



TRANSFORMATION.

ACHIEVED.

ANNUAL REPORT 2018

MALAYSIAN RESOURCES CORPORATION BERHAD
(7994-D)

**IN SETTING THE
STANDARD, WE
DON'T SIMPLY BUILD
WORLD-CLASS
DEVELOPMENTS...**



> KL Sentral CBD

**WE BUILD
FOR A BETTER
TOMORROW.**

WE BUILD COMMUNITIES OF THE FUTURE, TODAY

**KL SENTRAL
CBD**
72 ACRES



KL Sentral CBD is at the pinnacle of integrated transportation centres across the region and is positioned at the forefront of TODs. Designed by Dr Kisho Kurokawa – who also designed Kuala Lumpur International Airport – KL Sentral CBD was conceptualised as a “city-within-a-city”, championing an integrated “Live, Work, and Play” concept, and has remained MRCB’s crowning jewel for over 15 years.

KL Sentral CBD is an exclusive urban centre built around Malaysia’s largest transit hub, offering global connectivity, excellent investment opportunities, business convenience and an international lifestyle. It was granted the ‘XKL’ Global Destination Code by the International Air Travel Association (IATA) with check-in facilities, enabling quick access to the airport and various destinations around the world. At present, more than 200,000 commuters pass through Stesen Sentral every day.

GDV
RM18.0
billion

As the pioneer of Transit Oriented Developments (TOD), MRCB is leading the way in public transport connectivity in Malaysia. Through our TOD projects, we are contributing towards the seamless integration of public transport systems and working and living areas, enabling people to move around easily between their workplace and their home.

MRCB is proud to showcase the iconic hubs of connectivity here, namely Kuala Lumpur Sentral Central Business District (KL Sentral CBD), PJ Sentral Garden City, Penang Sentral, Kwasa Sentral and Cyberjaya City Centre.

PJ SENTRAL GARDEN CITY

12 ACRES



This first-of-its-kind TOD project in Petaling Jaya has taken off from the concept of a transit-centric development as introduced to the country by the KL Sentral CBD project, and will serve as a CBD for Petaling Jaya.

PJ Sentral Garden City, which is geographically located in the centre of Klang Valley, will be a welcome change to the ageing and decaying facade and landscape of Petaling Jaya. The project seeks to establish a new vision for the urban regeneration of PJ based on the principles of modern design excellence, social and economical well-being as well as environmental responsibility. The proposed development will adopt the Green Building Index (GBI) Gold for individual buildings and US Leadership in Environmental & Energy Design (LEED) Neighborhood and Township Development Gold rating for the overall development.

GDV
RM2.6
billion

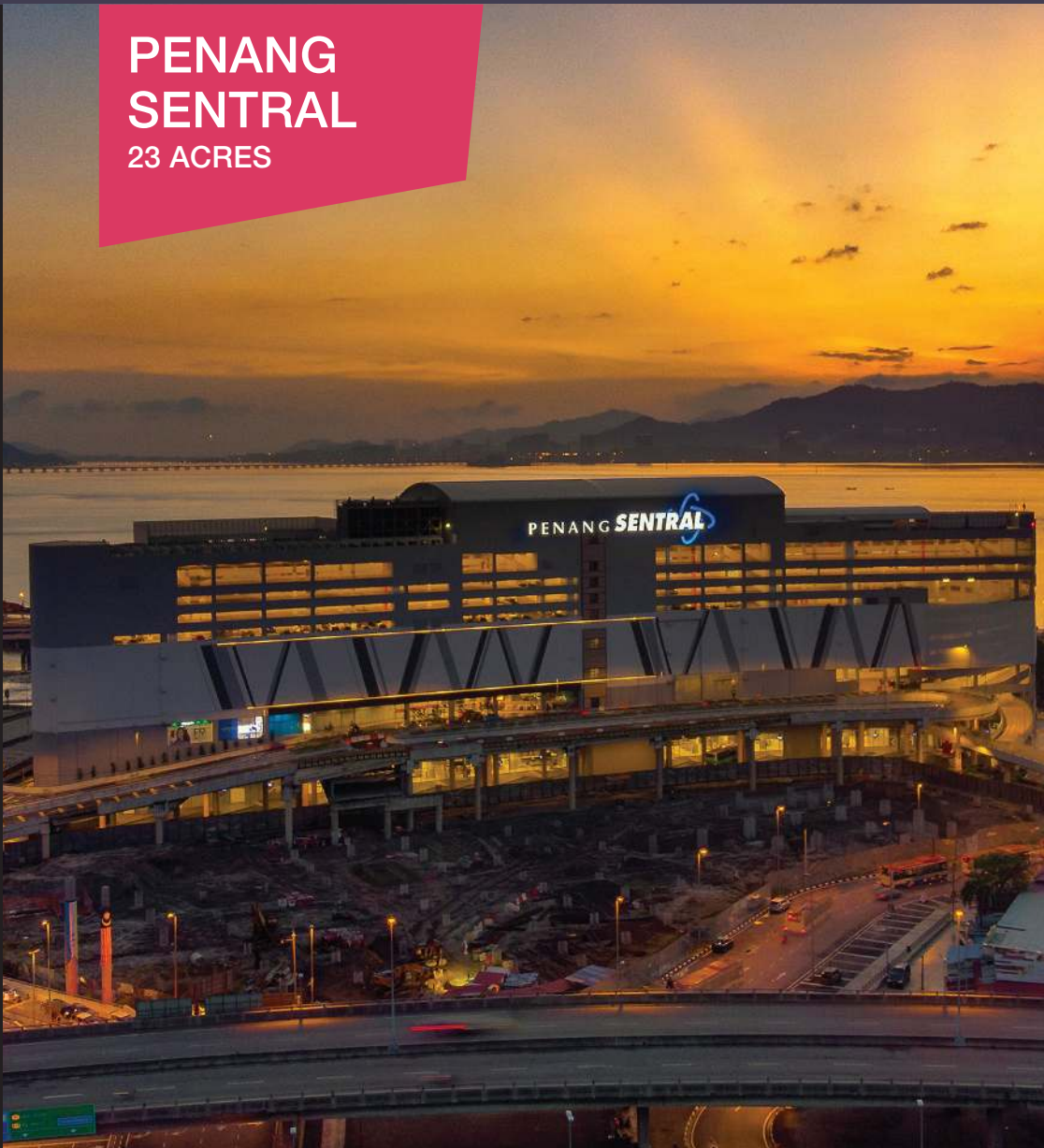
WHAT IS TOD?

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.

282
acres of
urban land

RM31
billion
Gross Development
Value (GDV)

PENANG SENTRAL 23 ACRES



KWASA SENTRAL 64 ACRES



The success of KL Sentral CBD prompted MRCB's expansion into the northern region of the Peninsular, culminating in the concept of Penang Sentral. Situated in Butterworth, it is conceptualised as an integrated multi-modal hub and it will be the economic catalyst for the Northern Region (Penang, Kedah, Perlis, and Perak).

The activation of this transportation hub, which has an emphasis on safety, security and convenience for all users, enhances comfort and efficiency for commuters and tourists alike. It also offers a centralised ticketing system, and a multitude of retail and food and beverage outlets, providing business opportunities for small and medium enterprise players as well as renowned local and international brands.

GDV
RM2.9
billion

Proximity to the Kwasa Sentral and Kwasa Damansara stations along the MRT Line 1 (Sungai Buloh – Kajang) makes Kwasa Damansara a prime location for integrated development projects. MRCB has been entrusted with establishing Kwasa Damansara City Centre as one of the largest and most exciting developments in Selangor. It will be the main city centre for the Kwasa Damansara township.

The project aims to provide a high quality working and living environment. Other aspects like a sizeable park, jogging-friendly paths that run around the entire project, and recreational areas will further enhance this space. Kwasa Sentral will be designed to incorporate open spaces, and is planned to be a livable commercial development.

TODs make up
79%
of MRCB's
total GDV

An average of
200,000 commuters
a day pass through KL Sentral



CYBERJAYA CITY CENTRE

45 ACRES



GDV
RM10.6
billion

The heart of Malaysia's Multimedia Super Corridor (MSC) initiative, the Cyberjaya City Centre development, comprises three zones – Vibrant, Tech & Enterprise, and Gateway. Two major expressways and the MRT Line 2 route (Sungai Buloh – Serdang – Putrajaya), which are currently in the pipeline, will further attract commercial and residential interests to the Cyberjaya City Centre.

Each of the three zones cater to a different target market – the Vibrant zone hosts lifestyle amenities such as shopping malls and hotels; Tech & Enterprise will attract technology start-ups and other ICT operations; the Gateway zone incorporates mixed-used commercial blocks and luxury apartments.

GDV
RM5.4
billion

TRANSFORMATION. ACHIEVED.

When we first embarked on our Corporate Transformation Journey in 2014, the road ahead seemed daunting. It was.

Change is never easy, and the journey was indeed a tough one. Once known as a “one project” company, MRCB developed a comprehensive strategy to ensure its sustainability by strengthening its balance sheet and securing high-profile projects with long-term visibility. The ever-changing business landscape also forced MRCB to become more agile as we had to continuously adapt these strategies to address emerging issues and risks.

Driven by our dedicated people, MRCB managed to end each year successfully, marking each milestone with a new landmark achievement – be it being awarded the prestigious World Prix d’Excellence for Platinum Sentral in 2014, or reducing our net gearing from 1.73 times at the end of 2013 to just 0.19 times in 2018. Year after year throughout our Corporate Transformation Journey, we fulfilled our promise and delivered results.

The theme “Transformation. Achieved.” is the culmination that marks the end of our journey that seemed so impossible at the start. Five years ago, we charted our strategies and forged ahead, with the hope to achieve all the targets we set in a bid to become a stronger MRCB. We did.



INSIDE THIS REPORT

MRCB AT A GLANCE

- 2 2018 At A Glance
- 4 Our Transformation Journey
- 6 Our Vision, Mission and Values
- 7 About This Report

WHO WE ARE AND WHAT WE DO

- 8 Corporate Profile
- 10 Awards and Accolades in the Last Five Years
- 12 Corporate Information
- 13 Corporate Structure
- 14 How We Create and Preserve Value

OUR STRATEGIC PERFORMANCE

- 16 Chairman’s Statement
- 20 Group Managing Director’s Management Discussion & Analysis
 - 21 Strategic Thrusts
 - 29 Land Bank
 - 38 External Client Construction Order Book
 - 42 Looking Ahead
- 44 Five-Year Group Financial Highlights
- 46 Group Quarterly Performance
- 46 Group Segmental Performance

SUSTAINABILITY STATEMENT

- 47 Our Commitment to Sustainability
- 48 Our Sustainability Goals, Governance & Framework
- 53 Materiality
- 56 Economic Impact
- 60 Social Responsibility
- 77 Environmental Stewardship

FIND OUT HOW WE DID

PROPERTY DEVELOPMENT & INVESTMENT

PG.26

ENGINEERING, CONSTRUCTION & ENVIRONMENT

PG.34



WHO GOVERNS US

- 86 Directors' Profiles
- 93 Senior Management Profiles

HOW WE ARE GOVERNED

- 95 Corporate Governance Overview Statement
 - 96 Corporate Governance Framework
 - 100 Board Committees
 - 106 Disclosure of Directors' and Senior Managements' Remuneration
- 112 Audit & Risk Management Committee Report
- 115 Executive Committee Report
- 116 Nomination & Remuneration Committee Report
- 118 Long-Term Incentive Plan Committee Report
- 119 Statement on Risk Management and Internal Control
 - 120 Risk Management Principles, Framework and Processes
 - 121 Key Risks and Mitigations

ADDITIONAL INFORMATION

- 126 Additional Compliance Information
- 128 Material Contracts
- 129 Analysis of Shareholdings
- 130 Top 30 Largest Shareholders
- 132 Analysis of Warrant B Holdings
- 133 Top 30 Largest Warrant B Holders
- 135 Properties of the Group
- 140 Notice of Annual General Meeting

* Proxy Form



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>



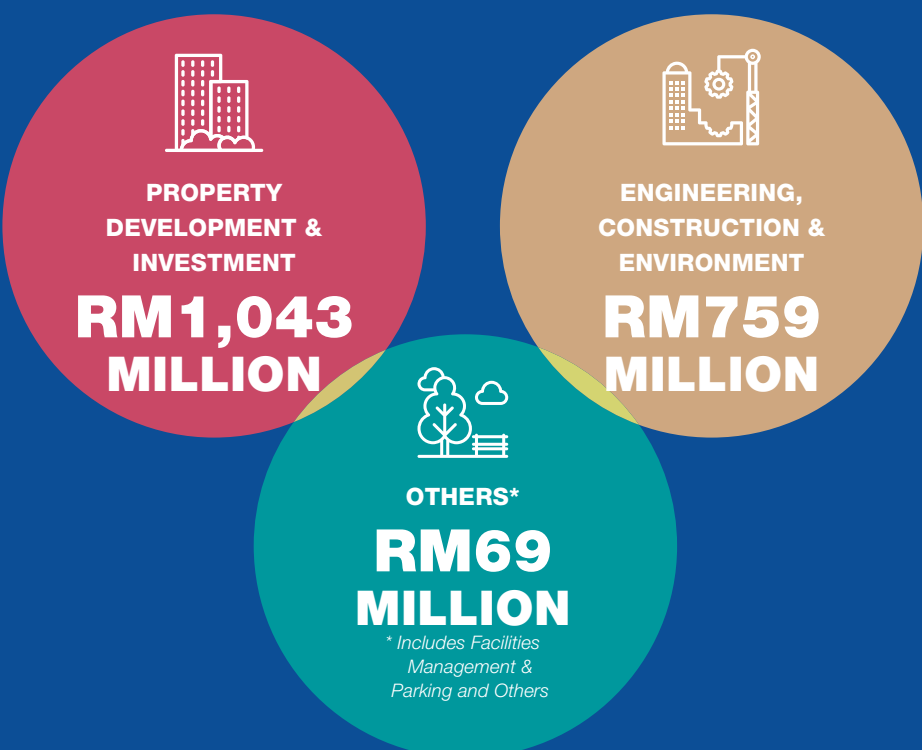
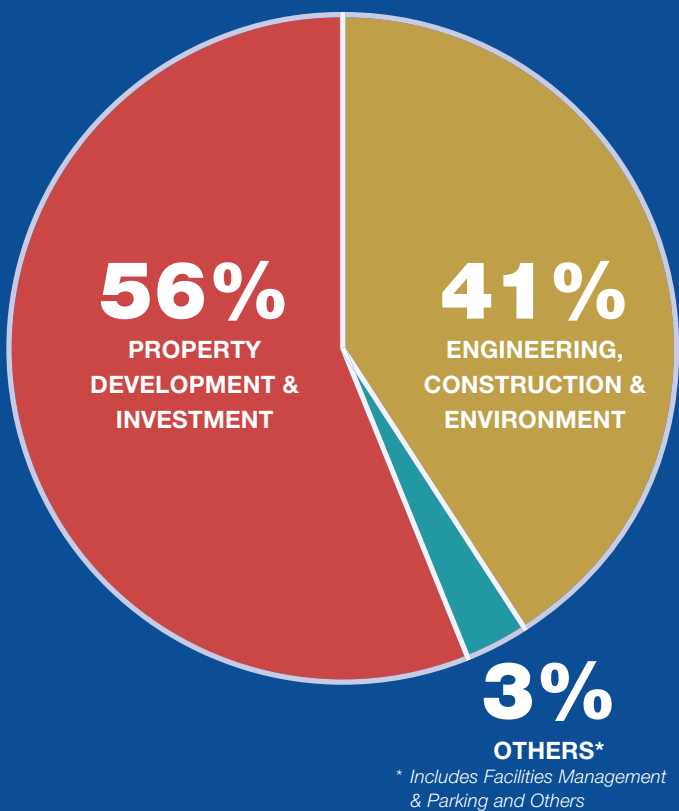
The Annual Report is also on our App. Download the MRCB Investor App on Google Play.



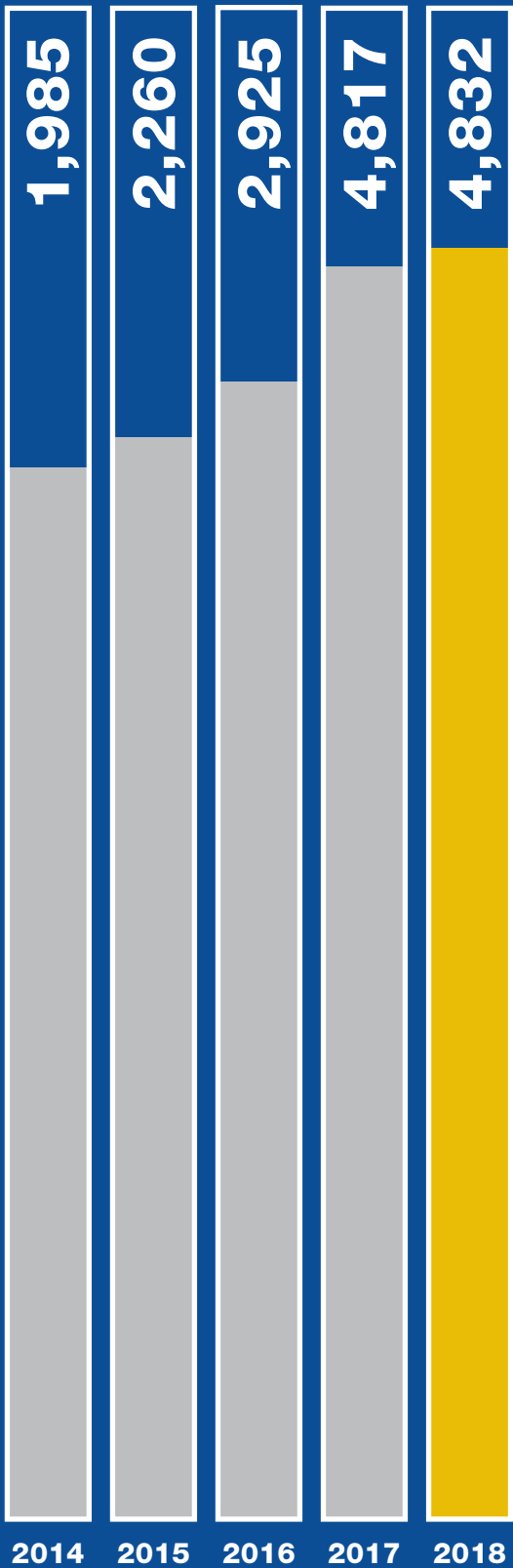
2018 AT A GLANCE

THE FINANCIAL YEAR 2018 SAW US SOLIDIFY OUR BALANCE SHEET, COMPLETE MAJOR PROJECTS AND SECURE CONTRACTS FOR FUTURE GROWTH. WE SUCCESSFULLY CONCLUDED OUR FIVE-YEAR CORPORATE TRANSFORMATION JOURNEY, READY TO TAKE ADVANTAGE OF THE OPPORTUNITIES AHEAD.

GROUP REVENUE
RM1.9 BILLION



SHAREHOLDERS' FUNDS
(RM' MILLION)



PROFIT BEFORE TAX
**RM123
MILLION**

EARNINGS PER
SHARE
**2.30
SEN**

DIVIDEND
**1.75
SEN**

NET GEARING
**0.19
TIMES**

NET ASSETS
PER SHARE
RM1.10

MARKET
CAPITALISATION
**RM2,703
MILLION**



ACRES
OF PRIME
URBAN LAND
282



GROSS
DEVELOPMENT
VALUE
**RM31
BILLION**



EXTERNAL CLIENT
CONSTRUCTION
ORDER BOOK
**RM22
BILLION**



2,013
EMPLOYEES



AVERAGE HOURS
OF TRAINING PER
EMPLOYEE
30.53



SUPPLIERS
2,241



NO. OF WORKERS SENT
FOR ENVIRONMENT &
SAFETY TRAINING
1,622

61% **39%**

Our projects are predominantly in the Klang Valley area in Malaysia. We also have two property development projects in Melbourne, Australia.



Malaysia

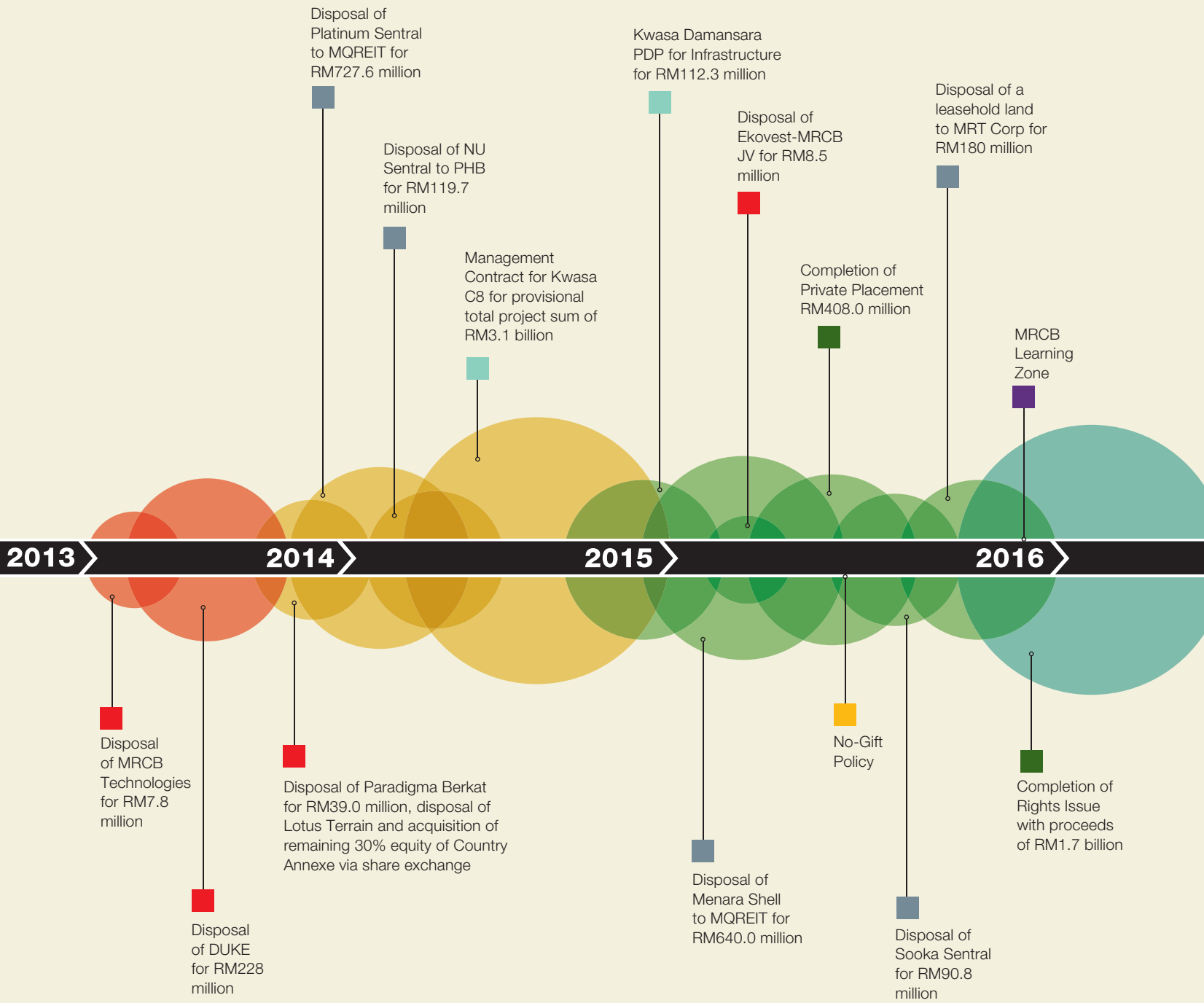


Australia

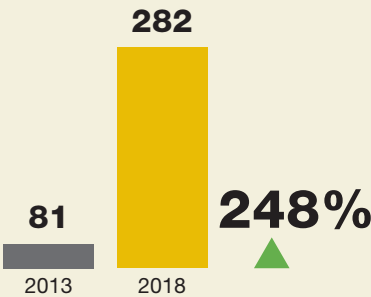
OUR TRANSFORMATION JOURNEY

STRENGTHENING OUR BALANCE SHEET & ENHANCING SUSTAINABILITY

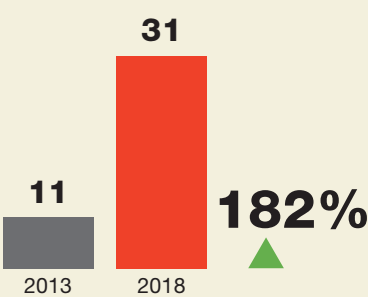
NET GEARING



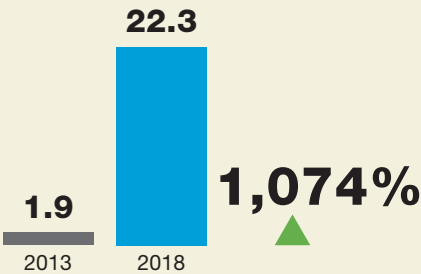
LAND BANK (ACRES)



LAND BANK GDV (RM' BILLION)



