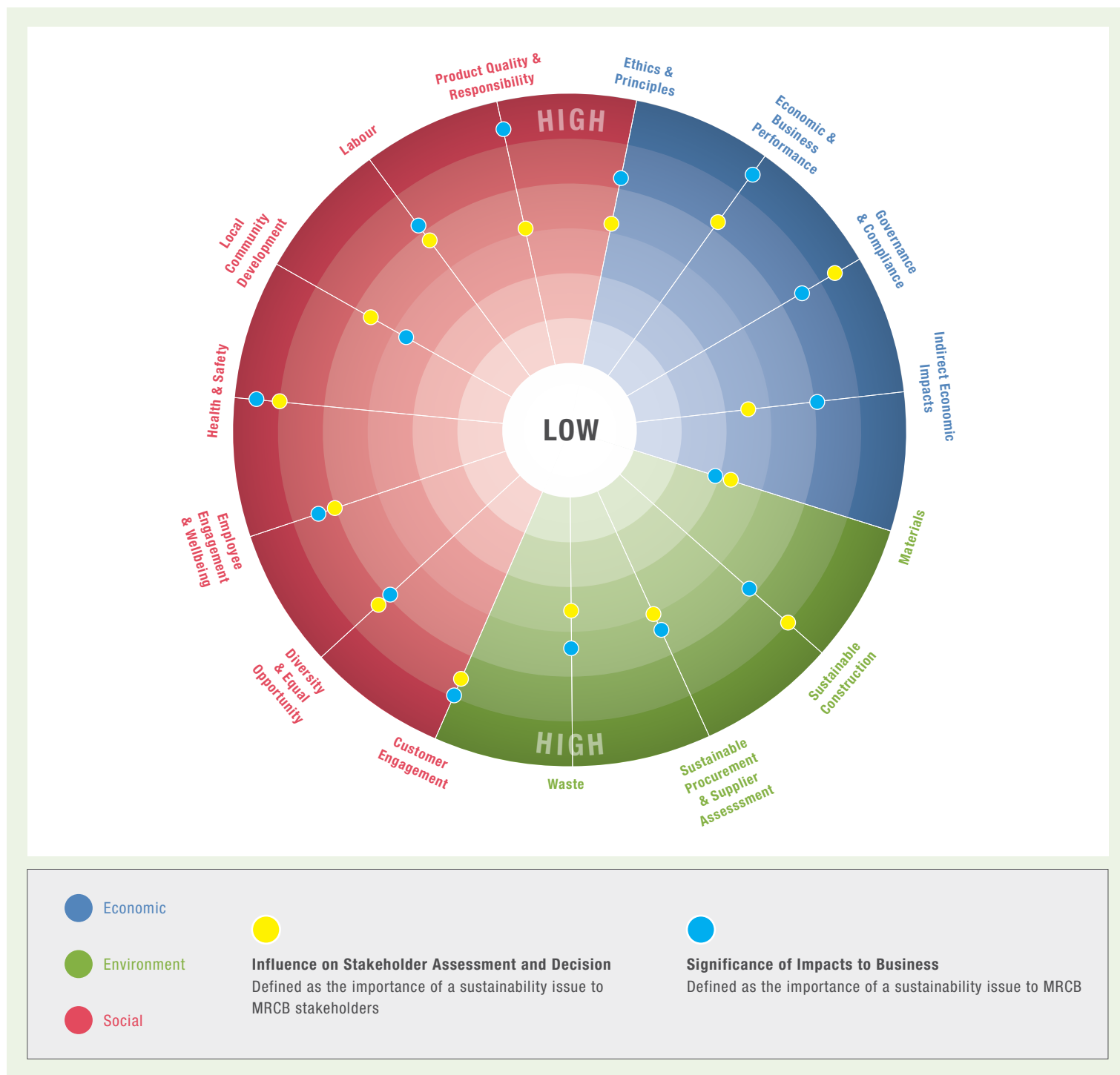
Mapping of material issues against GRI Standards

STAKEHOLDERS ENGAGED DURING THE MATERIALITY ASSESSMENT



MATERIALITY

MATERIALITY MATRIX




In the previous financial year, we identified thirty (30) material issues. However, we decided to reassess our material issues in 2017 to eliminate redundancies, and ensure strategic focus is placed on areas that are considered most significant to our business, as well as most influential to stakeholder assessment and decision.

We present in this report our new materiality matrix, which plots fifteen (15) issues that have been identified as being most material to MRCB, according to the significance of their impacts to our business and their influence on stakeholder assessment and decision. The points that are situated on the outer rings of the circle in the matrix are considered to

be of higher significance to our Group and of higher influence on our stakeholder decisions, while those positioned closer to the inner rings of the circle are lower in significance and influence when compared to our other material issues. Not surprisingly, Governance and Compliance, Health and Safety, and Sustainable Construction appear as the top three material issues, followed closely by Economic and Business Performance, Customer Engagement, and Diversity and Equal Opportunity. These top issues are indeed linked to the core nature of our business, as we place a considerable amount of importance on nurturing and maintaining good governance, legal compliance, public and worker safety, as well as in setting sustainability standards in the industry.

MATERIALITY

OUR MATERIAL ISSUES AND DEFINITIONS

Sustainability Pillar	MRCB's Material Issues	Definitions
Economic 	1. Ethics & Principles	An organisation's values, principles, standards and norms that include due diligence carried out by an organisation in order to uphold human rights principles, prevent bribery, anti-competition and corruption within its operations or through its relationships with others (e.g. suppliers, customers).
	2. Economic & Business Performance	The economic value generated and distributed to stakeholders. Also describes the contribution of the organisation in significant infrastructure investments and services development that improve community welfare and local economies.
	3. Governance & Compliance	Compliance with applicable laws and regulations as well as with other instruments concerned with environmental and socio-economic standards.
	4. Indirect Economic Impacts	The contribution of the organisation in significant nation-building infrastructure investments and services development that improve community welfare and local economies.
Environment 	5. Materials	Efforts to reduce the material intensity and increase the efficiency of the economy. Material consumption (i.e. building materials) relates directly to overall costs of operation and tracking this consumption facilitates the monitoring of material efficiency and costs of material flows.
	6. Sustainable Construction	Reducing the negative environmental impacts and enhancing positive impacts of building design and delivery. Includes adherence to relevant green building standards. Also refers to efforts in managing energy consumption, water usage, and sustainability during the design, construction and operations of buildings as well as of various types of infrastructures, to minimise greenhouse gas emissions and reduce costs.
	7. Sustainable Procurement & Supplier Assessment	Efforts to identify and adjust the organisation's procurement practices that can potentially cause or contribute to negative impacts in the supply chain.
	8. Waste	Efforts on proper waste management during operations and 3R practices (reduce, reuse and recycle).
Social 	9. Customer Engagement	Enhancing product and service delivery to create a positive customer experience. This includes ensuring customer satisfaction and meeting customers' preferences and needs as well as protecting customer data privacy. Also includes an assessment of customer access to accurate and adequate information on the positive and negative economic, environmental, as well as social impacts of the products and services they consume – both from the product and service labelling as well as marketing communications perspective.
	10. Diversity & Equal Opportunity	Equal provision of opportunity to internal and external stakeholders across operations (e.g. customers, employees, suppliers, business partners) on the basis of merit and national policies.
	11. Employee Engagement & Wellbeing	The level of employee engagement and satisfaction that contribute to talent attraction and retention. Also includes training, benefits, working conditions as well as the availability of effective grievance mechanisms to protect human rights.
	12. Health & Safety	Managing health and safety impacts across the life cycle of a product or service, particularly customer and occupational health and safety.
	13. Local Community Development	Efforts to manage impacts on people in local communities through understanding and investing in their expectations and needs.
	14. Labour	Efforts on improving the process and hiring of foreign labour within the construction industry. This also includes the sustainability of hiring skilled foreign labour.
	15. Product Quality & Responsibility	Quality of products and services that directly affect stakeholders, and customers in particular.



ECONOMIC IMPACT

ECONOMIC SUCCESS IS CRUCIAL TO THE ACHIEVEMENT OF OUR SUSTAINABILITY GOALS. FINANCIAL PERFORMANCE IS A KEY PRIORITY AT MRCB AS WE SEEK TO PROSPER IN OUR BUSINESS, GENERATE INCOME FOR OUR EMPLOYEES, ATTRACT NEW CLIENTS, AND TAKE PART IN THE DEVELOPMENT OF A STABLE SOCIETY AS WELL AS A VIBRANT NATIONAL ECONOMY. OUR FINANCIAL ACHIEVEMENTS ENABLE US TO CONTRIBUTE DIRECTLY AND INDIRECTLY TO LOCAL COMMUNITIES AND ECONOMIES.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

The GRI defines an economic impact as “a change in the productive potential of the economy that has an influence on a community’s or stakeholder’s wellbeing and longer-term prospects for development” (2016). Indirect economic impacts are the additional consequences of the direct impact of financial transactions and the flow of money between an organisation and its stakeholders. It can be monetary or non-monetary, and involves the impacts of an organisation’s infrastructure investments as well as services supported. The following MRCB projects have significant indirect economic impacts.



Groundbreaking Ceremony of TNB Balai Islam



This section highlights the economic-related impacts that we consider especially important in the development of our sustainability strategy. Please refer to page 58 of this report for our financial highlights. For full disclosure of our financial performance, kindly refer to our Financial Report 2017.

>> KL Sports City

We are honoured to be involved in leading the revival of the KL Sports City (KLSC). In the first phase of this refurbishment project, the fully-integrated sports hub, with its world-class infrastructures, was successfully completed ahead of schedule, and strictly complies with local and international standards of quality control. It is indeed one of MRCB’s proudest achievements of 2017, as it became the location in which Malaysia hosted the 29th Southeast Asian (SEA) Games and won 145 gold medals.

Upon completion, the KLSC will provide high-performance sports training facilities, a sports rehabilitation science centre, a youth park and youth hostel, a sports museum, a convention centre, a sports-focused retail mall and other public sports facilities. The opportunity to upgrade the KLSC allowed us to play a pivotal role in not only elevating the name and image of our nation, but in supporting local manufacturers, reviving surrounding districts, building transport infrastructure, and implementing initiatives that promote environmental protection.

Our vision for KLSC is for it to be not only the preferred destination for major national and international sporting events, but to connect people and communities through efficient public transport, encouraging members of the public to adopt clean, healthy as well as sustainable lifestyles.



KLSC during construction phase



For more details of our involvement in the development of this major project, please refer to pages 48 - 57 of this report.

ECONOMIC IMPACT

>> Cyberjaya City Centre

From its inception as Malaysia's first cybercity, Cyberjaya has developed to become the nation's central technology, creativity, and innovation hub, playing host to multinational corporations, startups, tech companies, training centres, incubators, institutions of higher learning, and modern residential areas. Cyberjaya is now transitioning into its next phase of growth towards becoming a Global Tech Hub and smart city. The Cyberjaya City Centre project, which comprises a land area of 45.3 acres with the Gross Development Value of Phase 1 estimated at RM5.3 billion will complement the city's transformation by providing world-class technology infrastructure and connectivity, increasing the efficiency of public facilities and services, improving safety and quality of life, as well as promoting environmentally sustainable standards and practices. Cyberjaya City Centre includes serviced residences, hotels, a convention centre, and a hybrid-concept shopping mall, while pathways will be lined with trees, and parks as well as street events will serve as areas for communities to gather. The project is in line with the Government's aspiration to empower Malaysians through technology, and MRCB is thrilled to be a part of this highly-anticipated development.



>> Transit Oriented Development (TOD)

Since the beginning of this decade, the world has witnessed an exponential growth of interest in high quality and efficient transit systems. The key idea of TODs is to allow people to live, work and play nearby a transit system that could provide them with access to numerous forms of transit options to meet their daily needs. TODs support mix-land uses such as housing, offices, restaurants, shops and schools that are usually within walking or biking distance, thereby enabling people to save money and time in travelling, as well as encouraging the reduction of their carbon footprints. In this regard, TODs foster sustainable lifestyles and function as networks that knit together communities, cities, and regions.

Equipped with the vast experience and expertise that we attained from developing the iconic Kuala Lumpur Sentral CBD, MRCB has become Malaysia's pioneer developer of TODs, and is leading the way in effecting a paradigm shift in public transport connectivity. We are currently involved in six (6) TOD projects and plan to pursue such projects further.



To know more about the TOD projects we are working on, please refer to page 29 of this report.

>> Mass Rapid Transit Line 2 (MRT2)

The MRT2 project was launched by the Prime Minister of Malaysia, the Right Honourable Dato' Sri Mohd Najib Tun Abdul Razak, in September 2017. We are grateful to have been awarded Package V210 of MRT2 (Sungai Buloh – Serdang – Putrajaya) from MRT Corp, which is valued at RM648 million, and involves the construction and completion of a 2.6km viaduct guideway, in addition to other associated works from Persiaran APEC to Putrajaya Sentral. The new MRT2 line will include 37 stations, 11 of which will be built underground for improved traffic management, and intersects areas such as Sri Damansara, Jalan Sultan Azlan Shah, KLCC, Tun Razak Exchange, Seri Kembangan and further locations towards Cyberjaya. This line is estimated to have a ridership of 529,000 passengers per day, helping to encourage the use of public transport, decreasing traffic congestion currently experienced in Kuala Lumpur and reducing carbon emissions.

>> Light Rail Transit Line 3 (LRT3)

MRCB George Kent Sdn Bhd (MRCBGK) was appointed by Prasarana Malaysia Bhd to be the project delivery partner (PDP) responsible for the design and construction work of the LRT3 project, which commenced in 2017. This project was developed in line with the Greater Kuala Lumpur/Klang Valley (GKL/KV) Land Public Transport Masterplan, and is envisaged to provide two million people with connectivity between Bandar Utama and Johan Setia by 2020. The core of the LRT3's operation structure utilises green technology, featuring a noise reduction system, energy management system, rainwater harvesting technology, and natural air ventilation in the stations' design. With an estimate of 74,000 commuters daily, the LRT3 project will contribute to the country's economic progress by offering a well-connected, convenient, efficient, and sustainable travelling experience between Klang Valley's Western Corridor and the heart of the nation's capital.



ECONOMIC IMPACT

>> Other Major Projects

TNB Balai Islam & Staff Quarters

Construction of Balai Islam complex, podium carpark block and staff quarters under Phase 1 of the TNB headquarters' campus development at Jalan Bangsar, Kuala Lumpur.

Contract Value: RM40 million

Target Completion: 2018

Status of Physical Completion: 10.16%

Larkin Stadium

MRCB is involved in the building of the Roof Steel Structure and Roofing System that complies with STC45 insulation and "Alpolic System" for the Building Façade. Consists of 7,452 indoors seats and located in Johor Bahru.

Contract Value: RM59 million

Target Completion: 2019

Status of Physical Completion: 8.21%

Damansara-Shah Alam Elevated Highway (DASH)

The outcome of this project will be a 20.1 km, three-lane, dual carriageway expressway that begins at Puncak Perdana, Shah Alam intersection and is expected to cover Shah Alam, Subang, Kota Damansara and Damansara areas. MRCB is undertaking the construction of Package CB2 of this privatisation project.

Contract Value: RM369 million

Target Completion: 2019

Status of Physical Completion: 3.40%

GOVERNANCE AND COMPLIANCE

Regulatory compliance can represent major challenges in our industry and we believe that it ties closely with the ability of our business to progress financially.

As one of the leading urban property and integrated infrastructure developers in Malaysia, we recognise the responsibility we owe to our clients and society in delivering quality construction and services. MRCB is vigilant in its commitment to comply with laws, regulations, and procedures in order to meet legal requirements, manage risks, improve the safety of our workforce and the public, and minimise any detrimental effects of our activities on the environment. Our stakeholders' trust and confidence in our ability to deliver safe and reliable construction work is important to our reputation and future opportunities for growth.

Towards this end, we have appointed a Head of Regulatory Affairs to manage and take responsibility for all regulatory authorisations and compliance obligations for MRCB's operations in Malaysia, as well as for new international markets in the future. In this newly created role, the Head of Regulatory Affairs will identify regulatory issues and risks for management consideration, prepare high level risk mitigation strategies as well as maintain a database to ensure that all licenses are up to date, and that MRCB complies with all license conditions.

Our Corporate Governance Department continues to play its critical role in inculcating sound corporate governance practices, including taking necessary steps to ensure compliance to the Malaysian Code on Corporate Governance (MCCG) and adherence to related best practices. The Corporate Governance Department works closely with our Company Secretarial Department, which plays an advisory role to the Board and highlights gaps between corporate governance standards and corporate governance practices within the company, for direction as well as decisions on action plans. Both our Corporate Governance and Company Secretarial Departments monitor the implementation of action plans agreed by the Board to ensure meaningful application of good governance practices.



>> Anti-corruption pledge and signing event with Chief Commissioner of the Malaysian Anti-Corruption Commission (MACC)

OUR PHILOSOPHY OF CONTINUOUSLY STRENGTHENING AND UPHOLDING STRONG GOVERNANCE RECEIVED EXTERNAL VALIDATION IN 2017, WHEN MRCB WAS RANKED 13TH IN THE MALAYSIAN INSTITUTE OF CORPORATE GOVERNANCE (MICG) SURVEY OF MALAYSIA'S TOP 100 PUBLIC LISTED COMPANIES ENTITLED "TRANSPARENCY IN CORPORATE REPORTING – ASSESSING MALAYSIA'S TOP 100 PUBLIC LISTED COMPANIES"

ECONOMIC IMPACT

ETHICS AND PRINCIPLES

We are resolute in our commitment to upholding and promoting the highest standards of ethical business conduct at home and around the globe. We conduct business based on the principles of fairness, honesty, transparency, decency, integrity and good ethics, which we believe are vital to the success of the Group.

In MRCB, the Integrity and Discipline Department keeps track of incidents of corruption, and communicates the importance of integrity as well as anti-corruption through internal digital media, seminars, programmes

and internal memos. If an illegal practice has been detected, internal investigations will be conducted and, where necessary, the case would be reported to the police and the Malaysian Anti-Corruption Commission (MACC) for further action.

We deliver one-hour talks on integrity, anti-corruption and bribery every month for newly recruited staff. In 2017, a total of 346 new hires attended the sessions. From 2018 onwards, awareness programmes will be conducted for all employees to raise overall awareness on integrity, corruption, fraud and bribery, as part of our efforts to gain the ISO 37001:2016 certification.

Anti-Corruption Initiatives

MRCB is committed to upholding the Corporate Integrity Pledge (CIP)'s five (5) Anti-Corruption Principles for Corporations in Malaysia:

- >> To promote principles of transparency, integrity and corporate governance
- >> To include anti-corruption elements to strengthen its internal procedures
- >> To adhere to the anti-corruption laws
- >> To eradicate all forms of corruption
- >> To support anti-corruption initiatives by MACC and the Government

As a signatory to the CIP, MRCB's overall anti-corruption initiatives align with the CIP initiatives identified by the Malaysian Anti-Corruption Commission (MACC) as integral to the development of integrity and prevention of corrupt activities in the corporate environment.

For the year under review, one (1) confirmed incident of corruption was recorded. The case was internally investigated and reported to the police and MACC for further action. We continue to provide guidance and information to raise our employees' level of awareness on corruption and fraud during induction sessions and training courses. Employment contracts also include clauses on anti-corruption and anti-bribery, which underlines our firm stance against corrupt practices.

In October, 2017, we organised an anti-corruption event in which we made a collective pledge with the MACC to prevent and avoid corrupt practices in our company and business environment. The signing was undertaken in the presence of our GMD and witnessed by the Chief Commissioner of MACC, Tan Sri Dzulkifli bin Ahmad. Subsequently, all our employees also signed individual pledges to commit to corruption prevention.

Additionally, we undertook an Anti-Bribery gap analysis conducted by an independent consultant, Transparency International Malaysia, to further strengthen our transparency and accountability. We conducted the gap analysis to independently assess where we stand in terms of anti-bribery processes and measures, in light of our goal to implement the ISO 37001:2016 Anti-Bribery Management System by the end of 2018. This particular ISO has become increasingly important with more Governments making compliance mandatory to access high-value Government contracts. As the Malaysian Government is one of our major clients, we consider the implementation of the ISO as a way in which we can remain ahead of the curve. It fortifies our governance culture and our position as a leading player in the Malaysian construction industry.

The results of the Anti-Bribery gap analysis revealed that the Group has achieved compliance in most areas relating to strong Anti-Bribery and Anti-Corruption measures. We have a few gaps left to address and are currently underway in implementing the necessary measures and actions.

Whistleblowing Policy

MRCB is committed to developing a culture of openness and honesty in which a person who is aware of a potential malpractice or misconduct is encouraged to report such matters, in good faith and without fear of reprisal and/or retaliation.

The Group's confidential whistleblowing channel allows anyone to report misconduct by MRCB employees, including members of our senior management and Board of Directors. Details of how to make a report are available on our corporate website. MRCB Group assures that all reports will be promptly investigated and treated with the highest level of confidentiality. We shall also protect a whistleblower to the extent reasonably practicable, and address any alleged or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against any whistleblower(s).

In 2017, seven (7) cases were reported using the Whistleblowing channel. One (1) case was a false allegation, while two (2) cases related to a phishing scam involving outsiders, were referred to the police. Three (3) cases related to customer services and staff attitude, and the grievances submitted were forwarded to the respective departments. One (1) reported case is still under investigation.

We have since revamped our Whistleblowing Policy to widen its scope and add greater clarity. This includes strengthening the protection to whistleblowers, as well as introducing new whistleblowing channels to encourage employees and members of the public to reach out to the relevant governance parties.

No Gift Policy

MRCB strictly enforces a No Gift Policy, and employees are prohibited from directly or indirectly receiving or providing any gifts, kickbacks or gratuities in any form that may compromise their judgement and decision-making. Gifts that are offered to any of our employees must be politely declined and returned, preferably without causing offence or disruption to business relations. If this is not possible, the gift needs to be registered and sent to the Integrity and Discipline Department, which will send it back or donate the gift to a charity.



SOCIAL RESPONSIBILITY

MRCB RECOGNISES THAT WHILE CORPORATE GROWTH AND PROFITABILITY ARE PIVOTAL TO OUR BUSINESS, THE PURSUIT OF SOCIETAL GOALS ARE FUNDAMENTAL TO OUR RESPONSIBILITIES AS CITIZENS OF MALAYSIA AND OF THE WORLD.

The changing landscape of sustainability and global responses to mounting challenges in economic, social and environmental domains mean that businesses are increasingly expected to take on leadership roles in sustainability issues. As we make efforts to progress in our sustainability journey, we would like to continue improving our awareness of the impacts of our business to social surroundings. We would prefer to create as much positive impacts as we possibly can to society, while working to reduce and ultimately eliminate any negative impacts that could be produced as a result of our business activities. We understand that deeper stakeholder partnerships are essential in our attempts to achieve this.

Indeed, our stakeholders are extremely valuable to us. Their inputs are critical to helping us identify and respond to risks and issues that may affect our business, and are especially important for integrating sustainability within our organisation.



Star Media Group "Raise the Flag" Ceremony

In this section, we disclose details of the relationship we foster with our people, our clients and our community as they form a major part of our group of stakeholders.



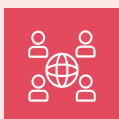
OUR PEOPLE

For details of MRCB's promotion of diversity and equal opportunity, health and safety, as well as employee engagement and wellbeing, refer to pages 74 - 80.



OUR CLIENTS

To know more about our customer engagement, and product quality and responsibility, refer to page 81.



OUR COMMUNITY

For information on our philanthropic endeavours and educational support, refer to pages 82 - 84.



SOCIAL RESPONSIBILITY: OUR PEOPLE

A BUSINESS IS ONLY AS STRONG AS ITS PEOPLE. WHILE THE CORE OF WHAT WE DO AT MRCB IS FOCUSED ON BUILDING PHYSICAL STRUCTURES, WE ALSO WORK ON BUILDING RELATIONSHIPS, WHICH IN TURN HELPS US BUILD OUR OVERALL BUSINESS.