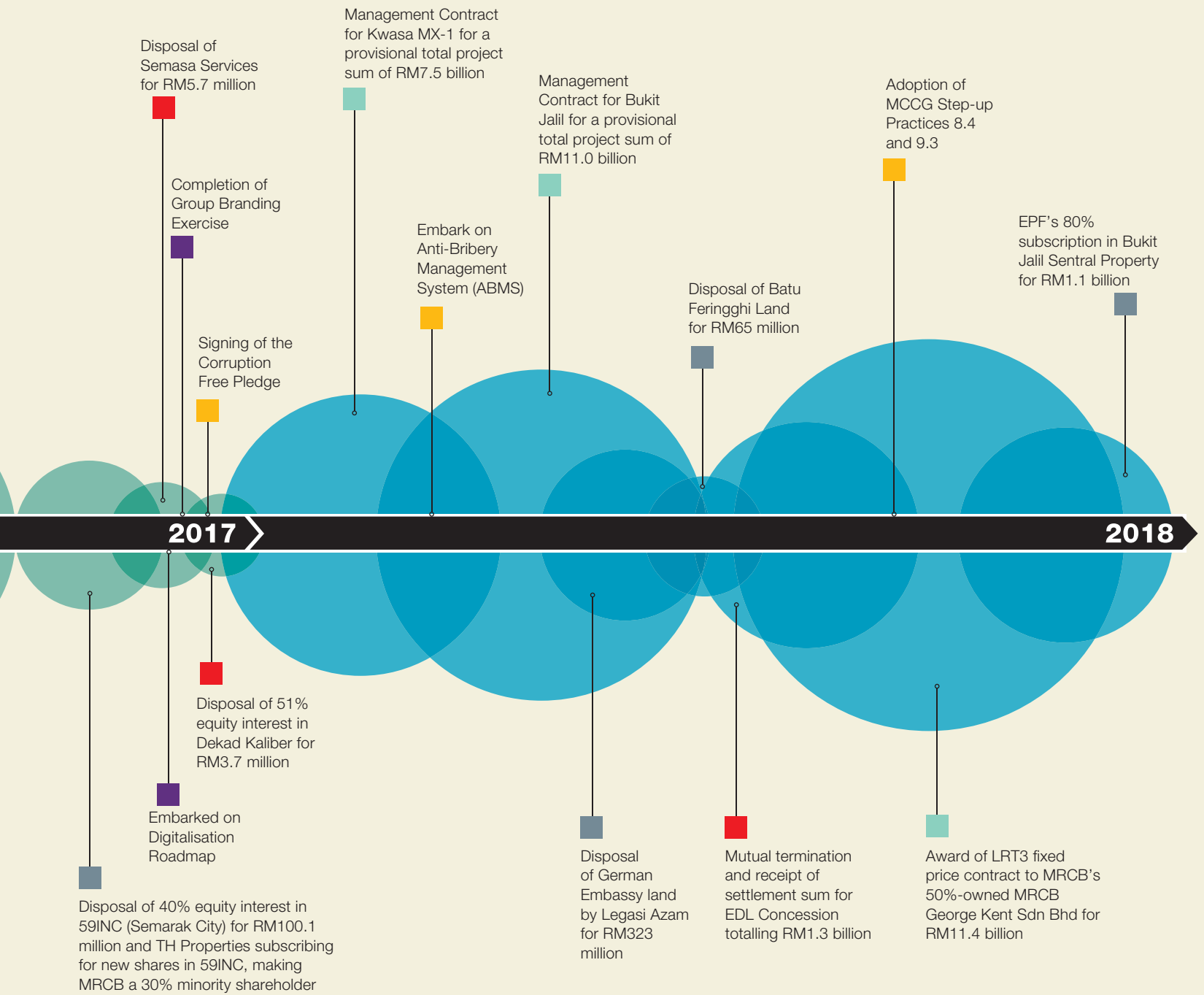
EXTERNAL CLIENT CONSTRUCTION ORDER BOOK (RM' BILLION)



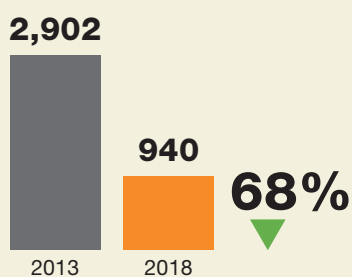
- Disposal of non-core assets
- Realising value of existing assets/land
- Award of contract
- Group initiatives
- Governance initiatives
- Capital raising exercise

0.53x

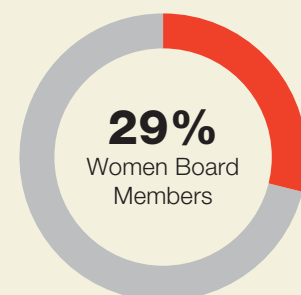
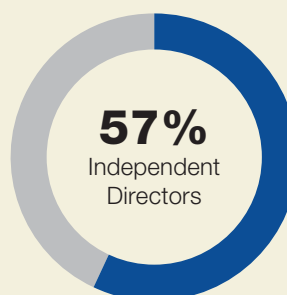
0.19x



NET BORROWINGS (RM'000)



BOARD COMPOSITION



OUR VISION
SETTING
THE STANDARD

OUR MISSION
LEADING THE FIELD
THROUGH INNOVATION
IN PROPERTY
DEVELOPMENT,
ENGINEERING AND
CONSTRUCTION

OUR VALUES
COURAGEOUS
CREATIVE
DRIVEN
CUSTOMER CENTRIC
ACCOUNTABLE



ABOUT THIS REPORT

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

MRCB GROUP'S
2018 ANNUAL REPORT
IS ALIGNED WITH
BEST PRACTICES FOR
DISCLOSURES IN
ANNUAL REPORTS.



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 the risks and the measures we have put in place to mitigate those risks. For more details, please refer to Our Strategic Performance on page 16, Sustainability Statement on page 47, and How We Are Governed on page 95.

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 13 and 14 while our financial statements can be found in the Financial Report 2018.

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

ASSURANCE APPROACH

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 2018.

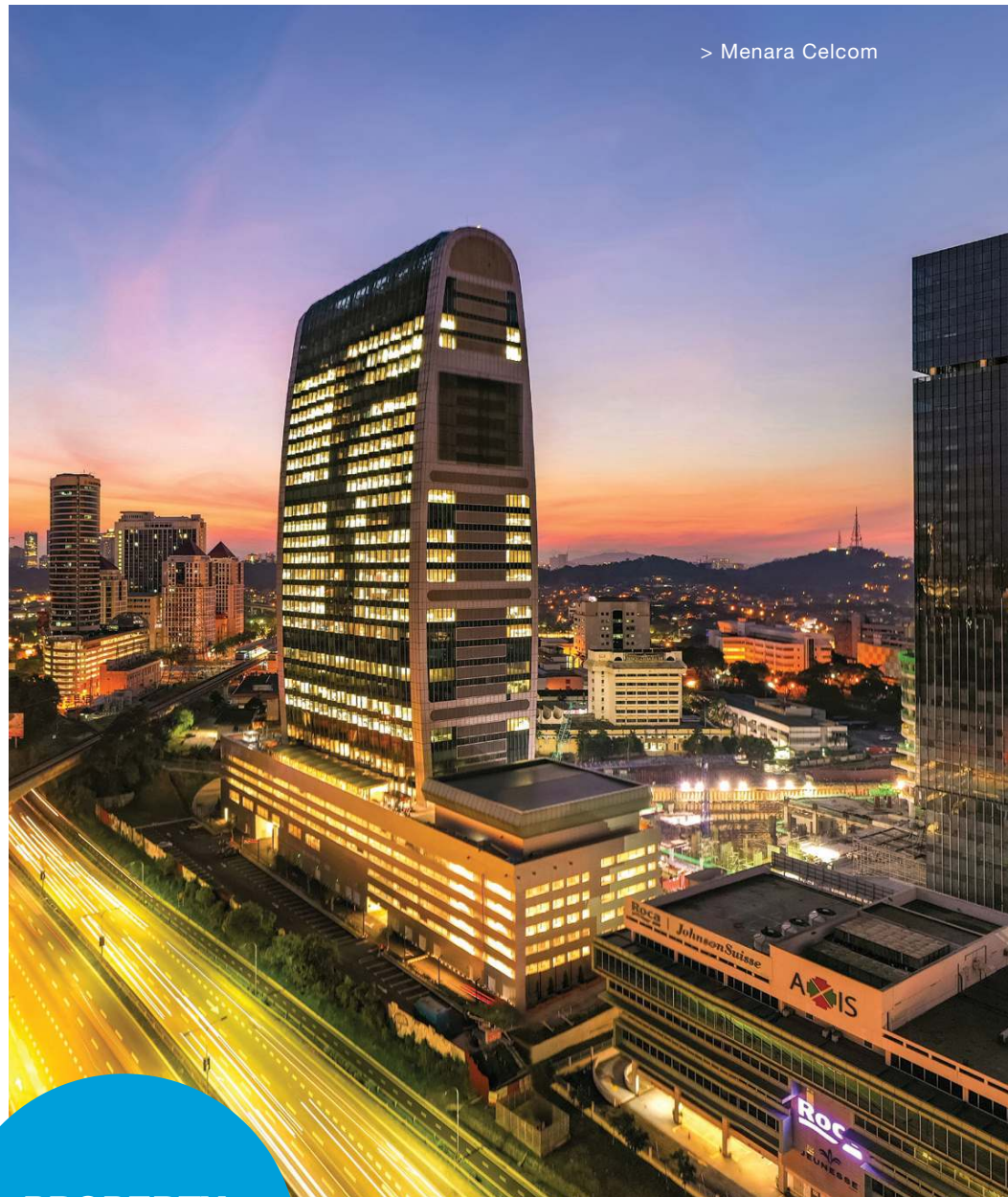
FORWARD-LOOKING STATEMENTS

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 119. 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.

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



> Menara Celcom


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 and Cyberjaya City Centre will also feature excellent transportation connectivity and integration at their core.

MRCB has interests in an urban development land bank of 282 acres with an estimated Gross Development Value (GDV) of RM31 billion.

The Group's Property Investment activity is largely through its 27.94% equity stake in MRCB-Quill REIT (MQREIT), a commercial property real estate investment trust which owns 10 buildings valued at RM2.2 billion as at 31st December 2018.

CORPORATE PROFILE



> Fins making up the façade of the National Stadium



> MRCB's Auxiliary Police

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 carpark bays.

AWARDS AND ACCOLADES IN THE LAST FIVE YEARS

MRCB's focus on quality and operational excellence allows us to consistently stay ahead of the curve.

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 place great emphasis on delivering not only world-class projects, but also on practicing the highest standards of governance and business integrity. The past five years have been a transformative journey for us, and saw our efforts in the areas of property development, construction and corporate reporting being recognised, both locally and globally.

● Award ● Category ● Won by

2014

- **World Prix d'Excellence Awards 2014**
- World Gold Winner Sustainable Development Category
- Platinum Sentral



2015

- **FIABCI Malaysia Property Awards 2015**
- Office Category Winner
- Menara Shell
- **GreenTech Malaysia Awards 2015**
- Building Sector Category
- Malaysian Resources Corporation Berhad
- **The Malaysian Property Press Awards 2015**
- Best Office
- Menara Shell
- Best High-rise Condominium Development
- 9 Seputeh



2016

- **Property Insight Prestigious Developers Awards 2016**
- Top 10 Developers Award
- Malaysian Resources Corporation Berhad
- Best Transit Oriented Development (TOD) Award
- Kuala Lumpur Sentral CBD



- **FIABCI Prix d'Excellence Awards 2016**
- Office Category World Silver Winner
- Menara Shell
- **The Edge Property Development Excellence Awards 2016**
- Kuala Lumpur Sentral CBD

AWARDS AND ACCOLADES IN THE LAST FIVE YEARS

2017



● Star Property Awards 2017

- National Contribution Awards Category
- Kuala Lumpur Sentral CBD

● Property Insight Prestigious Developers Awards 2017

- Top 10 Developers
- Malaysian Resources Corporation Berhad

- Best Mixed Development
- 9 Seputeh

- Best Luxury Lifestyle Development
- The Sentral Residences

● NACRA 16

- Certificate of Merit
- Malaysian Resources Corporation Berhad

● Social Media Excellence Awards

- Urban Property Developer
- Malaysian Resources Corporation Berhad

● MOSHPA Awards

- Gold Award
- MRCB Builders Sdn Bhd



● 7th Middle East Business Leaders Awards 2016

- Best Urban Developer
- Malaysian Resources Corporation Berhad
- Best Transit Oriented Development
- Kuala Lumpur Sentral CBD

2018



● Australasian Reporting Awards 2018

- Gold Award
- Malaysian Resources Corporation Berhad



● Star Property Awards 2018

- The WOW Award – Residential/Hybrid
- TRIA Seputeh – Malaysian Resources Corporation Berhad

- Readers' & Voters' Choice Award

- Malaysian Resources Corporation Berhad

- All Star Award – Top Ranked Developers of the Year

- Malaysian Resources Corporation Berhad

● Property Insight Prestigious Developers Awards 2018

- Top 10 Developers
- Malaysian Resources Corporation Berhad

- Best Refurbished Development
- KL Sports City

- Best Transit Oriented Catalyst
- Penang Sentral

● 14th MOSHPA OSH Excellence Awards 2018

- OSH Management in Engineering & Builders
- MRCB Sentral Properties Sdn Bhd

● 2018 International Architecture Awards, Athens

- KL Sports City

● Asia Pacific Property Awards 2018-2019, Bangkok

- Exterior Lighting Design Award
- KL Sports City

● World Stadium Congress Awards, Amsterdam

- Stadium of The Year
- Bukit Jalil National Stadium

● KL Mayor Universal Access Award 2018

- Special Jury's Award Rail Transport Hub
- Stesen Sentral Kuala Lumpur



CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI AZLAN ZAINOL

Independent Chairman

MOHD IMRAN MOHAMAD SALIM

Group Managing Director

JAMALUDIN ZAKARIA

Senior Independent Director

ROHAYA MOHAMMAD YUSOF

Non-Independent Non-Executive Director

HASMAN YUSRI YUSOFF

Independent Director

TO' PUAN JANET LOOI LAI HENG

Independent Director

DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Hasman Yusri Yusoff
Jamaludin Zakaria
To' Puan Janet Looi Lai Heng

EXECUTIVE COMMITTEE

Dato' Mohamad Nasir Ab Latif
Mohd Imran Mohamad Salim
Jamaludin Zakaria
To' Puan Janet Looi Lai Heng

NOMINATION & REMUNERATION COMMITTEE

Jamaludin Zakaria
Rohaya Mohammad Yusof
Hasman Yusri Yusoff
To' Puan Janet Looi Lai Heng

LONG-TERM INCENTIVE PLAN (LTIP) COMMITTEE

Dato' Mohamad Nasir Ab Latif
Mohd Imran Mohamad Salim
Hasman Yusri Yusoff

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

Boardroom Share Registrars Sdn Bhd
(formerly known as 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

CIMB Bank Berhad
CIMB Islamic Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
MBSB Bank Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

AUDITORS

PricewaterhouseCoopers PLT

STOCK EXCHANGE LISTING

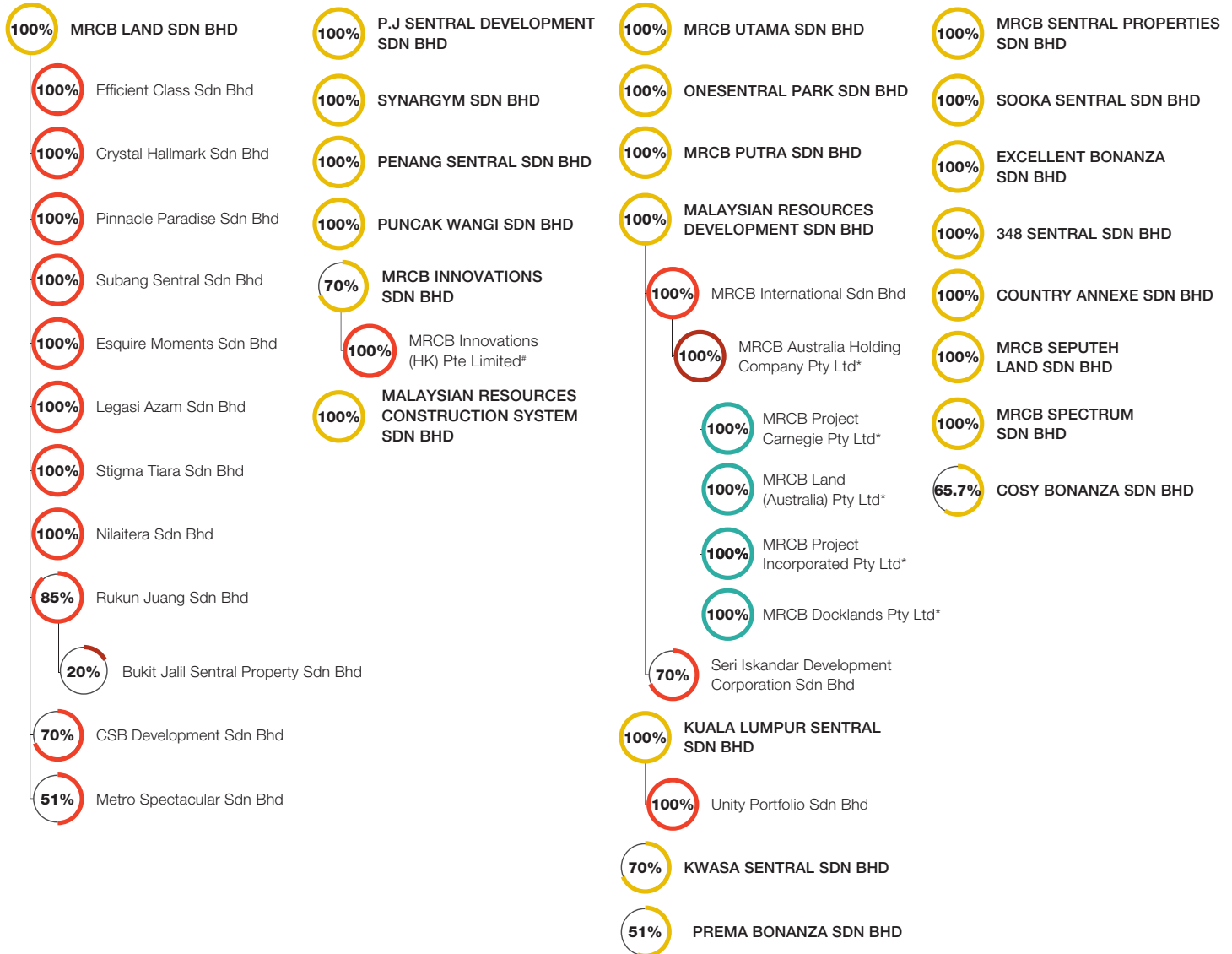
Listed on Main Market of
Bursa Malaysia Securities Berhad

DATE OF LISTING

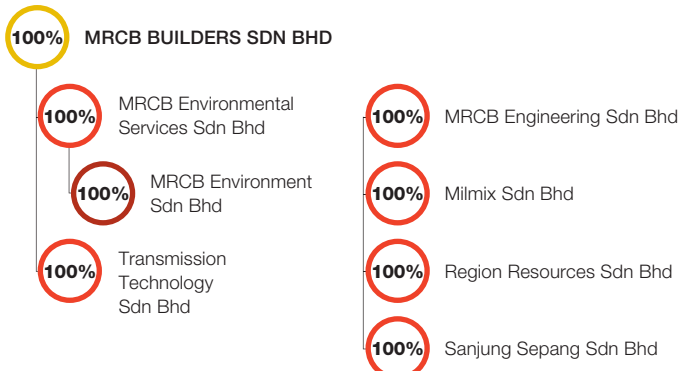
22 March 1971

CORPORATE STRUCTURE

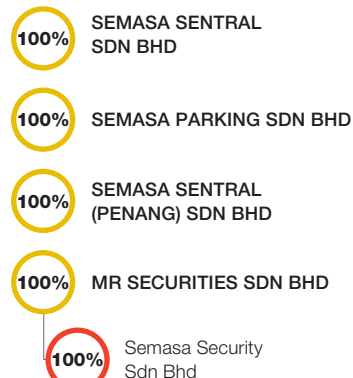
PROPERTY DEVELOPMENT & INVESTMENT



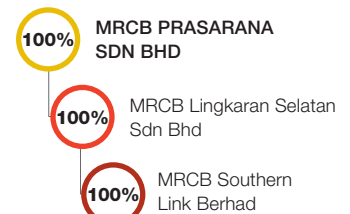
ENGINEERING, CONSTRUCTION & ENVIRONMENT



FACILITIES MANAGEMENT & PARKING



INFRASTRUCTURE & CONCESSION (Discontinued Operations)



For a complete list of companies in the Group, please turn to page 154 of the accompanying Financial Report.

(*) denotes that the company operates in Australia.

(*) denotes that the company operates in Hong Kong.

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

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, environmentally efficient buildings.



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.



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.



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

We add value to our existing assets and derive ongoing income from our properties and those we have developed and sold to MQREIT.



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.



HOW WE CREATE AND PRESERVE VALUE

STRATEGIC THRUSTS



1 BESPOKE BUILDINGS LET ON LONG-TERM LEASES

- Purpose built buildings
- Carries more value due to customisation
- Profits from lease income and possible disposal in the future



2 BESPOKE BUILDINGS FOR SALE

- Pre-sell to owner occupiers or other purchasers
- Purpose built buildings
- Profits recognised progressively based on percentage completion of construction



3 BUILD RESIDENTIAL AND RETAIL COMMERCIAL DEVELOPMENTS

- Mostly within MRCB TODs
- Entire development is self-sustaining and integrated with easy transport access
- Profits recognised progressively based on percentage completion of construction



4 INCOME FROM LAND SALES

- Extract maximum value from urban land bank
- Frees up capital that can then be deployed elsewhere



5 INCOME FROM INVESTMENT PROPERTIES

- Cash is recycled in future property transactions
- MRCB earns long-term stream of income from dividend



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

- Access to substantial Bumiputera-designated contracts



7 EXPANDING FEE-BASED PROJECTS

- Reduce earnings risks and volatility
- Long-term earnings visibility



8 EXPLORING RENEWABLE ENERGY PROJECTS

- Leverage on core engineering skill sets
- Iron out cyclicalities of the property development and construction sectors

VALUE CREATED

RM1.5 billion

Value extracted by disposing our urban land to free up capital.

page 17

Completed construction projects in 2018

RM691 million

page 35

GDV RM31 billion

page 31

Projects spanning 20 years

RM22 billion

External Client Construction Order Book

page 38

We completed
Menara Celcom

on 17th September 2018

89%

of External Client Construction Order Book are Infrastructure Projects

page 38

VALUE TO STAKEHOLDERS

PBT

RM123 million

REVENUE

RM1.9 billion

DIVIDEND PER SHARE

1.75 sen

DIVIDEND PAYOUT

RM77 million

39%

Women in the Workforce

59%

INCREASE IN TRAINING INVESTMENT

MAN HOURS SPENT ON ANTI-CORRUPTION WORKSHOPS
1,497

29%

Women in the Board

CONDUCTED SOCIAL PROGRAMMES THAT BENEFITTED
73,955 PEOPLE

OBTAINED **5-STAR** SHASSIC RATINGS (PJ Sentral Garden City and Penang Sentral)

KL SENTRAL AVERAGE
>200,000 COMMUTERS A DAY

LRT3 TO BENEFIT **2,000,000 PEOPLE BY 2024**

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you an account of the major highlights which underscored the performance of MRCB for the financial year ended 31st December 2018 (FY2018).

THE YEAR 2018 MARKED A TURNING POINT FOR MRCB WITH THE SUCCESSFUL COMPLETION OF OUR FIVE-YEAR CORPORATE TRANSFORMATION JOURNEY.

When we first embarked on this journey in 2014, our commitment was to strengthen our balance sheet and sustain future growth. We have fulfilled our promise by reducing our net gearing from 1.73 times in 2013, to 0.19 times in 2018, whilst growing our external client construction order book from RM1.9 billion in 2013 to RM22 billion in 2018 and our valuable urban land bank from 81 acres to 282 acres with a Gross Development Value (GDV) of RM31 billion.

It was a challenging year for the construction industry in Malaysia in 2018, which saw a consolidation in public spending and as a result, the deferment of large-scale rail infrastructure projects such as the Kuala Lumpur-Singapore High Speed Rail Project, East Coast Rail Link and the Mass Rapid Transit Line 3. The property sector also continued to remain subdued during 2018, with lackluster sales.

**TAN SRI
AZLAN
ZAINOL**

CHAIRMAN



CHAIRMAN'S STATEMENT

“

WITH SECURED PROJECTS SPANNING 20 YEARS, MRCB IS NOW, MORE THAN EVER, WELL PLACED TO DRIVE SUSTAINABLE GROWTH, UNDERPINNED BY A STRONG BALANCE SHEET.

”

Nonetheless, MRCB remained steadfast in progressing its transformation objectives, and I am glad that we have achieved the targets we set for ourselves. A major outcome is a leaner, more focused Group, with a significantly strengthened balance sheet, and a long pipeline of quality long-term projects that will deliver sustained revenues until the year 2038.

2018 MILESTONES

A major milestone, which marked the conclusion of our Corporate Transformation Journey, was the signing on 12th November 2018 of the termination and settlement agreement with the Government of the concession for the Eastern Dispersal Link Expressway (EDL) in Johor, effectively divesting our last major non-core asset which accounted for 31% of our total debt as of 31st December 2017. The RM1.3 billion settlement sum received from the Government was channeled entirely towards de-gearing our balance sheet. With this important exercise completed, we managed to significantly reduce our net gearing.

Another key transaction during the year was the 80% subscription by the Employees Provident Fund (EPF) for our Bukit Jalil Sentral

project, which resulted in our year-end net gearing falling to just 0.19 times. In total, we raised RM1.5 billion from the Bukit Jalil Sentral exercise, and the disposal of other lands in Jalan Kia Peng, Kuala Lumpur, and Batu Feringghi, Penang, during the year. As a property developer, MRCB is in the business of acquiring land and adding value to it through the development process. However, if we are able to unlock significant value from our land without having to undertake any construction, we are very happy to do this, as it allows us to recoup invested capital more quickly for re-deployment in other projects, ensuring that our balance sheet remains unstretched.


In October 2018, the Government announced its plan to proceed with the Light Rail Transit Line 3 (LRT3) project. On 2nd November 2018, MRCB's 50%-owned joint venture company MRCB George Kent Sdn Bhd was informed by Prasarana Malaysia Berhad that the original Project Delivery Partner (PDP) model for the 37 km LRT3 project was to be remodeled to a fixed-price turnkey contract worth RM11.4 billion, enlarging MRCB's effective portion of the LRT3 project from RM4.5 billion to RM5.7 billion.

STRENGTHENING THE BUSINESS AND SUSTAINING FUTURE GROWTH

One of the key objectives of our Corporate Transformation was to enhance our corporate sustainability. In 2013, MRCB was effectively a “one project” company with KL Sentral CBD forming the bulk of its property development activities, and with a high net gearing ratio of 1.73 times, there were some concerns amongst the investment fraternity surrounding the Group's sustainability.

I am pleased to report that those concerns are now a distant memory. Today, we have a very clear understanding of our purpose and have re-focused the business back to the core engineering skill sets for which MRCB is renowned. Both our Property Development and Engineering & Construction businesses have a transportation element that permeates through them, with our Property Development & Investment Division being the market leader in Transit Orientated Developments (TOD) and our Engineering Construction & Environment Division being one of the leading developers of rail infrastructure in the country. Our enlarged capital base and de-g geared balance sheet now gives us the financial capacity to develop our expanded land bank, which totals 282 acres and has a GDV of RM31 billion. Our external client construction order book has grown to RM22 billion, further ensuring that MRCB has a sustainable pipeline of construction projects lasting well into the future.

Our position today as a leaner and more cost efficient entity with a large pipeline of quality projects, is clearly a testament to our unwavering commitment towards our promise of transforming the Group into a fundamentally-sound, and sustainable business.

 For a comprehensive view of what was achieved during our Five-Year Corporate Transformation Journey, please turn to page 4.

CHAIRMAN'S STATEMENT

STRENGTHENING
GOVERNANCE

Pursuant to the Malaysian Code on Corporate Governance (MCCG) released by the Securities Commission in April 2017, listed issuers are expected to provide informative disclosure on their application of the MCCG Practices. The MCCG includes four Step-up Practices, which are meant to encourage companies to go a step further in strengthening their governance practices and processes. Companies that aspire to achieve excellence in corporate governance, are encouraged to consider the adoption of Step-up Practices.

Prior to 2018, MRCB had adopted one out of the four Step-up Practices, and I am pleased to report that in 2018, two further Step-up Practices, Step-up Practices 8.4 and 9.3, were fully adopted and implemented. Step-up Practice 8.4 recommends that the Audit Committee should comprise solely of Independent Directors and Step-up Practice 9.3 recommends that the Board establishes a Risk Management Committee, which comprises a majority of Independent Directors, to oversee the Group's risk management framework and policies. To adopt this Step-up Practice, as an alternative to setting up an additional Risk Management Committee, it was decided that the existing Audit Committee be renamed "Audit & Risk Management Committee", whereby the Committee would also take on the risk management oversight function, after the appropriate amendments to the Committee's Terms of Reference were made.

NET GEARING

0.19
TIMESGROSS
DEVELOPMENT
VALUERM31
billionEXTERNAL CLIENT
CONSTRUCTION
ORDER BOOKRM22
billion

URBAN LAND BANK

282
acres

In June 2018, we gained international validation by winning the prestigious Gold Award at the 2018 Australasian Reporting Awards (ARA) in Sydney, Australia. The Gold Award, which benchmarks the world's best practices in transparent and accountable reporting, reaffirms our commitment of upholding the highest standards of corporate disclosure and stakeholder communication.



SPEARHEADING ANTI-BRIBERY & CORRUPTION

At MRCB, we believe that the integrity of our employees are the building blocks of our core values. Our commitment towards inculcating good governance is due to our belief that sound business practices are rooted in the principles of fairness, honesty, transparency, decency, integrity and good ethics. Strengthening MRCB's corporate culture is essential for the Group to emerge as a standard bearer for integrity principles in Malaysia's business sector, which will not only bring reputational benefits to the Group, but will also strengthen the organisation and create a robust environment for excellence in delivery, to create value for MRCB's shareholders, customers and business partners.

Over the years, we have set the tone to integrate integrity into our corporate governance framework, strategy and operations. We have introduced various policies and procedures to ensure we adopt the best practices and progressively move beyond compliance with laws and regulations. Our desire to create and preserve value across the entire value chain has driven us to implement the new Anti-Bribery Management System (ABMS) particularly designed to help prevent, detect and respond to bribery, called the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

ISO ABMS is the new global standard for anti-bribery systems. By implementing the ABMS, MRCB is preparing for its ISO 37001 certification: an achievement which will set MRCB apart from its competitors both in Malaysia and internationally. The ABMS will bring a great deal of value to the Group through the establishment of a best practice framework designed to equip the Group's employees and business associates, with the tools to manage all bribery risks based on the international standard of business integrity principles. It serves as an important safeguard to protect the Group against the impact of bribery-based costs. It also provides evidence that the Group has taken the adequate procedures to prevent bribery and mitigate potential legal liabilities, to aid protection of shareholders' funds.

CHAIRMAN'S STATEMENT



> Kwasa Sentral

As part of the implementation of the ABMS, three key policies were enhanced and strengthened during 2018: MRCB's Anti-Bribery Policy, which states the Group's general position on matters related to bribery; Gifts, Hospitality, Donations, and Similar Benefits Policy, which explains the Group's position on these specific areas, and the Whistleblowing Policy which provides protection for its employees reporting cases of corruption. Each policy is fundamental to the effective working of the ABMS and sets out not only the Group's position but also the procedures for managing bribery risks in each area. This is especially true in Malaysia's corporate culture where bribery risks may emerge at multiple points such as the giving and receiving of gifts and hospitality, and staff appointments.



To read more on the ABMS, please turn to page 24.

INCULCATING SUSTAINABILITY ACROSS THE GROUP

We continue to be a constituent of the FTSE4Good Index and are committed in ensuring that sustainable development remains an inseparable part of our business. A focal point of our sustainable development practices is also tied-in to our role as a developer of TODs, which integrate living and working spaces and encourage city dwellers to choose urban mass transport infrastructure



for commuting, thus reducing carbon emissions. In the coming years, we will continue to provide more detailed reporting on our sustainability efforts to reflect the values we create for the economy, society and environment.



To read our Sustainability Statement, please turn to page 47.

At the heart of our sustainability efforts is our emphasis on health and safety. In 2018, we spent 14,279 man hours in safety training and will continue to conduct such workshops in a bid to ensure we provide a safe environment for all stakeholders in the course of conducting our business.

APPRECIATION

I would like to thank my respected fellow Board members for their wise counsel, leadership and input, all of which served to steer the Group to rise above the challenges during the year. I am looking forward to another fruitful year ahead as we work together to achieve even greater success.

A special thanks also to all our valued employees, who have shown dedication in your respective roles within the Group. I am motivated by your uncompromising commitment to "Setting the Standard". Together, we shall continue to build on MRCB's leading industry position by pushing the boundaries of excellence.

I would like to put on record my deep gratitude to our former Group Managing Director, Tan Sri Mohamad Salim Fateh Din, who, over the past five years, has steered the Group to where it is today, and one that is now capable of reaching its full potential. We are confident that our newly appointed Group Managing Director, Mohd Imran Mohamad Salim, will continue to steer the Group towards sustainable growth.

I would also like to record my thanks to Datuk Shahril Ridza Ridzuan, for his valuable guidance while serving on the Board, and congratulate him for his new appointment as Managing Director of Khazanah Nasional Bhd. While we may have lost a strong leader, we are excited to welcome Dato' Mohamad Nasir Ab Latif, who also brings with him a wealth of experience.

Finally, the success of our Corporate Transformation Journey would not have been possible without the support of all our business partners, subcontractors, suppliers, shareholders, financiers and regulatory authorities. I would like to take this opportunity to express my thanks for their support and cooperation in helping us to deliver the accomplishments that we have achieved thus far.

Thank you.

AZLAN ZAINOL

Chairman

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

THE FIVE-YEAR CORPORATE TRANSFORMATION SAW US TAKING MULTIPLE MEASURES TO INSTILL ROBUSTNESS IN OUR OPERATIONS, WHICH HAS RESULTED IN US BEING MORE AGILE, MARKET-RESPONSIVE AND SUSTAINABLE. WE ARE NOW, MORE THAN EVER, POISED TO TAKE ADVANTAGE OF THE OPPORTUNITIES AHEAD.

DEAR SHAREHOLDERS,

The financial year ended 31st December 2018 marked a watershed year for the MRCB Group, as we fulfilled all the promises set out in our Five-Year Corporate Transformation Journey. Today, we are an accomplished property developer and a leading construction company with full service engineering capability, backed by strong financials as well as a proven delivery track record. The next leg of our journey will see us focus on becoming a more cost efficient entity that will continue to create value for our shareholders.

Our Property Development & Investment Division continues to be the leader in Transit Oriented Development (TOD). Through the years, this strategy has presented us with multiple opportunities for growth. MRCB has emerged from effectively being a "one project" TOD developer to now developing five TODs, namely KL Sentral CBD, PJ Sentral Garden City, Cyberjaya City Centre, the northern transport hub of Penang Sentral and Kwasa Sentral, all of which make up 79% of our property development activities.

**MOHD IMRAN
MOHAMAD
SALIM**

Group Managing Director



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Apart from being the pioneer of TODs in Malaysia, our long-term growth strategy is cemented by our interests in a sizeable 282-acre high-value urban land bank with a Gross Development Value (GDV) of RM31 billion, which provides us with ample capacity to plan future property development projects, catered to market needs and demands.

Our 27.94% equity stake in MRCB-Quill REIT (MQREIT) continues to contribute steady income to the Group and acts as a core 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 player.

We have consistently been awarded high-value and large infrastructure development projects over the years, becoming one of the major players in Malaysia's booming infrastructure construction sector.

OUR STRATEGIC THRUSTS ARE:



**BESPOKE BUILDINGS
LET ON LONG-TERM
LEASES**



**BESPOKE BUILDINGS
FOR SALE**



**BUILD RESIDENTIAL AND
RETAIL COMMERCIAL
DEVELOPMENTS**



**INCOME FROM
LAND SALES**



**INCOME FROM
INVESTMENT
PROPERTIES**



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



**EXPANDING FEE-
BASED PROJECTS**



**EXPLORING
RENEWABLE
ENERGY
PROJECTS**

Our success lies within our expertise and excellent record of accomplishments in the construction of highways, rail infrastructure, stadiums, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. We continued to deliver a solid performance in 2018, and by 31st December 2018, managed to secure our long-term sustainability through an external client construction order book of over RM22 billion, with a total unbilled portion of RM20 billion.

2018: TRANSFORMATION ACHIEVED

As seen on page 4, in 2018 the Group successfully completed meeting all the targets set out in our Five-Year Corporate Transformation plan. Apart from concluding our non-core asset rationalisation plan, which formed a core and vital strategy in our transformation, the Group also achieved several notable accomplishments in 2018.

Group Financial Performance Overview: A Stronger Balance Sheet

In FY2018, we recorded Revenue of RM1.9 billion and Profit Before Tax of RM123 million. The 29% decline in Revenue compared to the corresponding period in 2017 was due to the absence of construction revenue derived from the refurbishment of KL Sports City in Bukit Jalil, which made up 41% of MRCB's total Revenue in 2017. Profit Before Tax fell by 54%, impacted by the absence of one-off disposal gains recognised in 2017, and the LRT3 Project being re-modelled from a Project Delivery Partner (PDP) model to a fixed-price turnkey contract worth RM11.4 billion. This resulted in the deferment and re-timing of income recognition from the project, from the second half of FY2018 to 2019 and beyond.

For more details of Strategic Thrusts please refer to pages 14 and 15 of this Annual Report 2018.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

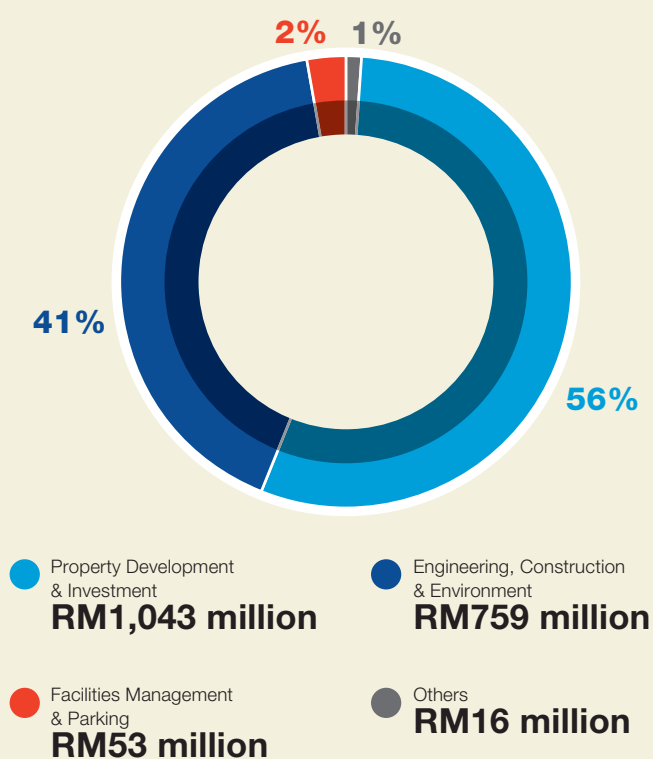
The Property Development & Investment Division recorded a 32% increase in Revenue to RM1,042.7 million. Revenue contributors included the Group's on-going property development projects, namely 9 Seputeh, PJ Sentral Garden City, Sentral Suites and Kalista Park Homes, and the sales of completed units from Sentral Residences and Q Sentral in KL Sentral, and Easton Burwood in Melbourne. Operating Profit fell to RM97.8 million from RM168.6 million, mainly due to the construction completion of the Group's Eastern Burwood apartment development in Melbourne, which resulted in revenue from all the completed units handed over to purchasers being 100% recognised in 2017. The Division also completed the sales of a piece of land in Jalan Kia Peng in Kuala Lumpur and Batu Feringghi in Penang, which combined contributed a Profit Before Tax of RM66.8 million in 2018. Income from our 27.94% stake in MQREIT and 41% stake in MRCB Quill Management Sdn Bhd contributed RM16.0 million.

Unbilled property sales as at 31st December 2018 totaled RM1.5 billion. This refers to properties that we have sold to buyers, but have not yet fully recognised the sales revenue and which will be progressively recognised as the properties are constructed.

The Engineering, Construction & Environment Division recorded a Revenue of RM758.6 million, which was mainly contributed by the Mass Rapid Transit Line 2 Package V210 project, the rehabilitation project at Sungai Pahang, and the construction of several commercial buildings for clients in Johor. The Division also saw a contribution of RM14.6 million Profit After Tax from the Group's 50%-owned LRT3 Project joint venture company MRCB George Kent Sdn Bhd. This amount was significantly lower than budgeted because of the re-negotiations with the Government, during which construction progress reduced significantly to only essential safety related work. As at 31st December 2018, the Division's external client construction order book stood at RM22 billion, ranking it as amongst the highest order books in the Malaysian construction industry. The unbilled portion of this order book, which is revenue yet to be recognised, stood at RM20 billion.

2018 ALSO SAW US STRENGTHEN OUR BALANCE SHEET SIGNIFICANTLY THROUGH THE TERMINATION AND SETTLEMENT AGREEMENT FOR THE EDL CONCESSION IN JOHOR, AS WELL AS THE 80% SUBSCRIPTION IN BUKIT JALIL SENTRAL PROPERTY SDN BHD (BJSP) BY THE EMPLOYEES PROVIDENT FUND (EPF). BOTH THESE EXERCISES ALLOWED MRCB TO PARE DOWN OUR DEBT SIGNIFICANTLY, RESULTING IN MRCB'S NET GEARING FALLING FROM 0.53 TIMES AT THE END OF 2017 TO 0.19 TIMES AT THE END OF 2018.

REVENUE CONTRIBUTION ANALYSIS RM1.9 BILLION



Group Operational Performance Overview: A Refocused Business For A Sustainable Future

Many milestones were recorded in 2018, which significantly transformed MRCB into a more streamlined entity, underpinned by a strong balance sheet.

Disposal of Non-Core Assets

At the heart of our Corporate Transformation was our strong intent on strengthening our balance sheet, and 2018 proved to be a watershed year for our non-core asset disposal strategy, effectively marking the end of this programme. The Eastern Dispersal Link Expressway (EDL) represented the largest of our non-core assets earmarked for disposal. As one of the shortest toll roads in the country, it provided limited scope for growth and generating economies of scale, and accounted for RM1.1 billion or 31% of our total debt as at the end of 2017. Removal of the asset and its accompanying debt from our balance sheet through a sale would allow us to deploy capital elsewhere within the Group more effectively.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

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. Following a protracted period of negotiations with the Government on the early termination of our 34-year concession agreement, we finally concluded the exercise by finalising the termination agreement and receiving a settlement sum of RM1.3 billion through wholly-owned MRCB Lingkaran Selatan Sdn Bhd on 23rd November 2018.

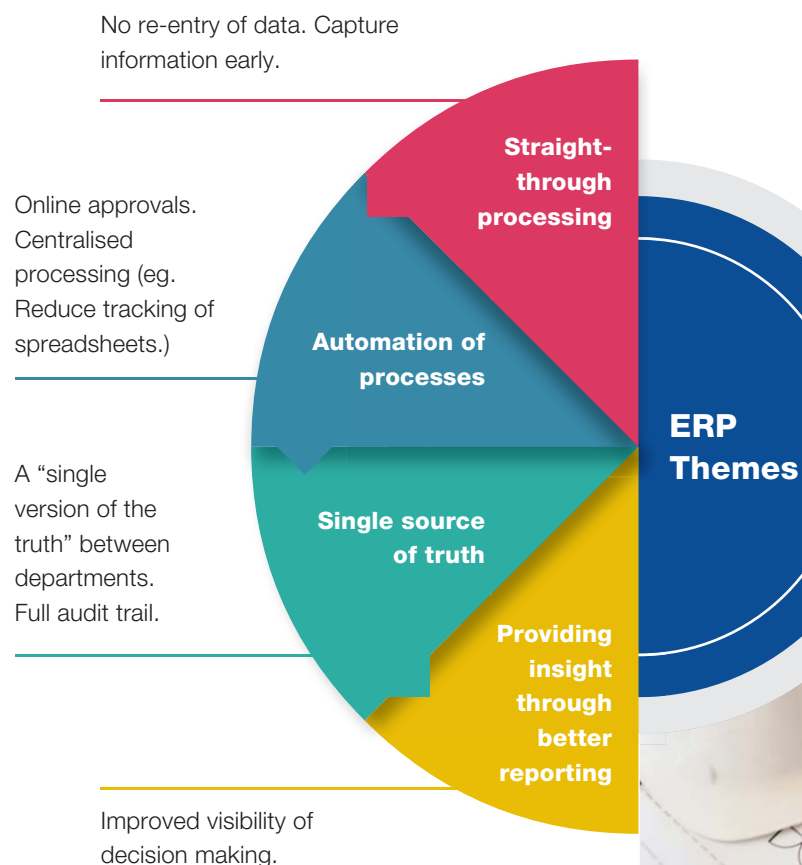
This marked the end of our non-core asset rationalisation programme. The sum received was used to pay off our Senior Sukuk worth RM835.4 million, Junior Sukuk worth RM238.4 million and Shareholders' Advances of RM227.1 million. These repayments helped reduce our net gearing from 0.71 times on 30th September 2018 to 0.46 times. Our net gearing was subsequently further reduced to 0.19 times on 31st December 2018, following EPF's 80% subscription in BJSP.

Leveraging on Technology & Digitalisation

In 2017, we embarked on a Digitalisation and Automation Roadmap (Roadmap) in a bid to increase efficiency through technology adoption. The Roadmap looks at our business in a holistic manner and uses Information Technology (IT) as an enabler for growth. Moving forward, this Roadmap will also drive the Group's plan to transform MRCB into a cost efficient entity. The past year has seen us successfully roll-out our digital project management platform, from which we now manage all new projects digitally. To date, we have also fully migrated the Group's data to the cloud, further cementing our commitment towards becoming an asset-light entity. Such efforts have helped us minimise costs, as we move away from investments in large IT infrastructure.

In moving towards becoming a more cost efficient entity, 2018 saw us procure a Group-wide Enterprise Resource Planning (ERP) system that will consolidate all business information into a single platform, with real-time access. The benefits of an ERP system extend across all facets of the business, from staffing needs to the management of materials and supplies. Data across all departments will be consolidated and provide Management with total visibility of the Group's operations through electronically generated reports. These reports will provide better insights into the business through accurate analysis, and will eliminate the need for manual reports that are labour intensive, time consuming and prone to human error. Having business data centralised on this ERP system will also allow for increased collaboration and more streamlined, coherent workflows and processes, as well as eliminate duplication across the Group, leading to lower future head count.

The implementation of the ERP system is expected to drive costs down, eventually improving the Group's profit margins and improving our competitiveness in an increasingly challenging property and construction market. It will be progressively rolled out within the next 12 months, and upon completion, is expected to deliver 80% of our core Roadmap targets.



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Building Talents and Strengthening Our Organisation

We believe that our employees play a crucial role in implementing and achieving our targets. In 2018, we carried out an assessment of the Group's workforce, capabilities and functions, and mapped it against matters that are material to our future success. This exercise provided the Management insights on important operational areas that required the right talent, to carry the Group forward.

During the year, we hired a Chief Executive Officer, Property. Mr. Raymond Cheah Ho Chee was hired to take up this position to spearhead the Division forward. His appointment was a result of a robust assessment of his experience, which spans almost 20 years in the property industry. To enable a holistic management of the risks that the Group anticipates, we also set up a Group Risk Management Department, that will be tasked with identifying, evaluating and developing strategic risk mitigation measures, in concert with all Divisions and Group functions, including the formulation of new policies, frameworks and guidelines. The Department will also report to our Audit & Risk Management Committee to provide regular updates on the progress of implementation of the various measures and frameworks identified.