MRCB employees are our most valuable asset and so we are continuously searching for ways to improve our approach to attracting and retaining talents, nurturing their career development, and protecting their wellbeing at the workplace, which are important for us in securing our economic sustainability.

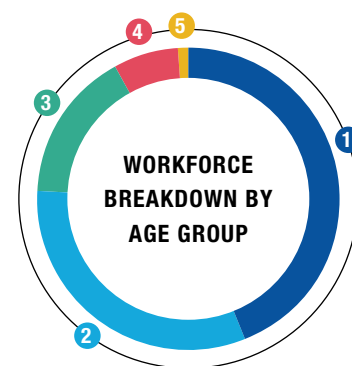
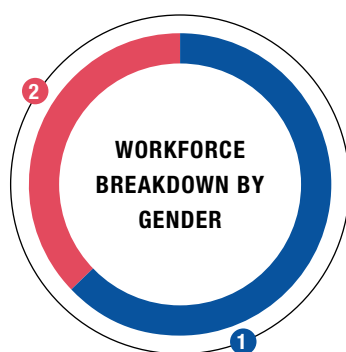
DIVERSITY AND EQUAL OPPORTUNITY

We believe that creating an inclusive workplace environment that accepts and values each person's abilities and differences presents opportunities for all employees to achieve their full potential. At MRCB, we embrace diversity by bringing together professionals from diverse ethnic, religious, cultural backgrounds and experiences, including sexual orientation, so we may complement each other's strengths and overcome our challenges together. In 2017, no incidents of discrimination were forwarded for investigation. We hope to continue maintaining a workplace of mutual respect and inclusivity as we develop in our path towards sustainability.



>> SPAD Land Public Transport Symposium 2017

>> OUR DIVERSITY FIGURES



Board of Directors

Our Nomination and Remuneration Committee takes into consideration skills, experience, age, cultural background and gender when reviewing and recommending the appointment of directors to the Board. The Board currently comprises eight (8) directors, of which three (3) are independent directors. Two (2) of the eight (8) directors are women. While the Board believes that its present composition and size enables it to discharge its duties effectively and competently, while reflecting diversity in terms of board balance, board tenure, gender as well as experience, the Board is taking steps to further improve its diversity in line with the requirements of the MCGG Practices. MRCB has engaged the services of an independent consultant in its effort to widen the search for additional independent and women directors with the relevant experience and skill sets, which can further strengthen the Board.

SOCIAL RESPONSIBILITY: OUR PEOPLE

Empowering Women in Construction

The female share of our company's total workforce is 37%, while women in management positions make up 32% of our total management workforce. As previously mentioned, we have two women (i.e. 25%) on our Board of Directors. The majority of men in our workforce reflects the male-dominated composition of the construction industry. We admit that much more could be done to encourage the participation of women in construction. MRCB fully supports the Government's declaration for 2018 to be the **Year to Empower Women in Malaysia**, and will place more efforts during the year to fostering women's career development, valuing their contribution, and increasing their involvement in high-level decision-making processes.

EMPLOYEE TURNOVER

For the year under review, we hired an average of 55 employees (3%) per month, and experienced an average attrition rate of 2% per month.

Summary of Employee Turnover Rates for the Last Three Years

Year	No. of staff as at 31 st December	Resignation	Percentage
2015	1700	484	28.47%
2016	1777	447	25.15%
2017	1960	473	24.13%

EMPLOYEE ENGAGEMENT AND WELLBEING

MRCB is motivated to providing a workplace environment in which our employees feel inspired to develop their careers, expand their skills, and achieve their goals. We support our employees by offering a wide array of benefits, professional opportunities, and access to learning resources.

Benefits

In addition to our competitive salaries, we offer an attractive benefits package and comprehensive medical care. Our employees are provided with two (2) consecutive days of paternity leave and 60 days of maternity leave. In 2018, we will be extending our maternity leave to 90 days and paternity leave to five (5) days.

>> LEAVE Annual Leave, Sick Leave, Emergency Leave, Compassionate Leave, Exam Leave, Prolonged Illness, Parental Leave, and Pilgrimage Leave.	>> MEDICAL Outpatient Treatment, Outpatient Specialist, Hospitalisation, Ward Entitlement and Maternity Benefit.	>> OTHER ALLOWANCES Mileage Claims, Overseas Allowance, Transfer Allowance, Educational Assistance, Group Insurance and Car Allowance, for eligible staff.
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The following table displays the ratio of our basic salary and remuneration by gender:

Gender	Total Gross Pay	Percentage
Female	55,028,885.95	33%
Male	113,422,806.34	67%
Grand Total	168,451,692.29	100%

Career Development

In 2017, we soft launched the MRCB Talent Development Academy to help employees develop their professional and personal capabilities through a variety of internal and external training courses. All employees are eligible to attend in-house training programmes, which are designed according to our Training Needs Analysis (TNA), upon nomination by their respective division or departmental Head. Employees who show potential will be recommended to attend external courses in a variety of professional disciplines that may result in the achievement of a certificate or diploma. Some examples of our employee development programmes include training courses to improve writing skills, interpersonal skills, ICT skills, and also programmes focused on upgrading their knowledge on integrity, ISO certifications, as well as construction standards, among others. For the financial year of 2017, we achieved an average of 9.3 hours of training per employee.

SOCIAL RESPONSIBILITY: OUR PEOPLE

Summary of Training Courses in 2017

Category	No. of Courses	No. of Attendees	Investment (RM)
Internal Training	52	1468	300,254.44
External Training	185	424	723,486.64
TOTAL	237	1,892	1,023,741.08



MRCB Learning Zone

The “Learning Zone”, which was introduced in 2017, is an e-learning platform that hosts 87 different e-learning courses that any member of staff can take at anytime and anywhere. It is deliberately designed to be inclusive so that anyone, be they a driver or an engineer, could sign up for skills and personal development courses to further their career development. The courses are designed by Leaderonomics. The MRCB Learning Zone leverages on the power of digital technology, offering time flexibility so that employees can develop their skills and abilities at their own initiative. The programme began with 30 courses and has since grown to become one of the most extensive e-learning solutions. Courses offered include topics on leadership, personal development, business etiquette, work ethics and integrity, team motivation, managing difficult clients, engaging habits of great managers, IT skills, communication skills, creative thinking and emotional intelligence. In April, 2017, one of our Administration Managers, Mohamed Amir Awan, won the E-Learning Student Award at the SME CEO Conference. This achievement encouraged and motivated more employees to enrol in the e-learning courses offered. The number of employees participating in the online courses were recorded at 765 in 2017.

In 2018, we will be formally launching and branding the MRCB Talent Development Academy to deliver more structured classroom training to staff, not just in technical training, but also personal and professional skills development.

We also continue to encourage collaborative programmes with other organisations and institutions to exchange ideas and skills so as to further develop our knowledge and capabilities.

Performance and Development Reviews

We evaluate our employees’ work standard and quality through conducting regular performance reviews. The review process enables us to systematically evaluate an individual’s job performance and identify their training needs. We conduct quarterly performance appraisals in addition to informal periodic and ad-hoc reviews. This form of employee engagement ensures that regular feedback on and from our employees are gathered to motivate strong performers, and detect performance gaps. Employees are evaluated by comparing their performance to the standards and expectations established during the appraisal period. In 2017, 100% of our employees received performance and career development reviews as part of their quarterly appraisal.

Protecting the Rights of Our Employees

MRCB aims to be an ethical and responsible employer. We believe that it is our duty to defend and uphold the welfare of our employees and have thus established policies and procedures on non-discrimination, freedom of association, ethical behaviour and employee grievances. These systems are clearly stated in our employee handbook, which is available on the Group’s intranet.

In addition, MRCB strictly abides by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966, which forbids the employment of children under the age of 14. We also adhere to all international agreements preventing child labour, and are committed to human rights and anti-slavery principles, regulations, laws as well as best industry practices.

SOCIAL RESPONSIBILITY: OUR PEOPLE

HEALTH AND SAFETY

AT MRCB, HEALTH AND SAFETY IS ONE OF OUR MOST SIGNIFICANT MATERIAL ISSUES. DUE TO THE NATURE OF OUR BUSINESS, WE ARE DEDICATED TO ENSURING THAT OUR HEALTH AND SAFETY PRACTICES COMPLY WITH THOSE REQUIRED BY LAW AND ARE ALWAYS SEEKING TO ENHANCE OUR STANDARDS SO THAT THEY ARE IN ACCORDANCE WITH GLOBAL BEST PRACTICES. MOST IMPORTANTLY, WE WANT PEOPLE – ESPECIALLY THE PUBLIC AND OUR WORKERS – TO BE PROTECTED FROM HARM.



>> 3 Million Man Hours without Lost Time Injury appreciation event

MRCB implements the Quality, Environmental, Safety and Health (QESH) Policy. The main aim of this policy is to minimise our environmental impacts and ensure the health and safety of MRCB's employees, clients, subcontractors, visitors, and members of the public.

We are currently operating with system implementation policies of the ISO 9001, ISO 14001 and OHSAS 18001 standards, and have obtained the OHSAS 18001:2007 certification for the Occupational Health and Safety Management System – an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace.

OHSAS 18001:2007 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM



>> Our Environment, Safety and Health (ESH) programmes have been developed and implemented with focus on the following areas:

- 1) **Incident Prevention** – increasing and improving awareness of individual obligations in complying with relevant ESH rules and legal requirements. Engage with employees/contractors/workers on daily basis through supervision and inspections.
- 2) **Risk Management** – identifying the ESH hazards and providing the correct control measures to ensure conduct of activities/deliveries/services is in a safe manner.
- 3) **Continuous Improvement** – progressively improving processes, activities, and systems to raise operating standards.
- 4) **Communication** – sharing and promoting information, as well as programmes, to enhance awareness and encourage involvement as well as participation of employees/workers/contractors.
- 5) **Contractor Management** – engaging with potential contractors from the earliest possible stage of development and construction to prepare for effective ESH implementation throughout the projects.
- 6) **Emergency Preparedness** – establishing plans for responding effectively whenever an emergency occurs during operations and enhancing awareness amongst employees/contractors/workers regarding emergency situations.
- 7) **Reduce, Reuse, and Recycle (3Rs)** – conserving resources through implementation of the 3Rs.
- 8) **Energy Conservation** – promoting efficient use of materials and resources.

SOCIAL RESPONSIBILITY: OUR PEOPLE

MRCB's Environment, Safety and Health Department continues to raise awareness of our health and safety practices throughout the Group. They are responsible for monitoring our compliance with relevant regulations and best practices, which are complemented by a number of independent assessments, certifying bodies and director visits. The outcome from these evaluations is compiled in a monthly report that is distributed to the management team and site manager, and reported quarterly to the Board of Directors.

In all our project sites, we strive to achieve zero life loss and reduce incidents involving injury or accidents.

Type of Health & Safety Incident	2015	2016	2017
Fatality	1	2	0
Major Injury	0	0	2
Minor Injury	0	0	2
Fire	0	0	2
Ill Health	0	0	0
First Aid Cases	11	13	58
Near Miss	0	6	13

Following the unfortunate fatalities that were caused by isolated events in 2016, MRCB has since applied stricter compliance to all safety standards and requirements. We are pleased to report that we achieved our 2017 target objective of zero fatalities.

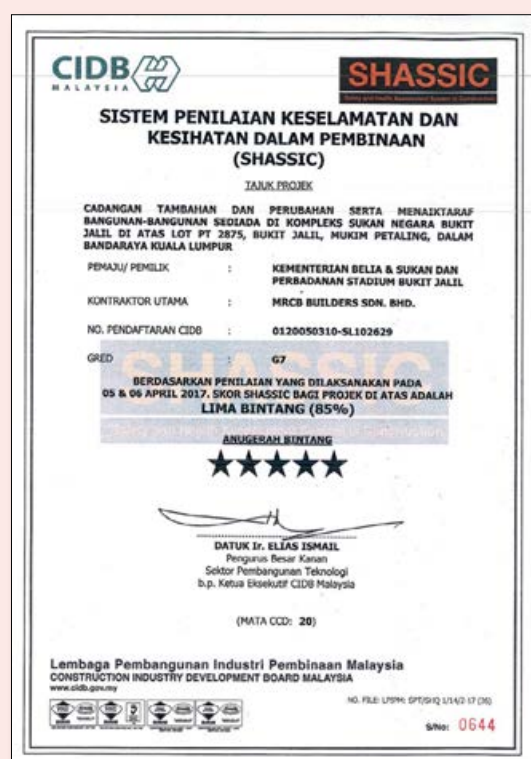
However, in comparison to previous years, we regrettably faced an increase in the number of incidents involving major and minor injuries, fire, near misses and first aid cases, primarily due to the additional projects that were undertaken between 2016 and 2017. Although they are lamentable, these incidents serve as valuable lessons to us. MRCB is ever determined to reduce the number of health and safety issues as well as incidents at our project sites. We are continuously working to develop our workers' level of skills and awareness to ensure they are able to take necessary safety precautions in planning and carrying out construction work, in addition to eliminating and controlling risks at construction sites.

Health & Safety Training

All employees and subcontractors must attend essential safety training programmes relevant to their job functions. To instil a sense of awareness on Health and Safety, we offer internal and external training opportunities to our employees. In addition, accident prevention measures are communicated to every construction personnel, in particular to operators of machines and equipment. During the year under review, a total of 735 MRCB employees attended 45 training sessions.

Our Safety Performance

ALTHOUGH WE SPENT THREE MILLION WORKING HOURS, THREE SHIFTS DAILY FOR 18 MONTHS, NO SAFETY-RELATED INCIDENT WAS REPORTED DURING THE REFURBISHMENT OF THE KL SPORTS CITY. THIS ACHIEVEMENT EARNED US THE **CIDB 5-STAR AWARD FOR SAFETY**



>> Slings & Rigging Training

SOCIAL RESPONSIBILITY: OUR PEOPLE

Summary of Health & Safety Programmes Planned for 2017

Type of Training	Description	Number of Programmes
Champion Programmes	Designed especially for ESH staff to embark on specific areas of competencies.	14
External Programmes	Identified to enhance staff knowledge & capabilities.	19
Internal Programmes	Designed for site personnel with focus on ESH modules and conducted by an ESH trainer.	12
Total		45

The list below shows some of the training courses, programmes and events related to health and safety that our employees attended in 2017.

Training Course/Programme/Event	
Environmental Quality Act 1974 Compliance Workshop - EIA Projects	Lift Safety Awareness
Construction Industry Development Board Malaysia (CIDB) Training	Master Builders Association Malaysia (MBAM) Annual Safety and Health Conference 2017
Construction Safety Requirement	MRT Blue Card Training
Decoding Environmental Performance Monitoring and Evaluation	NIOSH-TNB Safety Passport (NTSP)
ESH Brainstorming Session	Non-Conformance Report (NCR) Audit Briefing
ESH Internal Audit Training	Office Safety Training
Fire Fighting Training – Emergency Response Plan	Plant and Machinery Inspection – Crawler Crane
First Aider Training	Plant and Machinery Inspection – Mobile Crane
Hazard Identification, Risk Assessment & Determining Control (HIRADC) Training	Plant and Machinery Inspection – Slings and Rigging
ISO 14001:2015 Public Workshop Risk Based Thinking	Seminar on ISO 45001 Occupational Health and Safety Management Systems
ISO 14001:2015 Training: Understanding and Implementation	Symposium on Sustainable Development 2017

The Environment, Safety and Health Department plans to target the participation of 960 employees in 2018. The team is currently running the following programmes to promote and ensure health and safety at construction sites:

- Daily & weekly site safety inspection and meeting by ESH Operation Team
- Safety campaign, external seminars and workshops
- ESH roadshow training (from site to site)

Health and Safety Assessment

In addition to obtaining the OHSAS 18001 certification, we also adopted the Safety Health Assessment System in Construction (SHASSIC) method. The scope of the SHASSIC assessment covers three main components: document checks (40%), site/workplace inspections (40%) and employee interviews (20%). The assessment also examines Occupational Safety and Health (OSH) policy, organisation, training and promotion, Hazard Identification, Risk Assessment and Determining Control (HIRADC), machinery and equipment management, construction materials management, emergency preparedness, accident investigation and reporting, records management and performance monitoring.

SHASSIC is one of the benchmarking exercises we undertake at MRCB to further strengthen our systems in addressing critical health and safety-related risks faced by our employees. MRCB considers it imperative to benchmark our health and safety practices against our previous years' performance, as well as other construction companies in Malaysia, as a basis for improvement and for taking necessary corrective actions. We consider both positive and negative benchmarking outcomes as lessons to us for improving our sustainability initiatives.

ACCORDING TO THE CIDB, SHASSIC IS AN INDEPENDENT METHOD TO ASSESS AND EVALUATE THE SAFETY AND HEALTH PERFORMANCE OF A CONTRACTOR IN CONSTRUCTION WORKS OR PROJECTS

SOCIAL RESPONSIBILITY: OUR PEOPLE

Cybersecurity

WHILE WE ENDEAVOUR TO PROTECT OUR PEOPLE FROM PHYSICAL DANGERS, MRCB IS ALSO AWARE OF INFORMATION SECURITY AND CYBERSECURITY RISKS THAT COULD HAVE DETRIMENTAL EFFECTS ON OUR EMPLOYEES AND BUSINESS. WE HAVE FACED CYBERTHREATS SUCH AS ONLINE SCAMS AND SPREAD OF MALICIOUS SOFTWARE, AND RESPONDED BY TAKING VARIOUS MEASURES TO MITIGATE SUCH RISKS.



In 2017, the Intrusion Prevention System (IPS) was deployed to strengthen our information and cybersecurity protection, and key personnel were sent to attend cybersecurity seminars to increase their awareness of cyber threats and security. In addition, the below actions were implemented as part of our Information Technology (IT) Department's general control improvement and security enhancement:

- Enhanced and strengthened the control over privileges access at application, database and operating systems.
- Improved control over user ID maintenance and overall controls over data backups.
- Established IT Disaster Recovery plan, and will test (mock run) it once every year.
- Updated and approved existing IT policies and procedures (ICT Manual V3) for immediate effect.
- Conducted SAP controls enhancement in key areas.

>> Our implementation of Multifactor Authentication (MFA) for access control is also underway and scheduled to be completed by the first quarter of 2018. Furthermore, we plan to address information security and cybersecurity issues in 2018 through the following initiatives:



Roll out security awareness education for all employees.



Prepare, formalise and execute IT risk assessment.



Disseminate monthly IT/Cybersecurity bulletin to all MRCB employees.



SOCIAL RESPONSIBILITY: OUR CLIENTS

MRCB IS MINDFUL OF THE FACT THAT IN OUR INCREASINGLY CONNECTED AND TRANSPARENT WORLD, OUR UNIVERSE OF STAKEHOLDERS HAS EXPANDED TO INCLUDE A WIDER GROUP OF INDIVIDUALS THAT ARE LINKED THROUGH THE POWER OF TECHNOLOGY AND SOCIAL MEDIA.

We are aware that a Facebook post or tweet could influence perceptions and sway opinions in public as well as in the boardroom. It is thus evermore important for us to engage with, and learn from our clients, so that we may deliver value-added services that increase our client satisfaction, trust and loyalty.

ONLINE ENGAGEMENT

To engage more effectively with our clients, we realised that our digital output needed to be more professionally managed. Therefore in 2017, we announced the setup of our new Digital Media Team, which functions to oversee all of MRCB's digital outputs for both internal and external consumption. The team is also responsible for the management of all our digital platforms, including MRCB's official social media accounts, to ensure we provide quality digital content. We are hopeful that the presence of our Digital Media Team will allow for better quality control and ensure uniformity of our brand across all the various digital platforms.



>> Special visit of Chief Secretary to the Government of Malaysia at MRCB headquarters & MRT Linkway

CUSTOMER SATISFACTION SURVEYS

MRCB continues to conduct its Customer Satisfaction Surveys (CSS) on the residential and commercial properties that it develops and manages. A CSS is conducted six months after a residential or commercial project is completed, and also for other MRCB business units responsible for parking and security services. In our aim to surpass client expectations, we meticulously study all the survey results we receive to improve ourselves and to plan our next steps. We benchmark the feedback we obtain against those from previous years so that we can put in more strategic efforts towards delivering quality customer experience.

PRODUCT QUALITY AND RESPONSIBILITY

MRCB seeks to achieve full compliance with our quality processes and safety requirements. To demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements, we obtained certification for ISO 9001:2015 Quality

Management Systems. This certification bears testimony to our continual improvement in providing our organisation with the necessary management tools to abide with best quality practices.

In order to preserve our valuable reputation amongst our clients, we also practice responsible marketing. Comparative advertising is only used when comparing MRCB products against a competitor's own product statements. At MRCB, we prefer to market our products and services fairly, as well as honestly, by stressing on their quality and value, as opposed to using tactics that unfairly undermine the products of our competitors. We do not believe in deliberately misleading messages, omitting important facts, or making false claims about our competitors' products and/or services.

Moving forward, we would like to explore how we can potentially market our products through social responsibility strategies, to influence our clients in making a positive difference with their purchases.

ISO 9001:2015 QUALITY MANAGEMENT SYSTEMS





SOCIAL RESPONSIBILITY: OUR COMMUNITY

MRCB STRIVES TO ENGAGE WITH THE GREATER COMMUNITY NOT ONLY IN EFFORTS TO BUILD OUR REPUTATION AND BUSINESS RELATIONSHIPS, BUT TO GIVE BACK TO SOCIETY THROUGH PHILANTHROPIC PROGRAMMES AND ACTIVITIES THAT CONTRIBUTE TO STRENGTHENING COMMUNITIES, ESPECIALLY IN IMPROVING THE LIVELIHOODS OF WOMEN, CHILDREN AND FAMILIES.

PHILANTHROPIC ENDEAVOURS

We make charitable contributions and organise programmes through MRCB Foundation, which focuses on funding education for the underprivileged. The Foundation “adopts” schools, and funds education-based activities in the communities that we operate in. This has been helpful in fostering our relationship with community stakeholders.

The MRCB Foundation also works together with other not-for-profit organisations to support their causes. The table below displays a summary of the continuous role and contributions of the Foundation in its support of other organisations and institutions as well as their causes.



Young Leaders Campaign Programme

Organisation/Programme	MRCB Foundation's Role and Contribution
National Kidney Foundation of Malaysia	Purchased dialysis machines, enabling low-income patients to use them for their periodic dialysis treatments.
Lovely Nursing Centre	Contributed funds to help elderly orphans, destitute and disabled people, as well as mentally-ill patients. The centre currently houses 75 people at two locations located in Petaling Jaya.
Persatuan Sokongan Ibu dan Anak Kurang Upaya Azwar Kuala Lumpur (PSIAKU AZWAR)	Contributed funds to PSIAKU AZWAR, a non-profit association that helps critically disabled children from underprivileged families. Contributions were used for their medical and physiotherapy treatments.
Rumah Kebajikan Anbu Illam	Contributed funds to the home for underprivileged children. At present, 24 boys are residing in the home located in Taman Permata, Gombak.
UPSR Clinics	Organised UPSR Clinics for our adopted schools that were conducted by the Berita Harian Education Unit to improve the students' UPSR passing rate. To date, more than 6,000 students have participated in these clinics, focusing on subjects such as English, Bahasa Malaysia, Mathematics, and Science.
Motivational Activities	Conducted motivational programmes for the students of our adopted schools to build their confidence. Activities included school trips, academic workshops, educational development programmes, as well as courses on studying techniques.
Reading and Study Materials	Sponsored revision books for students in our adopted schools and purchased reading materials for the school libraries.
Ask Dr Concrete	Organised a programme entitled “Ask Dr Concrete” at our adopted schools to promote students' engagement and skills through active learning. The programme was attended by more than 80 students, and led by Associate Professor Ir. Dr. Syuhada Ismail from the Faculty of Engineering, Universiti Teknologi Malaysia (UTM), who was attached to MRCB under “CEO@Faculty 2.0”, a mentoring programme implemented by the Ministry of Higher Education to strengthen industry-academia links and provide industry exposure to young lecturers.
Refurbishment of Special Education Programme and Pre-School Buildings at SJK (T) Jalan Fletcher	Created a conducive learning environment for students at Sekolah Jenis Kebangsaan (T) Jalan Fletcher, Kuala Lumpur, by upgrading the school's special needs classrooms and pre-school buildings. Renovation work, which was completed in May 2017, ensured that school amenities are disabled-friendly, thus enhancing the teaching and learning experience for all.



To learn more about the MRCB Foundation, and how to get involved in its causes, please visit the Foundation's website at the following link:
<https://www.yayasanmrcb.org/>

SOCIAL RESPONSIBILITY: OUR COMMUNITY



MRCB's Charitable Activities and Donations in 2017

YAYASAN AL-HUSSIN HELP CHARITY GOLF 2017

The HELP Tuition Programme under Yayasan Al-Hussin provides free educational guidance on five main SPM subjects for underprivileged students. This programme reaches out to 20,000 students. The HELP Charity Golf 2017 event was organised to raise funds. MRCB contributed RM10,000 at the event with the objective of providing better educational support to less fortunate students.

THE EDGE KUALA LUMPUR RAT RACE 2017

The Edge Kuala Lumpur Rat Race® was inspired by the Carey Wall Street Rat Race in New York. More than 200 registered charities and NGOs had received Rat Race funds that enabled them to run operations and programmes benefitting the poor, the disadvantaged and the disabled. Alongside our contribution of RM18,000 to the event, MRCB also participated in the race with a team consisting of five (5) runners.

PERSATUAN PANDU PUTERI MALAYSIA

In line with its vision and mission, the Girl Guides Association Malaysia organises various programmes to empower women and girls in Malaysia, and to support them in developing their full potential as leaders and active citizens. As part of MRCB's commitment in supporting their efforts, we contributed RM100,000 to the Association.

UGADI CARNIVAL 2017

The Ugadi Carnival is an annual celebration of the Telugu culture, heritage and traditions within the 500,000 Malaysian Telugu community that resided in the country for more than 150 years. With the objective of supporting diversity and promoting unity, MRCB contributed RM10,000 to the Telugu Association of Malaysia (TAM) for its 4th Ugadi Carnival in Dataran Merdeka, Kuala Lumpur.

GOLF DIGEST MALAYSIA CORPORATE CHALLENGE IN AID OF IJN FOUNDATION 2017

The National Heart Institute (IJN) Foundation helps less fortunate heart patients who are unable to pay for their treatments, and supports research in the field of cardiovascular care. In 2017, Golf Digest Malaysia, in aid of IJN Foundation, organised a Charity Golf Tournament to raise funds for the Foundation's cause. The event was held at TPC Kuala Lumpur, where MRCB contributed RM10,000 to IJN Foundation's charitable initiatives.



"Ask Dr Concrete" Programme



Handing Over Ceremony to celebrate the successful completion of refurbishment works at SJK (T) Jalan Fletcher



Engagement activity with students of SJK (T) Jalan Fletcher

SOCIAL RESPONSIBILITY: OUR COMMUNITY



>> Students attending an Excellence Awards ceremony at SK Seri Bonus, a school located in the vicinity of one of our projects, Semarak City.

SUPPORTING EDUCATION

PINTAR (Promoting Intelligence, Nurturing Talent, and Advocating Responsibility) is a school adoption programme organised by the PINTAR Foundation. The programme is supported by corporations in Malaysia, including MRCB, that take part by signing up as members. The aim of the programme is to foster excellence among underprivileged students nationwide.

>> Under the PINTAR programme, MRCB Foundation adopted six (6) schools located within the areas of its operations as listed below:

- SK La Salle 1, Brickfields Kuala Lumpur
- SK La Salle 2, Brickfields Kuala Lumpur
- SK Iskandar Perdana, Seri Iskandar Perak
- SK Pengkalan Jaya, Butterworth, Penang
- SK Kuala Perai, Butterworth, Penang
- SJK (T) Vivekananda, Brickfields

A downward trend in the Primary School Achievement Test (UPSR) results at the adopted schools was observed in 2016, arguably due to a new exam format that was introduced to schools across the country. MRCB Foundation continued to provide assistance to the students in 2017 through programmes such as the UPSR Clinics. With the exception of one school, the pass rates for the adopted schools listed in the table have slightly improved compared to the previous year. MRCB Foundation aims to further develop learning programmes to help increase the rate of student achievements in 2018.

UPSR Pass Rates for MRCB's Adopted Schools

School	Pass Rate (%)			
	2014	2015	2016	2017
SK La Salle 1, Brickfields Kuala Lumpur	58.70	64.70	53.90	58.33
SK La Salle 2, Brickfields Kuala Lumpur	71.40	68.50	40.00	50.00
SK Iskandar Perdana, Seri Iskandar Perak	73.60	76.80	76.90	76.98
SK Pengkalan Jaya, Butterworth, Penang	66.40	78.70	63.20	65.84
SK Kuala Perai, Butterworth, Penang	67.40	63.30	73.30	53.80
SJK (T) Vivekananda, Brickfields	N/A	N/A	72.10	74.60



ENVIRONMENTAL STEWARDSHIP

STUDIES ON WORLD URBANISATION HAVE REPORTED THAT OVER HALF OF THE GLOBAL POPULATION ARE LIVING IN URBAN AREAS, WITH 66% PROJECTED TO BE URBAN BY 2050. AS CITIES IN THE WORLD CONTINUE TO URBANISE, CHALLENGES IN SUSTAINABLE DEVELOPMENT WILL BE INCREASINGLY CONCENTRATED IN CITIES.

Urbanisation is intrinsically linked to the pillars of sustainable development as human habitation results in dramatic changes to the environment.

MRCB is a constituent of the FTSE4Good Index and concedes that as a leader in urban development, it is our duty to be part of the solution. We are continuously exploring a range of approaches towards minimising the impacts of our business activities on the natural environment. In 2017, we began identifying and compiling baseline data for some of our environmental indicators, which we plan to continue reviewing and add on, where relevant, as we move along the road towards sustainability.



1060 Carnegie



SUSTAINABLE CONSTRUCTION

The results of our materiality assessment display Sustainable Construction as one of the top three issues that are most material to MRCB. Sustainable construction can be essential keystones in securing social, economic, and environmental sustainability, as it optimises energy efficiency, limits water consumption, and makes maximum use of recycled, recyclable, and non-toxic materials. It also generates as little waste as possible during the construction process and subsequent occupation.

Green Buildings

The Green Building Index (GBI) defines “green” buildings as those that focus on increasing the efficiency of resource use – energy, water, and materials – while reducing building impact on human health and the environment during the building’s lifecycle, through better siting, design, construction, operation, maintenance, and removal. Green buildings are supposed to be designed and operated in ways that reduce the overall impact of the built environment on its surroundings.

Although we have yet to implement a company-wide environmental policy, MRCB has certainly been putting in efforts to integrate sustainability across the Group, including in setting standards for constructing “green” buildings. We introduced our own Green Building Guide that outlines our contractor’s responsibilities in 2015, and highly encourage sustainable construction practices in our daily operations. Where possible, we integrate sustainable materials into our projects to minimise the usage of water and energy throughout a building’s life cycle. As a result of our pursuit to incorporate sustainable approaches in our construction projects, we have won awards for sustainable design and construction, and have also obtained the ISO 14001 certification – an internationally agreed standard that sets out the requirements for an environmental management system. This certification enables us to address and manage our immediate and long-term environmental impacts, in addition to helping us ensure our compliance with all relevant environmental regulations, legislations, and other requirements.

We also endeavour to comply with the standards set by local and international Green Certification bodies. The Green Certification bodies we currently comply with are as follows:



Malaysia's
Green Building
Index (GBI)



US-based
Leadership in
Energy and
Environmental
Design (LEED)



Singapore-
based Building
Construction
Authority (BCA)
Green Mark

WHY GREEN BUILDINGS?

- Designed to save energy and resources, recycle materials and minimise the emission of toxic substances throughout its life cycle.
- Harmonise with the local climate, traditions, culture and the surrounding environment.
- Make efficient use of resources, have significant operational savings and increase workplace productivity.
- Sends the right message about a company or organisation – that it is well run, responsible, and committed to the future.
- Able to sustain and improve the quality of human life whilst maintaining the capacity of the ecosystem at local and global levels.

- Green Building Index (GBI)

ENVIRONMENTAL STEWARDSHIP

> Properties Developed by MRCB with Green Building Certifications

Completed Projects with Green Building Ratings

Development/Building	Sustainability Achievement/ Rating
Menara CIMB	GBI NRNC CVA CERTIFIED BCA GreenMark GOLD
Q Sentral	GBI NRNC DA GOLD
St. Regis Kuala Lumpur	GBI NRNC DA CERTIFIED
Sentral Residences	GBI RNC DA GOLD
Platinum Sentral	GBI NRNC DA CERTIFIED BCA Green Mark PLATINUM
Menara Shell & Ascott Sentral	LEED BD+C CS PLATINUM
Menara Shell	GBI NRNC DA SILVER LEED ID+C Commercial Interior GOLD

Current Projects with Green Building Ratings

Development/Building	Sustainability Achievement/ Rating
PJ Sentral Garden City – Celcom Tower	GBI NRNC DA CERTIFIED LEED BD+C CS GOLD
PJ Sentral Garden City – MBSB Tower	GBI NRNC DA CERTIFIED LEED BD+C CS GOLD
PJ Sentral Garden City – MyIPO Tower	GBI NRNC DA CERTIFIED
9 Seputeh	Target: GBI RNC CERTIFIED for VIVO, SOHO and Retail
Lot 349, Sentral Suites	Target: MyCrest ONE STAR Target: GreenRE BRONZE
Menara MRCB, Putrajaya	GBI NRNC DA GOLD

Note:

BD+C – Building Design & Construction
ID+C – Interior Design & Construction
DA – Design Assessment
CVA – Completion & Verification Assessment
NRNC – Non-Residential New Construction

NC – New Construction
CS – Core & Shell
MyCrest – Malaysian Carbon Reduction and Environmental Sustainability Tool
GreenRE – a Malaysian green rating tool that was set up to promote sustainability in the property industry



Platinum Sentral

ENVIRONMENTAL STEWARDSHIP

Sustainable designs applied at MRCB developments:

- Paints/coatings and adhesives/sealants with low Volatile Organic Compound (VOCs), and certified under approved certification body for all interior application.
- Façade with high performance glazing.
- Low flow/flush sanitary fittings (at least certified with WELS 1 Star).
- Rainwater harvesting system for landscape irrigation.
- Use of green cements to replace Ordinary Portland Cement (OPC), for superstructure works.



>> Erosion and Sediment Control Plan (ESCP)
at PJ Sentral Garden City

Sustainability initiatives implemented at MRCB project sites:

- An Erosion and Sediment Control Plan (ESCP) is developed for each site to control soil erosion, waterway sedimentation and airborne dust generation.
- A waste diversion target is set for each site to recycle at least 50% of construction waste.
- Each project site team develops its own Construction Waste Management (CWM) plan and educates the site personnel and workers to execute the plan. They also implement other applicable efforts (e.g. reuse timber waste for storage boxes/benches/temporary doors) to further increase the amount of waste diverted from landfills. Environmental officers from each project site help to collect necessary data each month to document the results.
- Whenever possible, project sites will opt for and maximise the usage of recycled content materials. Among the materials with high recycled content value are steel bars, concrete, and cement.
- Sites are encouraged to source local products for projects.
- System formwork are used at high-rise developments as they can be reused many times before disposal.
- Construction Indoor Air Quality (IAQ) Management Plan is implemented to prevent future IAQ issues resulting from construction activities.

Sustainability Checklist

TO MITIGATE THE ENVIRONMENTAL IMPACT OF OUR ONGOING PROJECTS, WE BEGAN ADOPTING THE USE OF SUSTAINABILITY CHECKLISTS AT ALL OUR CONSTRUCTION SITES AND OFFICES.

Our sustainability checklists cover action items at MRCB project sites that we are continuously striving to put into practice in order to ensure energy efficiency, water use efficiency and proper waste management. Project supervisors and environmental officers are responsible for conducting a monthly review of each checklist so that the outcomes meet the set target objectives. Below is a summary of the action items that are included in our sustainability checklists.



Energy Efficiency Checklist

- Use energy-efficient tools, equipment and machineries, where possible.
- Adopt energy-saving practices at project sites on a daily basis.
- Maximise natural lighting.
- Example of an action item:
Install wall and ceiling insulation to block heat from the sun.



Water Consumption Checklist

- Use water-efficient tools, equipment and machineries, where possible.
- Exercise water-saving habits and adopt good water conservation practices.
- Recycle water and harvest rainwater.
- Example of an action item:
Use scrapers, squeegees, brooms and brushes to sweep up dirt, spills and slurries, instead of using a hose.



Waste Management Checklist

- Reduce, reuse and recycle materials and waste, where possible.
- Avoid over-ordering materials and stationeries.
- Handle materials with care to avoid damage.
- Ensure proper storage and disposal of hazardous and non-hazardous waste.
- Apply water discharge compliance and preventive measures.
- Example of an action item:
Use cut and bent-to-size rebar instead of cutting and bending at site to reduce steel bar wastage.

ENVIRONMENTAL STEWARDSHIP



The Sentral Residences

ENERGY AND WATER CONSUMPTION

We realise that we have yet to reach the optimum level of sustainability standards in our construction methods and materials. Nevertheless, we are always working on improving ourselves, and are already embarking on initiatives for saving energy and managing our consumption of water.

Energy Consumption

The source of most of the energy we use for our business activities derives from fossil fuels. While we explore our options for cleaner sources of energy, we are taking measures, as previously mentioned, to improve our energy efficiency and believe that it has been helpful in reducing our consumption of energy across the Group. In 2017, the total level of energy consumption among all our subsidiaries was lower than the levels recorded in 2016 and 2015. Some of our subsidiaries experienced an increase in energy consumption, but this correlated with an increase in project activities. The surge seen in energy consumption at MRCB Builders, for example, was due to the commencement of the MRT2 project site in 2017.

Energy Consumption of MRCB Subsidiaries (kWh)

MRCB Subsidiary	2015	2016	2017
Seri Iskandar Development Corporation Sdn Bhd	254,083.00	59,463.00	56,216.00
Malaysian Resources Development Corporation Sdn Bhd	493,606.00	506,337.00	510,721.00
MRCB Sentral Properties Sdn Bhd	31,877,797.00	17,684,449.00	12,931,256.00
Semasa Sentral Sdn Bhd	13,719,703.21	11,856,794.00	11,338,442.00
MRCB Prasarana Sdn Bhd	1,930,686.00	1,740,737.00	1,764,682.00
MRCB Engineering Sdn Bhd	15,597.93	72,149.74	34,902.20
Kuala Lumpur Sentral Sdn Bhd	70,825.13	85,772.00	73,337.00
Transmission Technology Sdn Bhd	13,256.22	28,075.00	28,519.00
Synargym Sdn Bhd	-	504,783.00	496,534.00
Excellent Bonanza Sdn Bhd	-	5,849,734.79	4,973,272.00
Gapurna Land Sdn Bhd	-	185,689.00	154,738.00
MRCB Builders Sdn Bhd	-	681,694.00	1,120,627.00
PJ Sentral Development Sdn Bhd	-	-	33,797.00
Malaysian Resources Sentral Sdn Bhd	675,810.10	639,868.23	660,913.92
348 Sentral Sdn Bhd	-	9,623,080.00	1,270,031.00
Penang Sentral Sdn Bhd	-	319,817.00	334,291.53
TOTAL	49,051,364.59	49,838,442.76	35,782,279.65

ENVIRONMENTAL STEWARDSHIP

Fuel Emissions

We have yet to record levels of Greenhouse Gas (GHG) emissions across the Group. However, we keep track of the amount of fuel we burn and the carbon dioxide (CO₂) emitted when travelling between offices and project sites using company vehicles. Moving forward, we shall consider ways in which we could possibly record and potentially reduce the amount of GHGs we emit as a result of our activities.

MRCB Co₂ Vehicle Emissions 2017

Company	Volume (Litre)	CO ₂ Produced (kg/L)
MRCB Lingkaran Selatan Sdn Bhd	25,337.91	60,212.64
MRCB Prasarana Sdn Bhd	8,100.94	18,794.18
Seri Iskandar Development Corporation Sdn Bhd	14,426.68	33,469.89
Transmission Technology Sdn Bhd	54,249.12	125,908.00
MRCB Utama Sdn Bhd	546.61	1,268.13
Semasa Parking Sdn Bhd	2,709.51	6,286.07
Malaysian Resources Corporation Berhad	28,773.66	66,754.90
MRCB Environmental Services Sdn Bhd	48,702.29	112,989.32
MRCB Builders Sdn Bhd	217,142.67	507,108.70
MRCB Engineering Sdn Bhd	18,692.88	43,367.47
TOTAL	418,682.27	976,159.30

Water Consumption

In 2017, we began recording the levels of our water consumption. With the steps that we are taking to mitigate our impact on the environment, we hope to see a reduction in overall water wastage. We are also keen to explore the development of our approach towards managing water consumption at our offices and sites.

Water Consumption at MRCB Project Sites 2017

No	Project Site	2017 (m ³)
1.	PJ Sentral Garden City – Celcom Tower	10,386.46
2.	PJ Sentral Garden City – MBSB Tower, PKNS Tower, MyIPO Tower	58,472.00
3.	Menara MRCB, Putrajaya	1,901.00
4.	NPE Bridge	3,684.00
5.	a. Penang Sentral (Major Infra)	7,502.05
	b. Penang Sentral (Retail Mall)	8,999.24
	c. Penang Sentral (Transportation Hub)	86.00
6.	Johor Land Tower	2,269.00
7.	Aman Desaru	10,500.00
8.	Westin Hotel Desaru, Desa Desaru & Desaru Convention Centre	181,800.00
9.	Lot 349, Sentral Suites	11,166.00
TOTAL		296,765.75

ENVIRONMENTAL STEWARDSHIP

WASTE MANAGEMENT

Our disposal of waste, such as lead batteries or used hydraulic oil, is conducted by licensed Scheduled Waste contractors under the Department of Environment (DOE) on periodical basis, normally between three to six months. The disposal methods of sediment and silt from construction sites are done through desludging and desilting once ponds are two-thirds full. We also prepare e-waste bins at our headquarters for electrical waste, which is disposed by an appointed and licensed contractor.

In managing our waste on site, we ensure that water discharge is filtered to a level of quality within the acceptable limits of the DOE, before it flows to nearby watercourses such as monsoon drains or rivers. Storm water that flows over the site is recorded in the Erosion and Sediment Control Plan (ESCP) prepared by external consultants.

Waste Produced at MRCB Project Sites 2017

No.	Project Site	2017 (Tonne)
1	PJ Sentral Garden City – Celcom Tower	34,913.16
2	PJ Sentral Garden City – MBSB Tower, PKNS Tower, MyIPO Tower	291.47
3	Menara MRCB, Putrajaya	504.59
4	9 Seputeh	1,876.29
5	NPE Bridge	5.46
6	a. Penang Sentral (Major Infra)	14.00
	b. Penang Sentral (Retail Mall)	18.00
	c. Penang Sentral (Transportation Hub)	205.20
7	Johor Land Tower	897.70
8	Desa Desaru	196.22
9	Aman Desaru	255.00
10	Westin Hotel Desaru & Desaru Convention Centre	109.46
11	Lot 349, Sentral Suites	61.50
TOTAL		39,348.05

ENVIRONMENTAL AWARENESS

In addition to applying necessary rules and guidelines at our project sites and offices to help reduce our negative impacts on the environment, we also work on raising the level of awareness amongst our employees, by carrying out training sessions specifically focused on environmental matters in construction.

Some of the training, seminars, and/or conferences that our employees have attended to keep abreast on sustainability requirements, as well as new technologies, are as follows:

- GBI Facilitator Course by Malaysia Green Building Confederation (MGBC)
- GreenRE Manager Course by Real Estate and Housing Developers' Association Malaysia (REHDA)
- Building Sector Energy Efficiency Project (BSEEP) National Conference 2017
- International Architecture, Interior Design and Building Exhibition (ARCHIDEX) 2017

We continuously seek to cultivate responsible, environmentally-conscious habits in our workforce by posting electricity and water-saving reminders at strategic areas around our offices and project sites. We also ensure that workers on site are equipped with knowledge and awareness of relevant environmental matters in construction. Training sessions to all employees and contractors regarding proper environmental procedures are part of our induction exercise, and we regularly hold awareness courses to enhance their understanding of regulations and guidelines on best practices.

ENVIRONMENTAL STEWARDSHIP

Attendance at Site Induction and Environmental Awareness Training for MRCB Project Sites 2017

No.	Project Site	No. of Attendees	
		Site Induction	Environmental Awareness
1	PJ Sentral Garden City – Celcom Tower	628	199
2	PJ Sentral Garden City – MBSB Tower, PKNS Tower, MyIPO Tower	1,669	296
3	Menara MRCB, Putrajaya	760	256
4	9 Seputeh	2,645	86
5	NPE Bridge	78	63
6	a. Penang Sentral (Major Infra)	140	18
	b. Penang Sentral (Retail Mall)	90	11
	c. Penang Sentral (Transportation Hub)	306	12
7	Johor Land Tower	170	60
8	Desa Desaru	400	10
9	Aman Desaru	79	8
10	Westin Hotel Desaru & Desaru Convention Centre	400	15
11	Lot 349, Sentral Suites	28	8
TOTAL		7,393	1,042

Sustainable Procurement

>> MRCB continues to apply the following guidelines implemented last year in our procurement process. All employees involved in procurement must ensure that:

- There must be more than one bidder.
- Vendors are all treated equally and accorded the same information at the same time.
- No information leaks should occur during the procurement process.
- There is no favouritism of vendors and no conflicts of interest through relationships.
- Any conflicts of interest, through relationships or friendships with people from other companies invited to tender, must be declared. In a situation where there is evidence or suspicion of improper behaviour, either during the tender process or after its award, it must be reported to the Integrity and Discipline Department.
- The process is transparent so that it is auditable, justifiable and can stand up to scrutiny.

SUPPLIER ASSESSMENT

At this stage in MRCB's corporate Transformation Journey, our key priority has been with revamping and expanding our supplier base. This is designed to inject more competition into our procurement and supplier base, in order to help us drive costs down. We have therefore actively been encouraging more suppliers and subcontractors to pre-qualify with us, including taking out advertisements in trade journals and national newspapers to achieve this aim. We believe this is important for us as a business so as to improve overall returns to shareholders and ensure our own sustainability over the longer term. With the appointment of our Head of Sustainability, and once we have adequately expanded our supplier list further down the line, we will look to calibrating our suppliers in terms of their sustainability practices as part of a larger sustainability framework that we intend to introduce.

DIRECTORS' PROFILES



TAN SRI AZLAN ZAINOL

Non-Independent, Non-Executive Chairman

Age: 68

Gender: MALE

Nationality: MALAYSIAN

In the Board

Date Appointed to the Board:

12 January 2005

Board Committee Membership:

Nil

Nominee of Employees Provident Fund, a major shareholder of MRCB

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants

Skills And Experience

Tan Sri Azlan was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. Tan Sri Azlan has more than 30 years of experience in the financial sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Directorships In Other Public Companies and Organisations

- RHB Bank Berhad (Chairman)
- RHB Investment Bank Berhad (Chairman)
- Eco World International Berhad (Chairman)
- Grand-Flo Berhad (Chairman)
- Kuala Lumpur Kepong Berhad
- Yayasan Astro Kasih (Chairman/Trustee)
- OSK Foundation (Trustee)
- Financial Reporting Foundation (Chairman)
- RHB Capital Berhad (In Members' Voluntary Liquidation)
- Rashid Hussain Berhad (In Members' Voluntary Liquidation)

Family Relationship With Any Director And/Or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

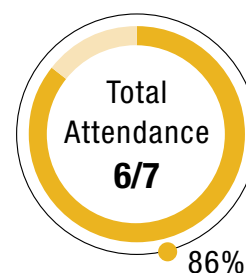
Conflict Of Interest With MRCB

He has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

We remain committed to propagating an organisational culture centred on transparency and accountability to our stakeholders and shareholders.