Governance

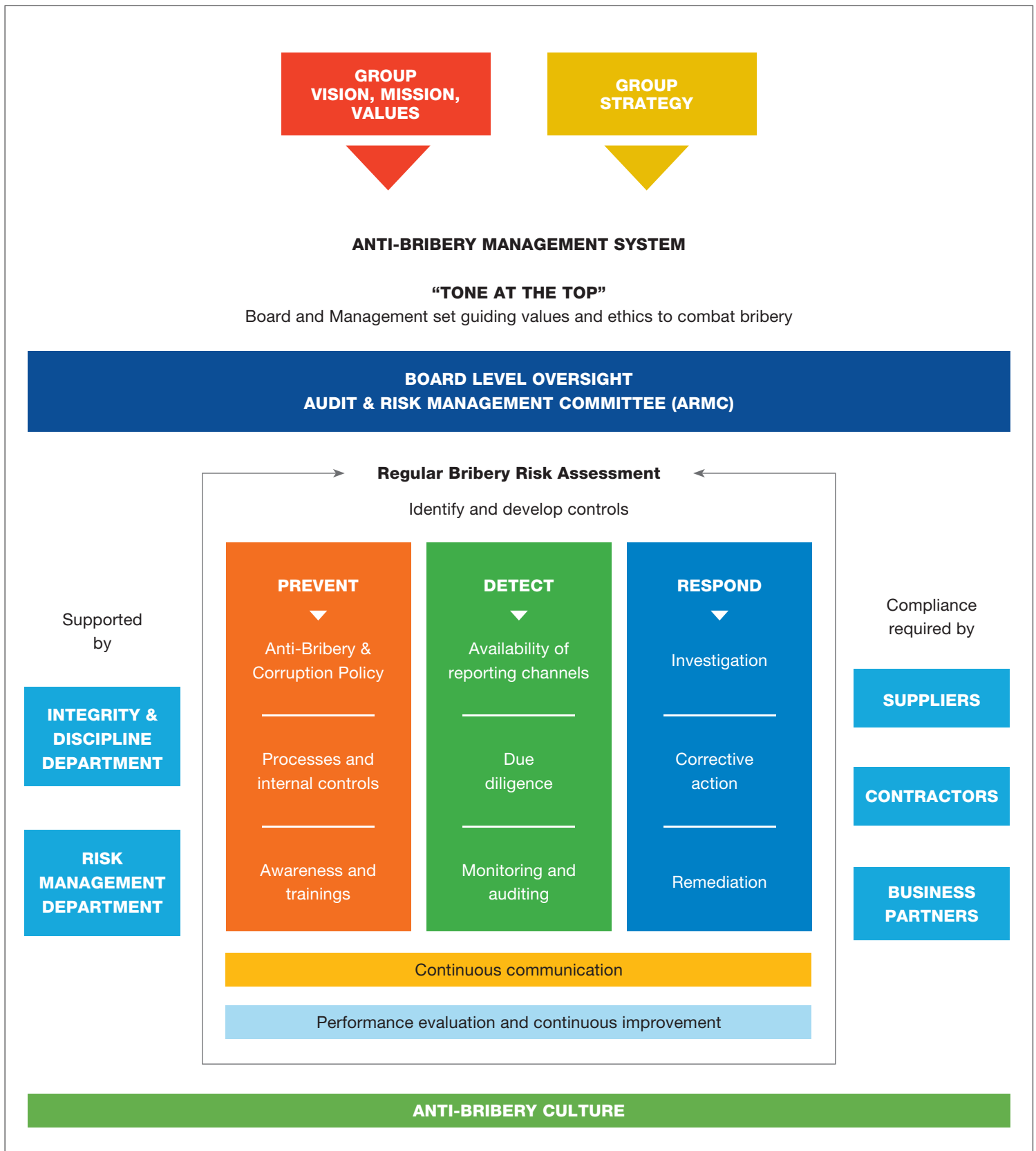
As a business, we believe that building a foundation of ethical behavior helps create long term benefits for the Group as well as our stakeholders. As such, we have chosen to embed a strong governance culture within MRCB by embarking on implementing an ISO 37001 compliant Anti-Bribery Management System (ABMS). With the recently gazetted 2018 Malaysian Anti-Corruption Commission Act Amendment, MRCB is focused on providing the necessary safeguards that will help ensure we operate ethically and transparently, which in turn protects shareholder value.

Our journey on enhancing anti-bribery and corruption governance began in 2017, when we undertook an Anti-Bribery gap analysis conducted by an independent consultant, Transparency International Malaysia, to independently evaluate our internal anti-bribery and corruption policies and processes. As part of efforts to close the gaps identified in the analysis conducted by Transparency International Malaysia in 2017, in 2018 we conducted a bribery risk assessment, designed to identify areas of our business that are most exposed to bribery risks. In order to ensure the Group's risks were captured in totality, a bribery risk assessment workshop was held in April 2018, where key senior personnel across the Group helped identify and rank critical bribery risks that have the potential to influence the overall operation and management of MRCB. The suitability and effectiveness of our existing anti-corruption controls were then evaluated to ensure they are robust and up-to-date to deal with current business risks.

Three key policies were reviewed and updated during this period to form the foundation of an effective ABMS, namely MRCB's Anti-Bribery Policy, the Gifts, Hospitality, Donations, and Similar Benefits Policy, and the Whistleblowing Policy. The ABMS also includes controls for areas relating to Human Resources, Finance and Procurement, which have been identified as areas that can be particularly exposed to bribery risks. Specific controls created for the identified high-risk areas can help these departments prevent bribery from occurring and safeguard the well-being of the Group.

In efforts to educate our employees on the essential elements of the ABMS, training and discussion sessions were carried out to explain how the issue of bribery might affect working practices. In 2018, we invested a total of 1,497 man hours to train our employees. Efforts to educate the workforce as well as our external stakeholders, sub-contractors and partners will continue throughout 2019 and beyond to ensure all parties are aware of, and strictly abide by, our Code of Business Ethics (Code).

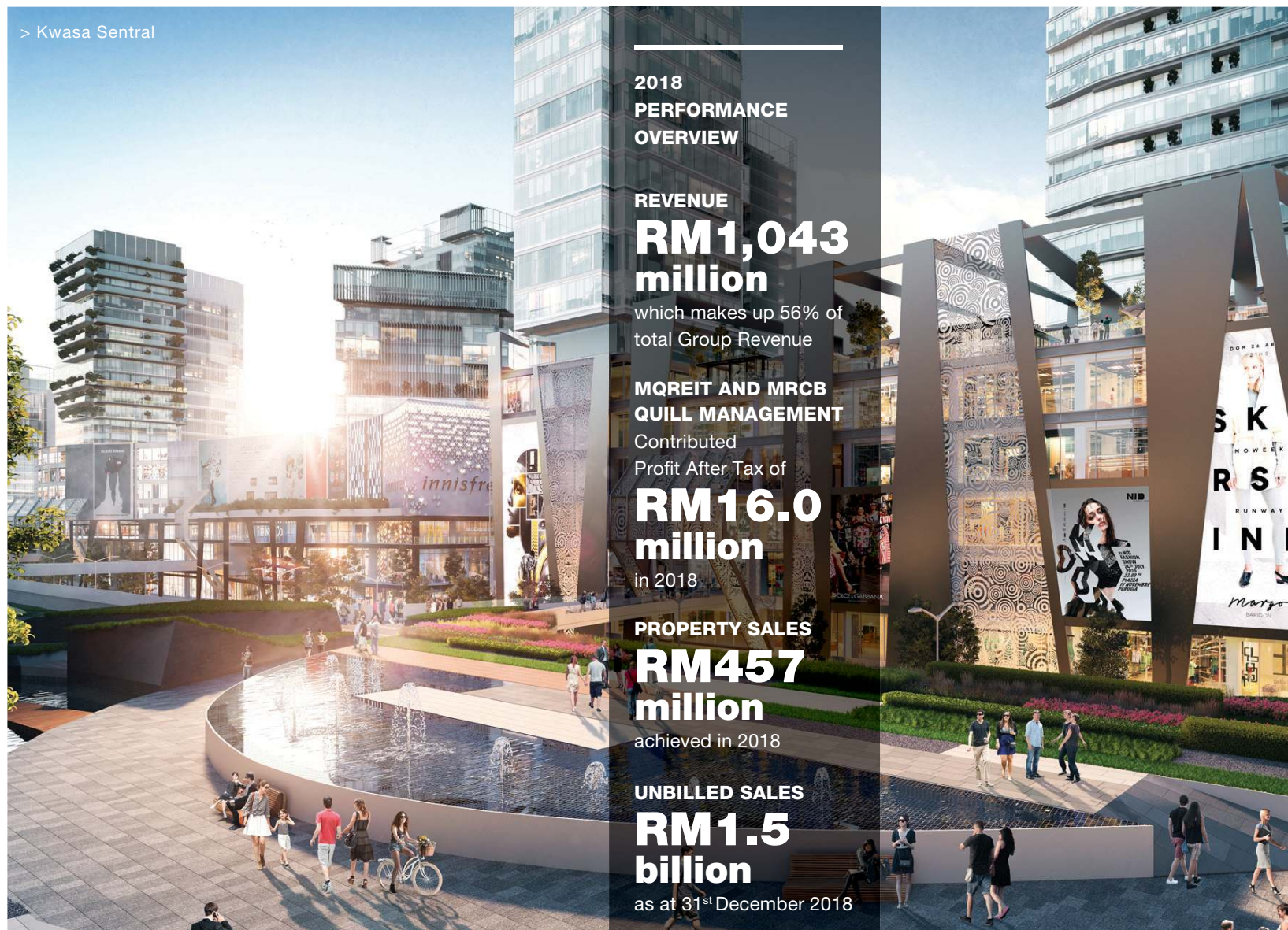
GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

PROPERTY DEVELOPMENT & INVESTMENT



From the outset, MRCB has been clear in its goal to remain the leading TOD developer in Malaysia. Our interests in 282 acres of urban development land with an estimated RM31 billion of GDV, coupled with a stronger balance sheet, has strengthened our position as a sustainable and dominate player. Our commitment towards sustainable development remains an inseparable part of our business, and we will continue to provide seamless integration between public transport, and working and living areas.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment



Homes in Bukit Rahman Putra, as well as sales of completed units from Sentral Residences and Q Sentral in KL Sentral and Easton Burwood in Melbourne.

Our equity shareholding in MQREIT and MRCB Quill Management Sdn Bhd contributed RM16.0 million in Profit After Tax to the Group.

We recorded a lower operating profit of RM97.8 million in 2018 compared to RM168.6 million in 2017, largely due to the construction completion of the Easton Burwood development in Melbourne, which resulted in Revenue from all the completed units handed over to purchasers being 100% recognised in 2017.

> Menara Putra in Putrajaya



In 2018, the Property Development & Investment Division recorded Revenue of RM1,042.7 million, compared to RM787.7 million in 2017. The 32% increase in Revenue was mainly due to the Group completing its disposal of a piece of freehold land in Jalan Kia Peng, for a total cash consideration of RM323 million, which also contributed a total Profit Before Tax of RM37.6 million to the Division.

As a whole, the Division contributed 56% towards the Group's Revenue in FY2018, compared to 30% in the previous year. Apart from the land sale, revenue also came from the Division's ongoing property development projects, namely the 9 Seputeh mixed-residential development in Jalan Klang Lama, the office towers in PJ Sentral Garden City, Sentral Suites in KL Sentral and Kalista Park

During the year, the property sector continued to remain subdued with lacklustre sales. Nevertheless, the Division was able to minimise the risk of slow take-up rates by reassessing its marketing strategy and deferring its new launches planned for 2018. Instead, focus was given to marketing on-going property developments previously launched and completed unsold units. We achieved property sales of RM457 million in 2018, largely from our Sentral Suites development in KL Sentral, and the 9 Seputeh mixed-residential development in Jalan Klang Lama. Our unbilled property sales as at 31st December 2018 stood at RM1.5 billion. This refers to revenue that will be progressively recognised as the properties are constructed.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

PROPERTY DEVELOPMENT & INVESTMENT OUTCOMES AND STRATEGIES MOVING FORWARD

Throughout 2018, we remained guided by our Strategic Thrusts, as shown on page 15, and managed to scale up our business to ensure that the Division maintained a pipeline of projects through several key initiatives. These initiatives are a driving force behind our performance.

CREATING A LONG-TERM PIPELINE OF PROJECTS AND SUSTAINABLE PROFITS

In order to mitigate and reduce the impact stemming from property development projects being in different construction stages that affect profit recognition, we **strategically launch new products** each year to help us obtain a sustainable stream of revenue to be recognised in the future. We also try to mitigate this risk by **earning stable recurring income** from our investments in MQREIT and MRCB Quill Management Sdn Bhd.

Strategic Thrust



Outcome in 2018

In FY2018, we managed to sell RM457 million worth of properties. While hampered by a soft property market, we continued to aggressively market our residential and mixed-development projects. During the year, our Sentral Suites development in KL Sentral was 72% sold, VIVO (Parcel C) of the mixed development of 9 Seputeh reached the threshold of being 78% sold, and Sentral Residences in KL Sentral was 90% sold. As for our fully constructed strata commercial development Q Sentral, this was 100% sold in the first quarter of 2018, while Begonia 2 at Bandar Seri Iskandar, which was fully constructed in the first quarter of 2018, was completely sold in the fourth quarter of 2018.

Properties Sold in 2018: RM457 million

Project/Sales	Total Project GDV (RM' Mil)	% Sales Achieved To Date	Sales Recorded in 2018 (RM' Mil)
Residential			
1060 Carnegie, Melbourne	276	79%	9
Bukit Rahman Putra, Kalista Park Homes	102	63%	14
Sentral Suites	1,534	72%	236
9 Seputeh			
VIVO, Parcel C	952	78%	3
TRIA	930	26%	118
Sentral Residences	1,438	90%	46
Bandar Seri Iskandar			
Begonia 2	19	100%	3
Viscaria	16	95%	9
The Easton Burwood, Melbourne	177	89%	19
Total	5,444		457

* Sales are based on signed Sales and Purchase Agreements as at 31st December 2018.

In 2018, we also recorded good construction progress on the ongoing construction of our residential and commercial developments; construction of Kalista Park Homes in Bukit Rahman Putra was 94% completed while Sentral Suites was 21% completed by the end of 2018. Ongoing construction at VIVO, Parcel C of 9 Seputeh, was 97% completed, whereas in Bandar Seri Iskandar, Viscaria was 90% completed.

As for our pre-sold commercial developments, construction of MBSB Tower and MyIPO Tower in PJ Sentral were at 83% and 35% completion respectively, while Menara Putra in Putrajaya was fully constructed during the year and handed over to the purchaser, Social Security Organization (SOCISO) on 16th October 2018.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

As at 31st December 2018, our unbilled sales of RM1.5 billion were broken down as follows:

Unbilled Sales: RM1.5 billion

Project	Project Completion (%)	Revenue Recognised in 2018 (RM' Mil)	Remaining Unbilled Sales (RM' Mil)
Residential			
Sentral Suites	21%	65	872
1060 Carnegie, Melbourne	36%	0	59
Bukit Rahman Putra, Kalista Park Homes	94%	43	27
9 Seputeh/TRIA, Parcel B	10%	13	201
9 Seputeh/VIVO, Parcel C	97%	206	151
Bandar Seri Iskandar, Viscaria	90%	12	5
Commercial			
PJ Sentral/MYIPO	35%	9	157
PJ Sentral/MBSB	83%	84	41
Total		432	1,513

MRCB LAND BANK

Project	Land Size (Acres)	GDV (RM' Mil)	Start (Year)	Completion (Year)
Transport Oriented Developments				
KL Sentral CBD (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	10,555	2018	2030
Total	149.87	24,382		
Commercial Developments				
Pulai Land, Johor	67.52	770	TBD	TBD
Total	67.52	770		
Residential Developments				
9 Seputeh	17.63	2,680	2014	2024
Sentral Suites	4.75	1,534	2016	2020
1060 Carnegie, Melbourne	1.00	305	2018	2020
Bukit Rahman Putra	14.18	547	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	2014	2025
Total	49.09	5,832		
Others				
Suria Subang*	3.20	-	-	-
Selbourne 2, Shah Alam*	2.37	-	-	-
Jalan Putra Land, Kuala Lumpur*	10.06	-	-	-
Total	15.63	-		
Grand Total	282.11	30,984		

* Development plans have yet to be finalised.

Strategies in 2019 Onwards

In 2019 onwards, we will continue to focus our marketing efforts on existing 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 Sentral Residences and VIVO in 9 Seputeh, a development which has historically achieved strong sales. Sentral Suites will continue to contribute revenue and operating profits until its physical completion while TRIA at 9 Seputeh should commence contributing to operating profits this year. In Melbourne, 1060 Carnegie will only contribute to revenue and operating profit upon the physical handover of completed units to buyers, anticipated in 2020, despite the ongoing physical construction progress of the development reaching over 36%. This is in line with the accounting treatment of Australian property projects.

We also plan to launch several new property development projects in 2019, which will generate future revenues. These include Alstonia in Bukit Rahman Putra (245 residential units; GDV: RM218 million), Kwasa Sentral Plot D1 (224 residential units; GDV: RM139 million) and SIDEC Phase 2D in Perak (GDV: RM20 million). Taking into consideration our new launches and the market landscape, we have set ourselves a target to sell RM800 million worth of properties in 2019, which is expected to be met from our ongoing property development projects, our stock of physically completed but unsold units and the new launches earmarked in 2019.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

ACHIEVING COMPETITIVE ADVANTAGE AND BUSINESS DIFFERENTIATION

Our competitive advantage has always been our extensive track record as a **pioneer TOD developer**. Drawing on the success of our maiden TOD project, KL Sentral CBD, MRCB has and continues to leverage on its TOD expertise. Today, we are developing five TODs, namely PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral for the EPF, that will redefine and rejuvenate urban living through seamless integration of mass transportation infrastructure to the commercial, lifestyle, and residential components of these developments.

MRCB is further differentiated by its focus on connectivity and convenience, paying particular attention to **the proximity of our developments to existing highways and public transportation**. This is in line with current demands where discerning consumers now expect access to public transportation. As an example, the Penang Sentral development, which is modeled after KL Sentral CBD, is fully supported by the convergence of bus, train, taxi and ferry services, making it a multi-modal hub with upcoming components such as retail, offices, hospitality, and residential developments. In a similar vein, Kwasa Sentral, which is designed to act as the Central Business District for the entire Kwasa Damansara Township, will be served by the two stations along the Sungai Buloh – Kajang MRT Line 1, which are already in operation. Access is further enhanced by Kwasa Sentral's proximity to Sultan Abdul Aziz Shah Airport in Subang and its connection to a network of highways, namely the North Klang Valley Expressway, Guthrie Highway, Damansara-Puchong Highway and the proposed Damansara-Shah Alam Highway.

 For more information on each of these TODs, please turn to our TOD gatefold.

Strategic Thrust



Outcome in 2018

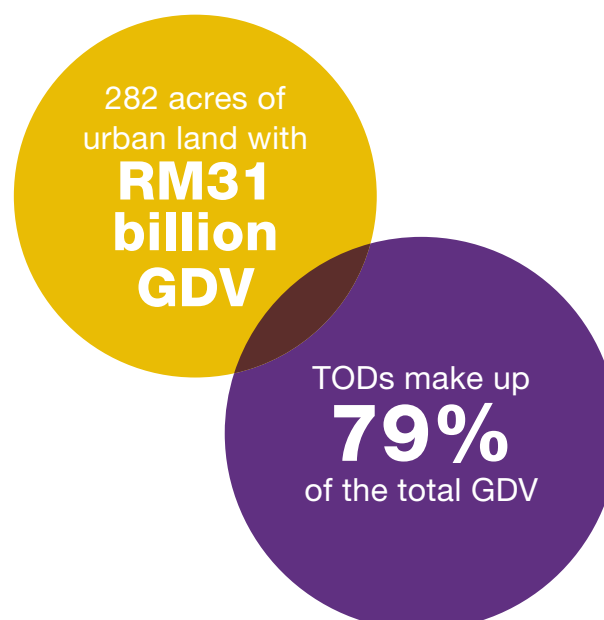
A notable achievement for the Division in 2018 that further solidified our status as a leading TOD developer, was the completion of the Penang Sentral Transit Hub, forming Phase 1 of the Penang Sentral development, which was soft launched on 22nd November 2018. The Penang Sentral Transit Hub incorporates a five-storey transport hub with retail spaces and a four-storey carpark. Located in Butterworth, it is designed as a multi-modal integrated transport hub in mainland Penang, providing crucial connectivity to Penang Island. The development received wide public acclaim, and support from none other than the Minister of Transport, Anthony Loke Siew Fook, as well as the Penang Chief Minister Chow Kon Yeow. The two Ministers made separate visits to Penang Sentral on 6th September 2018 and 14th August 2018 respectively to review progress prior to its opening.

During the year, we completed the disposal of our 80% stake in Bukit Jalil Property Sdn Bhd to the EPF. Although our interest in the land and future development will be diluted as a result of EPF's participation, this exercise allows us to undertake the construction of multiple property projects concurrently and provides us the flexibility to reallocate our cash flows and resources efficiently within our various projects.

We also made progress on the 64.3-acre Kwasa Sentral project and will also soon be launching 224 residential units with a total GDV of RM139 million. Both these projects will provide us with future TOD development opportunities for the next 20 years.

Strategies in 2019 Onwards

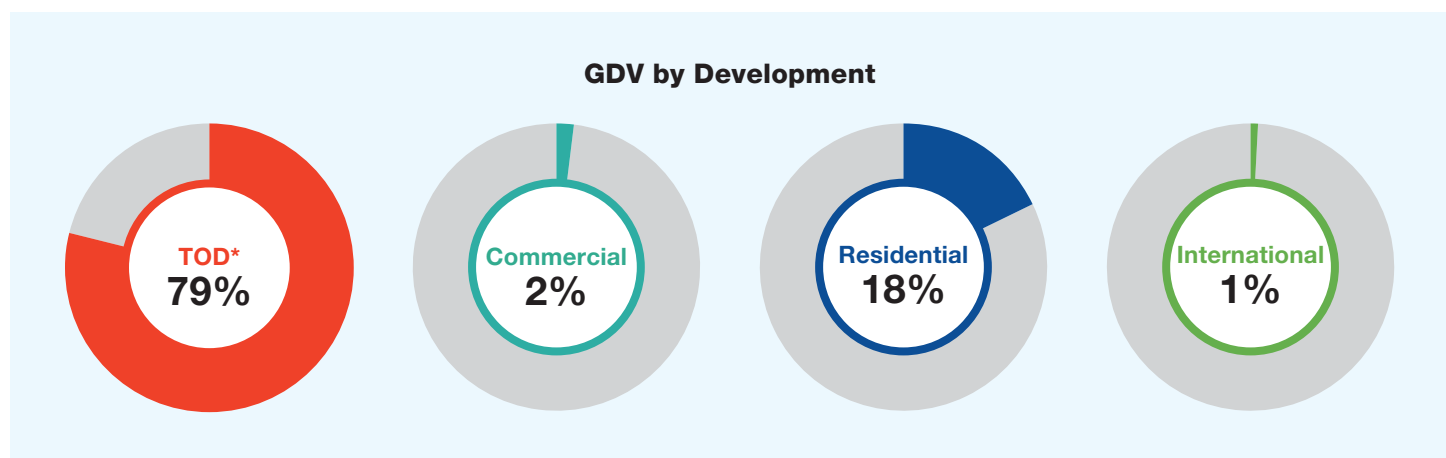
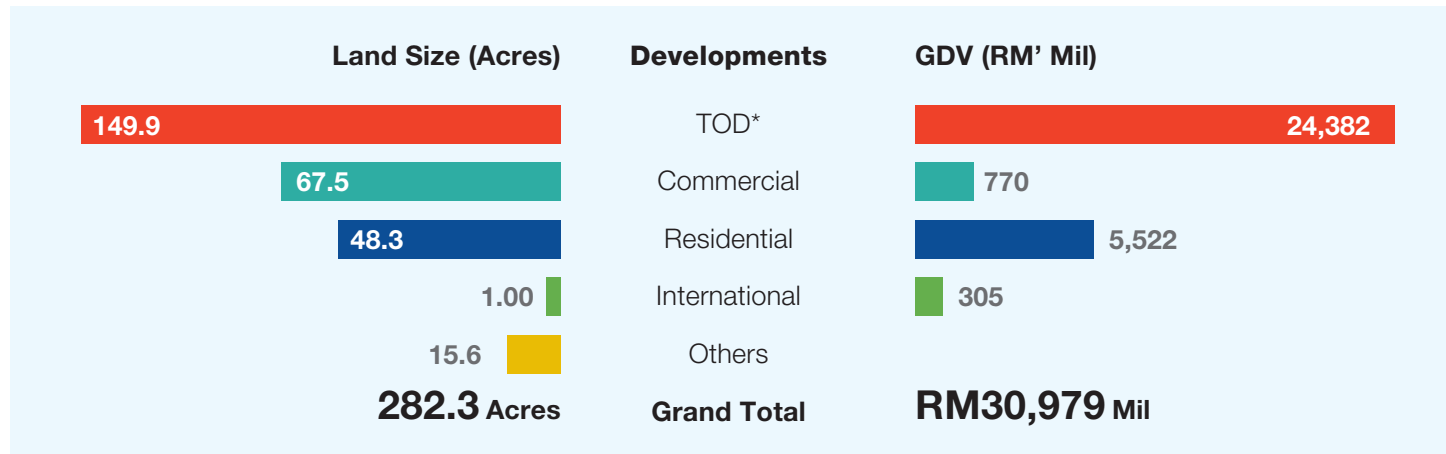
We ended 2018 with:



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

Our focus in 2019 and beyond remains to generate long-term growth, within this space.



* Mixed-developments which include residential and commercial components



“This is another step forward for public transportation in the country. Penang Sentral is an integral part of connectivity between bus, rail and ferry. We are very happy to know that Penang Sentral will be ready soon and this will usher in a new era of public transportation in Penang and the northern region”

Penang Chief Minister
Chow Kon Yeow,
14th August 2018 (Source: Bernama)

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

PURSuing LONG-TERM GROWTH

In line with our adoption of an “asset light” model to ensure long-term balance sheet strength, 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 their property investments, 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, marketing, project management and 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 investing in infrastructure and getting all the development orders in place. 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 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.

Additionally, as part of our longer-term strategy to mitigate risks from the local market, we will also look into **diversifying our property development activities**, which at present is undertaken largely within the Klang Valley area in Malaysia.

Strategic Thrust



Outcome in 2018



In 2018, we started to reap benefits from the strategic alliances and collaborations we embarked on in 2017 with the EPF, relating to the Bukit Jalil Sentral and Kwa Lumpur developments.

A major milestone was reached when the EPF completed its 80% subscription in BJSP, the special purpose joint venture company undertaking the development of Bukit Jalil Sentral. Bukit Jalil Sentral, which measures 76.14 acres, is a mixed-development project with a GDV of RM21 billion. The 80% equity interest in BJSP will reside with the EPF's unit Tanjung Wibawa Sdn Bhd, with MRCB's subsidiary

Rukun Juang Sdn Bhd retaining a 20% equity interest. On 19th December 2018, MRCB received the RM1.1 billion subscription proceeds from EPF, which was used to pare down our debts, further allowing us to mobilise capital to develop the balance of our 282-acre urban land bank.

MRCB was also appointed as the management contractor for the design and construction of Bukit Jalil Sentral. This land will be developed over the course of 20 years, ensuring a sustainable pipeline of construction contracts for the Group over the long-term.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Property Development & Investment

During 2018, we also made further inroads on the Kwasa Sentral project. The mixed development of 64.3 acres of land known as the MX-1 Land identified as the future town-centre of the Kwasa Damansara Township, which is being undertaken through a joint venture between MRCB and Kwasa Land, a wholly owned subsidiary of EPF, will take between 12 to 15 years to complete. Besides holding 70% equity as a developer, we have also been appointed to undertake its construction in a PDP role with a contract worth RM7.5 billion.

We also disposed of two pieces of land; 3.34 acres of development land in Batu Feringghi, Penang for a total cash consideration of RM65 million, and 1.87 acres of freehold land in Jalan Kia Peng for a total cash consideration of RM323 million. Both these land sales contributed a Profit Before Tax of RM29.2 million and RM37.6 million respectively.

To enhance returns for shareholders, we **extract value** by strategically disposing of parcels of land when opportunities arise. Buying land and extracting value from it is a core part of our business, and whilst this

is usually as a result of development after physical construction has been undertaken, occasionally opportunities arise that allow us to extract value much earlier. This enables us to free up capital much earlier that can be re-deployed elsewhere within the Group more effectively.

We continued to strengthen our international presence in 2018 by expanding our footprint into the Australian market. In 2017 we completed the Easton Burwood residential project in Melbourne. Our second residential development in Melbourne, 1060 Carnegie, sits on approximately one acre of land, and comprises 173 apartments with built-ups starting from 500 square feet. There are 50 one-bedroom units, 114 two-bedroom units and nine three-bedroom units, all of which will be entitled to one parking lot. The project, which offers a panoramic view of Port Philip Bay and the Dandenong Ranges, is located very close to Monash University and Carnegie Train Station. Since its launch in 2017, it has achieved sales of 79%.

Strategies in 2019 Onwards

As explained earlier, we have forged strategic partnerships with institutional investors, provident funds and sovereign wealth funds in the past. Moving forward, we plan to expand this initiative and look forward to exploring strategic alliances with partners that have specific knowledge and expertise in different areas. This includes, but is not limited to, partners from the areas of retail, healthcare, hospitality and education. These partnerships are likely to either be in the form of MRCB monetising its own lands, or establishing JVs with other land owners.

We also plan to solidify our international presence through JVs in a bid to further diversify our property portfolio. After assessing current global demands as well as MRCB's competencies, we have identified Australia and New Zealand as potential markets for us to expand. We have already taken steps towards pursuing international opportunities and on 23rd January 2019, MRCB Australia Holding Company Pty Ltd (MAH), a subsidiary of MRCB, incorporated a new subsidiary in Australia, MRCB Docklands Pty. Ltd.

MAH will continue with its current JV model, in which it acts as a property developer and collaborates with land-owners in small-to-medium scale developments over a three to four year period. Profits from these projects will then be reinvested, ensuring a constant pipeline of developments as well as a consistent stream of revenues for the Group.



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

ENGINEERING, CONSTRUCTION & ENVIRONMENT

> Arena Axiata

2018 PERFORMANCE OVERVIEW

REVENUE

**RM758.6
million**

which made up 41% of
total Group Revenue

EXTERNAL CLIENT CONSTRUCTION ORDER BOOK

**RM22.3
billion**

as at 31st December 2018

UNBILLED ORDER BOOK

**RM20.2
million**

as at 31st December 2018

TENDER BOOK

**RM6.6
billion**

in 2018

Our Engineering, Construction & Environment Division is a leading industry player with deep capabilities and a proven delivery track record. We ended 2018 with one of the largest external client construction order books in the Malaysian construction industry, totalling RM22 billion, further cementing our position as a sustainable business.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

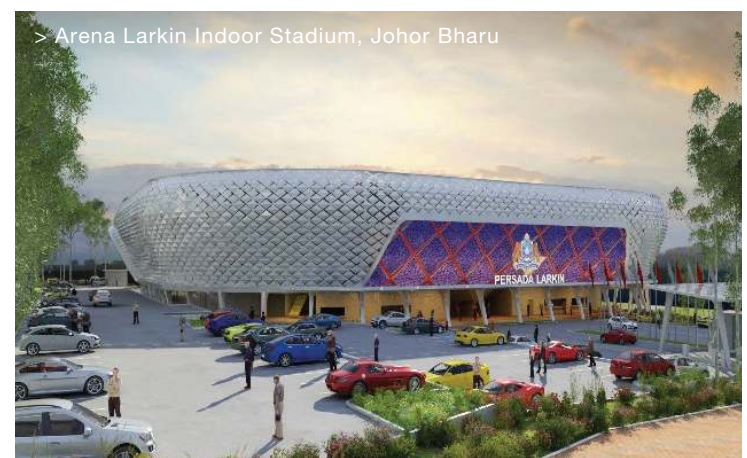
Engineering, Construction & Environment



The Group's 50%-owned LRT3 Project joint venture company MRCB George Kent Sdn Bhd, contributed RM14.6 million Profit After Tax to the Group, much lower than what was budgeted, due to re-negotiations with the Government during which construction progress reduced significantly to only essential safety related work, consequently resulting in a deferment in the booking of revenues to the second half of 2019 and beyond.

2018 saw the completion of several notable projects with a combined contract value of RM691 million. The projects comprise Giant Kajang, Aman Desaru, Johor Land Tower, the Old Klang Road – New Pantai Expressway (NPE) Link Bridge and the Sungai Pahang Rehabilitation Phase 3 project.

As part of our strategy to ensure a steady pipeline of projects, we continue to actively participate in tenders for more projects to replenish our external client construction order book, which currently stands at RM22 billion. As at 31st December 2018, the Division had open tenders valued at RM2.9 billion.



In 2018, the Engineering, Construction & Environment Division recorded Revenue of RM758.6 million, which was mainly contributed by the Mass Rapid Transit Line 2 Package V210 project, the rehabilitation project of Sungai Pahang, as well as construction of several commercial buildings for clients in Johor. The Division recorded an Operating Profit of RM56.2 million compared to RM92.7 million in 2017.



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

ENGINEERING, CONSTRUCTION & ENVIRONMENT OUTCOMES AND STRATEGIES MOVING FORWARD

Despite the challenging construction landscape in 2018, we remained guided by our Strategic Thrusts, as shown on page 15, and managed to uphold our commitment towards high quality and safety standards, as well as maintain a pipeline of projects through several key initiatives. These initiatives are a driving force behind our performance.

A FULL SERVICE, AUTONOMOUS CONSTRUCTION COMPANY

As part of the journey to become a full service, autonomous construction company, we cannot rely solely on our technical skills and have therefore taken many steps to ensure our **internal processes are robust and streamlined**. Not only is this particularly important due to stringent standards required in the construction industry, it is also our commitment as a responsible corporate citizen to ensure that we operate with the highest level of professionalism across all aspects of the business: from health and safety, to risk mitigation and efficiency.

Strategic Thrust



Outcome in 2018

We developed a Project Risk Management (PRM) Framework in 2017 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. In 2018, we set up a Group Risk Management Department to oversee the implementation of this framework, and subsequently develop the governance and infrastructure for risk management for the entire Group.

Several other initiatives were continued into 2018, including the implementation of the Performance Management System (PMS), as well as the standardisation of processes that resulted in better data integrity and ultimately, faster and accurate decision-making.

Efforts towards creating a streamlined process across the Division resulted in two of MRCB's projects obtaining a 5-Star SHASSIC (Safety Health Assessment System in Construction) Rating in 2018. The projects were our Sentral Suites and our Penang Sentral developments.

Sentral Suites obtained
**5-Star SHASSIC
 Rating in 2018**

Strategies in 2019 Onwards

With the creation of a new Group Risk Management Department in 2018, we now look forward to assessing our current policies and developing a more comprehensive and up-to-date risk framework that can identify and mitigate key operational risks at the Divisional level. A robust risk framework is important as it lays the foundation on the Division's preparedness to effectively avoid and manage risks, particularly when operating in a fast paced industry where timeliness and accuracy is crucial, and can adversely impact costs.

Moving forward, we will continue to place emphasis on risk management, quality and safety by continuing to embed and integrate these elements into the Division's daily processes and standard operating procedures.



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

RISK, QUALITY AND SAFETY MATRIX TO ENHANCE AWARENESS AND IMPROVE PERFORMANCE

Planning, Implementation & Compliance

- Project Quality Plan
- QESH Management System (QESH-MS)
- Transition of OHSAS 18001 to ISO 450001-2018

Measurement, Review & Improvement

- Quality Performance
- Quality Reward Plan
- Review & Improvement

Training & Competency

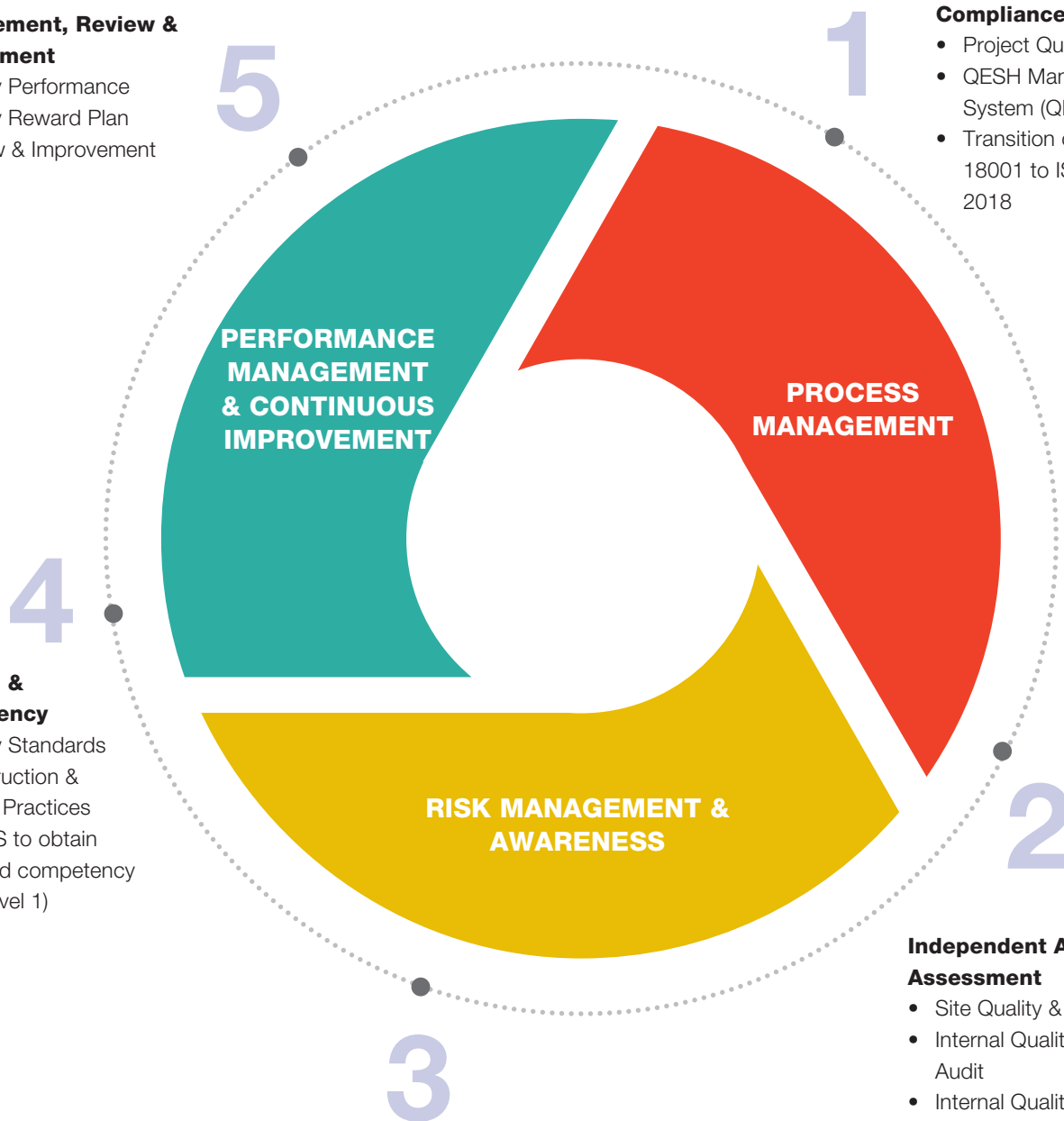
- Quality Standards
- Construction & Safety Practices
- All SSS to obtain scaffold competency (min level 1)

Identify Uncertainties & Mitigate

- Risk Assessment
- Internal Controls and Risk Management

Independent Audit & Assessment

- Site Quality & Safety Audit
- Internal Quality & Safety Audit
- Internal Quality Safety Assessment
- QLASSIC & SHASSIC Assessment
- Independent Plant & Equipment Assessment



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

IDENTIFYING AND GROWING NEW BUSINESS SEGMENTS/MARKETS

Our core engineering skill sets not only allow us to pre-qualify and win projects, but also enable us to complete them on time and within budget. We continue to **bid for relatively higher margin projects across different areas** that command higher barriers to pre-qualify, and therefore are slightly less crowded. These include highly complex structures (stadiums, convention centres, hospitals etc), power transmission lines, transportation infrastructure, as well as fee-based contracts, to ensure a steady pipeline of revenue.

We also continuously look for innovative ways to operate our business and **leverage on new technologies and methods**, such as utilising Building Information Modelling (BIM) to improve overall efficiencies.

Strategic Thrust



Outcome in 2018

In 2018, we continued construction of complex structures, transmission lines, rail and road infrastructure and our fee-based contracts. As at 31st December 2018, we recorded an external client construction order book of RM22 billion. The unbilled portion of this order book, which is Revenue yet to be recognised, is RM20 billion.

External Client Construction Order Book	Contract Value (RM' MIL)	Completion (%)
Buildings:		
Desaru Convention Centre	61	90%
Desa Desaru	223	90%
Westin Desaru Resort	208	95%
PR1MA Kajang	173	65%
PR1MA Brickfields	335	0%
Indoor Stadium Larkin	60	40%
TNB HQ Campus, Phase 1	65	41%
Giant Hypermarket Setapak	52	93%
Power Transmission Lines:		
Jabi Serting Hilir	126	95%
Transport Infrastructure:		
MRT2 Package V210	614	35%
NPE Bridge, Phase 2	16	15%
Kwasa Utama, C8 (Provisional Total Contract Costs)	2,958	1%
DASH Package CB2	400	12%
LRT3	5,686*	10%
Bukit Jalil Sentral (Provisional Contract Costs)	10,116	0%
Fee-based Contracts:		
Kwasa Utama, C8 (Management Contract)	187	0%
Kwasa Land (PDP Infrastructure)	176	0%
Bukit Jalil Sentral (Management Contract)	892	0%
Total Value	RM22,348 Mil	

* Refers to 50% of total contract value awarded to MRCB's 50%-owned company MRCB George Kent Sdn Bhd.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

Strategies in 2019 Onwards

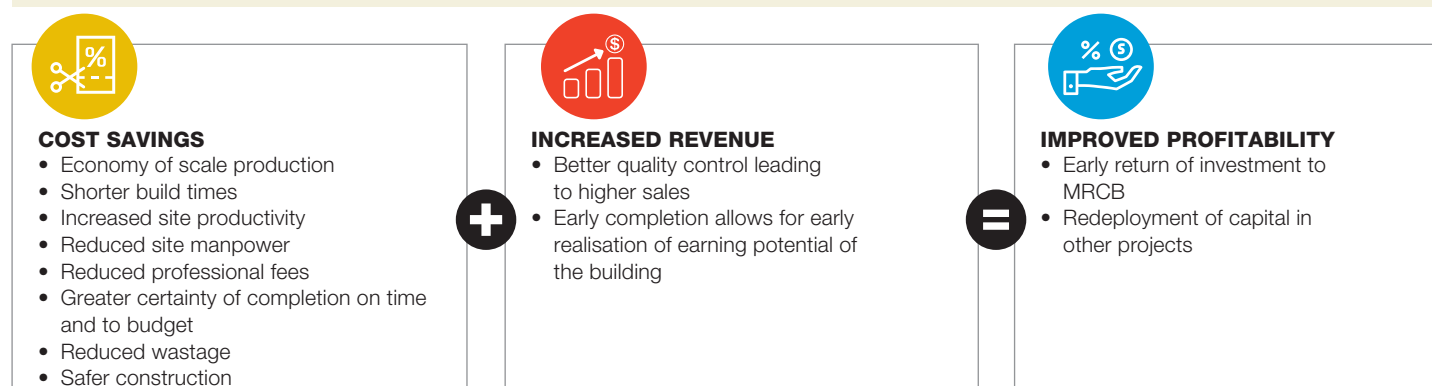
Our external client construction order book stretches out to 2038 and will continue to provide us a steady stream of revenue. It is worth noting that a large portion of our external client construction order book is unbilled and in the early phase of construction. As the pace of construction progress picks up, and the booking of revenues on these projects accelerates, these projects are anticipated to form the backbone of the Division's revenue and operating profit recognition in the future.

Key Construction Projects

Project	Description	Contract Value	Target Completion
1. Bukit Jalil Sentral	A project development which will span approximately 20 years is expected to be a residential and commercial hub. The development comprises four development plots, which consist of office towers, hotels, retail shops and mall, small office/virtual office, small office/home office, service apartments and residential towers.	Provisional Contract Costs, RM10,116 million Management Contract Fee, RM892 million	2038
2. Light Rail Transit Line 3	Construction of 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. The project will serve two million users by 2024.	MRCB-George Kent JV, RM11,372 million Contract Fee	2024
3. Kwasa Utama	The 29.82-acre Kwasa Corporate Park mixed-development project comprises the Employee 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 Contract Costs, RM2,958 million Management Contract Fee, RM187 million	2027
4. Mass Rapid Transit Line 2 Package V210	Infrastructure project of a construction of Viaduct for MRT Line 2 Sungai Buloh – Serdang – Putrajaya project	RM614 million	2021
5. Damansara-Shah Alam Elevated Highway Package CB2	DASH highway is a 20.1 km, three-lane, dual carriageway expressway that will start at the Puncak Perdana, Shah Alam intersection and is expected to cover Shah Alam, Subang, Kota Damansara and Damansara areas.	RM400 million	2019

On 28th January 2019, MRCB received a letter of acceptance from Turnpike Synergy Sdn Bhd, a wholly-owned subsidiary of Projek Lintasan Kota Holdings Sdn Bhd, to accept our offer to undertake Package CA2 of the Sungai Besi-Ulu Kelang Elevated Expressway (Suke) project at RM323 million. The project is expected to contribute positively to the earnings of MRCB for the financial years 2019 and 2020.

We will also continue to embrace innovation, and over the past year we have conducted extensive research and development in the area of modular construction techniques, which will have a profound effect on how buildings are constructed in Malaysia. Our efforts have recently led us to successfully acquire and develop intellectual property rights for a mechanical connection system which aims to improve quality control, speed up the time to build certain types of structures and improve the speed of our return on investments.

MODULAR CONSTRUCTION - A GAME CHANGER FOR MRCB

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

IMPROVING CONSTRUCTION MARGINS AND GROWING FEE-BASED PROJECTS

We are constantly looking for ways to maximise the value embedded in our projects to enhance margins and returns for shareholders. To ensure we remain competitive, we have introduced **cost efficiency initiatives** such as digitalising and automating processes, as well as **reviewing costs** to ensure our business remains competitive.

MRCB also continues to target **fee-based projects** in a bid to ensure long-term earnings visibility, as well as to smoothen out its revenues and iron out the construction sector's inherent cyclical and volatility.

Strategic Thrust



Outcome in 2018

As described in greater detail on page 23, the past year saw us successfully expand the roll-out of our digital project management platform, as part of our Roadmap. All new projects are now managed digitally on this platform, which in the medium-term will be integrated into our recently procured ERP Platform, after it has been fully rolled-out across the Group.

2018 also saw us successfully grow our fee-based income in 2018, securing projects that will provide us with sustainable revenue for the next 20 years.

BUKIT JALIL SENTRAL



Project Value	Client	Target completion date
RM11,008 million	Bukit Jalil Sentral Property Sdn Bhd	2038

On 26th March 2018, MRCB was appointed the management contractor for the design and construction of the 76.14-acre Bukit Jalil Sentral, a private property development being undertaken by Bukit Jalil Sentral Property Sdn Bhd, an 80% subsidiary of EPF. The Bukit Jalil Sentral project, which will be rolled out in phases over a 20-year period beginning 2019, will comprise commercial and residential properties, office towers, hotels, retail shops and mall, small office virtual office, small office home office, serviced apartments and residential towers.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

Engineering, Construction & Environment

LRT3

Project Value	Client	Target completion date
RM11,372 million*	Prasarana Malaysia Berhad	2024

On 22nd November 2018, MRCB's 50%-owned joint venture company MRCB George Kent Sdn Bhd was informed that the original PDP model for the 37km LRT3 project was to be remodeled to a fixed-price turnkey contract.

* Total contract value awarded to MRCB's 50%-owned company MRCB George Kent Sdn Bhd.

Throughout 2018 we continued to focus on bidding for projects that fulfil our higher margin criteria, and tendered for projects worth RM6.6 billion over the whole year. These projects generally have a higher barrier to entry, such as infrastructure projects and highly complex buildings, like stadiums and convention centres with greater mechanical and engineering content, as well as the more specialised niche areas of environmental and power transmission projects. As at 31st December 2018, we had an open tender book worth RM2.9 billion.

Strategies in 2019 Onwards

As discussed on page 42, the Group's broader strategy is to rationalise costs, and consequently the Division also plans to undertake aggressive measures to ensure it remains cost competitive. While the Division is backed by a large external client construction order book, this initiative is to help us improve margins in the future.

To complement the Division's adoption of the digital project management platform that was rolled-out in 2017 as part of the Roadmap, the Division will also undertake cost rationalisation initiatives that cut across every level of the Division's business. From 2019 onwards, we will focus on improving our cost structure through workforce management, streamlining processes, as well as improving capital structure and improve project cash flow to reduce financing costs.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

LOOKING AHEAD

AGAINST A BACKDROP OF CHANGE AND VOLATILE GLOBAL ECONOMIC CONDITIONS, WE EXPECT TO SEE MORE REFORMS THIS YEAR, ESPECIALLY WITHIN THE PROPERTY SECTOR. WHILE MALAYSIA'S GROWTH IS FORECAST TO CONTRACT TO 4.8% IN 2019, WE EXPECT A SENTIMENT OF CAUTION ACROSS THE PROPERTY AND CONSTRUCTION MARKETS TO CONTINUE. OVER THE LONGER TERM HOWEVER, WE REMAIN POSITIVE THAT BOTH THESE SECTORS WILL SEE A STRONG UPTURN, AS PROPERTY AND INFRASTRUCTURE INVESTMENTS CONTINUE TO BE MALAYSIA'S CATALYSTS FOR ECONOMIC GROWTH.

With the success of our transformation behind us, we are now looking forward to embarking on the next chapter of MRCB's journey, one that will prepare us for any challenges that may lie ahead, and deliver value to our shareholders. Having solidified ourselves as a sustainable and profitable company, the next phase of our strategy will focus on cost optimisation. As a business that needs to remain relevant and sustainable, it is imperative for us to be able to compete and win tenders. We will only be able to win tenders if our cost structure remains competitive compared to our competitors. With a huge pipeline of external orders in our Engineering, Construction & Environment business, totaling RM22 billion, it is important that we maximise the value embedded in these orders to enhance profits and returns for shareholders,

by expanding our margins. To this end, in 2019, we are dedicated to constantly reviewing our organisational cost structure, and driving greater operational efficiency through automation and digitalisation. We expect this programme will transform MRCB into a leaner and more cost-efficient business, which in turn will improve our competitive advantage and provide higher-quality returns.

Despite the challenging industry backdrop, we remain confident of the sales potential of our property projects, due to their location proximity to mass transportation infrastructure, and the strong track record we have built over the years. Our 282-acre high value urban land bank will provide us with a sustainable long-term pipeline of property development projects, offering multiple revenue streams over the next 20 years. As we continue to grow our property development portfolio, we will focus on building the MRCB brand and will carefully evaluate each project to cater to the shifting market demands and the needs of our customers. In that vein, we are eager to explore ways to not

only provide our customers with quality products, but to provide them with great experiences at every one of our developments. Our core competencies lie in TODs, and we will continue to be at the forefront of the industry in this regard.