Board Meetings



● attended



Refer to the Corporate Governance Overview Statement, for more information about Tan Sri Azlan Zainol.

DIRECTORS' PROFILES

**TAN SRI MOHAMAD SALIM FATEH DIN***Group Managing Director*

Age: 61

Gender: MALE

Nationality: MALAYSIAN

In the Board**Date Appointed to the Board:**

2 September 2013

Board Committee Membership:

Member of the Executive Committee

Qualifications

- Higher School Certificate

Skills And Experience

Tan Sri Mohamad Salim Fateh Din is a highly successful Malaysian entrepreneur who has a long list of achievements, in both the property and construction industry in the country.

A self-made man with a pioneering spirit, Tan Sri Mohamad Salim first made a name for himself with Gapurna, which he co-founded in 1991 as his property development holding company. Gapurna developed the latest distributor centres for the Giant supermarket chain, which allowed it to improve their food-processing systems while reducing logistics costs and delivery turnaround times.

Under the leadership of Tan Sri Mohamad Salim, MRCB has established as Malaysia's leading TOD property developer, with many large flagship projects, namely Kuala Lumpur Sentral CBD, PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral, and made a name for himself as a leading developer of green and sustainable buildings. MRCB has also secured key Malaysian infrastructure development construction projects, including the RM9 billion LRT3 project & the refurbishment of the National Stadium in Bukit Jalil and also the construction packages for the new MRT2 Line, strengthening MRCB's credentials as one of the country's leading infrastructure development companies.

Tan Sri Mohamad Salim has received numerous awards for his achievements as a business leader which include the Masterclass Property Icon of the Year at the Pangkor Dialogue Awards 2016, Masterclass Excellence Award – Business Icon of the Year at the Utusan Business Awards 2015, Masterclass Global CEO of the Year at the 6th Middle East Business Leaders Awards 2015, Outstanding Category winner at the Asia Pacific Entrepreneurship Awards 2015 and the Masterclass CEO of The Year at the Global Leadership Awards 2014.

Directorships In Other Public Companies

Nil

Family Relationship With Any Director And/Or Major Shareholders

Tan Sri Mohamad Salim is the father of Mohd Imran, the Executive Director of MRCB and also a substantial shareholder of Gapurna. Other than as disclosed, he does not have any family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

Save as disclosed and in Note No. 44 of page 117 to 119 of the accompanying financial report, he has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

An undivided focus on operational excellence drives our strategic goals and objectives.

Board Meetings

Total Attendance
7/7

100%

attended



Refer to the Corporate Governance Overview Statement, for more information about Tan Sri Mohamad Salim Fateh Din.

DIRECTORS' PROFILES



Nominee of Gapurna Sdn Bhd, a major shareholder of MRCB



MOHD IMRAN TAN SRI MOHAMAD SALIM

Executive Director

Age: 36

Gender: MALE

Nationality: MALAYSIAN

In the Board

Date Appointed to the Board:

1 March 2015

Board Committee Membership:

- Member of the ESOS Committee
- Member of the LTIP Committee

Qualifications

- Degree in Electrical and Electronics from the University of Manchester Institute of Science and Technology, United Kingdom
- Masters in Commerce from Deakin University, Australia
- Member of the Institution of Engineers Malaysia
- Member of the Institute of Electrical and Electronic Engineers, United Kingdom
- Member of the Institute of Value Management of Malaysia

Skills And Experience

Upon his graduation in early 2004, Imran commenced his career as an Engineer with Bisraya Construction Sdn Bhd, a wholly owned subsidiary of Gapurna Group of Companies, a medium sized diversified group and was promoted to Project Director the following year. Thereafter, he held various senior posts in the Group including the post of Chief Operating Officer and Director of GTC Global Sdn Bhd where he managed the day to day running of a boutique set-up providing total solutions for security surveillance.

Imran Salim was the Group Chief Operating Officer of MRCB from 1 March 2013 to 28 February 2015.

He is also a board member of Gapurna Sdn Bhd, the holding company of Gapurna Group which has interests in commercial property development, project management, construction and building.

Directorships In Other Public Companies

Nil

Family Relationship With Any Director And/Or Major Shareholders

Imran is the son of Tan Sri Mohamad Salim Fateh Din, the Group Managing Director of MRCB. Other than as disclosed, he does not have any family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

Save as disclosed, and in Note No. 44 of page 117 to 119 of the accompanying financial report, he has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

We believe our strong capacities and skills, coupled with our asset light approach, keeps us at the forefront of the industry.

Board Meetings

Total Attendance
7/7

100%

● attended



Refer to the Corporate Governance Overview Statement, for more information about Mohd Imran Tan Sri Mohamad Salim.

DIRECTORS' PROFILES

**DATUK SHAHRIL RIDZA RIDZUAN***Non-Independent Non-Executive Director*

Age: 48

Gender: MALE

Nationality: MALAYSIAN

In the Board**Date Appointed to the Board:**

9 August 2001

Board Committee Membership:

- Chairman of the Executive Committee
- Chairman of the ESOS Committee
- Member of the LTIP Committee

Qualifications

- Bachelor of Civil Law (1st Class) from University of Oxford, United Kingdom
- Master of Arts (1st Class) from University of Cambridge, United Kingdom
- Called to the Malaysian Bar and the Bar of England and Wales

Skills And Experience

Datuk Shahril was a Legal Assistant at Zain & Co from 1994 to 1996. From 1997 to 1998, he was the Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc (M) Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad from 1998 to 1999. From 1999 to August 2001, he was an Executive Director of SSR Associates Sdn Bhd.

He was the Group Managing Director of the Company from 1 September 2003 to 1 December 2009 and currently serves as Chief Executive Officer of the Employees Provident Fund.

Directorships In Other Public Companies

- Media Prima Berhad
- Pengurusan Danaharta Nasional Berhad
- Malaysia Building Society Berhad

Family Relationship With Any Director And/Or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

He has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

An unswerving focus on upholding the highest standards of governance underlines the delivery of our strategy.

Board Meetings

Total Attendance
7/7

100%

attended



Refer to the Corporate Governance Overview Statement, for more information about Datuk Shahril Ridza Ridzuan.

DIRECTORS' PROFILES

**JAMALUDIN ZAKARIA***Senior Independent Director*

Age: 52

Gender: MALE

Nationality: MALAYSIAN

In the Board**Date Appointed to the Board:**

24 August 2011

Board Committee Membership:

- Chairman of the Nomination & Remuneration Committee
- Chairman of the LTIP Committee
- Member of the Audit Committee
- Member of the Executive Committee
- Member of the ESOS Committee

Qualifications

- Bachelor of Science Degree in Accounting with a minor in Real Estates and Insurance from Arkansas State University, the United States of America.

Skills And Experience

Jamaludin has more than 25 years of experience with extensive exposure in investment banking and corporate finance, having been attached to domestic and international investment banks throughout his 20 year banking career.

Jamaludin has been involved in a broad spectrum of corporate and financial transactions, including infrastructure project finance advisory and fund raising, cross border mergers and acquisitions, Initial Public Offering in the domestic market and internationally through primary and secondary offerings, public debt offerings, quasi & quasi equity primary and secondary offerings, debt and equity structured derivatives and debt liability management.

The portfolio of clients that Jamaludin has worked with include listed conglomerates, government agencies and the government linked/investee companies.

Jamaludin is currently the Managing Director of an international investment bank here in Malaysia.

Directorships In Other Public Companies

Nil

Family Relationship With Any Director And/Or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

He has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

Setting competitive remuneration packages against competitive industry standards is essential in retaining the right talents, capable of steering the direction of the Company.

Board Meetings

Total Attendance
7/7

100%

● attended



Refer to the Corporate Governance Overview Statement, for more information about Jamaludin Zakaria.

DIRECTORS' PROFILES



Nominee of Employees Provident Fund, a major shareholder of MRCB



ROHAYA MOHAMMAD YUSOF

Non-Independent Non-Executive Director

Age: 53

Gender: FEMALE

Nationality: MALAYSIAN

In the Board

Date Appointed to the Board:

6 March 2014

Board Committee Membership:

- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee

Qualifications

- Bachelor of Commerce (Accountancy) from Australian National University
- Associate member of CPA Australia

Skills And Experience

Rohaya began her career in 1988 with Arthur Andersen & Co., before it merged with Ernst & Young as Financial Consultant in the Audit Division. In 1990, she joined Maybank Investment Bank and was appointed as Executive Vice President for Corporate Investment Banking in 2005. After 18 years of acquiring vast experience in Maybank Investment in areas of Fixed Income, Equity and Corporate Finance, Rohaya joined Employees Provident Fund (EPF) in 2008 as Head of Corporate Finance. During her tenure with EPF, Rohaya was appointed as Head of Capital Market Department, Investment Division in 2010 where she oversees Domestic and Global investment in loans and bonds. Currently she serves as Head of Private Market, Investment Division whose primary function is to invest in private equity, infrastructure, global and regional real estates.

Directorships In Other Public Companies

- United Plantations Berhad
- Plus Malaysia Berhad
- Projek Lebuhraya Usahasama Berhad
- UMW Holdings Berhad (Resigned 1 January 2018)

Family Relationship With Any Director And/Or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

She has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

Ensuring effective mechanisms for checks and balances keeps us focused on delivering on our strategic intents.

Board Meetings

Total
Attendance
7/7

100%

● attended



Refer to the Corporate Governance Overview Statement, for more information about Rohaya Mohammad Yusof.

DIRECTORS' PROFILES

**HASMAN YUSRI YUSOFF***Independent Director*

Age: 58

Gender: MALE

Nationality: MALAYSIAN

In the Board**Date Appointed to the Board:**

26 January 2016

Board Committee Membership:

- Chairman of the Audit Committee
- Member of the Nomination & Remuneration Committee

Qualifications

- Member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants
- Post Graduate Diploma in Islamic Studies

Skills And Experience

Hasman Yusri was a partner at KPMG Malaysia (KPMG) before his retirement in December 2015. He joined KPMG in 1999 as a Director in the Assurance and Audit Division before becoming a Principal with Assurance Division in October 2001. Prior to KPMG, he was with Petronas Group of Companies for 10 years from 1984 to 1994 holding various positions in the Group. Thereafter, he joined Malakoff Berhad for four years from 1995 to 1999 as the General Manager, Finance responsible for the financial affairs of the Group.

His audit and commercial experience covers a wide range of industries including construction, property development, plantation, power generation and oil & gas.

Directorships In Other Public Companies

Serba Dinamik Holdings Berhad

Family Relationship With Any Director And/Or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

He has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

////////////////////

We continue to be focused on getting the right talent to help us progress our strategies.

Board Meetings

Total Attendance
7/7

100%

● attended



Refer to the Corporate Governance Overview Statement, for more information about Hasman Yusri Yusoff.

DIRECTORS' PROFILES

**TO' PUAN JANET LOOI LAI HENG***Independent Director*

Age: 56

Gender: FEMALE

Nationality: MALAYSIAN

In the Board**Date Appointed to the Board:**

11 December 2017

Board Committee Membership:

Nil

Qualifications

- Bachelor of Economics (1983), Monash University, Australia
- Bachelor of Laws (1985), Monash University, Australia
- Admitted to the Malaysian Bar (1986)

Skills And Experience

To' Puan Janet Looi Lai Heng is a Partner in the Corporate Division of Messrs Skrine where she has been practising since 1988. She became a Partner of Skrine in 1994 and is the immediate past Chair of the Executive Committee of Skrine. Janet's experience in her 30 years' legal practice includes advising on numerous corporate exercises for international and local companies ranging from takeovers, mergers and acquisitions to business reorganisations and corporate governance. Janet is also the Head of Skrine's Environmental Practice, and one of the lead Partners for Skrine's Competition Practice.

Directorships In Other Public Companies

Nil

Family Relationship With Any Director And/Or Major Shareholders

No family relationship with any director and/or major shareholders of MRCB.

Conflict Of Interest With MRCB

She has no personal interest in any business arrangement involving MRCB.

Our Directors' Testimonial

Going beyond compliance, we are committed to setting in place governance processes aligned with international best practices to drive our sustained growth.

Board Meetings

Total
Attendance
N/A

● attended



Refer to the Corporate Governance Overview Statement, for more information about To' Puan Janet Looi Lai Heng.

Additional Information

1. None of the Directors has:
 - (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
 - (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.
2. Details of the Director's training are set out in the Corporate Governance Overview Statement on pages 108 to 110 of this Annual Report.

SENIOR MANAGEMENT PROFILES



TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

Age: 61
Gender: MALE
Nationality: MALAYSIAN

Date of Appointment

Tan Sri Mohamad Salim was appointed as the Group Managing Director on 2 September 2013.



His profile is listed in the Profile of Directors on page 93 of this Annual Report.



MOHD IMRAN TAN SRI MOHAMAD SALIM FATEH DIN
Executive Director

Age: 36
Gender: MALE
Nationality: MALAYSIAN

Date of Appointment

Mohd Imran was appointed as the Executive Director on 1 March 2015. He joined MRCB on 1 March 2013 as the Group Chief Operating Officer.



His profile is listed in the Profile of Directors on page 94 of this Annual Report.



ANN WAN TEE
Group Chief Financial Officer

Age: 47
Gender: MALE
Nationality: MALAYSIAN

Qualifications

- Bachelor of Commerce (Accounting) (Hons), University of Birmingham
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Directorships In Public Companies

- MRCB Quill Management Sdn Bhd (the manager of MRCB-Quill REIT)
- MRCB Southern Link Berhad

Working Experience

Ann Wan Tee was appointed as the Chief Financial Officer on 25 November 2013 and promoted as the Group Chief Financial Officer on 1 June 2017. He has more than 18 years' experience spanning from project advisory, privatisation, private finance initiatives, financial feasibility studies, business valuations, mergers and acquisitions as well as corporate recovery.

He joined MRCB in May 2013 as the Chief Strategy Officer and prior to MRCB, Wan Tee was the Chief Financial Officer/Finance Director of Gapurna Strategic Alliance Sdn Bhd from June 2012 to May 2013.

Wan Tee was the Executive Director – Corporate Finance at PricewaterhouseCoopers (Advisory Services) from January 2006 to May 2012.

SENIOR MANAGEMENT PROFILES



KWAN JOON HOE
Group Chief Operating Officer

Age: 36
Gender: MALE
Nationality: MALAYSIAN

Qualifications

- Bachelor Of Commerce (Accounting and Finance) from University of Melbourne, Australia
- Member of the Certified Practising Accountant, Australia

Directorships In Public Companies

MRCB Quill Management Sdn Bhd (the manager of MRCB-Quill REIT)

Working Experience

Kwan Joon Hoe was appointed as the Chief Operating Officer on 1 March 2015 and promoted as Group Chief Operating Officer on 1 June 2017.

He joined MRCB as Senior Vice President of the Groups' Property Division in January 2014.

He joined Gapurna in 2008 as the Group's Financial Controller, spearheading the RM1 billion Lot 348 development (Menara Shell) in Kuala Lumpur Sentral CBD. He was then promoted to the position of Chief Executive Officer managing the Group's property development function in 2012 before joining MRCB. Prior to joining Gapurna, he served in 2 accounting firms in their respective audit and advisory functions.

Additional Information

1. Save for Tan Sri Mohamad Salim Fateh Din and Mohd Imran Tan Sri Mohamad Salim, none of the other Key Senior Management has any family relationship with any Director and/or major shareholder of MRCB.
2. Save as disclosed, none of the other Key Senior Management has any conflict of interest with MRCB.
3. None of the Key Senior Management has:
 - (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
 - (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



AMARJIT SINGH CHHINA
Chief Corporate Officer

Age: 51
Gender: MALE
Nationality: BRITISH

Qualifications

- SIDC, Capital Markets Director Programme
- Stock Exchange of Singapore, Dealers Representative
- London Stock Exchange, Registered Representative

Directorships In Public Companies

Nil

Working Experience

Amarjit was appointed as the Chief Corporate Officer of MRCB on 13 January 2016.

Prior to MRCB, from 2000 to 2015 he was Executive Director of Bursa Malaysia listed YTL e-Solutions Bhd and Chairman & Chief Executive Officer of the company's subsidiary, Infoscreen Networks PLC, while it was listed on the London Stock Exchange. He was also seconded for a period of time to PEMANDU, in the Prime Minister's Department, Malaysia.

Amarjit also has over 12 years of international equity markets and investment banking experience, having held positions in what were the UK's leading investment banks. He was a UK Equity Fund Manager at Kleinwort Benson Investment Management and UK Equity Building & Construction Sector Analyst at Barclays de Zoete Wedd Securities Limited (now known as Credit Suisse) in London, and over 5 years from 1993 was seconded to its offices in Kuala Lumpur, Hong Kong and Singapore as an Associate Director, working on a number of large equity capital raisings, including the IPOs of Litrak Bhd, YTL Power International Bhd and Petronas Gas Bhd. He ended this phase of his career as Associate Director of HSBC Securities in Singapore.

Amarjit is currently Independent Director of Aberdeen Islamic Asset Management Sdn Bhd.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



LETTER FROM THE CHAIRMAN

I AM DELIGHTED TO PRESENT THIS YEAR'S CORPORATE GOVERNANCE OVERVIEW STATEMENT.

“

AS CHAIRMAN, IT IS MY ROLE TO ENSURE THE HIGHEST STANDARDS OF GOVERNANCE ARE PROMOTED BY THE BOARD AND THAT THESE STANDARDS CASCADE THROUGH THE GROUP.

”

As we have seen over recent years, governance best practice continues to evolve and 2017 has been no exception, with the publication of the revised Malaysian Code on Corporate Governance (MCCG) in April 2017. The MCCG is drafted with the understanding that listed entities will require time to meet certain principles and is premised on the meaningful application of good governance practices and more transparent disclosures, with a view to raising the bar on corporate governance standards. I am pleased to confirm we generally complied with the MCCG. The application of each of the Practices under the MCCG is explained in detail in the Corporate Governance Report. This statement provides an overview of the extent to which MRCB has applied the Practices in the MCCG. This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report which is available on MRCB's website, www.mrcb.com.my/corporate-governance/

Our approach to governance

Corporate governance is part of our way of working and underpins how we conduct our business every day, our culture and our behaviour.

The Board's role is to lead the Company and oversee the governance of the Group. It plays a key role in ensuring that the tone for the Group's culture and values is set from the top. The role of management is to deliver the strategy within the framework and standards set by the Board.

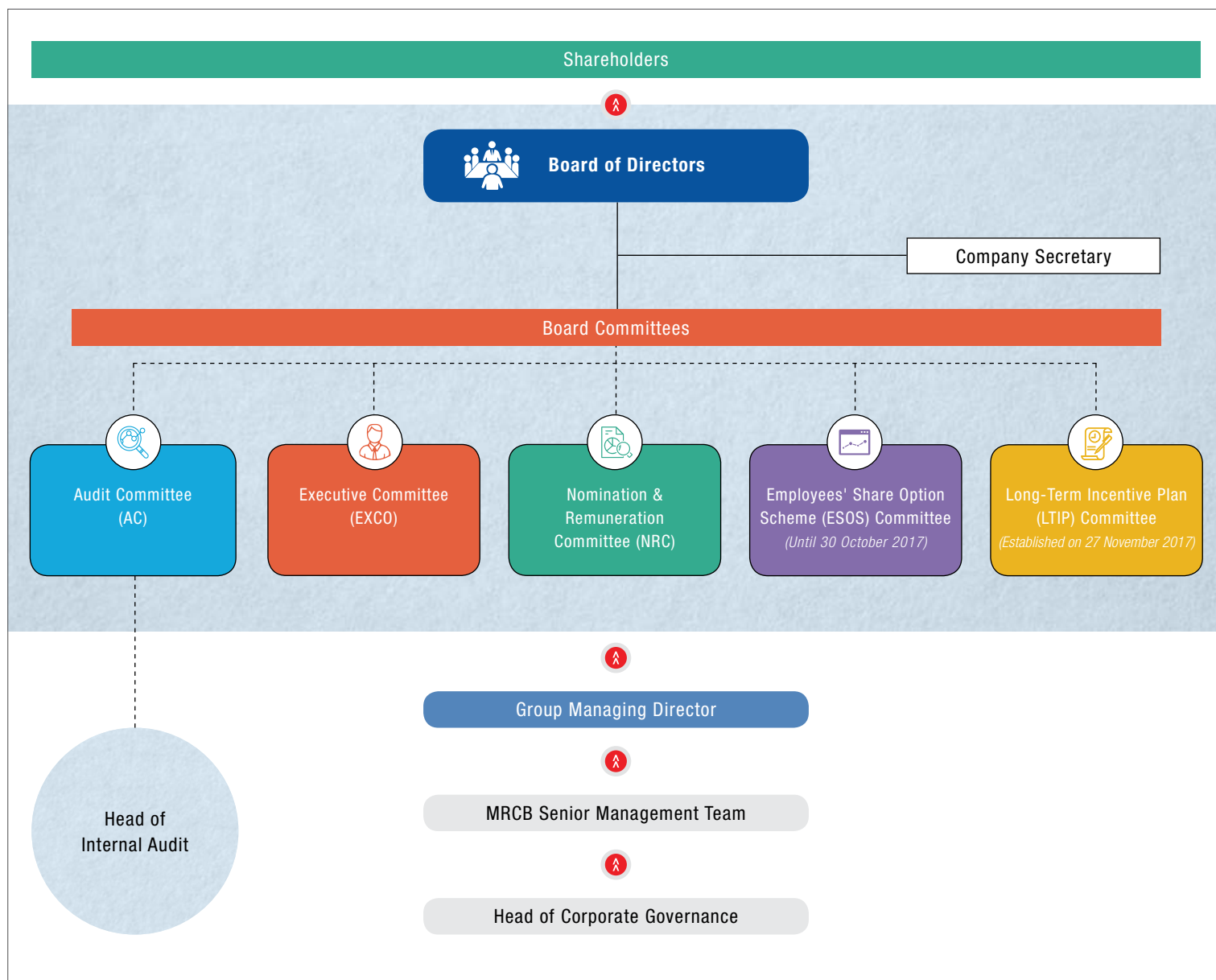
At the heart of good governance is our culture; at MRCB, it is not just what we do that is important, it is also how we do it. Our governance framework encompasses a robust decision-making process and a clear framework within which decisions can be made. This is achieved via our delegated authority framework, which ensures that decisions are taken by the right people, at the right level and that there is clear accountability up to the Board. Through the governance framework, the Board is then able to assess whether we are making decisions in the right way, with the right considerations underpinning them.

The Board is supported by various Board Committees which considers matters relating to the Group's governance on behalf of the Board. Each Board Committee has specific authorities and responsibilities to assist the Board in discharging its duties and responsibilities effectively. The Board retains the ultimate responsibility for decisions made by the Board Committees.

MRCB is committed to the principles of responsible and transparent business management and control, geared to long-term financial success. Good corporate governance builds the foundation for investor, client, workforce and public confidence.

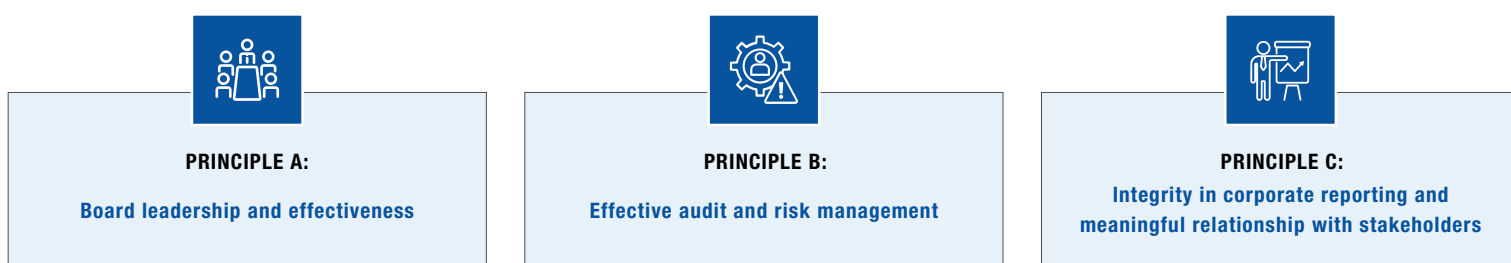
CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Corporate Governance Framework, which is set out below, is vital in contributing towards our growth and in driving long-term sustainability.