While the construction sector is expected to see a slowdown in growth as a result of the reduction in large scale infrastructure projects stemming from the Government's fiscal constraints, we expect our Engineering, Construction & Environment Division to deliver steady returns in the coming years from its RM22 billion order book, which will provide long-term revenue visibility. We will continue to aggressively bid for more large, complex construction projects with higher barriers to entry e.g. complex buildings and transportation infrastructure that can utilise our core engineering

skills and our track record of delivery. Moving forward, our cost optimisation programme should also enable us to improve our operational efficiency and derive higher profit margins from our existing, as well as future construction projects.

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 committed to operating with full ethics as well as accountability, in our bid to create sustainable value for all our stakeholders.

MOHD IMRAN MOHAMAD SALIM

Group Managing Director

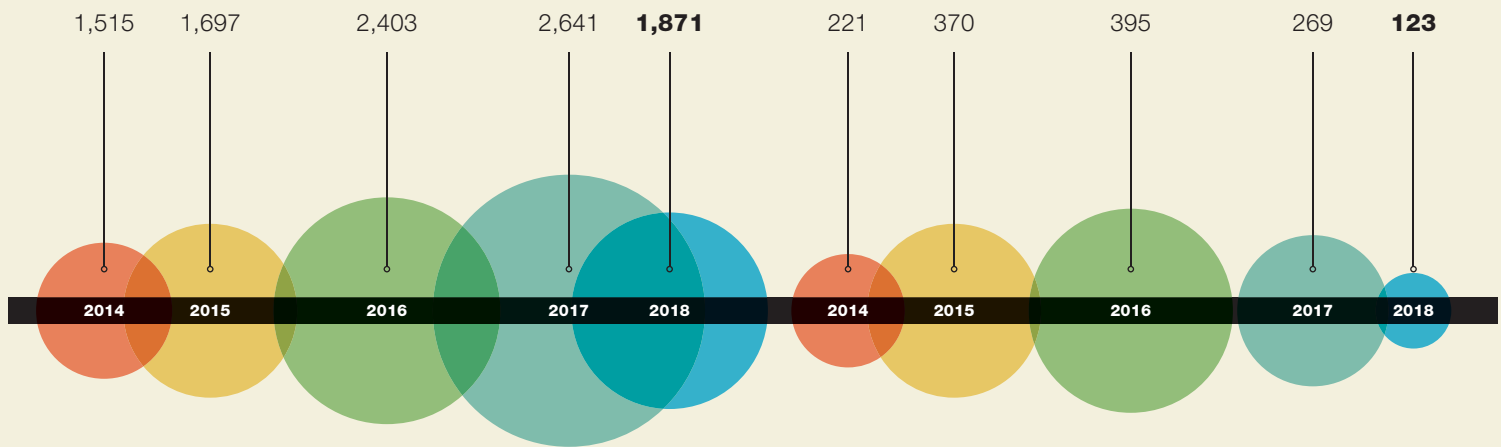
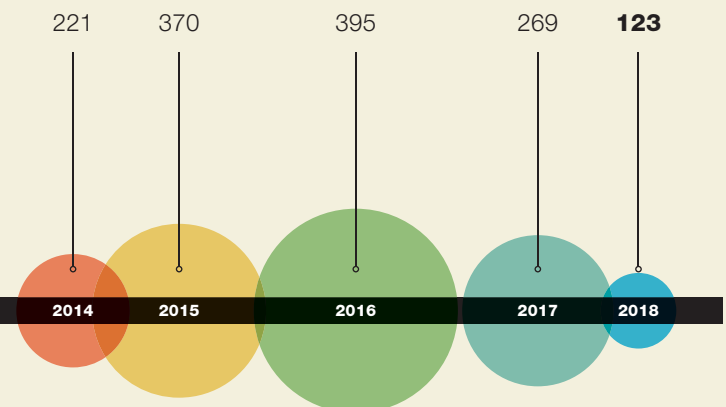
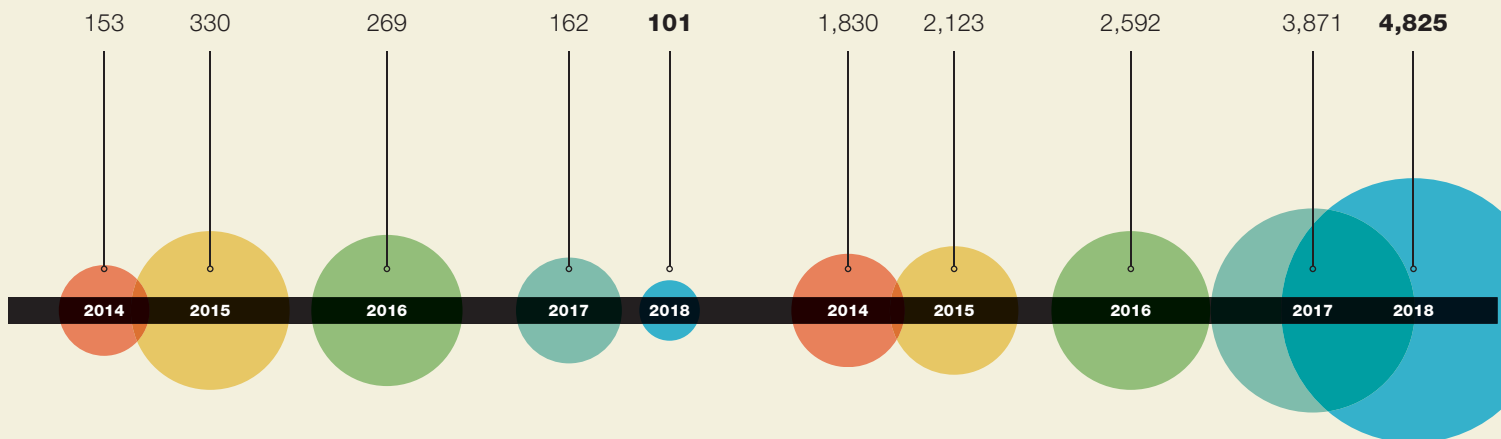
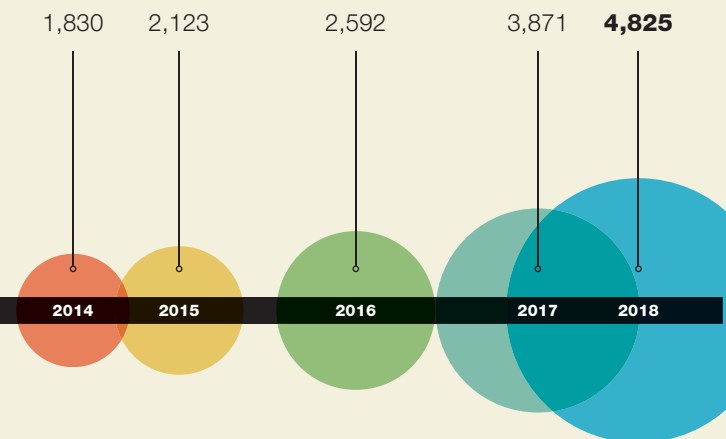
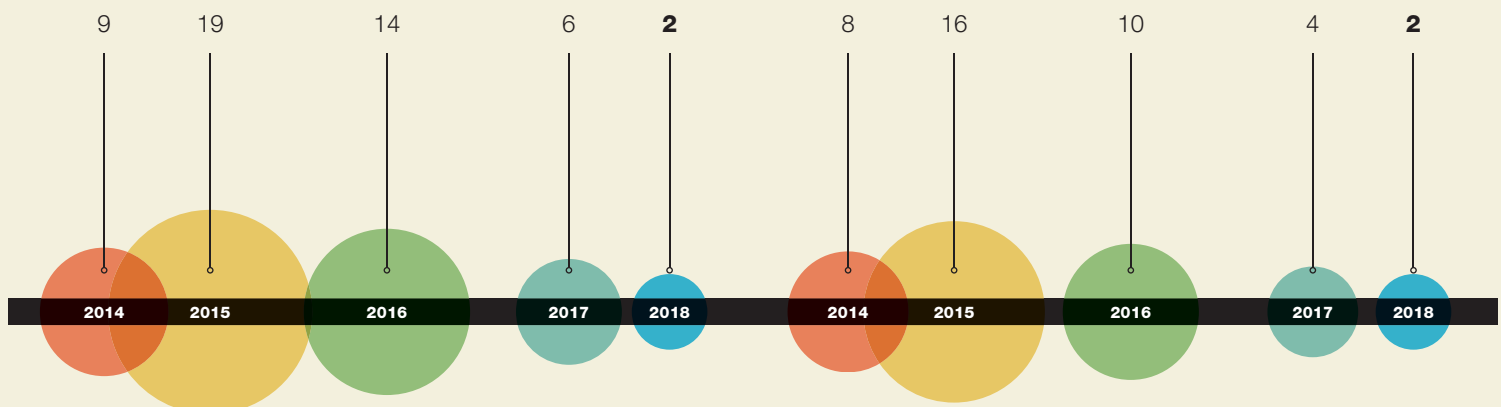
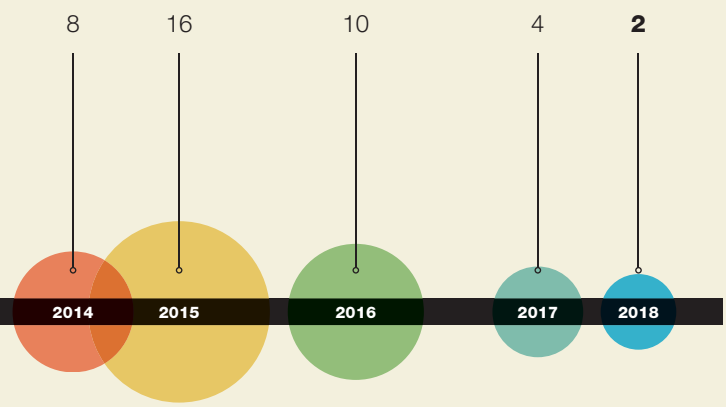
> Menara Celcom at PJ Sentral Garden City



FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

		2014	2015	2016 (RESTATED)	2017 (RESTATED)	2018
FINANCIAL RESULTS (RM' MILLION)						
Revenue		1,515	1,697	2,403	2,641	1,871
Gross profit		370	454	563	444	373
Profit before income tax		221	370	395	269	123
Profit after income tax		221	364	321	176	103
Profit attributable to equity holders		153	330	269	162	101
FINANCIAL POSITION						
Total cash & bank balances and investment securities	(RM' Million)	664	524	722	778	552
Total assets	(RM' Million)	7,042	7,090	7,506	10,325	8,342
Total borrowings	(RM' Million)	3,691	3,394	2,937	3,382	1,491
Total net assets	(RM' Million)	1,985	2,260	2,925	4,817	4,832
Share capital	(RM' Million)	1,760	1,787	2,144	4,309	4,318
Share capital	(No of shares' Million)	1,760	1,787	2,144	4,387	4,395
Market capitalisation	(RM' Million)	2,147	2,287	2,852	4,913	2,703
Total equity	(RM' Million)	2,065	2,313	3,024	4,922	4,900
Average shareholders' funds	(RM' Million)	1,830	2,123	2,592	3,871	4,825
Weighted average no. of shares	(No of shares' Million)	1,709	1,786	1,938	2,556	4,392
Share price at year end	(RM)	1.22	1.28	1.33	1.12	0.62
FINANCIAL RATIOS						
Basic earning per share	(sen)	9	19	14	6	2
Return on average shareholders' funds	(%)	8	16	10	4	2
Return on total net assets	(%)	8	15	9	3	2
Gross profit margin	(%)	24	27	23	17	20
Price earning ratio	(times)	13.66	6.92	9.57	17.68	26.74
Dividend per share	(sen)	2.5	2.5	2.75	1.75	1.75
Dividend yield	(%)	2.0	2.0	2.1	1.6	2.8
Net assets per share attributable to equity holders	(RM)	1.13	1.27	1.36	1.10	1.10
Net gearing ratio	(times)	1.52	1.27	0.73	0.53	0.19
BANK BORROWINGS (RM' MILLION)						
Bank borrowings		2,431	2,180	1,783	2,323	1,491
EDL financing		1,253	1,207	1,154	1,059	-
Loan stock		7	7	-	-	-
Total borrowings		3,691	3,394	2,937	3,382	1,491
Total cash & bank balances and investment securities		(664)	(524)	(722)	(778)	(551)
Total net borrowings		3,027	2,870	2,215	2,604	940

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

GROUP REVENUE
 (RM' MILLION)

PROFIT BEFORE TAX
 (RM' MILLION)

**PROFIT ATTRIBUTABLE
TO EQUITY HOLDERS**
 (RM' MILLION)

AVERAGE SHAREHOLDERS' FUNDS
 (RM' MILLION)

BASIC EARNING PER SHARE
 (SEN)

**RETURN ON AVERAGE
SHAREHOLDERS' FUNDS**
 (%)


GROUP QUARTERLY PERFORMANCE

2018 RM' MILLION FOR THE PERIOD ENDED	FIRST QUARTER 31/3/2018	SECOND QUARTER 30/6/2018	THIRD QUARTER 30/9/2018	FOURTH QUARTER 31/12/2018	2018
Revenue	428	405	664	374	1,871
Profit before taxation	31	43	40	9	123
Profit after taxation	26	32	18	27	103
Profit attributable to equity holders	22	33	20	26	101
Basic earning per share (sen)	0.49	0.76	0.45	0.60	2.30
Dividend per share (sen)	-	-	-	1.75	1.75
Net assets per share attributable to equity holders (RM)	1.10	1.11	1.09	1.10	1.10

2017 (RESTATED) 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	492	697	1,102	350	2,641
Profit before taxation	29	34	74	132	269
Profit after taxation	20	26	32	98	176
Profit attributable to equity holders	11	23	29	99	162
Basic earning per share (sen)	0.49	1.07	1.34	2.67	6.33
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

GROUP SEGMENTAL PERFORMANCE

RM' MILLION	2014	2015	2016 (RESTATED)	2017 (RESTATED)	2018
REVENUE					
Property development & investment	876	724	1,326	788	1,043
Engineering, construction & environment	511	774	858	1,774	759
Infrastructure & concession*	49	115	112	-	-
Facilities management & parking	78	75	71	56	53
Others	1	9	36	23	16
Total revenue	1,515	1,697	2,403	2,641	1,871

OPERATING PROFIT/LOSS BY SEGMENT**					
Property development & investment	160	443	464	169	98
Engineering, construction & environment	43	35	12	93	56
Infrastructure & concession*	20	59	58	-	-
Facilities management & parking	10	10	16	11	6
Others	82	7	7	1	(5)
Total revenue	315	554	557	274	155

* Presented as discontinued operations upon completion of Concession Termination in November 2018

** Earnings before interest, tax and unallocated corporate expenses

OUR COMMITMENT TO SUSTAINABILITY

AS ONE OF MALAYSIA'S LEADING URBAN PROPERTY AND INFRASTRUCTURE DEVELOPERS, MRCB RECOGNISES THE RESPONSIBILITY WE SHOULDER IN BUILDING THE NATION'S ECONOMY, DELIVERING ADDED VALUE TO SOCIETY, AND MITIGATING THE IMPACT OF OUR BUSINESS ACTIVITIES ON THE NATURAL ENVIRONMENT. IN LINE WITH OUR LONG-TERM COMMITMENT TOWARDS IMPROVING OUR SUSTAINABILITY DISCLOSURES AND PERFORMANCE, WE ARE THRILLED TO SHARE THE LATEST DEVELOPMENT OF MRCB'S ROAD TO SUSTAINABILITY THROUGH THIS REPORT.

MRCB underwent a year of significant transition in 2018. Along with the changes witnessed in our corporate leadership and transformation of our organisational structure, we took our first critical steps towards integrating sustainability into our corporate culture and reconfiguring our sustainability data compilation process. The experience taught us valuable lessons that helped us obtain a deeper understanding of how sustainability was perceived in the organisation, which sustainability practices were already being adopted and implemented, and what areas could be further improved.

We made efforts to proactively engage with our Heads of Divisions, Departmental leaders and their respective teams to raise awareness of our corporate sustainability goals, which were revamped last year, and to address any questions or concerns they may have regarding MRCB's quest for sustainability. We worked closely with teams of various departments to determine the types of data and information that are available for recording and compiling as well as to identify any policies, standards, guidelines and procedures related to sustainability which may (and may not) be currently implemented at MRCB.

MRCB is indeed grateful for the outstanding support received from our people, who are key to the future success of our corporate sustainability goals and strategy. We are hopeful that efforts to advance our sustainability agenda will enable us to nurture sustainable practices in our corporate culture, and further strengthen our position and reputation in the industry.

The contents of this Statement are divided into five key topics – sustainability goals, governance and framework; materiality; economic impact; social responsibility; and environmental stewardship. The reporting scope and priorities were determined through conducting stakeholder engagement and materiality assessment, identifying sustainability indicators, benchmarking global practices and standards in sustainability reporting, and referring to the latest Bursa Malaysia Sustainability Reporting Guide (2018) as well as Toolkits. The GRI Standards were also instrumental in that they were oftentimes referred to as a key guideline in determining the sustainability indicators used to measure our performance and prepare this report.

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, 2018 to 31 December, 2018. 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, GOVERNANCE & FRAMEWORK

CONTRIBUTING TO THE GLOBAL GOALS

We perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level. In efforts to contribute to global and national initiatives towards sustainable development, MRCB seeks to continuously refine its strategic approach to the UN Sustainable Development Goals (SDGs).

In 2017, we identified Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities) as the key SDGs that MRCB would be able to contribute to through its core business activities, such as projects involving the construction of safe and reliable infrastructure, as well as those that improve urban amenities, transport connectivity, community well-being and sustainable lifestyles in cities. In 2018, we embarked on identifying six (6) other potential SDGs that are aligned to our values and way of doing business. We are still in the process of implementing specific measures that focus on addressing the global goals. We opine that the various programmes and initiatives we deliver in addition to the sustainable practices already adopted in certain areas of MRCB's business operations, can contribute to the advancement of select SDGs. The following table displays a list of the eight (8) SDGs that we believe MRCB could have the greatest impact on:

ALL UNITED NATIONS MEMBER STATES ADOPTED THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT IN 2015. AT THE HEART OF IT ARE THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs) WITH 169 TARGETS, CALLING FOR ACTION BY ALL COUNTRIES TO PROMOTE PROSPERITY WHILE PROTECTING THE PLANET. THE SDGs ADDRESS THE GLOBAL CHALLENGES WE FACE, INCLUDING POVERTY, INEQUALITY, AND ENVIRONMENTAL DEGRADATION, WITH AN AIM TO ACHIEVING EACH GOAL AND TARGET BY YEAR 2030.

SUSTAINABLE DEVELOPMENT GOAL		MRCB'S CONTRIBUTION
SDG 3: Good Health and Well-being 	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> We prioritise health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy, in addition to various safety measures to protect our employees, subcontractors, clients and the general public. We promote healthy lifestyles by organising programmes that focus on employee well-being and raising awareness on individual health and fitness. We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste. We participate in road safety awareness programmes and apply necessary measures to safely regulate traffic at our project sites.
SDG 4: Quality Education 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> We promote and participate in educational programmes that aim at inspiring and motivating young Malaysians to excel in academia. We "adopt" selected primary schools from the communities that are located in the vicinity of our project sites and offer workshops as well as other learning resources so that students, especially those from underprivileged groups, can improve their grades and pass their exams. MRCB and Yayasan MRCB have provided financial assistance to various other schools and collaborated with organisations to support education. We have been involved in renovating and upgrading schools and libraries (i.e. educational facilities) for underprivileged students.
SDG 5: Gender Equality 	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> We acknowledge women's contribution in the industry and have declared our commitment to promoting the advancement of women, especially in fields related to property development, engineering and construction. We organise programmes for internal stakeholders that promote women's empowerment and support their career development in the organisation. We donate to associations that carry out initiatives focused on empowering women and girls.

OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

SUSTAINABLE DEVELOPMENT GOAL		MRCB'S CONTRIBUTION
SDG 8: Decent Work and Economic Growth 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> The steady growth of our business over the years has allowed us to provide more employment opportunities, especially to locals, and to contribute to the development of the national economy. We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development. We participated in the SL1M programme, which has helped provide industry exposure, training and jobs to Malaysian graduates in need of industry skills and experience.
SDG 9: Industry, Innovation and Infrastructure 	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<ul style="list-style-type: none"> We develop and construct green buildings, and where possible, make efforts to incorporate sustainable features in our infrastructure projects. We create employment opportunities for local and foreign workers. Our financial gains also contribute back to the national economy and as a Government-linked Company (GLC), MRCB plays a role in supporting government initiatives, especially in business, innovation, and economic development.
SDG 11: Sustainable Cities and Communities 	Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> As a leading urban property developer in Transit Oriented Developments (TODs), we contribute to connecting communities and businesses, reducing GHG emissions in cities, and promoting sustainable lifestyles by encouraging people to walk and travel using public transport. We have been involved in the construction of infrastructures that enhance the sustainable features of cities, such as public transport systems, green buildings, and affordable housing. We lend a helping hand to underprivileged groups and communities in cities where we operate our business, through the adoption of schools and philanthropic activities aimed at reducing hardships of vulnerable groups, such as the homeless.
SDG 12: Responsible Consumption and Production 	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> We implement our QESH policy at project sites, which includes the practice of 3Rs (Reduce, Reuse and Recycle). We have started to track water and energy usage at our project sites and are implementing strategies towards improving efficiency. Depending on project requirements, our green buildings are built with plans that ensure construction works are carried out sustainably, such as Construction Indoor Air Quality Management Plan, Erosion and Sedimentation Control Plan, Construction Waste Management Plan, Mould Prevention Plan, Environmental Management Practice Plan and Workers' Site Amenities Plan. We deliver training courses and toolbox talks regularly to educate our site workers and employees on how to carry out site inspections, dispose hazardous waste in a proper manner, and ensure compliance with the Environmental Quality Act 1974.
SDG 13: Climate Action 	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> We keep track of the carbon dioxide (CO₂) emissions of our company vehicles and are exploring the possibility of measuring GHG emissions at our project sites. We record our energy and water consumption and are currently planning on ways to increase our energy efficiency as well as reduce waste across all our business operations.

In addition to the UN SDGs, we remain strongly committed to promoting and practicing the ten (10) principles of the United Nations Global Compact (UNGC) and shall continue to work on incorporating the principles into our corporate strategies, policies and procedures.

 For details on the UNGC and its 10 principles, visit unglobalcompact.org

OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

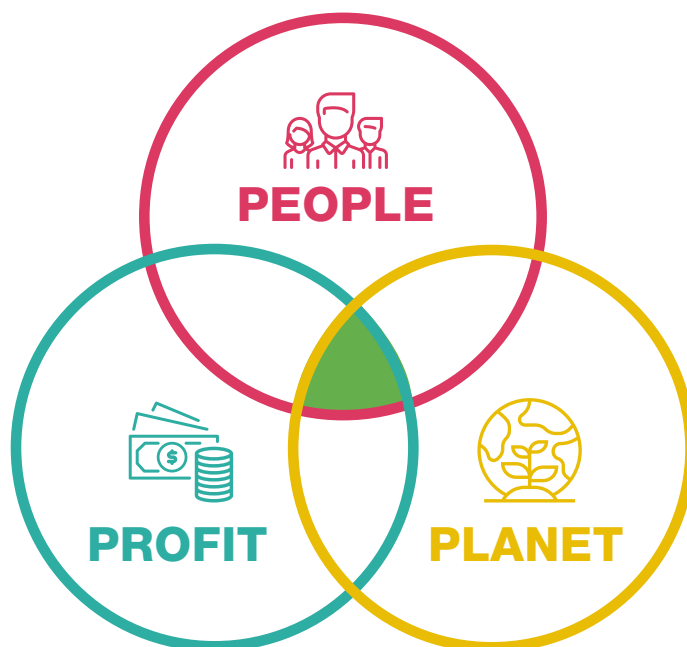
CORPORATE SUSTAINABILITY GOALS

The foundation of our corporate sustainability goals is built on the pillars of sustainable development. We place people, planet and profit at the heart of our sustainability goals, which were constructed in a way that reflects our vision, values and material issues. Regardless of the outcomes of future materiality assessments, the issues that have been incorporated into our sustainability goals will remain important to us as our business grows and evolves year after year. Our sustainability goals are focused on addressing three (3) key areas of responsibility, as elaborated below.

MRCB'S SUSTAINABILITY GOALS

ENGAGEMENT & SAFETY

- MRCB is determined to engage effectively with stakeholders, strengthen our relationships with clients and authorities, support the development of our talent, and foster ties with surrounding communities.
- MRCB will take serious precautions in ensuring employee, client, and public safety at all our project sites and offices.



GOVERNANCE, COMPLIANCE & BUSINESS PERFORMANCE

- MRCB is firmly committed to upholding the highest standards of governance and compliance in all areas of our business as well as adherence to relevant best practices.
- MRCB will endeavour to adopt competitively superior strategies in business and risk management that will lead to financial success while creating benefits not only to our business, employees, and clients, but also to the national economy and society.