Complementing efforts to strengthen our governance is our advocacy of human rights across the Group. We have a responsibility to respect human rights and are committed to ensuring our activities are governed by human rights and anti-slavery principles, regulations, laws, best industry practices and standards throughout our business operations and value chains. Our commitment to human rights is embedded and supported by various policies and processes within our business. Our Environmental, Safety and Health Guidelines, which was enhanced during the year, is an example of our continuing efforts in safeguarding human rights. We also provide channels for our internal stakeholders, through MRCB's Human Resources Portal to submit grievances.

The corporate governance practices of the Group are based on the following principles:



CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A:

Board leadership and effectiveness



PRINCIPLE B:

Effective audit and risk management



PRINCIPLE C:

Integrity in corporate reporting and meaningful relationship with stakeholders

BOARD RESPONSIBILITIES

The leadership of MRCB is driven by the Board. The Board is responsible for setting the strategic direction of the Group, while exercising oversight on management. The Group's strategy is a key matter reserved for the Board's deliberation and decision. The Board is also responsible for ensuring the implementation of a proper risk management system, establishing a succession plan and reviewing the adequacy of the management information and internal control systems of the Group, among others. The Board is guided by a Charter. On 28 February 2018, the Board reviewed and approved the amendments to the Board Charter, to be in line with the practices in the MCCG. The Board Charter sets out the principal role of the Board and the functions, responsibilities and powers of the Board and its various committees, including a schedule of matters reserved for the Board. The Board Charter is published on the Company's website, www.mrcb.com.

Roles and Responsibilities of the Board

Roles of the Board

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:

- reviewing and approving the overall strategic plans and direction of the Company and Group;
- overseeing and evaluating the conduct and performance of the Company and Group;
- identifying key risks and ensuring implementation of a proper risk management system;
- establishing a succession plan;
- overseeing the development and implementation of a shareholder communication policy for the Company; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Company

Policy and Strategies

The following matters are reserved for the Board to determine and/or approve (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- corporate plans and programmes;
- annual budgets, including major capital commitments;
- new ventures;
- material acquisitions and disposals of undertakings and properties;
- changes to the management and control structure within the Company and its subsidiaries, including key policies

Powers Delegated to Management

The Board delegates to the Group Managing Director, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Group Managing Director may delegate aspects of his authority and power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.

Board Access to Information

In the course of discharging their duties, the Directors have:

- Full and unrestricted access to timely and accurate information. The agenda and a full set of Board papers are typically distributed at least 5 days before the Board or its Committee meetings. This process ensures that the Directors have sufficient time to review, consider, and if necessary, obtain further information on the matters to be discussed, and thus be properly briefed and prepared during the meetings;
- Unrestricted access to the advice and services of the Company Secretary and other members of Senior Management; and
- Unrestricted advice and services of external and independent professionals, made available to Board members individually and collectively. Such advice and services are made available independent of Management's intervention.

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators and has the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements.

In order to enhance the accountability of the Board and Senior Management, the Group has in place Limits of Authority approved by the Board which sets out the limits of transactions that each level of Management can approve, and transactions that need to be approved by the EXCO or the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Separation of power between the Board and Management

**CHAIRMAN**

- » Ensures that the Board functions effectively, cohesively and independently of Management
- » Promotes the highest standards of corporate governance
- » Leads the Board, including presiding over Board meetings and Company meetings and directs Board discussions to effectively use the time available to address the critical issues facing the Company
- » Promotes constructive and respectful relationship among Board members and between Board members and Management
- » Ensures that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders

**GROUP MANAGING DIRECTOR**

- » Develops the strategic direction of the Group
- » Ensures that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees
- » Ensures that the objectives and standards of performance are understood by the Management and employees
- » Ensures that the operational planning and control systems are in place
- » Monitors performance results against plans
- » Takes remedial action, where necessary

**SENIOR INDEPENDENT DIRECTOR**

- » Acts as a sounding board for the Chairman and Executive Directors
- » Acts as a conduit for the views of other Non-Executive Directors
- » Conducts the Chairman's annual performance appraisal
- » Helps resolve shareholders' concerns

**EXECUTIVE DIRECTOR**

- » Under the leadership of the Group Managing Director, makes and implements decisions in all matters affecting the operations, performance and strategy of the Group's business
- » Provides specialist knowledge and experience to the Board
- » Charts the overall business direction of the Group
- » Designs, develops and implements strategic plans
- » Deals with day-to-day operations of the Group

**NON-EXECUTIVE DIRECTORS**

- » Challenge constructively
- » Help develop and set the Group's strategy
- » Actively participate in Board decision making
- » Scrutinise management performance
- » Satisfy themselves on the integrity of financial information
- » Review the Group's risk exposures and controls
- » Provide independent judgement, experience and objectivity

**COMPANY SECRETARY**

- » Advises the Board
- » Ensures accurate and timely information and required support are provided to Directors
- » Organises Directors' induction and training
- » Communicates with shareholders as appropriate and ensures due regard is paid to their interests

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

The Board from time-to-time establishes committees as it considers appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:

- Executive Committee
 - Audit Committee
 - Nomination & Remuneration Committee
- Employees' Share Option Scheme Committee (Until 30 October 2017)
 - Long-Term Incentive Plan Committee (Established on 27 November 2017)



Jamaludin Zakaria

Total Attendance
7/7

100%

Audit Committee (AC)

The AC comprises three (3) members as below:

Chairman

Hasman Yusri Yusoff

Attendance 6/6 (100%)

Members

Jamaludin Zakaria

Attendance 6/6 (100%)

Rohaya Mohammad Yusof

Attendance 6/6 (100%)

Refer to the Audit Committee Report on page 118.

Executive Committee (EXCO)

The EXCO comprises three (3) members as below:

Chairman

Datuk Shahril Ridza Ridzuan

Attendance 2/2 (100%)

Members

Tan Sri Mohamad Salim Fateh Din

Attendance 2/2 (100%)

Jamaludin Zakaria

Attendance 2/2 (100%)

Refer to the Executive Committee Report on page 121.

Nomination & Remuneration Committee (NRC)

The NRC comprises three (3) members as below:

Chairman

Jamaludin Zakaria

Attendance 3/3 (100%)

Members

Rohaya Mohammad Yusof

Attendance 3/3 (100%)

Hasman Yusri Yusoff

Attendance 3/3 (100%)

Refer to the Nomination & Remuneration Committee Report on page 122.

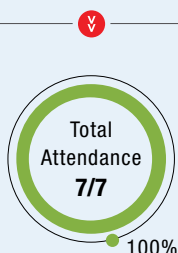
How We're Governed

CORPORATE GOVERNANCE OVERVIEW STATEMENT

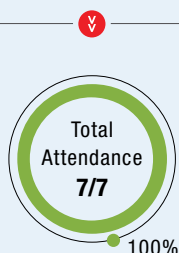
The Committees operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings, and the minutes will be included in the Board Papers for the Board's notification.

BOARD OF DIRECTORS

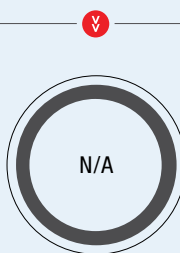
**Rohaya
Mohammad Yusof**



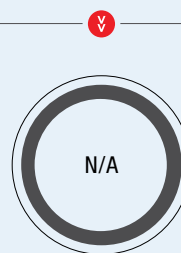
**Hasman
Yusri Yusoff**



**To' Puan
Janet Looi Lai Heng¹**



**Chuah
Mei Lin²**



Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee comprises three (3) members as below:

Chairman

Datuk Shahril Ridza Ridzuan
Attendance 1/1 (100%)

Members

Mohd Imran Tan Sri Mohamad Salim
Attendance 1/1 (100%)

Jamaludin Zakaria
Attendance 1/1 (100%)



Refer to the ESOS Committee Report on page 124.



Long-Term Incentive Plan (LTIP) Committee

The LTIP Committee comprises three (3) members as below:

Chairman

Jamaludin Zakaria
Attendance 1/1 (100%)

Members

Mohd Imran Tan Sri Mohamad Salim
Attendance 1/1 (100%)

Datuk Shahril Ridza Ridzuan
Attendance 1/1 (100%)



Refer to the LTIP Committee Report on page 125.

OVERALL PERCENTAGE OF ALL BOARD MEETINGS ATTENDED BY DIRECTORS



Notes:

¹ Appointed on 11 December 2017

² Demised on 6 January 2017

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training and Continuing Education Programme

In addition to the mandatory Accreditation Programme required by Bursa Malaysia Securities Berhad, the Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This enables Directors to effectively discharge their duties and sustain active participation in Board deliberations.

The Board assesses the training needs of the Directors from time to time, and ensures Directors have access to continuing education programmes. The trainings attended by the Directors during 2017 were as follows:

TAN SRI AZLAN ZAINOL

No.	Training/Seminar Attended	Date	Organiser
1.	Briefing on P2P/Crowd Funding/Crowd Sourcing	10 January 2017	RHB Banking Group
2.	Briefing on Sustainability Reporting	13 January 2017	Eco World International Berhad (by Ernst & Young)
3.	Briefing on Blockchain Technology and Potential Use Cases in Financial Services	6 February 2017	RHB Banking Group
4.	Briefing on Bank Negara Malaysia Annual Report 2016/Financial Stability and Payment Systems Report 2016	23 March 2017	Bank Negara Malaysia
5.	Islamic Banking by 2030: Impact of Digital Economy, Fintech & Sustainability as Force of Change	3 May 2017	RHB Banking Group (by SHAPE® Knowledge Services, Kuwait)
6.	Compliance Conference 2017	18 May 2017	Bank Negara Malaysia

No.	Training/Seminar Attended	Date	Organiser
7.	Exclusive Workshop for Nomination Committee Chairman and Members: Board Selection – Engagement with Potential Directors	23 May 2017	FIDE Forum
8.	AICB Banking Conference – China's Banking Industry: Opportunities for Growth	2 August 2017	Asian Institute of Chartered Bankers (AICB)
9.	Malaysian Code on Corporate Governance: Expectations & Implications	2 August 2017	Securities Industry Development Corporation (SIDC)
10.	Value based Intermediation (VBI Dialogue)	24 August 2017	Bank Negara Malaysia
11.	Malaysian Code on Corporate Governance: Expectations & Implications	26 September 2017	Kuala Lumpur Kepong Berhad (by PwC)
12.	Shariah Programme: Global Perspective on Critical Success and Failure Factors in the Islamic Financial Industry	10 October 2017	RHB Banking Group (by Amanie Academy)
13.	Briefing on Bankruptcy (Amendment) Act 2017	1 November 2017	RHB Banking Group

TAN SRI MOHAMAD SALIM FATEH DIN

No.	Training/Seminar Attended	Date	Organiser
1.	Dialog Perdana Transformasi Nasional 2050 (TN50) Bersama YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia	19 January 2017	Kementerian Belia dan Sukan Malaysia
2.	Briefing on Companies Act, 2016	14 March 2017	MRCB
3.	Global Transformation Forum 2017 – "GTF: BIG FAST RESULTS"	22 - 23 March 2017	PEMANDU

No.	Training/Seminar Attended	Date	Organiser
4.	India Business Forum, New Delhi, India	3 April 2017	Malaysian Investment Development Authority (MIDA)
5.	Pemukiman CEO/Head of Government-Linked Companies (GLC), Government-Linked Investment Companies (GLIC), Menteri Kewangan Diperbadankan (MKD) dan Badan-badan Berkanun	19 - 21 September 2017	Ketua Pengarah Keselamatan Negara, Majlis Keselamatan Negara

CORPORATE GOVERNANCE OVERVIEW STATEMENT

MOHD IMRAN TAN SRI MOHAMAD SALIM

No.	Training/Seminar Attended	Date	Organiser
1.	Briefing on Companies Act, 2016	14 March 2017	MRCB
2.	Global Transformation Forum	23 March 2017	PEMANDU

No.	Training/Seminar Attended	Date	Organiser
3.	2017 Board of Engineers Malaysia Outreach Roadshow	3 May 2017	Institution of Engineers Malaysia
4.	Singapore Regional Business Forum	14 - 15 August 2017	Singapore Business Federation

DATUK SHAHRIL RIDZA RIDZUAN

No.	Training/Seminar Attended	Date	Organiser
1.	Board Training AML/CFT MBSB	17 January 2017	MBSB
2.	Thought Leadership Session 2017	30 March 2017	EPF – Jabatan Pengurusan Strategi
3.	Legal Conference on Companies Act	3 April 2017	EPF
4.	Strategic Leadership Alignment Course	7-9 May 2017	EPF
5.	EPF/PNB Risk Management Sharing Session (Topic: Risk Management Practices in Employees Provident Fund)	19 June 2017	EPF
6.	Panel Speaker at the ICGN Annual Conference Redefining Capitalism for a Sustainable Global Economy	11 July 2017	ICGN

No.	Training/Seminar Attended	Date	Organiser
7.	Invest Malaysia: Panel Session "Plans to Raise Returns for Shareholders"	25 July 2017	Bursa Malaysia & CIMB
8.	World Pension Summit	25-26 October 2017	World Pension Summit P&I Conference
9.	Speaker: APIC-Malaysia Islamic Finance (Topic: Malaysia Capital Markets, Growth of Islamic Finance and Green Capital Amidst Global Political and Economic Volatility)	31 October 2017	Asia Pacific Investors Cooperation
10.	Director Onboarding Programme - Corporate Governance Expectations	13 November 2017	MINDA

JAMALUDIN ZAKARIA

No.	Training/Seminar Attended	Date	Organiser
1.	Global MacCap Deal Execution Operational Training	31 May 2017	Macquarie Capital Securities
2.	Global Fraud Awareness Training	1 June 2017	Macquarie Capital Securities
3.	Global Protecting Our Information – It Starts With You	7 August 2017	Macquarie Capital Securities

No.	Training/Seminar Attended	Date	Organiser
4.	Global Financial Crime Compliance Training 2017	22 August 2017	Macquarie Capital Securities
5.	Global Resilience Mandatory Training	5 September 2017	Macquarie Capital Securities

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ROHAYA MOHAMMAD YUSOF

No.	Training/Seminar Attended	Date	Organiser
1.	Thought Leadership Session 2017	20 March 2017	EPF
2.	Asia Leaders in Financial Program	8 - 12 May 2017	National University of Singapore (NUS)
3.	AVCJ Malaysia Forum (Speaker)	19 September 2017	AVCJ

No.	Training/Seminar Attended	Date	Organiser
4.	EPF Investment Seminar	4 & 5 November 2017	REHDA Institute
5.	EPF Risk Management Seminar	13 December 2017	EPF

HASMAN YUSRI YUSOFF

No.	Training/Seminar Attended	Date	Organiser
1.	Companies Act 2016 – Key Insights and Implication for Directors, Auditors/ Accountants & Company Secretaries	13 March 2017	Malaysian Institute of Accountants
2.	Malaysian Code on Corporate Governance 2017	28 April 2017	Audit Committee Institute

No.	Training/Seminar Attended	Date	Organiser
3.	Capital Market Director Programme	15 - 17 May 2017	SIDC
4.	Khazanah Megatrends Forum on the Cerebrum X Algorithm	2 - 3 October 2017	Khazanah Nasional Berhad
5.	Tax and Business Summit 2017	9 November 2017	KPMG

Code of Business Ethics (Code)

The Directors are expected to conduct themselves with the highest ethical standards. All Directors are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

All Directors of the Group are given a copy of the Directors' Manual, Executive Handbook and the Code upon their appointment, and are required to acknowledge having read and understood the Code. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service. The Executive Handbook and Code set out the expected standards of conduct and behaviour when dealing with external customers, suppliers and conflict of interest situations, and in preserving the confidentiality of company information.

Whistleblowing

The Group has a Whistleblowing Policy which also covers members of the Board, with designated independent personnel being identified to receive the reports in a confidential manner. The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of a potential malpractice or misconduct is encouraged to report such matters in good faith, without fear of reprisal.

Conflict of Interest

The Directors are required to act in the best interest of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

A Director should disclose to the Board:

- any material personal interest he/she has in a matter which relates to the affairs of the Company; and
- any other interest (direct or indirect) which he/she believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable, after the Director becomes aware of his/her interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMPOSITION

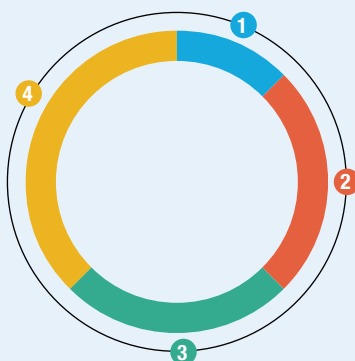
The composition of a board remains a key factor in influencing the manner in which the board functions and the dynamics between its members. An effective board should comprise members with an appropriate mix of skills, knowledge, experience and independence that fit the Company's objectives and strategic goals. In this regard, MRCB is committed to achieving diversity in its Board composition. The Board comprises three distinct parties, namely the Chairman, the Executive Directors and the Non-Executive Directors. While the Board believes that its present composition and size enables it to discharge its duties and responsibilities effectively and competently, and reflects diversity in terms of board balance, board tenure, gender and experience, the Board is taking steps to further improve its diversity in line with the requirements of the MCCG. On 11 December 2017, To' Puan Janet Looi Lai Heng was appointed as an Independent Director. As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of 9 years. The Nomination & Remuneration Committee, which is chaired by the Senior Independent Director, is responsible for the identification, assessment and recommendation of suitable candidates to be appointed to the Board.

Board Composition and Balance

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company.

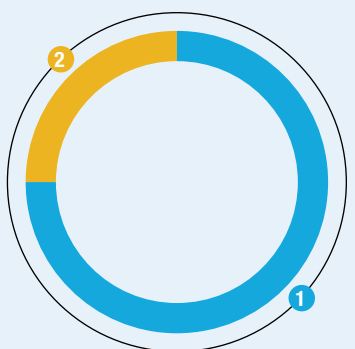
The Board reviews the skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

Board Composition and Balance



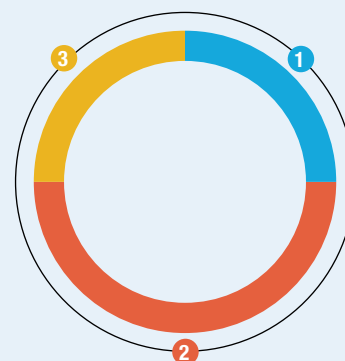
Board Balance

1	Non-Independent, Non-Executive Chairman	12.5%
2	Executive Directors	25%
3	Non-Independent Non-Executive Directors	25%
4	Independent Directors	37.5%



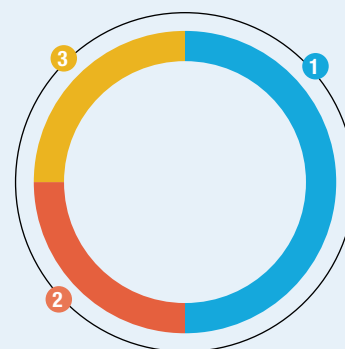
Gender Diversity

1	Male	75%
2	Female	25%



Board Tenure

1	0 - 3 years	25%
2	4 - 7 years	50%
3	8 years and above	25%

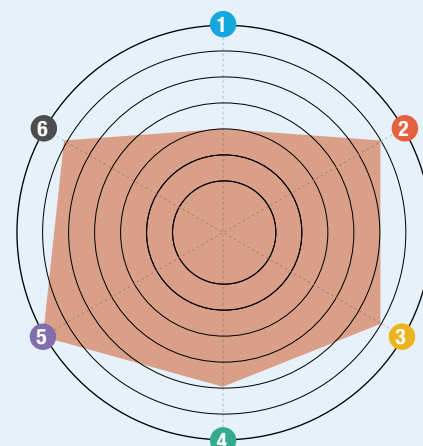


Experience

1	Finance & Economics	50%
2	Property & Construction	25%
3	Legal	25%

Directors - Significant Strengths

1	Strategic Development	3
2	Corporate Strategy	6
3	Business Management	6
4	Capital Markets	5
5	Governance & Risk Management	7
6	Sector experience/knowledge	6



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Effectiveness

The effectiveness of the Board is vital to the success of the Group and it is the Company's policy to conduct a formal Board Effectiveness Evaluation annually, in order to assess the effectiveness of the Board as a whole, the respective Board Committees and the contribution of individual Directors. The outcome of the Board Effectiveness Evaluation exercises carried out are discussed at the Nomination & Remuneration Committee meetings.

Information on Board Effectiveness Evaluation

- » In March 2017, KPMG Management and Risk Consulting Sdn Bhd (KPMG) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the Board, its Committees, and the seven Directors for year 2016. The scope of work of KPMG's appointment included a review and refinement of the current Directors' Effectiveness Assessment, to incorporate a self and peer assessment, conduct independent assessment interviews and a psychometric analysis of the Directors, and prepare a Board Effectiveness Evaluation (BEE) report, including possible improvement recommendations. The BEE exercise was carried out from 18 April 2017 to 20 July 2017.
- » KPMG also interviewed selected Senior Management, who have dealings with the Board members, to gauge the Board's performance from the Management's perspective (upward feedback).
- » Among the findings of the BEE are as follows:

 - The variety of skills and expertise of the 2016 Board is sufficient and relevant in fulfilling the organisation's current requirements and aspirations.
 - The Board maintains a strong and tenacious relationship with the Management team. With unrestricted access to the Management team, their relationship also remains open and transparent.
 - The psychometric assessments performed indicated that the Directors had the required competencies expected of MRCB Board members.
- » At the Nomination & Remuneration Committee meeting held on 28 August 2017, the BEE for Assessment Year 2016 was discussed.
- » The multi-leveled assessment covered the main components of an effective Board, i.e., structuring a high-performing Board, ensuring effective Board operations and interactions, fulfilling fundamental Board roles and responsibilities, and relationship with management team.
- » The Board also implemented the recommendations proposed by KPMG in the previous BEE.
- » KPMG also identified some areas for further improvement, and proposed a few recommendations accordingly. The Board is taking steps to implement the proposed recommendations.

REMUNERATION

Directors' Remuneration

The Company provides a fair and reasonable, competitive remuneration for its Executive Directors, to ensure that the Company attracts and retains high calibre Executive Directors who have the skills, experience and knowledge to create value for the benefit of all shareholders.

The remuneration for Executive Directors is based on the achievements and contribution of each member, measured against their respective Key Performance Indicators. The Board determines the remuneration of Executive Directors, taking into consideration the recommendations of the Nomination & Remuneration Committee.

The Non-Executive Directors receive a fixed base fee, as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the General Meeting.

Remuneration for Non-Executive Directors is not linked to individual performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

As the Directors did not receive any remuneration from other companies within the Group, all the Directors' remuneration disclosed below were for services rendered to MRCB.

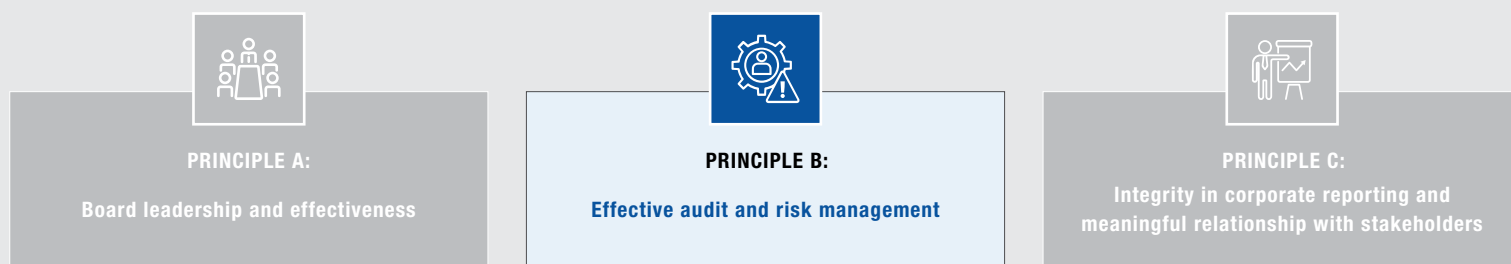
Directors	Fee (RM)	Salary & Bonus (RM)	EPF & SOCSO (RM)	Leave Passage (RM)	Allowance (RM)	Car Allowance (RM)	Benefits -In-Kind (RM)	Total (RM)
Non-Executive Directors								
Tan Sri Azlan Zainol (Chairman)	200,000	-	-	-	138,000	-	-	338,000
Datuk Shahril Ridza Ridzuan	150,000	-	-	-	147,000	-	197,562	494,562
Rohaya Mohammad Yusof	150,000	-	-	-	54,000	-	-	204,000
Executive Directors								
Tan Sri Mohamad Salim Fateh Din (Group Managing Director)	-	4,050,000	834,809	30,000	-	120,000	32,806	5,067,615
Mohd Imran Tan Sri Mohamad Salim	-	1,166,400	253,309	23,515	36,000	60,000	16,573	1,555,797
Independent Non-Executive Directors								
Jamaludin Zakaria	150,000	-	-	-	73,000	-	-	223,000
Hasman Yusri Yusoff	150,000	-	-	-	66,000	-	-	216,000
To' Puan Janet Looi Lai Heng (Appointed on 11 December 2017)	8,630	-	-	-	-	-	-	8,630
Chuah Mei Lin (Deceased on 6 January 2017)	2,466	-	-	-	-	-	-	2,466
Total	811,096	5,216,400	1,088,118	53,515	514,000	180,000	246,941	8,110,070

Senior Management's Remuneration

Details of the top 5 Senior Management's remuneration in bands of RM50,000 for financial year ended 31 December 2017 are set out below.

Senior Management	Remuneration (RM)
Tan Sri Mohamad Salim Fateh Din (Group Managing Director)	Disclosed under Directors' Remuneration in the table above.
Mohd Imran Tan Sri Mohamad Salim (Executive Director)	Disclosed under Directors' Remuneration in the table above.
Ann Wan Tee (Group Chief Financial Officer)	RM1,800,000 – RM1,850,000
Kwan Joon Hoe (Group Chief Operating Officer)	RM1,650,000 – RM1,700,000
Amarjit Singh Chhina (Chief Corporate Officer)	RM1,250,000 – RM1,300,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT



AUDIT COMMITTEE

The Board has an independent Audit Committee, chaired by an Independent Director, who is not the Chairman of the Board. The Audit Committee comprises two Independent Directors and one Non-Independent Director. The Audit Committee assists the Board in fulfilling its oversight responsibilities over the activities of the Group. The Audit Committee has written Terms of Reference, which sets out its key roles and responsibilities.

The Terms of Reference are disclosed in the Company's website. Details of the role and activities of the Audit Committee are disclosed in the Audit Committee Report on page 118.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's risk management and internal control framework. An ongoing process to identify, assess, respond, monitor and report significant risks that may affect the achievement of the Group's business objectives is in place. The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the Statement on Risk Management and Internal Control on page 126.



COMMUNICATION WITH STAKEHOLDERS

Ongoing engagement and communication with stakeholders is vital in fostering a healthy relationship between the Company and its stakeholders. In recognising this, the Board ensures that there is effective, transparent and regular communication with its stakeholders. Communication with stakeholders is achieved through various means, such as press releases, publication of information in the Company's website and engagement forums organised by the Investor Relations team.

Investor Relations (IR)

In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its shareholders, investors and other stakeholders. We engaged in active dialogue throughout 2017 through a structured plan of investor relations activities.

Accessibility in an ever changing investment climate is important. In recognising this, we ensure that we respond to daily queries from investors and analysts through our Investor Relations team, corporate website www.mrcb.com and our Investor Relations app. Our corporate website and app contains the Group's annual reports, financial results, press releases, quarterly results presentations and disclosures to Bursa Securities, and is updated in a comprehensive and timely manner.

How We're Governed

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Engagement Activities

One-on-one and group meetings were the main avenue for MRCB to directly engage with institutional investors and investment analysts and brokers in 2017. In addition, we also engaged with our shareholders and the financial fraternity through our Quarterly Results Analysts' Briefings, site visits, presenting at conferences and roadshows.

In line with our timely release of quarterly results announcements, we continued to conduct our Quarterly Results Analysts' Briefings throughout the year. These four Quarterly Results Analysts' Briefings were conducted at our Headquarters in Kuala Lumpur, to ensure that all covering analysts could proactively participate during the presentation and question and answer sessions. The Investor Relations team also ensures information is disseminated in a timely and accurate manner.

Apart from these briefings, MRCB also conducted a site visit to KL Sports City for analysts and fund managers to better understand our business, and to share with them our progress in completing the project. The site visit included visits to the National Stadium, Axiata Stadium, and Aquatic Stadium and was attended by 20 analysts and fund managers.

Rights Issue

A key highlight in 2017 was our completion of our One-for-One Rights Issue, as explained on page 23. As part of our commitment to engage with our existing shareholders, we conducted a roadshow to better explain our strategy moving forward. These sessions were well received and resulted in our renounceable Rights Issue achieving a take-up rate of 108%.

Investor Relations Calendar**>> Quarterly Results Analysts' Briefing**

Date	Event
27 February 2017	MRCB Group 4Q2016 Results
29 May 2017	MRCB Group 1Q2017 Results
29 August 2017	MRCB Group 2Q2017 Results
21 November 2017	MRCB Group 3Q2017 Results

>> Site Visit to KL Sports City

Date	Event	Number of Attendees
4 July 2017	Site Visit to KL Sports City	20 Analysts & Fund Managers from: Affin Hwang Investment Bank, AmInvestment Bank, CIMB Investment Bank, CIMB-Principal Asset Management Berhad, Employees Provident Fund, Great Eastern, KAF-Seagroatt & Campbell Securities, Kenanga Investment Bank, Kumpulan Wang Persaraan, Lembaga Tabung Haji, Macquarie Capital Securities, Malaysian Industrial Development Finance Berhad, Permodalan Nasional Berhad, RHB Research and UOB Kay Hian.

>> Roadshows for Rights Issue

Date	Institution
25 May 2017	Engagement with Bank Rakyat
25 May 2017	Engagement with Lembaga Tabung Haji
13 June 2017	Engagement with Great Eastern
14 June 2017	Engagement with RHB Investment Bank
15 June 2017	Engagement with Lembaga Tabung Haji
24 October 2017	Engagement with Lembaga Tabung Angkatan Tentera

CORPORATE GOVERNANCE OVERVIEW STATEMENT

>> One-on-One/Group Meetings

Date	Event
12 January 2017	Engagement with UBS
25 January 2017	Engagement with Singular Asset Management
23 March 2017	Engagement with UOB Kay Hian
10 April 2017	Engagement with RHB Investment Bank
25 April 2017	Engagement with Nikko Asset Management
23 May 2017	Engagement with Principal Global
1 June 2017	Engagement with Hong Leong Investment Bank
2 June 2017	Engagement with Minority Shareholder Watchdog Group (MSWG)
12 July 2017	Engagement with JP Morgan and 9 Institutional Investors
9 August 2017	Engagement with Bank Rakyat
17 October 2017	Engagement with SOCSO
30 October 2017	Engagement with Hong Leong Investment Bank

>> Conference - Presentation

Date	Event	Number of Attendees
26 April 2017	Credit Suisse Open Day 2017	30 Institutional Investors

>> Analysts' Coverage

We continue to nurture and build upon our strategy of having active equity analyst coverage, and maintain strong links with our sell-side research analysts. Throughout the year, we regularly reach out to them and monitor their coverage to improve our IR practices. In 2017, analysts from the following investment bank research houses covered MRCB:

No.	Research House
1	Affin Hwang Investment Bank
2	AmInvestment Bank
3	CIMB Investment Bank
4	Hong Leong Investment Bank
5	KAF-Seagroatt & Campbell Securities
6	Kenanga Investment Bank
7	Macquarie Capital Securities
8	MIDF Amanah Investment Bank
9	RHB Research
10	UOB Kay Hian

CORPORATE GOVERNANCE OVERVIEW STATEMENT



Dividend Policy

The Company has established a Dividend Policy whereby shareholders can expect a dividend payout amounting to at least 20% of core net profits. For the financial year ended 31 December 2017, the Company is proposing a first and final single tier dividend of 1.75% or 1.75 sen per ordinary share. This proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Feedback

As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to the Company using the various modes of communications listed out in the "Contact Us" page on the Company's website. Shareholders and members of the public may also contact the Senior Independent Director of the Company, Jamaludin Zakaria, to convey their concerns or questions. Jamaludin Zakaria may be contacted via email at: jamal.zakaria@mrcb.com.

CONDUCT OF GENERAL MEETINGS

The Annual General Meeting is another forum through which the Board communicates with shareholders on the Group's progress and performance, and where the Board clarifies issues pertaining to the Group's business activities, performance and other related matters.

Shareholders are encouraged to participate in the meeting and are given the opportunity to ask questions and state their views. Where appropriate, the Chairman of the Board may provide a written response to any significant question that cannot be readily answered during the Annual General Meeting.

Where there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the Annual General Meeting. Notice for a General Meeting is given to the shareholders at least 28 days prior to the meeting.

In line with Bursa Malaysia Securities Berhad's amendments to its Main Market Listing Requirements, all resolutions are put to vote by poll. The Company aims to leverage on technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at General Meetings.

In 2017, the 46th Annual General meeting was held on 6 June 2017 at Hotel Istana, Kuala Lumpur, while an Extraordinary General Meeting to obtain approval for the One-for-One Rights Issue was conducted on 28 July 2017 at Connexion@Nexus, Kuala Lumpur.

The Board remains cognisant of the importance of our shareholders, and maintains communications with the MSWG on the interests of the minority shareholders as well.

Key Focus Areas and Future Priorities

The Board is fully committed to compliance with the regulatory requirements under the Malaysian Code on Corporate Governance (MCCG).

The Board will continue to enhance its corporate governance practices by taking steps to address the current departures from the Practices stipulated in the MCCG.

The key focus areas will be in meeting the requirements with regards to independent and women directors. Future priorities include the adoption of integrated reporting based on a globally recognised framework, and leveraging on technology to facilitate further participation by shareholders at General Meetings. With these strategies in place, the Group is confident of achieving its corporate governance objectives.

This Corporate Governance Overview Statement was approved by the Board of Directors at its meeting held on 28 February 2018.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE



HASMAN YUSRI YUSOFF

Chairman

“

WE CONTINUE TO PROVIDE OVERSIGHT AND ENSURE THE GROUP ADHERES TO BEST PRACTICES.

”

COMPOSITION OF THE COMMITTEE

The Audit Committee (AC) comprises three (3) members, of which two are Independent Directors and one is a Non-Independent Non-Executive Director of the Company. The Chairman of the Audit Committee, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (MIA) and together with Jamaludin Zakaria form the two Independent Non-Executive Directors, while Rohaya Mohammad Yusof is a Non-Independent Non-Executive Director of the Company.

- 6 meetings held during 2017.
- All members attended all meetings.

The Company Secretary, who acts as Secretary to the Audit Committee attended all the meetings. Also in attendance by invitation, were the Group Managing Director, Executive Director, Group Chief Operating Officer, Group Chief Financial Officer, Chief Corporate Officer, Head of Internal Audit and Head of Corporate Governance.

The Audit Committee met with the external auditor two times during the year, without the presence of Management.

Upon the conclusion of each meeting, the Audit Committee Chairman will report to the Board of Directors the activities that it has undertaken, and the key recommendations for the Board's consideration and decision.

A whole range of issues affecting the operations of the Group were thoroughly reviewed and deliberated at these meetings. Audit Committee members take their roles seriously and professionally, to assist the Board in providing oversight of the Management. Audit reports and other matters brought to the Audit Committee's attention are deliberated and discussed, and where necessary, the Heads of Divisions/Departments and their Management team will be invited to the meetings to provide explanations or assist in deliberations. In doing so, the Audit Committee gathers inputs from the Internal Audit Department, that is independent of Management and which reports directly to the Audit Committee. Inputs are also gathered from the external auditor, as necessary.

AUTHORITY OF THE AUDIT COMMITTEE

To carry out its responsibilities, the Audit Committee is empowered by the Board of Directors to:

- Investigate any matter within its terms of reference;
- Have the resources required to perform its duties;
- Have full, free and unrestricted access to any information, records, properties and personnel of MRCB and its subsidiaries (the Group);
- Have direct communication channels with the external auditors and internal auditors;
- Be able to obtain independent professional or other advice; and
- Be able to have meetings with the external auditor and internal auditors together with other independent members of the Board (i.e. excluding the non-independent and executive members) at least twice a year or whenever deemed necessary. The Audit Committee can also meet exclusively among itself, whenever deemed necessary.

AUDIT COMMITTEE REPORT



DUTIES AND RESPONSIBILITIES

The Audit Committee assists the Board to fulfil its oversight responsibilities over the activities of the Group. The key duties and responsibilities of the Audit Committee as specified in its Terms of Reference are as follows:

- | | |
|---|---|
| i) To consider the appointment of the external auditor, the audit fee and the reasons given for their resignation or dismissal; | ix) To review and authorise an investigation into serious allegations on fraud, misconduct and criminal breach of trust, and to review the findings of such investigations; |
| ii) To review the audit plan of the external auditor; | x) To review related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or conduct that raises questions on Management's integrity; |
| iii) To discuss problems and reservations arising from interim and final audits, and any other matter the external auditor may wish to discuss (in the absence of Management, where necessary); | xi) To oversee the Risk Management function of the Group; |
| iv) To review the audit report of the external auditor and its evaluation of the system of internal control; | xii) To review arrangements established by the Management for compliance with any regulatory or other external reporting requirements, by-laws and regulation related to the Group's operations; and |
| v) To review the quarterly and annual financial statements of the Group and to make the appropriate recommendation to the Board for its approval; | xiii) To verify all Employees' Share Option Scheme and Executive Share Grant Scheme allocations, to ensure that they are done in compliance with the criteria disclosed by the Company to its executives and employees. |
| vi) To review the adequacy of scope, resources and authority of the Internal Audit function; | xiv) To consider other topics as required by the Board. |
| vii) To review the Internal Audit plan and processes, and the results of internal audit reviews and investigations conducted; | |
| viii) To review the appointment, determine the remuneration, and assess the performance of the Head of Internal Audit; | |



HOW THE AUDIT COMMITTEE SPENT ITS TIME IN 2017

During the year under review, the activities carried out by the Audit Committee included the deliberation and review of the following:

Financial results

- i) Reviewed the quarterly and annual audited financial results of the Group, and accompanying announcements and made the relevant recommendations to the Board for consideration, and focused particularly on matters related to changes in major accounting policies, significant and unusual events, compliance with accounting standards and disclosure requirements; and
- ii) Reviewed the Group's achievement of its key performance indicators.

Internal Audit

- i) Reviewed and approved the Risk-Based Annual Internal Audit Plan and resource requirements proposed by the Head of Internal Audit;
- ii) Reviewed the structure of the Internal Audit Department and the adequacy of its resources and budget;
- iii) Reviewed the findings of internal audit reports on the Group presented by the Head of Internal Audit;
- iv) Reviewed the effectiveness and adequacy of management's corrective actions in response to the internal audit reviews conducted;
- v) Reviewed the findings of follow-up audits to determine the status of implementation of management's corrective actions;

- vi) Deliberated on findings of investigations and other ad-hoc special reviews on specific areas of operations to ascertain the root causes to the issues and the effectiveness of corrective actions taken to address the identified weaknesses; and;
- vii) Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report.

External Audit

- i) Reviewed and approved the external auditor's Audit Plan, approach and scope of review prior to commencement of their annual audit;
- ii) Deliberated on matters arising from the audit of the Group in a meeting with the external auditor without the presence of any executive officer of the Group;
- iii) Deliberated on the external auditor's reports on audit and accounting issues that arose from its audits;
- iv) Deliberated on updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board; and
- v) Assessed the performance of the external auditor, including their independence, and provided the recommendation on their re-appointment and remuneration to the Board.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE



>> HOW THE AUDIT COMMITTEE SPENT ITS TIME IN 2017 (CONTINUED)

Risk Management

- i) Reviewed the enterprise risk management activities of the Group;
- ii) Reviewed and deliberated the Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control, and recommended to the Board for inclusion in the Annual Report.

Related Party Transactions

Reviewed the fairness, transparency of related party transactions with appropriate disclosures made as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and ascertain that the transactions are conducted at arm's length prior to submission for the Board's consideration and, where appropriate, shareholders' approval.

Employees' Share Option Scheme (ESOS) and Executive Share Grant Scheme (ESGS) Allocations

Ensured that the ESOS and ESGS allocations during the year under review were verified by the Internal Auditor and was done in accordance with the provisions of the schemes and the criteria set for allocations to the employees by the ESOS and LTIP Committees.

Others

Reviewed and recommended proposed establishments or revisions to the Limits of Authority of the Company and its subsidiaries.

>> INTERNAL AUDIT

The Internal Audit function of the Group is carried out by MRCB's Internal Audit Department, which is an independent department and separate from the Corporate Governance Department. The Internal Audit Department operates independently of management and reports directly to the Audit Committee.

The objectives, mission, scope, organisation, authority and responsibilities of the Internal Audit function are spelt out in the Internal Audit Terms of Reference (TOR). During the year under review, the Internal Audit function operated and performed in accordance with the principles of its TOR.

The Internal Audit function's primary responsibility is to carry out audits of operations, to provide reasonable assurance that the system of internal control is operating effectively and efficiently. The areas to be reviewed are determined by a risk-based audit plan that is aligned with the strategies and activities of the Group.

During the year under review, the Internal Audit Department conducted audits of key property development and construction projects, and selected business units of the Group. Continuous follow-up reviews were also carried out to ascertain the status of management action plans that were provided in response to audit findings raised previously. The status of these management action plans were also reported to the Audit Committee for their information.

Staff of the Internal Audit Department also observed tender openings to ensure that appropriate internal control and processes, as set out in the Group's Policies and Procedures, are complied with.

In 2017, the Internal Audit Department incurred total costs of RM1,363,824 for its activities, which included internal audit and facilitating the enterprise risk management process throughout the Group.

>> RELATIONSHIP WITH EXTERNAL AUDITORS

The Company maintains a transparent and professional relationship with its external auditors through the Audit Committee. During the year, the Company engaged its external auditors for statutory audits, proforma balance sheet audits for corporate exercises, and tax-related matters.

The Audit Committee meets regularly with the external auditor to discuss and review the Audit Plan, and annual financial results, reports of examination and any audit findings that are highlighted by the external auditor for the Audit Committee's attention. The Audit Committee also held two meetings with the external auditor without the presence of members of management during the year.

In recommending the external auditor for reappointment, the Audit Committee reviews their performance, suitability and independence. For 2017, the Audit Committee has obtained a written assurance from PricewaterhouseCoopers PLT, the external auditor, that they have maintained their independence in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

Further details on the activities of the Audit Committee in relation to external audit are described on page 119.

This Audit Committee Report was approved by the Board of Directors at its meeting held on 28 February 2018.

EXECUTIVE COMMITTEE REPORT

EXECUTIVE COMMITTEE



DATUK SHAHRIL RIDZA RIDZUAN

Chairman

“

WE CONTINUE TO STEER THE GROUP
TOWARDS REALISING ITS FULL POTENTIAL.

”

COMPOSITION OF THE COMMITTEE

The Executive Committee (EXCO) comprises three (3) members, which are Datuk Shahril Ridza Ridzuan (Non-Independent Non-Executive Director), the Chairman of the EXCO, together with Tan Sri Mohamad Salim Fateh Din (Group Managing Director) and Jamaludin Zakaria (Senior Independent Director).

- 2 meetings held during 2017.
- All members attended all meetings.



PURPOSE AND RESPONSIBILITIES

The EXCO was established to enhance the Board's leadership and management of the Group. The main functions of the EXCO are:

- To review and recommend the annual business plan and budget of the Group to the Board for approval;
- To consider and review significant and/or major issues relating to the business direction of the Group; and
- To deliberate on all major business transactions and issues relating to the Group that require EXCO or Board approval, in line with the approved Limits of Authority.



HOW THE EXCO SPENT ITS TIME IN 2017

- Reviewed the progress of key projects;
- Deliberated on major business proposals and transactions;
- Reviewed the progress and achievement of the budget set for 2017; and
- Reviewed the business plan and budget for 2018.

NOMINATION & REMUNERATION COMMITTEE REPORT

NOMINATION & REMUNERATION COMMITTEE



JAMALUDIN ZAKARIA

Chairman



WE REMAIN COMMITTED IN ENSURING
BALANCED COMPOSITION OF THE BOARD,
DIVERSITY OF EXPERIENCE AND LEADERSHIP.



COMPOSITION OF THE COMMITTEE

The Nomination & Remuneration Committee (NRC) comprises three (3) members, which are Jamaludin Zakaria (Senior Independent Director), as Chairman of the NRC, together with Rohaya Mohammad Yusof (Non-Independent Non-Executive Director) and Hasman Yusri Yusoff (Independent Non-Executive Director).

- 3 meetings held during 2017.
- All members attended all meetings.



DUTIES AND RESPONSIBILITIES (NOMINATION)

The responsibilities of the Committee in relation to its nomination function are:

1. To identify, assess and recommend to the Board for its approval, suitably qualified candidates for the Board, the committees of the Board, subsidiaries and associate companies of the Group, taking into consideration the character, experience, integrity, competence, time commitment and independence; special knowledge or technical skills in line with the Company's policy; diversity in gender, ethnicity, age, culture, and socio-economic background; and number of directorships in companies outside the Group.
2. To identify and recommend to the Board for its approval, candidates for appointment as the Group Managing Director/Chief Executive Officer, Executive Director(s), Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer.
3. To review and recommend to the Board for its approval, the extension of contracts of the Group Managing Director/Chief Executive Officer, Executive Director(s), Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer.
4. To recommend to the Board, candidates for re-election and/or re-appointment of directors by shareholders at the annual general meeting, under the annual re-election provisions or retirement pursuant to the relevant laws, having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience, based on the annual Board assessment.
5. To identify suitable candidates to meet the target of having at least 30% women directors on the Board of the Company.
6. To assess the independence of independent directors, and recommend to the Board the retention of independent directors who have served for a cumulative period of nine (9) years, if deemed appropriate. Consideration as to whether an independent director can continue to bring independent and objective judgement to Board deliberations.
7. To appoint independent advisors to identify suitable qualified candidates.
8. To assist the Board in implementing the annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual, including the Group Managing Director and Executive Director, and to maintain proper documentation of such assessments.

NOMINATION & REMUNERATION COMMITTEE REPORT



DUTIES AND RESPONSIBILITIES (REMUNERATION)

The responsibilities of the Committee in relation to its remuneration function are:

1. To develop a remuneration framework for the Group covering the Board, the committees of the Board and the Group's Senior Management, taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large. The remuneration framework comprises basic salaries, fringe benefits and benefits in kind.
2. To design, formulate and recommend to the Board for its approval, the remuneration packages for Non-Executive Directors, the committees of the Board and the Board of subsidiary(s), and to ensure the remuneration packages are aligned with the business strategy and long term objectives of the Group, and also reflect the Board's responsibilities, expertise and complexity of the Group's activities.
3. To design, formulate, review and recommend to the Board for its approval, the remuneration packages, including bonuses, incentives and share options for the Group Managing Director/Chief Executive Officer, the Executive Director(s), the Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer, with the aim of attracting and retaining high-caliber Senior Management who will deliver success for shareholders, and high standards of service for customers, while having due regard to the business environment in which the Group operates.
4. To review any major changes in employee benefit structures throughout the Company or Group, and if deemed fit, recommend to the Board for adoption.
5. To review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:
 - Merit increment
 - Discretionary performance bonus
 - Project completion incentives
6. To seek any information it requires from any employee of the Company in order to perform its duties.
7. To obtain, at the Company's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of the external advisers at its meeting if it considers necessary, and to obtain reliable, up-to-date information about the remuneration in other companies.