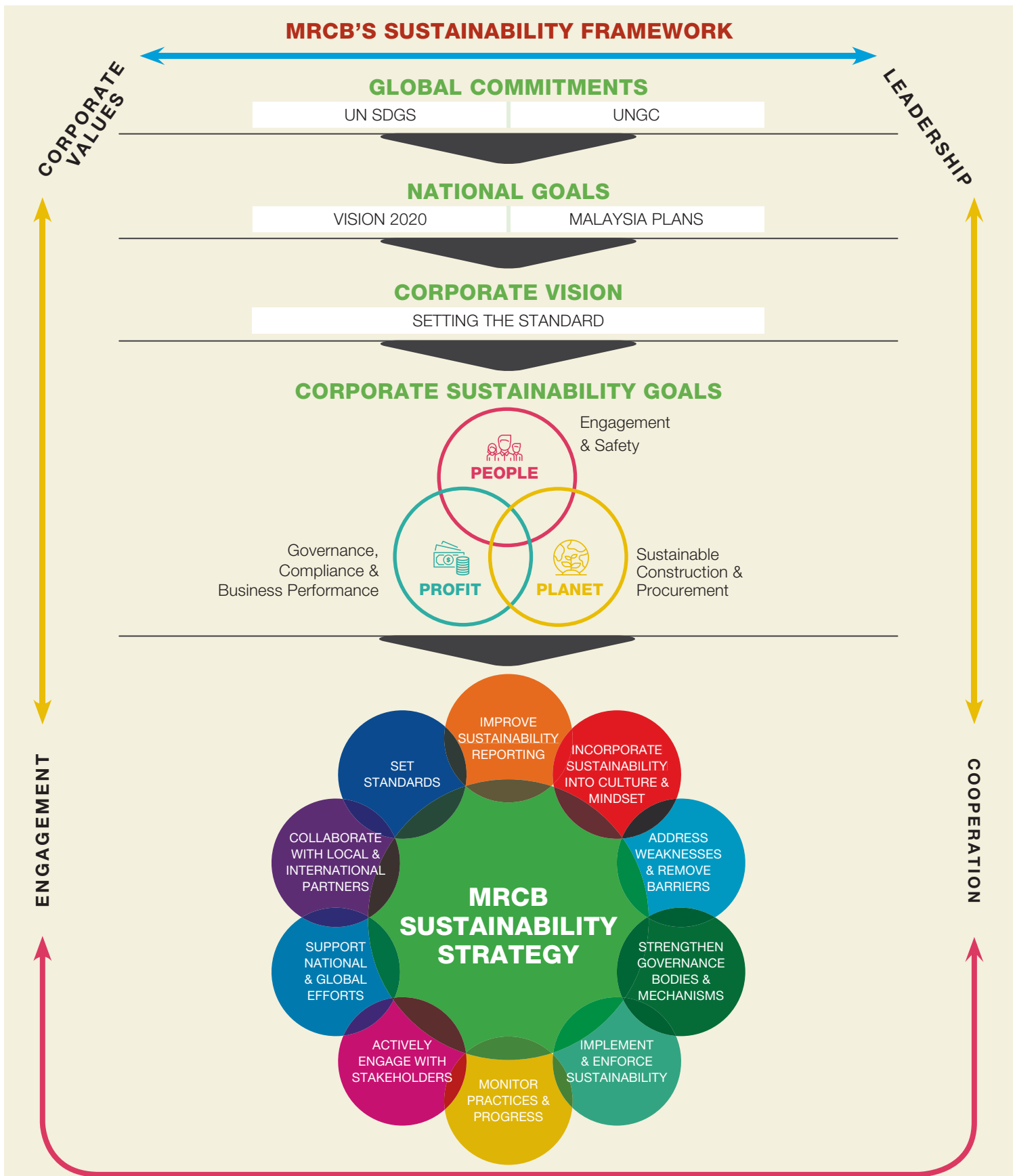
SUSTAINABLE CONSTRUCTION & PROCUREMENT

- MRCB is inspired to explore innovative approaches it could potentially adopt to meet its corporate needs without compromising the health of the environment and well-being of the people.
- MRCB will continuously seek to review and improve our construction methods, tools and materials to perform our best in delivering quality construction work and services with as little negative impact as possible to the environment.

OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

CORPORATE SUSTAINABILITY FRAMEWORK & STRATEGY

Our Sustainability Framework reflects the international commitments, national goals, corporate vision and corporate sustainability goals that we are aiming to achieve as a sustainable business and global corporate citizen. MRCB's Sustainability Strategy, which is integrated into the Framework, is formed by ten (10) interlinked and equally essential objectives that serve to guide us in our quest towards achieving sustainability. Each objective is accompanied by several action plans, which are determined based on MRCB's level of maturity in the sustainability journey, and may thus evolve from time to time.



OUR SUSTAINABILITY GOALS, GOVERNANCE & FRAMEWORK

SUSTAINABILITY GOVERNANCE AT MRCB



OUR APPROACH TO GOVERNING SUSTAINABILITY REMAINS A WORK IN PROGRESS, WHICH WE HOPE TO CONTINUE DEVELOPING AS WE DEEPEN OUR UNDERSTANDING OF THE SUSTAINABILITY ISSUES MATERIAL TO OUR BUSINESS.

MRCB's Board of Directors holds the responsibility of providing oversight and guidance in the formulation and direction of our corporate strategies and policies. Our 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 Senior Management members.

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. Our Chief Corporate Officer (CCO) supports the GMD in overseeing the progress of MRCB's sustainability efforts.

Our Head of Sustainability leads the development of our sustainability strategy, framework and disclosures, and is responsible for monitoring the overall progress of MRCB's sustainability performance, providing recommendations for improvement and promoting activities as well as initiatives that foster sustainability at MRCB. Members of our Senior Management are also kept updated on compliance requirements, emerging issues, and other matters related to sustainability in MRCB.

MEMBERSHIP OF ASSOCIATIONS

Construction Industry Development Board (CIDB)	International Real Estate Federation (FIABCI)	Malaysian Institute of Corporate Governance (MICG)	Minority Shareholders Watch 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)

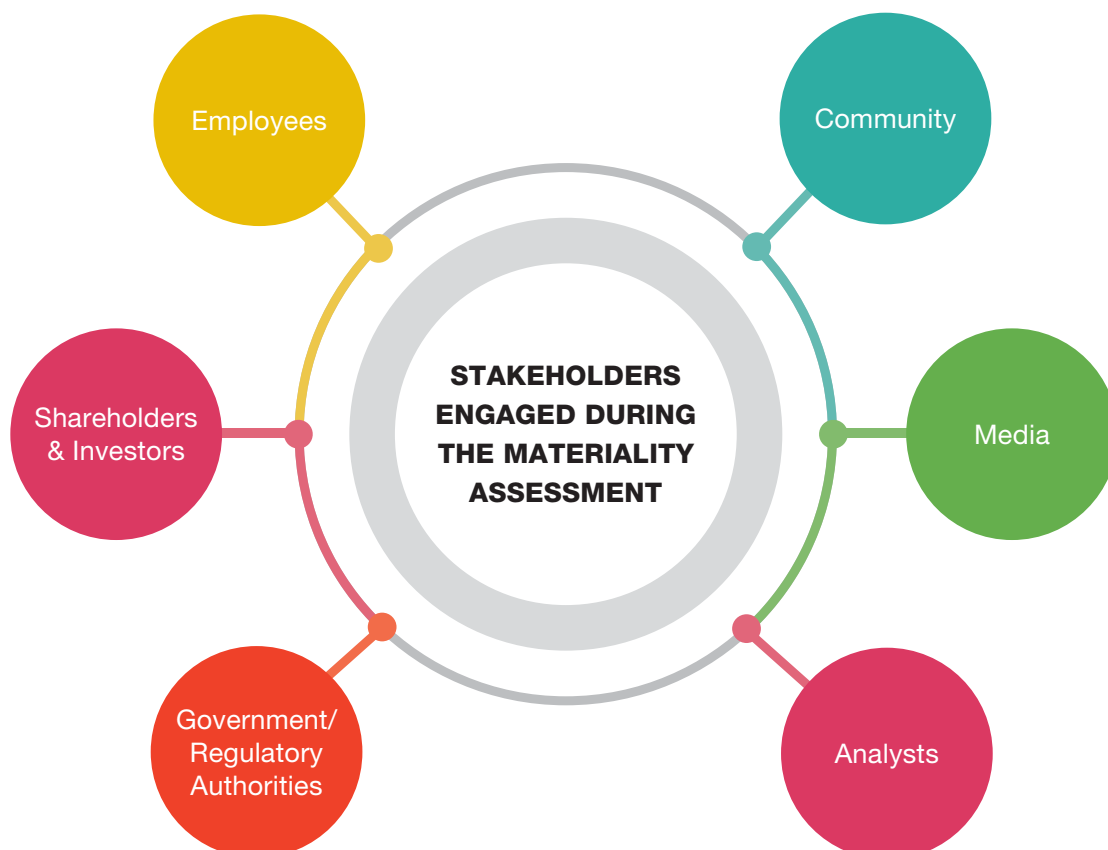
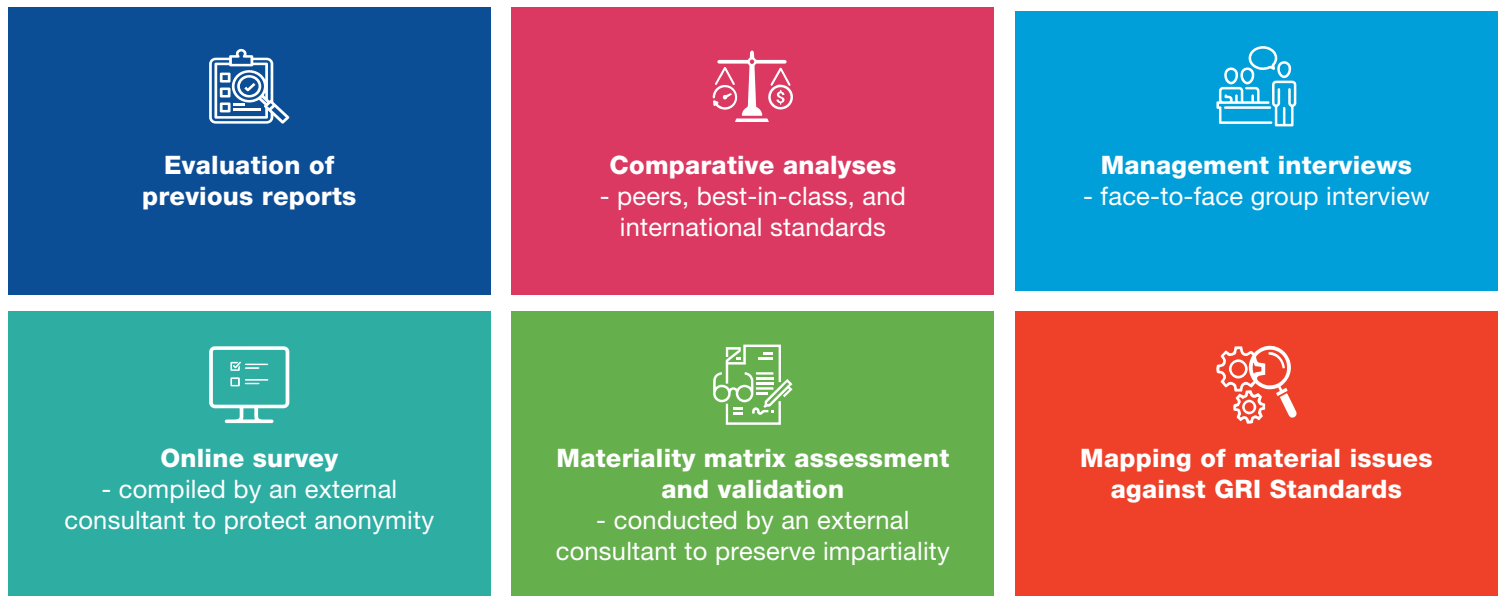
MATERIALITY

MRCB has undertaken considerable work in recent years to gain a better understanding of what internal and external stakeholders expect of MRCB's sustainability performance, where we should focus our strategy and how to improve our goals. We regularly review and evaluate these material issues to determine if they remain consistent and relevant to the growth of our organisation and if there are any new and emerging issues we need to address.

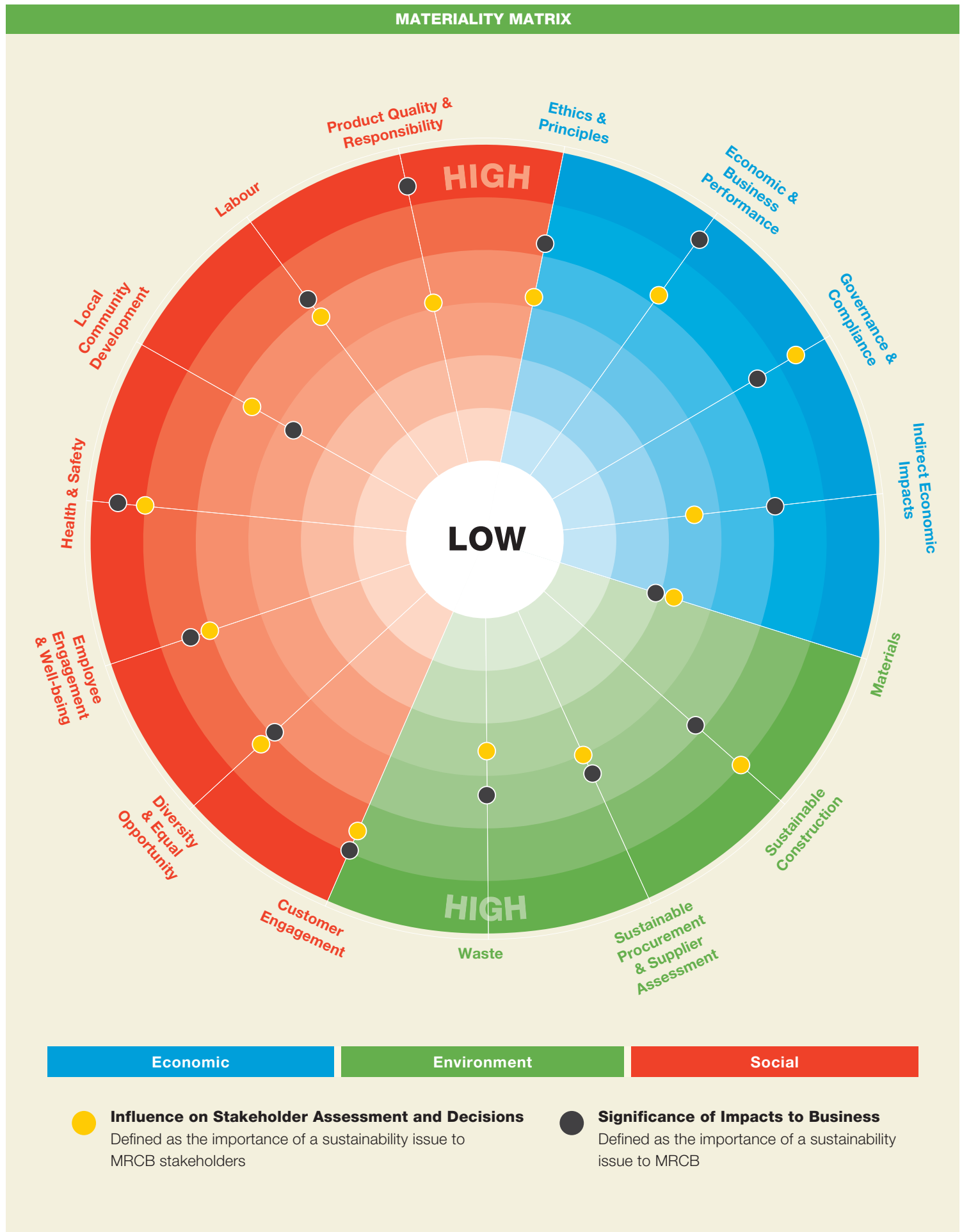
In preparation for this reporting cycle, we referred to our last materiality assessment, which was carried out towards the end of 2017 and used in last year's report. We believe that the materiality assessment conducted in 2017 is still relevant to our business priorities in 2018 and have thus decided to refer to it again in determining our sustainability indicators as well as in preparing this report. We plan to conduct our next materiality assessment in 2019.

OUR METHODOLOGY

The following steps were undertaken in our materiality assessment:



MATERIALITY



OUR MATERIALITY 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, which 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, in order 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 & Well-being	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



> Menara MRCB, Putrajaya

FINANCIAL PERFORMANCE IS A CORE INDICATOR THAT REFLECTS OUR SUCCESS AS A BUSINESS ENTITY. AN ECONOMICALLY UNSUSTAINABLE COMPANY, NO MATTER HOW WELL IT PERFORMS SOCIALLY AND ENVIRONMENTALLY, WOULD NOT BE ABLE TO SURVIVE IN THE MARKET FOR LONG. ECONOMIC RESILIENCE IS, THEREFORE, AN ESSENTIAL COMPONENT OF MRCB'S STRIVE FOR SUSTAINABILITY AS IT SECURES OUR PEOPLE, CLIENTS, COMMUNITIES AND SHAREHOLDERS WITH ACCESS TO A PROSPEROUS FUTURE.

The economic impacts shared in this section include those that we consider especially important in the development of MRCB's sustainability strategy. Please refer to page 44 of this report for details on our financial highlights. To read the full disclosure of our financial performance, kindly refer to MRCB's Financial Report 2018.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

We believe that our financial achievements can have direct and indirect impacts to local communities and economies. In this report, we provide key updates to the projects believed to have indirect economic impacts that are considerably significant.

According to the Global Reporting Initiative (GRI) Standards, an economic impact is a change in the productive potential of the economy that has an influence on a community's or stakeholder's well-being and longer-term prospects for development. Indirect economic impacts are defined as 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 (GRI 2016).

ECONOMIC IMPACT

MASS RAPID TRANSIT LINE 2 (MRT2)

CONTRACT
VALUE**RM614
million**TARGET
COMPLETION
2021STATUS OF
PHYSICAL
COMPLETION
35%

LIGHT RAIL TRANSIT LINE 3 (LRT3)

CONTRACT
VALUE**RM5,686
million**TARGET
COMPLETION
2024STATUS OF
PHYSICAL
COMPLETION
10%

TNB HQ CAMPUS (PHASE 1)

CONTRACT
VALUE**RM65
million**TARGET
COMPLETION
2019STATUS OF
PHYSICAL
COMPLETION
41%

LARKIN STADIUM

CONTRACT
VALUE**RM60
million**TARGET
COMPLETION
2019STATUS OF
PHYSICAL
COMPLETION
40%

DAMANSARA-SHAH ALAM ELEVATED HIGHWAY (DASH)

CONTRACT
VALUE**RM400
million**TARGET
COMPLETION
2019STATUS OF
PHYSICAL
COMPLETION
12%

GOVERNANCE AND COMPLIANCE

Businesses are, more than ever, expected to be accountable and transparent. Good corporate governance forms the foundation of a healthy organisation and can set the tone as to how a company operates and behaves, both internally and in the market. A company must also comply with laws and regulations, not only to protect its reputation, but also because failure to do so could result in a variety of penalties that lead to additional costs. Indeed, efficient processes and effective implementation in corporate governance as well as in legal compliance could contribute to advancing business performance.

MRCB is committed to achieving compliance with the Malaysian Code on Corporate Governance (MCCG). Our Corporate Governance Department works closely with the Board, the Company Secretarial Department and other teams to implement measures that ensure accountability and adherence to related best practices. More details

are provided in our corporate governance report which can be downloaded through MRCB's website. The Corporate Governance Overview Statement could also be referred to on page 95 of this report for further details on our approach to governance and the principles we have adopted to lead our corporate governance practices. The Corporate Governance team also engages with various departments to raise awareness on certain company procedures and initiatives. In 2018, 372 MRCB employees were trained on matters related to QESH-MS and ISO 9001:2015.

Meanwhile, our Company Secretarial Department plays an advisory role to the Board, highlighting gaps between corporate governance standards and practices in the company to the Board for direction as well as decision on action plans. Both our Corporate Governance and Company Secretarial departments observe the implementation of action plans agreed by the Board to ensure meaningful application of good governance practices.

Our Regulatory Affairs Department is responsible for ensuring MRCB's business operations, be they local or international, comply with relevant laws and regulations of the country. Indeed, we are aware that regulatory compliance is closely tied to the ability of our business to achieve financial progress. The Regulatory Affairs Department also keeps track of our compliance with license conditions. In 2018, a database was developed to monitor and update the licenses needed for MRCB to operate and carry out its projects.

Assessing and mitigating the potential risks surrounding our business forms a part of our efforts to maintain good governance and compliance, achieve successful outcomes of our projects and minimise the possibility of losses. As such, a Group Risk Management Department was set up in 2018 to establish and implement a structured risk management oversight function for MRCB, which will include enhancement of a corporate risk-awareness culture and development of a Risk Management and Internal Control Framework. In addition, the Enterprise Risk Management Policy and Framework as well as the Project Risk Management Plan of our engineering, construction and environment arm, MRCB Builders, were revised to enhance the risk management process involved in our development projects.



> MRT2 Station

ECONOMIC IMPACT

ETHICS AND PRINCIPLES

ALL DIRECTORS AND EMPLOYEES AT MRCB ARE EXPECTED TO COMPLY WITH OUR CORPORATE CODE OF BUSINESS ETHICS (CODE), WHICH REQUIRES EVERYONE AT MRCB TO OBSERVE THE HIGHEST ETHICAL BUSINESS STANDARD OF HONESTY AND INTEGRITY, AND TO APPLY THESE VALUES TO ALL ASPECTS OF OUR BUSINESS AND PROFESSIONAL PRACTICES. WHILE WE REMAIN COMMITTED TO UPHOLDING THE PRINCIPLES OF INTEGRITY AND TRANSPARENCY, THE HIGH-RISK NATURE OF OUR INDUSTRY EXPOSES MRCB TO A RANGE OF ETHICAL ISSUES.

In this regard, MRCB's Integrity and Discipline Department (IDD) works diligently to ensure that all employees are informed of the company's Code while providing advice and guidance on handling situations in which unethical practices may arise. The Department also keeps track of incidents of corruption and communicates the importance of integrity through media, seminars, programmes and internal memos and serves as a vital contact point for employees to submit reports or complaints on ethics, disciplinary and integrity-related issues. These issues may include bribery, sexual harassment, workplace violence and other actual or suspected violations of any company policies. 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.

MRCB is committed to the elimination of fraud and corruption. We expect all business activities to be conducted ethically, honestly and to the highest possible standards of transparency, openness and accountability. MRCB's Prevention of Fraud Manual serves to facilitate the development of controls, policies and procedures that will aid in the prevention and detection of fraud against the Group. The Manual outlines the definition of fraud at MRCB and provides guidance on the implementation of the Prevention of Fraud Policy.



> MRCB Auxiliary Police

ANTI-CORRUPTION INITIATIVES

Under the Malaysian Anti-Corruption Commission Act 2009 (MACCA), bribery and corruption refers to any action that would be considered as an offence of giving or receiving "gratification". Corruption is a great challenge that poses major risks to our business goals and operations. The construction and real estate sectors have reportedly the highest rates of bribery and corruption of any industry. MRCB adopts a zero-tolerance stance toward corruption and firmly believes that addressing it requires concerted action from all. Our employment contracts include clauses on anti-corruption and anti-bribery.

MRCB made a collective pledge in 2017 with the Malaysian Anti-Corruption Commission (MACC) to prevent and eradicate corrupt practices. All our employees signed individual pledges to commit to fighting corruption and complying with anti-corruption laws. In 2018, a total of 1,764 MRCB employees had signed their respective pledges, which were then successfully handed over to MACC's Director of Community Education Division (PenMas) at the MACC Headquarters in Putrajaya.

“

Corruption is understood to include practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. It can also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.

- GRI Standards (2016)

”

In line with MRCB's corporate initiative to enhance governance and integrity, the IDD embarked on implementing the Anti-Bribery Management System (ABMS) in 2018. The preparation undertaken towards implementing the ABMS began in 2017 and consisted of five stages based on the standards set out in the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

One-hour talks on integrity, anti-corruption and bribery continued to be delivered every month to newly recruited staff. Throughout the year, awareness programmes were conducted for all existing staff to raise the overall awareness on integrity, corruption, fraud and bribery. As a result, a total of 237 new hires attended the sessions and 361 employees attended the ISO 37001:2016 Anti-Bribery Management System Training. The training provided MRCB employees with a better understanding of bribery and corruption, measures and controls covered by the Management System, what is expected of them as employees of MRCB and how to manage various real-life situations involving bribery. The ABMS was indeed a Board-level priority at MRCB in 2018 and its implementation has been fully supported by

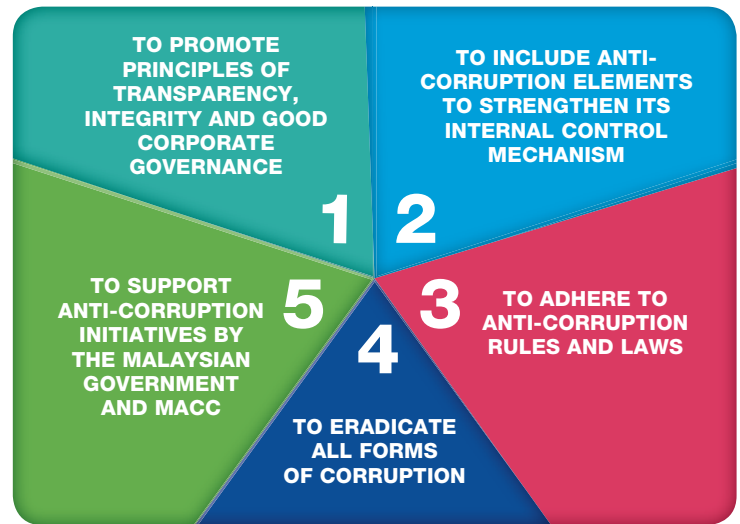
ECONOMIC IMPACT

our top management and Heads of Departments. A revision of the Terms of Reference of the Audit Committee, now renamed the Audit & Risk Management Committee (ARMC), which forms a part of the Board Charter, was approved by the Board of Directors in August 2018. As a result, the ARMC must demonstrate improved leadership and commitment to the ABMS. In November 2018, our Board's Audit Committee approved the Anti-bribery and Corruption Policy, which further underlines MRCB's zero tolerance approach against all forms of bribery and corruption. The policy is set to take effect at a later date.