The NRC shall have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations.



HOW THE NRC SPENT ITS TIME IN 2017

- Deliberation on re-election of Tan Sri Mohamad Salim Fateh Din and Rohaya Mohammad Yusof as Directors of the Company for the shareholders approval at the 46th AGM
- Deliberation on the appointment of an additional Non-Independent Non-Executive Director
- Deliberation on achievement of 2016 KPI and Proposed Bonus Allocation
- Deliberation on the 2017 salary review for all employees
- Deliberation on the procedures and the results of the Board Effectiveness Evaluation (BEE) for assessment year 2016
- Deliberation on appointment of To' Puan Janet Looi Lai Heng as an additional Independent Director

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE REPORT

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE



DATUK SHAHRIL RIDZA RIDZUAN

Chairman

“

WE CONTINUED TO ENSURE THAT THE IMPLEMENTATION OF THE ESOS WAS ADMINISTERED FAIRLY.

”

COMPOSITION OF THE COMMITTEE

The Employees' Share Option Scheme (ESOS) Committee comprises three (3) members, which are Datuk Shahril Ridza Ridzuan (Non-Independent Non-Executive Director), the Chairman of the ESOS Committee, together with Mohd Imran Tan Sri Mohamad Salim (Executive Director) and Jamaludin Zakaria (Senior Independent Director).

- 1 meeting held during 2017.
- All members attended the meeting.

>> DUTIES AND RESPONSIBILITIES

The ESOS Committee was set up to ensure that the implementation of the ESOS is administered fairly in accordance to the Company's By-Laws of the ESOS approved by the shareholders.

>> HOW THE ESOS COMMITTEE SPENT ITS TIME IN 2017

Deliberated on the proposed offer of share options to the employees.

LONG-TERM INCENTIVE PLAN COMMITTEE REPORT

LONG-TERM INCENTIVE PLAN COMMITTEE



JAMALUDIN ZAKARIA

Chairman

“

WE REMAIN COMMITTED TO REWARDING OUR HIGH PERFORMERS FOR ACHIEVING THE COMPANY'S GOALS.

”

COMPOSITION OF THE COMMITTEE

The Long-Term Incentive Plan (LTIP) Committee comprises three (3) members, which are Jamaludin Zakaria (Senior Independent Director), the Chairman of the LTIP Committee, together with Mohd Imran Tan Sri Mohamad Salim (Executive Director) and Datuk Shahril Ridza Ridzuan (Non-Independent Non-Executive Director).

- 1 meeting held during 2017.
- All members attended the meeting.



DUTIES AND RESPONSIBILITIES

The LTIP Committee was set up to ensure that the implementation of the LTIP was administered fairly in accordance to the Company's By-Laws of LTIP approved by the shareholders.



HOW THE LTIP COMMITTEE SPENT ITS TIME IN 2017

Deliberated on the proposed allocation of Restricted Share Plan shares under the Executive Share Grant Scheme of the LTIP to the employees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

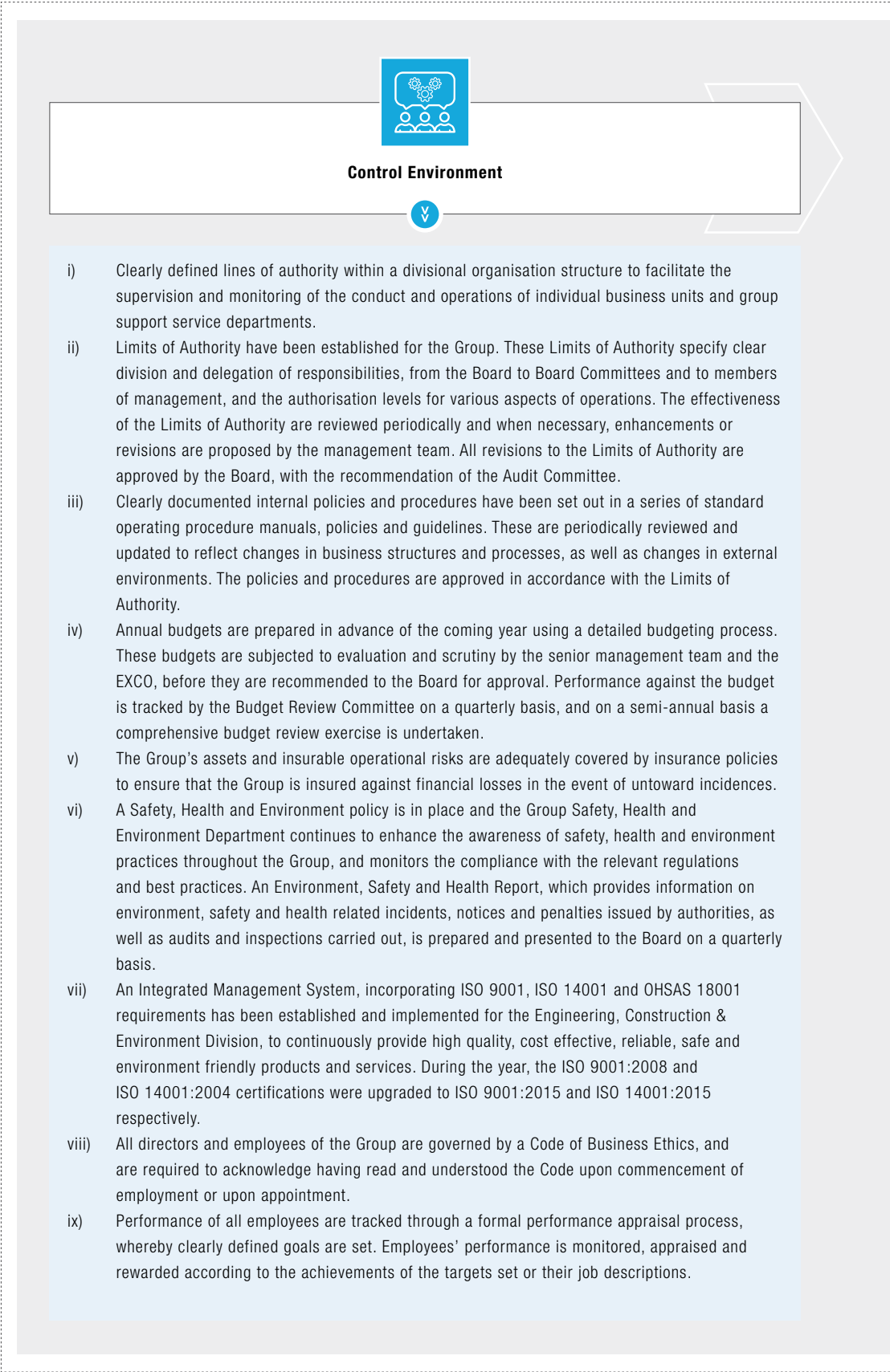


THE BOARD OF DIRECTORS AFFIRMS ITS OVERALL RESPONSIBILITY FOR ESTABLISHING AND MAINTAINING AN ADEQUATE AND EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM TO SAFEGUARD SHAREHOLDERS' INVESTMENTS, AND THE ASSETS OF MRCB AND ITS SUBSIDIARIES (THE GROUP). THE BOARD ALSO AFFIRMS ITS COMMITMENT TO REVIEW THE EFFECTIVENESS, ADEQUACY AND INTEGRITY OF THESE SYSTEMS, TO ENSURE THEIR CONTINUED RELEVANCE AND EFFECTIVENESS IN THE FACE OF ITS CHANGING BUSINESS CIRCUMSTANCES.

The management has been tasked to identify and assess the risks faced by the Group and to design effective control measures to mitigate the risks. From time to time, the Board also reviews and ascertains that the risks are within the Group's risk appetite, and ensures that appropriate control measures implemented are effective. These processes are regularly reviewed by the Board through the Audit Committee. Nevertheless, it must be acknowledged that due to the limitations inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable, but not absolute assurance against material misstatement or loss.

1. KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Key elements of the Group's risk management and internal control framework, which have been in place throughout the financial year under review, and up to the date of the Directors' Report, are as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board believes that the development of the system of internal control is an on-going process, and has taken steps throughout the year under review to improve its internal control system and will continue to do so. The effectiveness of the Group's risk management system is also regularly reviewed by the Board.

During the year under review, the Internal Audit Department highlighted some areas for improvement in the internal control system, and Management has taken appropriate measures to address them accordingly. The internal control enhancements highlighted were mainly operational in nature, and have negligible impact on the operational results of the Group.

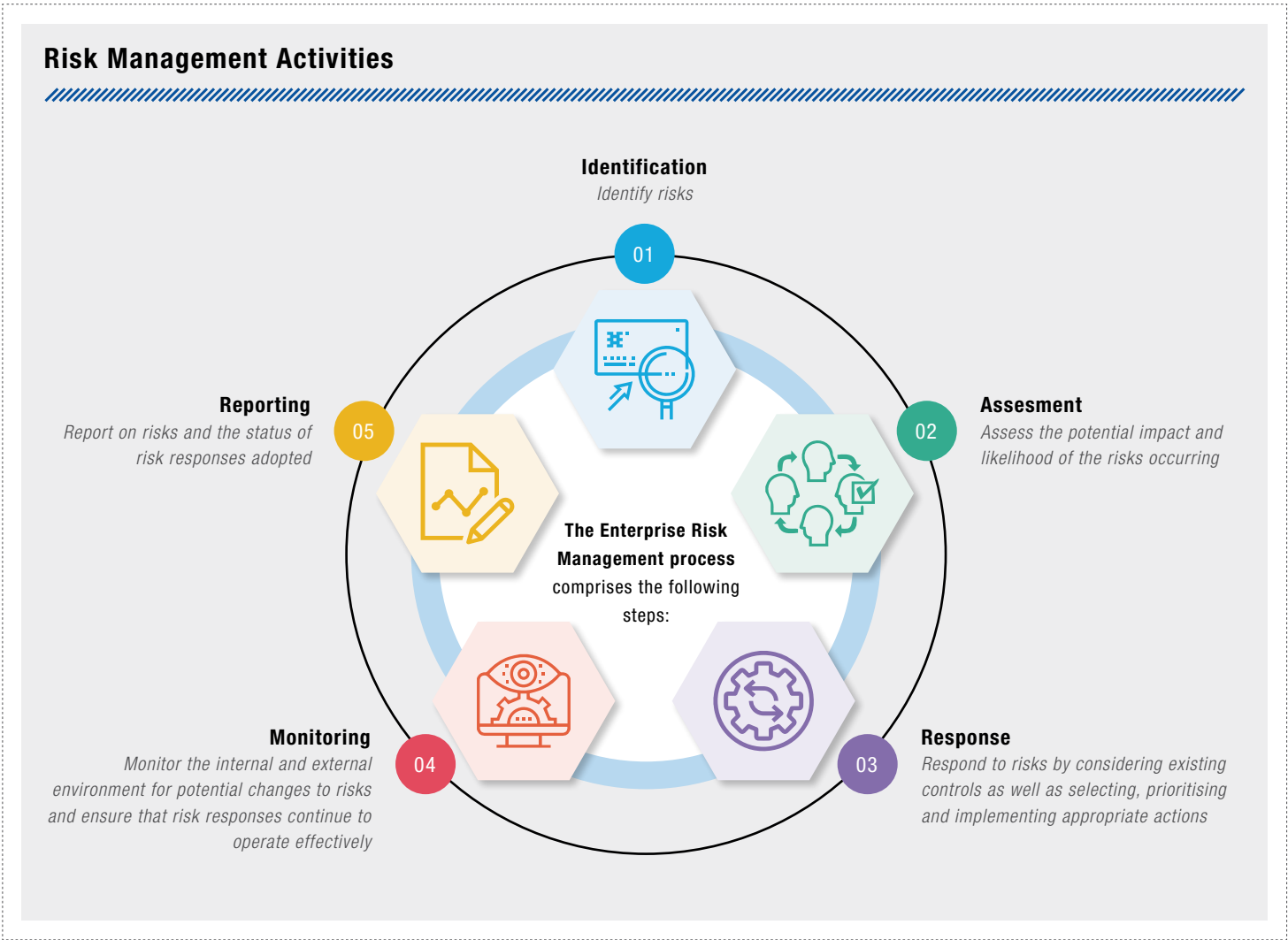


STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. RISK MANAGEMENT

Effective and transparent risk management activities are embedded in the organisation’s philosophy and business practices throughout the Group. The management of risk in the Group is aimed at achieving an appropriate balance between realising opportunities for gains, while minimising losses. The Group will manage its obligations and pursue opportunities that involve an acceptable degree of risk, so as to achieve its operating objectives and meet the expectations of its stakeholders.

MRCB is committed to adopting a strategic, consistent and structured enterprise-wide approach to managing risks faced by the Group. An ongoing process to identify, assess, respond, monitor and report significant risks that may affect the achievement of the Group’s business objectives is in place. The Risk Management Framework and Policy serves as a documentary guide of the Group’s risk management policy, risk management processes and reporting framework.



All employees of the Group are responsible for managing risks within their respective areas of responsibilities. The Group Managing Director is accountable for the implementation of the Risk Management Framework and Policy, ensuring its continued application in the Group, and for ensuring that business and risk strategies are aligned.

Key risk exposures are highlighted to the Audit Committee, and mitigating actions proposed by management are deliberated. The Board also conducts an assessment of risks during its deliberation of the Group’s business plans and when evaluating investment decisions.

The management of risk is an integral element of the management’s decision making processes. Risk exposures are discussed and appropriate mitigating actions are established and agreed prior to implementation. The progress of implementation of the risk mitigating actions and its effectiveness is monitored through subsequent updates, and where necessary, additional measures may be implemented. This approach provides for faster response and close tracking of key risk exposures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risks for 2017

Market Risks

The Group's revenue and profitability were exposed to the risk of uncertainty of achievement due to the sluggish property market. The Group was also exposed to the risk of increased competition.

How we mitigated this risk

Despite these conditions, the Group exceeded its sales targets in 2017, managed to secure a number of new construction projects and launched new property developments. These were achieved through the adoption of strategic marketing approaches that emphasised on value delivery to the customer. The Group also continued to participate actively in competitive bidding to build its order book, and engaged in the exploration of new business ventures. Refer to the GMD's Management Discussion & Analysis on pages 18 & 19 to find out more about the strategies adopted.

Operational Risk

The Group's operations were exposed to risks of escalations in material costs, shortage of skilled workers, as well as risks related to health and safety, project completion, product quality and supply chain.

How we mitigated this risk

Among the strategies adopted to manage the risk of an escalation in material costs was the purchase of key materials in bulk. In addition, whenever possible, imported materials were negotiated in the local currency of operations. The Group has also continued to adopt stringent quality, health and safety standards to address risks related to quality, safety and health. Construction work in progress was monitored closely to mitigate the risk of delay in completion of projects. In addition, the Group's policies and procedures include stringent selection criteria for the appointment of contractors, consultants and service providers, which help in managing risks associated with product quality and supply chain. Operations were also monitored closely through management review processes, and actions were taken to mitigate identified unacceptable risk exposures. Additionally, emphasis continued to be placed on quality assurance management, cost control and enhancing the information technology systems to support operations.

Financial Risk

The Group was exposed to liquidity and cash flow, interest rates, credit, foreign exchange and capital risks.

How we mitigated this risk

With the objective of ensuring that the Group creates value for its shareholders, the strategies adopted were to minimise potential adverse effects on the financial performance of the Group. These included constant monitoring of the risk factors and their potential impacts, and maintaining an optimal liquidity position.

Regulatory Risk

The Group's operations are subject to the laws and regulations of various governmental agencies or ministries. Any change in prevailing laws or regulations may have an impact on the Group.

How we mitigated this risk

The Group proactively keeps abreast with the latest regulatory changes. Management regularly assesses the impact of new or changed regulations that affect the Group's operations, with necessary steps being taken to ensure compliance.

Cyber and IT Risk

Cyber and IT risk, if not addressed, could result in unauthorised disclosure of confidential business information, which in turn could lead to financial or reputational loss.

How we mitigated this risk

Various policies, resources, processes and systems have been developed and deployed to mitigate this risk. In addition, continuous initiatives are in place to enhance the cyber defense capabilities and IT resiliency of the Group. Refer to the Sustainability Statement on page 80 to find out more about the strategies adopted.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3. MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practices of the Company's material Joint Ventures and Associates. The Company's interests in these entities are safeguarded through the appointment of members of the Group's Senior Management team to the Board of Directors and, in certain cases, the management committees of these entities. Additionally, where necessary, key financial and other appropriate information on the performance of these entities are obtained and reviewed by the MRCB Board.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the systems of internal control are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.

The Board has received assurance from the Executive Director and the Group Chief Financial Officer that the risk management and internal control system of the Group is operating adequately and effectively. Thus, the Board is of the view that the risk management and internal control system in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.



REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants.

RPG5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control was approved by the Board of Directors at its meeting held on 28 February 2018.

ADDITIONAL COMPLIANCE INFORMATION

I) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 28 July 2017, MRCB's shareholders had approved a 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 30 October 2017, the Company has allotted 2,192,593,285 MRCB Shares on the basis of 1 Rights Share for every one (1) existing MRCB Shares at an issue price of RM0.79 for each Rights Shares ("Corporate Proposal").

Proceeds from the issuance of the Corporate Proposal has been utilised as follows:

No.	Purpose	Proposed Utilisation of Proceeds (RM'000)		Amount Utilised As At 31.12.2017 (RM'000)
		Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	
1	Advances To Rukun Juang Sdn Bhd To Finance The Privatisation	925,000	975,000	793,689
2	Repayment Of Borrowings	766,918	826,315	699,918
3	Property Development Activities And/Or Construction Projects	33,042	488,363	33,042
4	General Working Capital	100,000	100,000	16,467
5	Estimated Expenses In Relation To The Proposed Rights Issue	38,500	38,500	9,186
Total		1,863,460	2,428,178	1,552,302

II) AUDIT AND NON-AUDIT FEES

- (i) The amount of audit fees paid or payable to the external auditors, PricewaterhouseCoopers PLT ("PwC"), for services rendered to the Group and the Company for the financial year ended 31 December 2017 amounted to RM1,058,000 and RM190,000 respectively.
- (ii) The amount of non-audit fees paid or payable to PwC and corporation affiliated to PwC for services rendered to the Group and the Company for the financial year 2017 were RM708,000 and RM131,000 respectively, detail as follows:

Description	Group (RM'000)	Company (RM'000)
(i) Provision of Taxation Services by PricewaterhouseCoopers Taxation Services Sdn Bhd (PwC Tax)	197	55
(ii) Provision of Consultation/Advisory/Financial Advisory Services by PwC, PwC Tax, and PricewaterhouseCoopers Advisory Services Sdn Bhd in relation to corporate exercises	511	76
Total	708	131

III) MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

Save for the Proposed Joint Venture announced to Bursa Malaysia on 31 May 2017 which involve the interests of Employees Provident Fund, a major shareholder of the Company, there were no other material contracts entered into by the Company and/or its subsidiaries involving the interests of the Directors and substantial shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

Details of the Proposed Joint Venture can be found in the Company's announcement dated 31 May 2017.

IV) EMPLOYEES' SHARE OPTION SCHEME

In accordance with the ESOS By-Laws, the aggregate maximum allocation applicable to Director and Senior Management shall not exceed 50% of the options available under the scheme. As at 31 December 2017, the actual percentage of options granted to them in aggregate was 14.13%.

The details of the option granted since the commencement of the scheme is disclosed in Note 32 of page 96 to 98 of the accompanying financial report.

MATERIAL CONTRACTS

1. SALE AND PURCHASE AGREEMENT (“SPA”) BETWEEN METRO SPECTACULAR SDN BHD (“METRO SPECTACULAR”) AND DATUK BANDAR KUALA LUMPUR

Metro Spectacular, a 51% owned subsidiary of MRCB Land Sdn Bhd, which in turn is a wholly-owned subsidiary of MRCB had on 15 June 2017, entered into a Sale and Purchase Agreement with Datuk Bandar Kuala Lumpur for the acquisition of three (3) parcels of land measuring approximately 40,720.5 square metres in total, all situated in the District of Kuala Lumpur for the total consideration price of RM336 million. The SPA is pending completion.

2. LETTER OF ACCEPTANCE FROM TURNPIKE SYNERGY SDN BHD TO MRCB

MRCB had on 14 August 2018, received a Letter of Acceptance from Turnpike Synergy Sdn Bhd to accept MRCB's offer to undertake and complete Package CB2: Construction and Completion of Mainline and Other Associated Works from CH.12453.000 to CH.14342.371 under the “Project Penswastan Lebuhraya Bertingkat Damansara – Shah Alam” (the “Contract”) at a contract sum of RM369 million. The duration of the Contract is 26 months. The works are anticipated to commence by end of August 2017 and to be completed by October 2019.

3. LETTER OF ACCEPTANCE FROM MASS RAPID TRANSIT CORPORATION SDN BHD TO MRCB

MRCB had on 19 September 2017, received a Letter of Acceptance from Mass Rapid Transit Corporation Sdn Bhd in relation to the tender bids submitted by MRCB for the Construction and Completion of the Elevated Stations and Other Associated Works at Cyberjaya City Centre and Putrajaya Sentral (Package S210) for a contract sum of RM146 million.

4. LETTER OF ACCEPTANCE FROM JOHOR LAND BERHAD TO MRCB

MRCB had on 19 September 2017, received a Letter of Acceptance from Johor Land Berhad in relation to the tender bids submitted by MRCB for the Construction of Larkin Indoor Stadium, Johor Bahru, Johor (the “Contract”) for a contract sum of RM59 million. The duration of the Contract is 18 months from the date of site possession.

5. SHARE SALE AGREEMENT BETWEEN MRCB AND TH PROPERTIES SDN BHD (“THP”) AND SUBSCRIPTION AND SHAREHOLDERS’ AGREEMENT BETWEEN MRCB, THP AND 59 INC SDN BHD (“59 INC”)

MRCB had on 26 December 2017, entered into a Share Sale Agreement with THP for the disposal of MRCB's 40% equity interest in 59 Inc comprising of 200,000 Ordinary Shares for the total consideration price of RM100 million.

On the same day, MRCB had entered into a Subscription and Shareholders’ Agreement with THP and 59 Inc, whereby THP has agreed to subscribe for 500,000 new Ordinary Shares representing 50% of the enlarged total issued and paid-up share capital of 59 Inc at the aggregate subscription price of RM500,000 calculated at an issue price of RM1.00 per subscription Ordinary Shares.

ANALYSIS OF SHAREHOLDINGS

15 MARCH 2018

Total Number of Issued Share : 4,390,773,055
 Class of Shares : Ordinary Shares
 No. of Shareholders : 37,399
 Voting Rights : One vote for every Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders Shareholders	%	No. of Shares	%
less than 100	4,080	10.91	151,420	0.00
100 to 1,000	7,684	20.55	4,486,996	0.10
1,001 to 10,000	17,003	45.46	78,538,285	1.79
10,001 to 100,000	7,374	19.72	237,684,696	5.41
100,001 to less than 5% of issued shares	1,255	3.35	1,496,522,708	34.08
5% and above of issued shares	3	0.01	2,573,388,950	58.62
TOTAL	37,399	100.00	4,390,773,055	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Tan Sri Azlan Zainol	240,000	0.01	60,000 [^]	0.00
2. Tan Sri Mohamad Salim Fateh Din	458,300	0.01	729,091,504 [*]	16.61
3. Mohd Imran Tan Sri Mohamad Salim	133,200	0.00	-	-
4. Datuk Shahril Ridza Ridzuan	1,000,000	0.02	-	-
5. Jamaludin Zakaria	-	-	-	-
6. Rohaya Mohammad Yusof	-	-	-	-
7. Hasman Yusri Yusoff	-	-	-	-
8. To' Puan Janet Looi Lai Heng	-	-	-	-

* Held through Gapurna Sdn Bhd

[^] Held through Edenview Projects Sdn Bhd

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Name	No. of Shares	%
Employees Provident Fund Board	1,530,917,500	34.87
Gapurna Sdn Bhd	729,091,504	16.61
Lembaga Tabung Haji	313,379,946	7.14

TOP 30 LARGEST SHAREHOLDERS

15 MARCH 2018

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,530,917,500	34.87
2.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>RHB Islamic Bank Berhad Pledged Securities Account for Gapurna Sdn Bhd</i>	419,956,706	9.56
3.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Gapurna Sdn Bhd</i>	309,134,798	7.04
4.	Lembaga Tabung Haji	304,685,846	6.94
5.	Maybank Nominees (Tempatan) Sdn Bhd <i>Bank Kerjasama Rakyat (M) Berhad</i>	172,000,000	3.92
6.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 14)</i>	76,422,200	1.74
7.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (EDP 2)</i>	50,768,300	1.16
8.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	41,270,400	0.94
9.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	38,249,200	0.87
10.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund</i>	36,594,000	0.83
11.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LSF)</i>	31,846,700	0.73
12.	Hong Leong Assurance Berhad <i>As Beneficial Owner (Life Par)</i>	29,946,800	0.68
13.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (DR)</i>	29,670,100	0.68
14.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for State Street Bank & Trust Company (West CLT 0D67)</i>	29,669,312	0.68
15.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	29,555,700	0.67
16.	Amsec Nominees (Tempatan) Sdn Bhd <i>MTrustee Berhad For CIMB Islamic Dali Eguity Growth Fund (UT-CIMB-DALI)</i>	29,319,000	0.67
17.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Dimensional Emerging Markets Value Fund</i>	28,772,000	0.66
18.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)</i>	22,384,900	0.51

TOP 30 LARGEST SHAREHOLDERS

15 MARCH 2018

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
19.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	22,161,600	0.50
20.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc</i>	21,882,033	0.50
21.	Kumpulan Wang Persaraan (Diperbadankan)	20,827,600	0.47
22.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 3)</i>	17,042,900	0.39
23.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Participating Fund</i>	16,475,900	0.38
24.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For Credit Suisse (SG BR-TST-Asing)</i>	15,700,568	0.36
25.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Affin Hwang Select Asia (Ex Japan) Quantum Fund (4579)</i>	13,112,700	0.30
26.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Small Cap Series</i>	12,461,099	0.28
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad For Malaysian ESG Opportunity Fund</i>	12,037,800	0.27
28.	Hong Leong Assurance Berhad <i>As Beneficial Owner (UnitLinked GF)</i>	9,912,000	0.23
29.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (AFF HWG6939-403)</i>	9,551,300	0.22
30.	Valuecap Sdn Bhd	8,627,800	0.20

ANALYSIS OF WARRANT A HOLDINGS

AS AT 15 MARCH 2018

Number of Outstanding Warrants : 790,676,406
 Exercise Price of Warrants : RM1.68
 Exercise Period of Warrants : 17 September 2013 to 16 September 2018
 Voting Rights at Meeting of Warrant Holders : One vote per Warrant A

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	7,145	23.90	292,991	0.04
100 to 1,000	11,155	37.31	5,599,145	0.71
1,001 to 10,000	7,634	25.53	24,763,312	3.13
10,001 to 100,000	2,723	9.11	103,800,042	13.13
100,001 to less than 5% of issued warrants	1,242	4.15	582,660,779	73.69
5% and above of issued warrants	1	0.00	73,560,137	9.30
TOTAL	29,900	100.00	790,676,406	100.00

DIRECTORS' WARRANT HOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
1. Tan Sri Azlan Zainol	-	-	-	-
2. Tan Sri Mohamad Salim Fateh Din	-	-	73,560,137*	9.30
3. Mohd Imran Tan Sri Mohamad Salim	-	-	-	-
4. Datuk Shahril Ridza Ridzuan	228,582	0.03	-	-
5. Jamaludin Zakaria	-	-	-	-
6. Rohaya Mohammad Yusof	-	-	-	-
7. Hasman Yusri Yusoff	-	-	-	-
8. To' Puan Janet Looi Lai Heng	-	-	-	-

* Held through Gapurna Sdn Bhd

SUBSTANTIAL WARRANT HOLDERS (5% AND ABOVE)

Name of Substantial Warrant Holders	No. of Warrants	%
Gapurna Sdn Bhd	73,560,137	9.30

TOP 30 LARGEST WARRANT A HOLDERS

AS AT 15 MARCH 2018

LIST OF THIRTY (30) LARGEST WARRANT A HOLDERS

No.	Name	No. of Warrants	%
1.	Gapurna Sdn Bhd	62,039,584	7.85
2.	RHB Nominees (Tempatan) Sdn Bhd <i>Gapurna Sdn Bhd</i>	11,520,553	1.46
3.	Guek See Kui	15,623,650	1.98
4.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Goh Yok Tek</i>	11,414,483	1.44
5.	Punniya Moorthy A/L Ponnusamy	10,661,732	1.35
6.	Yong Kok Chuan	8,990,841	1.14
7.	Tan Han Chong	6,557,241	0.83
8.	Eow Yin Kam	6,446,024	0.82
9.	Yong Huan Yuan @ Yong Shang Hau	5,596,900	0.71
10.	Chong Yeen See	5,253,783	0.66
11.	Lee Mee Kuen	5,000,000	0.63
12.	Fong Tuck Seng	4,663,081	0.59
13.	Lee Choy Kuan	4,625,684	0.59
14.	Tan Choon Wee	4,612,000	0.58
15.	Eow Yin Kam	4,388,782	0.56
16.	Low Chee Meng	4,196,773	0.53
17.	Lim Chia Ping	3,400,000	0.43
18.	Gan See Hean	3,383,200	0.43
19.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Ho Phea Keat (007)</i>	3,371,094	0.43
20.	Ang Swee Kuang	3,145,372	0.40
21.	HSBC Nominees Casing) Son Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	3,135,281	0.40
22.	Cha Weay Chia	3,000,083	0.38
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Liew Yu Kim (8092471)</i>	3,000,000	0.38
24.	Ang Lian Wal	2,916,900	0.37
25.	Chua Kheng Khim	2,895,118	0.37
26.	Ewe Wah Foo	2,784,133	0.35
27.	Liew Yu Kim	2,742,988	0.35
28.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chow Kwai Ping</i>	2,742,988	0.35
29.	SJ SEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For In Fwn Sin (SMT)</i>	2,718,363	0.34
30.	Johari Bin Mohamed	2,712,117	0.34

ANALYSIS OF WARRANT B HOLDINGS

AS AT 15 MARCH 2018

Number of Outstanding Warrants : 438,518,157
 Exercise Price of Warrants : RM1.25
 Exercise Period of Warrants : 30 October 2017 - 29 October 2027
 Voting Rights at Meeting of Warrant Holders : One vote per Warrant B

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	613	6.55	24,765	0.01
100 to 1,000	4,097	43.79	2,110,873	0.48
1,001 to 10,000	3,330	35.59	11,922,412	2.72
10,001 to 100,000	1,088	11.63	36,772,547	8.38
100,001 to less than 5% of issued warrants	226	2.41	106,658,037	24.32
5% and above of issued warrants	3	0.03	281,029,523	64.09
TOTAL	9,357	100.00	438,518,157	100.00

DIRECTORS' WARRANT HOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
1. Tan Sri Azlan Zainol	24,000	0.01	6,000	0.00
2. Tan Sri Mohamad Salim Fateh Din	-	-	72,909,149*	16.63
3. Mohd Imran Tan Sri Mohamad Salim	-	-	-	-
4. Datuk Shahril Ridza Ridzuan	100,000	0.02	-	-
5. Jamaludin Zakaria	-	-	-	-
6. Rohaya Mohammad Yusof	-	-	-	-
7. Hasman Yusri Yusoff	-	-	-	-
8. To' Puan Janet Looi Lai Heng	-	-	-	-

* Held through Gapurna Sdn Bhd

SUBSTANTIAL WARRANT HOLDERS (5% AND ABOVE)

Name of Substantial Warrant Holders	No. of Warrants	%
Employees Provident Fund Board	153,891,740	35.09
Gapurna Sdn Bhd	72,909,149	16.63
Lembaga Tabung Haji	54,228,634	12.37

TOP 30 LARGEST WARRANT B HOLDERS

AS AT 15 MARCH 2018

LIST OF THIRTY (30) LARGEST WARRANT B HOLDERS

No.	Name	No. of Warrants	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	153,891,740	35.09
2.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Gapurna Sdn Bhd (CBM-REC)</i>	61,826,959	14.10
3.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>RHB Islamic Bank Berhad Pledged Securities Account For Gapurna Sdn Bhd</i>	11,082,190	2.53
4.	Lembaga Tabung Haji	54,228,634	12.37
5.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	4,524,921	1.03
6.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)</i>	3,696,720	0.84
7.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund</i>	3,624,441	0.83
8.	Ong Kim Wah	3,559,321	0.81
9.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	2,995,660	0.68
10.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	2,634,201	0.60
11.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Law Teck Peng</i>	2,609,200	0.60
12.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Participating Fund</i>	2,535,261	0.58
13.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tiang Chiin Yew</i>	2,400,000	0.55
14.	Lim Gaik Bway @ Lim Chiew Ah	2,217,101	0.51
15.	Tan Yu Yeh	1,981,900	0.45
16.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad For Pacific Income Fund</i>	1,826,500	0.42
17.	Chew Hoi Seng @ Chew Hooi Seng	1,500,510	0.34
18.	Lee Mee Kuen	1,500,000	0.34
19.	Public Invest Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Yoke Foong (M)</i>	1,500,000	0.34
20.	Oh Kim Sun	1,430,000	0.33

TOP 30 LARGEST WARRANT(B) HOLDERS

AS AT 15 MARCH 2018

LIST OF THIRTY (30) LARGEST WARRANT B HOLDERS

No.	Name	No. of Warrants	%
21.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (EDP 2)</i>	1,414,761	0.32
22.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	1,354,340	0.31
23.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ooi Sang Juen (Seri Damai – CL)</i>	1,200,000	0.27
24.	Citigroup Nominees (Asing) Sdn Bhd <i>Citigroup Global Markets Limited</i>	1,190,000	0.27
25.	Chua Wei Kok	1,000,001	0.23
26.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LSF)</i>	965,540	0.22
27.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Supang Luyang</i>	938,681	0.21
28.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Small Cap Series</i>	936,773	0.21
29.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad For Malaysian ESG Opportunity Fund</i>	928,800	0.21
30.	Fang Choon Ying	890,000	0.20

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2017 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Kompleks Sentral – 6 storey industrial buildings/flatted factories and warehouse	33, Jalan Segambut Atas, Segambut, 51200 Kuala Lumpur, Wilayah Persekutuan.	72,098	27,100	1982	Leasehold 66 years expiring on 2.2.2044	32	Yes
Land for proposed mixed housing development	PT No. 18520, 30010, 30095, 33467, 33468, 33630-33632, 35759, 33653-33654, 37809, Lot 37855 and 37906, Mukim Kajang, District of Hulu Langat, Selangor Darul Ehsan.	31,482	3,820	1987	Freehold	-	Nil
Land for proposed condominium development	Country lease No. 015146120, Municipality and District of Kota Kinabalu, Sabah.	11,000	0	1989	Leasehold 999 years expiring on 4.7.2918	-	Nil
Land for proposed mixed commercial development	HS(D) 79956 PT No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	12,100	13,222	1992	Leasehold 99 years expiring on 15.9.2092	-	Nil
Plaza Alam Sentral – 7 storey shopping complex	HS(D) 79956 PT No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	68,233	68,453	1992	Leasehold 99 years expiring on 15.9.2092	18	Yes
Land for proposed high-end residential development at Batu Feringghi, Penang	Lot 365, 366, 461 (PT 100), 465 and 467 (PT 102) Seksyen 1, Bandar Batu Feringghi, Daerah Timur Laut, Pulau Pinang.	13,520	33,275	2009	Freehold	-	Nil
Development land and infrastructure surrounding Kuala Lumpur Sentral station	Lot 74 Sek. 70 Mukim Bandar Kuala Lumpur, District of Kuala Lumpur, Jalan Damansara, Kuala Lumpur, Wilayah Persekutuan.	23,080	513,139	1999	Freehold	-	Nil
Industrial land	Plot No. 143 & 145, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	18,210	6,269	1997	Freehold	-	Nil

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2017 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
4 storey shop office	Sub Lot 4, 5 & 6 HS(D) 49729, Lot PT 33487, Taman Kajang Utama, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan.	1,485	926	1999	Freehold	18	Nil
2 storey shop office	Lot 55, HS (D) No. 6101, PT No. 7709 within Phase 1A of Dataran Iskandar, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	156	166	2005	Leasehold 99 years expiring on 18.3.2102	15	Nil
Several parcels of land for proposed mixed development	Lot 1210-1241, Lot 1271-1393, Lot 1399-1494, PT 721-763, PT 1008, 1009, PT 1011, 2997, PT 3030-3049, PT 3080, KM 36, Jalan Ipoh Lumut, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	122,574	39,495	2001, 2002, 2009 & 2010	Leasehold 99 years expiring between 13.3.2100 to 18.10.2109	-	Nil
Plaza Sentral corporate office suite	Suite 1B-G-1, Suite 1B-3-1, Suite 1B-3-2, Block 1B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Wilayah Persekutuan.	759	2,459	2008	Freehold	10	Nil
Ascott Sentral – 21 storey block of service residence apartments	Geran 40094, Lot 348, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	23,121	83,074	2007	Freehold	4	Nil
Commercial land for 32 storey office building and 3 storey basement car park	HSD 277413, Lot PT11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	8,336	367,477	2013	Leasehold 99 years expiring on 10.11.2110	-	Yes
Land for proposed development	GRN 163848, Lot 50700, Town of Subang Jaya, District of Petaling, Selangor Darul Ehsan.	12,947	60,187	2013	Freehold	-	Nil

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2017 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed mixed development	PT 86 & PT 9382, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	19,010	56,694	2013	Leasehold 99 years expiring on 11.5.2113	-	Yes
Land for proposed mixed development	PT 36 & 37, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	1,880	7,566	2016	Freehold	-	Nil
Land for proposed mixed development	Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	18,702	213,688	2010	Leasehold 99 years expiring on 9.2.2108	-	Nil
Land for proposed commercial office and serviced apartment with car park	HS(D) 93833, PT 27759, Bukit Rahman Putra, Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.	18,421	47,725	2014	Freehold	-	Nil
Land for proposed residential development – Condominium	HS(D) 93832, PT 27758, Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.	16,647	20,511	2014	Freehold	-	Nil
Land for proposed residential development – Service apartment	Geran 34211, Lot 94 Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	7,552	310,820	2015	Freehold	-	Nil
Land for proposed mixed development	HS(M) 463, PTD 18877, HS(M) 464, PTD 18878, HS(M) 466, PTD 18879, HS(M) 467, PTD 18880, GM793, Lot 799, Mukim Pulai, District of Johor Bahru, Johor.	273,244	77,390	2015	Freehold	-	Yes
2 units of single storey warehouse	Plot No. 143, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,490	869	2014	Freehold	4	Nil

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2017 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed development of service apartment	PT 712, Seksyen 4, Bandar Betterworth, Daerah Seberang Perai Utara, Pulau Pinang.	88,765	442,934	2013/2014/ 2016/2017	Freehold	-	Yes
Land under development for transport terminal, retail mall, office, hotel & internal road	PT 770, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
Land under development for transport terminal, retail mall, office, hotel & internal road	PT 711, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land under development for transport terminal, retail mall, office, hotel & internal road	PT 772, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
Land under development for transport terminal, retail mall, office, hotel & internal road	PT 773, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
Land for proposed development of service apartment	Lot 62, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land for proposed development of service apartment	PT 333, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land for proposed future development	PT 766, PT 767 & PT 769, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land for proposed future development	H.S.(D) 315671, PT 50854, Mukim Sungai Buloh, Daerah Petaling, Selangor	260,213	903,504	2017	Leasehold 99 years expiring on 12.5.2115	-	Nil

Note - "0" denotes as amount less than RM1,000.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting of Malaysian Resources Corporation Berhad ("MRCB" or the "Company") will be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 10.00 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Statutory Financial Statements of the Company for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.
2. To approve a first and final single tier dividend of 1.75 sen per ordinary share for the financial year ended 31 December 2017. **Resolution 1**
3. To re-elect To' Puan Janet Looi Lai Heng who retires pursuant to Article 106 of the Company's Articles of Association, and being eligible has offered herself for re-election. **Resolution 2**
4. To re-elect the following Directors who retire by rotation pursuant to Articles 101 and 102 of the Company's Articles of Association and being eligible, have offered themselves for re-election:
 - (i) Jamaludin Zakaria **Resolution 3**
 - (ii) Mohd Imran Tan Sri Mohamad Salim Fateh Din **Resolution 4**
5. To approve the Directors' Fees of RM811,096 for the financial year ended 31 December 2017. (2016: RM952,459). **Resolution 5**
6. To approve the benefits extended to the Non-Executive Directors of the Company, as detailed out in Note 6 of the explanatory notes, from 22 May 2018 until the next AGM of the Company. **Resolution 6**
7. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 2018 and to authorise the Directors to determine their remuneration. **Resolution 7**

Special Business

To consider and if thought fit, to pass with or without any modification the following ordinary resolutions:

8. To approve the Proposed Renewal of Share Buy-Back Authority **Resolution 8**

"THAT, subject to the provisions of the Companies Act, 2016, the Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable laws, regulations and guidelines, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company and an amount not exceeding the retained profits of the Company be allocated by the Company for the Proposed Share Buy-Back;

THAT at the discretion of the Directors, upon such purchase by the Company of its own shares, the purchased shares will be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Securities;

THAT the directors be and are hereby empowered to do all acts and things and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by any relevant authorities;

NOTICE OF ANNUAL GENERAL MEETING

AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company at which time it will lapse, unless the authority is renewed by an ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.”

- 9. To transact any other ordinary business for which due notice has been received.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 47th Annual General Meeting, a first and final single tier dividend of 1.75 sen per ordinary share for the financial year ended 31 December 2017 will be paid on 17 August 2018 to Depositors whose names appear in the Record of Depositors on 20 July 2018.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 20 July 2018 in respect of transfers;
- b. Shares deposited into the Depositor's Securities Account before 12.30 p.m on 18 July 2018 in respect of shares exempted from mandatory deposit; and
- c. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

MOHD NOOR RAHIM YAHAYA

(MAICSA 0866820)

Company Secretary

Kuala Lumpur

20 April 2018

Notes:

1. Only members whose names appear in the Record of Depositors on 14 May 2018 (General Meeting Record of Depositors) shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the AGM.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
6. Duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:**1. Audited Financial Statements for the financial year ended 31 December 2017**

The Audited Financial Statements under Agenda 1 is meant for discussion only as it does not require shareholders' approval pursuant to Section 340(1)(a) of the Companies Act (CA) 2016 and therefore, it will not be put for voting.

2. Final Dividend

Pursuant to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 28 February 2018, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 17 August 2018 in accordance with the requirements under Section 132(2) and (3) of the CA 2016.

3. Re-election of Director pursuant to Article 106 of the Company's Articles of Association (AA)

Article 106 of the AA provides amongst others, that the directors shall have the power to appoint any person to be Director to fill a casual vacancy or as an addition to the existing Board, and that any director so appointed shall hold office only until the next AGM and shall then be eligible for re-election.

Accordingly, To' Puan Janet Looi Lai Heng who was appointed as an Independent Director of the Company on 11 December 2017, shall hold office until the 47th AGM and shall then be eligible for re-election pursuant to Article 106 of the AA.

4. Re-election of Directors pursuant to Articles 101 and 102 of the Company's AA

Articles 101 and 102 of the AA provides that one-third (1/3) of the Directors for the time being shall retire by rotation at the AGM of the Company. With the current Board size of eight (8) including To' Puan Janet Looi Lai Heng, two (2) Directors are to retire in accordance with Articles 101 and 102 of the AA.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 47th AGM, the Nomination and Remuneration Committee (NRC) has considered the following:

- (i) The performance and contribution of each of the Directors
- (ii) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities.

The Board approved the NRC's recommendation that the Directors who retire in accordance with Articles 101 and 102 of the AA are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

The profiles of Directors seeking re-election at the 47th Annual General Meeting are set out in the Profile of Director's section of the Company's Annual Report 2017.

5. Payment of Non-Executive Directors' Fee

The proposed fees to be paid to Non-Executive Directors (NEDs) from this AGM to the next AGM of the Company is based on the following fee structure approved by the shareholders at the previous AGM:

Board	Annual Fee (RM)	Date of Shareholders' Approval
Chairman	200,000	Approved at the 46 th AGM held on 6 June 2017
Member	150,000	

NOTICE OF ANNUAL GENERAL MEETING

6. Benefits Payable to NEDs

The benefits comprise allowances, benefits in kind and other emoluments payable to the NEDs details of which are as follows:

Benefit	Description	Amount
Monthly Fixed Allowance*	Chairman of the Board	RM10,000 per month
	Chairman of the Executive Committee (EXCO)	RM10,000 per month
	Chairman of the Audit Committee	RM2,000 per month
	Chairman of the Nomination & Remuneration Committee	RM2,000 per month
	Chairman of the ESOS/LTIP Committee	RM2,000 per month
	Members of the Board/Committees of the Board	RM1,500 per month
<i>* Each Director will be entitled to the highest monthly fixed allowance only</i>		
Meeting Allowance	Chairman of the Board/Committee	RM4,000 per meeting
	Member of the Board/Committee	RM3,000 per meeting
Other Benefits	Monthly subscription of one club membership	
	Insurance coverage for Medical, Group Personal Accident and Group Term Life	
	Staff discount of 7% for purchase of properties developed by MRCB Group	
	Other claimable benefits	

7. Proposed Renewal of Share Buy-Back Authority

The proposed ordinary resolution, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten (10) percent of the total number of issued shares of the Company being quoted on Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company.

For further information, please refer to the Share Buy-Back Statement dated 20 April 2018 which has been dispatched together with the Annual Report 2017.

PROXY FORM

(Please see the notes below before completing the form)

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

I/We (FULL NAME IN CAPITAL LETTERS) _____

NRIC No./Passport No./Company No. _____

of (FULL ADDRESS) _____

being a member/members of Malaysian Resources Corporation Berhad hereby appoint:

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

Total

or failing him/her the Chairman of the Meeting as my/our proxies to attend and vote for me/us on my/our behalf at the 47th Annual General Meeting of the Company to be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 10.00 a.m. and at any adjournment thereof.

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

No	Resolution	For	Against
1	To approve a First and Final Single Tier Dividend of 1.75 sen per ordinary share in respect of the financial year ended 31 December 2017		
2	To re-elect To' Puan Janet Looi Lai Heng pursuant to Article 106		
	To re-elect the following Directors pursuant to Articles 101 and 102:		
3	Jamaludin Zakaria		
4	Mohd Imran Tan Sri Mohamad Salim		
5	To approve the Directors' Fees of RM811,096, for the financial year ended 31 December 2017 (2016: RM952,459)		
6	To approve the benefits extended to the Non-Executive Directors of the Company		
7	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company		
8	To approve the Proposed Share Buy-Back Mandate		

Dated this _____ day of _____ 2018

Signature of Shareholders

* DELETE IF NOT APPLICABLE

Notes:

Proxy

- Only members whose names appear in the Record of Depositors on 14 May 2018 shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the Annual General Meeting.
- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorized in writing or by an officer on behalf of the corporation.
- Duly completed Proxy Form must be deposited at **Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than 48 hours before the time set holding the meeting or any adjournment thereof.

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STAMP

SYMPHONY SHARE REGISTRARS SDN BHD (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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