For 2018, no incident of corruption was recorded. We continue to provide guidance and information to raise our employees' level of awareness on corruption and fraud through induction sessions, training courses and other various programmes.

MRCB is a signatory to the Corporate Integrity Pledge (CIP) and is aligned with CIP's initiatives, as identified by the Malaysian Anti-Corruption Commission (MACC).

MRCB remains committed to CIP's five anti-corruption principles:



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 of MRCB employees, including members of our Senior Management. Details of how to make a report have been made available on our corporate website. All reports are promptly investigated and treated with the highest level of confidentiality. We also protect whistleblowers to the extent reasonably practicable and address any alleged or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against any whistleblower.

Our Whistleblowing Policy was revamped in 2017 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. Under the ISO ABMS, some revisions to the Whistleblowing Policy were made in 2018.

No cases were reported through the Whistleblowing channel in 2018.

GIFTS, HOSPITALITY, DONATIONS AND SIMILAR BENEFITS POLICY

MRCB enforces a policy that strictly prohibits employees 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/or returned, preferably without causing offence or disruption to business relations. Training sessions were carried out in 2018 to help employees better understand the implementation of this policy and how to professionally manage various situations involving gifts, such as at dinner events or during seasonal festivities.

AVOIDING ANTI-COMPETITIVE BEHAVIOUR

Healthy competition is needed to make the economy more efficient and dynamic. MRCB abides by the Malaysian Competition Act 2010, which is a law that provides regulatory framework against market manipulation and cartel practices. We strive to ensure that MRCB does not breach this legislation.

SOCIAL RESPONSIBILITY

THE BIGGEST ECONOMIC ENTITIES IN THE WORLD ARE NOT COUNTRIES BUT CORPORATIONS. AS BUSINESSES GROW TO BECOME MORE INFLUENTIAL, CONSUMERS GLOBALLY ARE INCREASINGLY EXPECTING THEM TO CONTRIBUTE TO SOCIETAL WELL-BEING. CORPORATE PERFORMANCE, THEREFORE, IS NOT ONLY DEFINED AND MEASURED EXCLUSIVELY IN TERMS OF ECONOMIC PROFITABILITY, BUT ALSO BY THE COMPANY'S ENVIRONMENTAL AND SOCIAL IMPACTS.

For MRCB, the nature of our business requires us to consider the impact of our key activities and the outcome of our projects on communities and society at large. We are grateful for the trust of our stakeholders in our ability to deliver projects with quality outcomes. Their confidence in our business operations is important to our reputation and future opportunities for growth. As MRCB undergoes its phase of transition in business strategy, corporate structure and approach to sustainability, we remain in a constant state of developing our level of awareness and deepening our understanding of sustainability in the context of our business, as well as the changing landscape of our industry.

Regardless of where we are in the sustainability spectrum, we believe that being a good corporate citizen, whether through philanthropic activities or as part of corporate strategy, is not only the right thing to do but could potentially lead to profitable growth in the long run. We hope that our efforts in delivering positive social impacts will result in win-win scenarios for our business, people, clients, and surrounding communities.

OUR PEOPLE

Learn more about our workforce, employee engagement activities, training and safety standards on pages 61-70.

OUR CLIENTS

For details on our efforts towards improving customer satisfaction, quality standards and systems as well as online engagement, refer to pages 71-72.

OUR COMMUNITY

To know more about our stakeholder engagement strategy, philanthropic endeavours and corporate social responsibility (CSR) activities, go to pages 73-76.



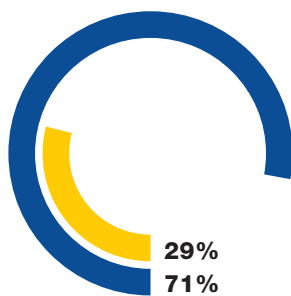
SOCIAL RESPONSIBILITY: OUR PEOPLE

ENGAGED, INSPIRED AND TRULY MOTIVATED EMPLOYEES CAN ACCOMPLISH TWICE AS MUCH AS REGULAR EMPLOYEES. INDEED, THE PEOPLE WITHIN AN ORGANISATION ARE RESPONSIBLE FOR EXECUTING A COMPANY'S STRATEGIES, PLANS, AND PROCESSES. MRCB IS COGNISANT THAT IT IS THE PEOPLE IN OUR COMPANY WHO WILL ULTIMATELY DETERMINE THE SUCCESS OR FAILURE OF OUR BUSINESS.

A SNAPSHOT OF MRCB'S WORKFORCE

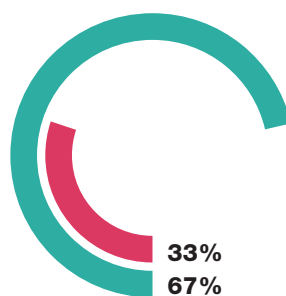
**TOTAL NO. OF MRCB EMPLOYEES
2,013**

Percentage of employees by
employment contract



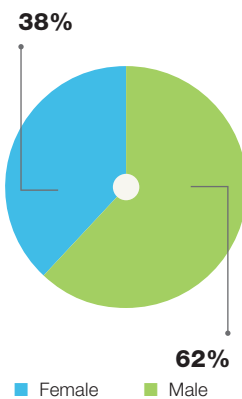
■ Permanent ■ Contract

Ratio of basic salary and
remuneration of women to men



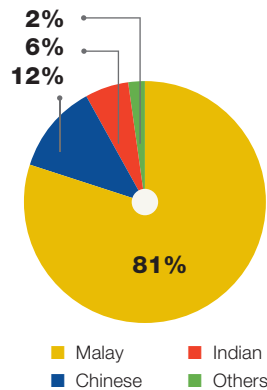
■ Female RM14,347,396
■ Male RM28,107,057

Percentage of
employees by gender



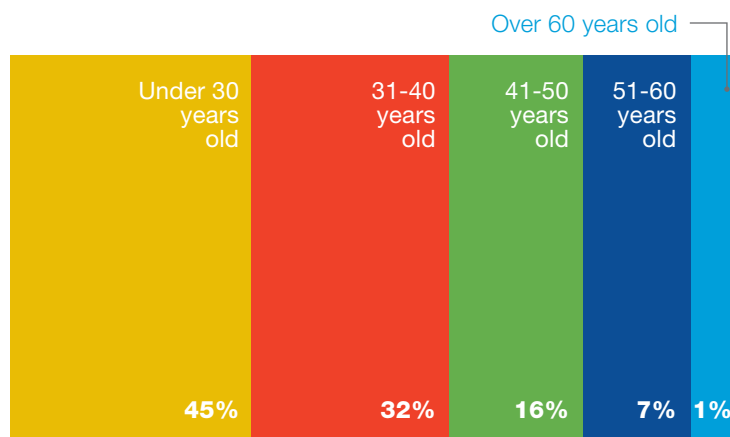
■ Female ■ Male

Percentage of
employees by ethnicity



■ Malay ■ Indian
■ Chinese ■ Others

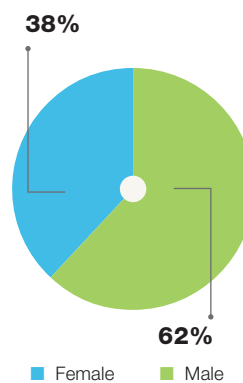
Percentage of employees by age group



NEW HIRES AND EMPLOYEE TURNOVER

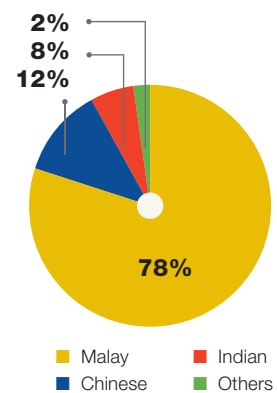
**RATE OF NEW EMPLOYEE HIRES
28%**

Percentage of new employee
hires by gender



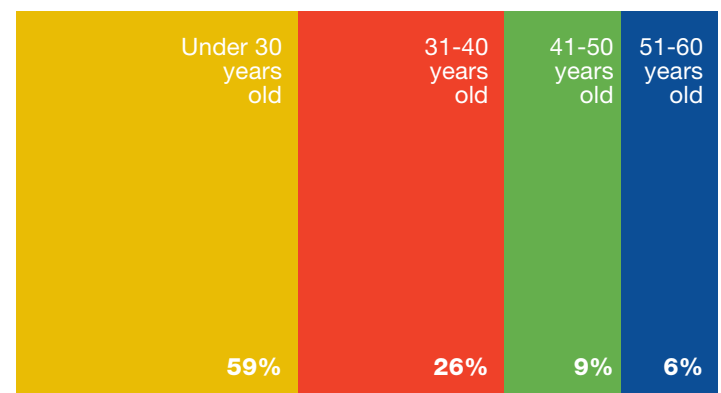
■ Female ■ Male

Percentage of new employee
hires by ethnicity

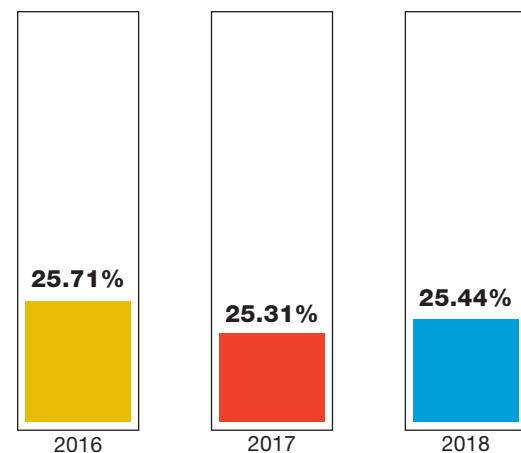


■ Malay ■ Indian
■ Chinese ■ Others

Percentage of new employee hires by age group



Employee turnover rates



SOCIAL RESPONSIBILITY: OUR PEOPLE

To align with international best practices and ensure that the figures we disclose are as accurate as possible, we reviewed our approach to calculating the turnover rates for MRCB. The figures displayed reflect the changes that have been applied to our calculations for employee turnover rates of the last three years.

MRCB is a dynamic organisation, with 45% of our workforce under 30 years old and 32% between the ages of 31-40. The younger portion of our employees who leave each year are at an early stage of their career and are thus likely to move and grow in other positions elsewhere. A change in management in the second quarter of the financial year and a strategic realignment beginning in the third quarter, which led to a revision of the organisational structure extending into the fourth quarter of 2018 resulted in the departure of some members of our staff as well. These factors could help account for the turnover rate experienced in 2018, which has slightly increased by 0.13% from the previous year. We continue to make efforts in engaging more effectively with our employees and attracting as well as retaining our pool of talents through fostering career development opportunities as well as positive work experiences for all.

DIVERSITY AND EQUAL OPPORTUNITY

MRCB values diversity and strives to be an organisation in which its people feel involved and connected to the company's vision and success. Through the company's Employee Handbook, all at MRCB are made aware of the corporate policy on diversity and inclusion, which requires every employee at every level to be responsible for ensuring the successful promotion of all aspects of diversity, inclusion as well as appropriate behaviour in the workplace. As MRCB Headquarters is based in Malaysia, Malaysian citizens make up 99.9% of our workforce. We appreciate the wide range of experiences and socio-cultural differences that exist in our MRCB family, and believe that the unique traits of our people add to our strength and resilience as a visionary company. We are pleased to confirm that in 2018, we did not experience any reported incidents of discrimination, and shall continue to work on protecting the well-being of our employees so that no one should have to face any forms of prejudice and discrimination in the workplace.




Board of Directors

MRCB recognises that the best ideas can flourish when an organisation embraces individuals with different views and experiences, thereby reducing "group think". For businesses, broad viewpoints originating from differences in perspectives enable the Board to provide opinions necessary to make the governance and advisory function meaningful. It could also help to spur innovation and organisational creativity.

Diverse boards are better equipped to make strategic decisions both for the company's present and future developments. The appointment of our Board of Directors is determined by MRCB's Nomination and Remuneration Committee, which reviews and takes into consideration each member's skill sets and experience as well as age, cultural background and gender, before recommending the appointment of directors to the Board. In 2018, a few changes occurred in the composition of our Board – two members resigned and one new member was appointed. The Board currently comprises seven directors, of which four are independent (including the Chairman), and two are women.

MRCB has engaged the services of an independent consultant in efforts to widen the search for additional independent and women directors with relevant experience and skill sets. The Nomination and Remuneration Committee will continue to take steps towards increasing the diversity of our Board composition.

 For further details on our current Board members, please refer to pages 86 - 92 of this report.






SOCIAL RESPONSIBILITY: OUR PEOPLE

Empowering Women at MRCB

2018 witnessed a slight increase in the percentage of women in our company's total workforce. Women in Senior Management positions (General Manager and above) currently make up 28% (a 1% increase from 2017) of our total Senior Management workforce.

PERCENTAGE OF MRCB EMPLOYEES IN SENIOR MANAGEMENT POSITIONS BY GENDER			
2017		2018	
FEMALE	MALE	FEMALE	MALE
27%	73%	28%	72%

Women at MRCB, however, still generally earn lesser than their male colleagues due to the roles and job grades they hold in the organisation. To help support the advancement of women in the company, efforts targeted towards addressing an array of women's issues were introduced in 2018.

International Women's Day Workshop: Enhance Your Communication & Negotiation Skills	 A one-day programme attended by female employees that was specially designed with an interactive module to enhance women's communication and negotiation skills. The workshop was organised in conjunction with International Women's Day.
Mother's Rooms	 Provided at our Headquarters to help support nursing mothers in their transition back to work. The cosy rooms are equipped with comfortable seating, table and electrical outlets located near the chair as well as curtains for extra privacy.
Maternity Benefit	 The limit of entitlement per delivery was increased from the range of RM250-RM1,250 (depending on job grade) in 2017, to RM3,000 (for General Managers and below) in 2018.
Maternity & Paternity Leave	 Respectively increased from sixty (60) consecutive days in 2017 to ninety (90) consecutive days in 2018 for mothers, and two (2) consecutive days in 2017 to five (5) consecutive days in 2018 for fathers.
Raising Awareness on Sexual Harassment	 Many women in Malaysia and around the globe still endure sexual harassment at work, and feel that they are unable to report it for fear of losing their jobs. As a concerned and responsible employer, MRCB places employee health and safety as one of its top priorities and in fostering women's career development, MRCB takes measures to stop and prevent sexual harassment in the workplace. Our Group Managing Director, Imran Salim, delivered a stern message to all employees regarding this matter through his presentation at a townhall gathering and via e-mail. An engaging and informative talk on the topic of sexual harassment was also delivered in collaboration with Malaysia's Department of Labour and the Royal Malaysia Police to help inform and advise employees on what sexual harassment is, as well as how victims could submit a report to enforcement authorities. The event contributed to raising awareness and developing a better understanding amongst MRCB employees on issues surrounding sexual harassment.

SOCIAL RESPONSIBILITY: OUR PEOPLE

EMPLOYEE ENGAGEMENT AND WELL-BEING

In 2018, we ramped up efforts to engage with employees by organising an array of programmes and activities carried out on matters related to their health and well-being.

Well-being Events and Programmes

31 programmes focused on matters related to employee well-being were carried out in 2018. Several of the programmes that were organised are as follows:

- | | |
|-----------------------------------------------------------------------------|-----------------------------------------------------|
| ▶ Social Security Organisation (SOCSO) Talk: Benefits of SOCSO for You | ▶ LHDN Talk & Mobile Counter: Income Tax & e-Filing |
| ▶ EPF Talk & Mobile Counter: Effective Financial Planning & Retirement Plan | ▶ Zakat Fitrah Mobile Counter |
| ▶ Tabung Haji Mobile Counter | ▶ MRCB Rayie (Eid-ul-Fitr) Bazaar |
| ▶ Safety Awareness Seminar with CIDB and Malaysian Immigration Department | ▶ Graduate Development Programme: Let's Chat |
| ▶ SOCSO Advocacy Programme: Road Safety Awareness | ▶ Health Screening Programme |
| ▶ Kelab Kebajikan & Rekreasi MRCB (KKRM) Futsal Tournament 2018 | ▶ Zumba Fitness Class |
| ▶ Health Talk & Hands-on Interactive Cooking | ▶ KKRM Badminton Tournament 2018 |
| ▶ Movie Night | ▶ Yoga Class |
| | ▶ Blood Donation Programme |
| | ▶ MRCB Bowling Tournament 2018 |

Employee Benefits

MRCB reviews its corporate benefits packages every now and then to determine whether further improvements could be made to those being offered to MRCB employees. In the past three years, we have made significant progress in benefits offered by MRCB for employee healthcare and paid leave.

LEAVE

- Annual Leave
- Sick Leave
- Emergency Leave
- Compassionate Leave
- Exam Leave
- Marriage Leave
- Prolonged Illness
- Maternity Leave (90 days)
- Paternity Leave (5 days)
- Pilgrimage Leave

MEDICAL

- Outpatient Treatment
- Hospitalisation
- Dental
- Group Insurance
- Maternity Benefit
- Executive Health Screening

OTHER ALLOWANCE

- Mileage Claims
- Hotel Accommodation & Air Travel
- Subsistence Allowance
- Transfer Allowance
- Mobile Phone Bill
- Parking Subsidy
- Broadband Subsidy
- Car Allowance and Petrol Card
- Group Insurance
- Professional Membership Fee
- Educational Assistance

SOCIAL RESPONSIBILITY: OUR PEOPLE

CAREER DEVELOPMENT

MRCB supports the lifelong growth and development of our people. We offer a series of professional and personal development opportunities, including access to online learning resources. We encourage continuous learning to develop the potential of our employees and strive to foster a workplace environment in which everyone feels inspired to learn, improve their skills, go further in their careers and achieve their goals.

Training & Learning Opportunities

All MRCB employees are required to attend induction courses upon joining the company. Induction courses are aimed at introducing new employees to the do's and don'ts at MRCB as well as to equip them with knowledge of corporate policies, practices and procedures, including on matters related to environment, safety and health. The induction courses also serve to provide clarification on employee benefits and information on the whistleblowing channel as well as grievance mechanisms made available to them. In addition to the induction courses, we support the internal and external training of our employees, which are in the process of being centralised under the MRCB Talent Development Academy.



I would encourage all of you to start planning for the training courses that you would like to attend next year. If you want to learn about something that you feel would benefit you in your career development, please go for it. If you feel that there's a subject area related to your job that you wish to know more about, please don't be afraid or embarrassed to ask for help and advice. We will support you because we want you to keep learning while you work at MRCB. We want you to get the best out of your experience here with us and to achieve not only professional growth, but also personal growth.



– Imran Salim, Group Managing Director, addressing MRCB employees at the 2018 Townhall Meeting.

Some examples of our employee development programmes include training courses to improve skills in report writing, communications, project management, critical and analytical thinking, customer service, Information Communication Technologies (ICT), and to upgrade their knowledge on site safety, construction standards, green buildings, ISO certifications, anti-corruption initiatives, legal regulations, and sustainability.

MRCB LEARNING ZONE

The MRCB Learning Zone is an e-learning platform that hosts 102 e-learning courses that MRCB employees can access online. Leveraging on the power of digital technology, the courses, designed by Leaderonomics, allow enrolled participants to develop their knowledge and skills in their own time and through their own initiative. The courses include topics relating to leadership, work ethics, emotional intelligence, writing and communication skills, entrepreneurship, teamwork and self-motivation. As at December 2018, 477 MRCB employees participated in the Learning Zone, and 25 participants have successfully completed their chosen courses as well as received certificates of achievement.

SUMMARY OF WORKFORCE TRAINING AT MRCB IN 2018



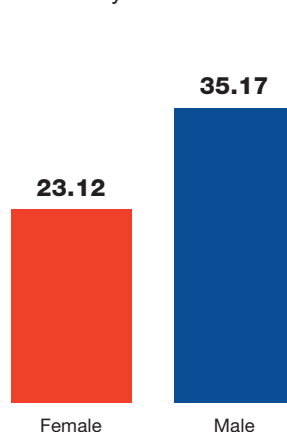
Number of training courses attended **211**

Investment in employee training **RM1,622,059**

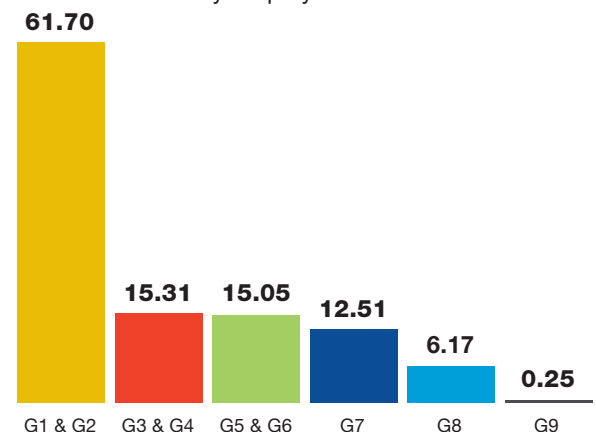
Average hours of training received per employee in 2018 **30.53**

Average hours of training per year per employee

By Gender



By Employee Grade



SOCIAL RESPONSIBILITY: OUR PEOPLE

Setting the Standard: Sustainability as a Business Imperative



An internal Corporate Sustainability training course was delivered for the first time at MRCB in August 2018 by our Sustainability Department. The course was organised as part of MRCB's efforts to engage with employees and introduce them to the principles of sustainable development. The course focused specifically on definitions of sustainability, the UN SDGs, MRCB's sustainability goals, examples from business case studies, and how everyone can play a role in contributing to sustainability. The course received positive reviews and attracted increased interest in the subject matter amongst our employees. We plan to offer the course again in 2019 so that all at MRCB, especially those in leadership positions, would have the opportunity to gain the necessary knowledge, awareness and exposure on Sustainability as well as the issues surrounding it in the context of our business development.

Performance and Development Reviews

At MRCB, we ensure that regular feedback on and from our employees are gathered each year 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. Performance reviews are mainly conducted to:

- 1 assess the goals achieved for the year based on the agreed annual Key Performance Indicators (KPIs) and targets.
- 2 understand factors that contributed to success and key reasons behind any failure to perform.
- 3 identify the employee's development needs and discuss plans for improvement.

In 2018, 100% of MRCB employees received regular performance and career development reviews as part of their quarterly appraisal. There were also several improvements made to MRCB's performance management system, including a shift from quarterly to biannual appraisals, the introduction of annual targets, and a more robust approach to reviewing the progress of employee performance and competencies. We expect the newly enhanced performance management system to be fully adopted by MRCB employees at all levels by 2019.

Protecting the Rights of Our Employees

MRCB is committed to defending and upholding the welfare of our people. We have implemented policies and procedures on non-discrimination, freedom of association, ethical behaviour and employee grievances. In our efforts to be an ethical and responsible employer, we strictly abide by the Malaysian Employment Act 1955, which prohibits exploitative labour practices, and the Children and Young Persons (Employment) Act 1966 that 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. These systems are clearly stated in our employee handbook, which is made available via the company's intranet.

SOCIAL RESPONSIBILITY: OUR PEOPLE

HEALTH & SAFETY

As an urban development company, MRCB is largely involved in engineering and construction projects. We take health and safety matters very seriously and endeavour to allay conditions and behaviours that may contribute to workplace injuries. We are committed to complying with regulatory requirements and standards concerning environment, safety and health, but also strongly believe that everyone should be able to work in a safe and conducive environment.

Health & Safety Standards Implemented at MRCB

MRCB implements the Quality, Environmental, Safety and Health Management System (QESH-MS), operating with system implementation policies of ISO 9001:2015 and ISO 14001:2015 as well as OHSAS 18001:2007.



The Environment, Safety and Health (ESH) Department monitors our compliance with regulatory requirements, adopted standards and best practices. Their internal assessments are supported by independent assessments, certifying bodies and director visits with the evaluations compiled in a monthly report that is then distributed to the site manager and shared with Senior Management. The Regulatory Affairs Department provides additional support by ensuring that any licenses needed to operate have been duly obtained.

Quality, Environmental, Safety and Health (QESH) Policy

Through the adoption of QESH-MS, MRCB implements the QESH Policy to minimise the impact of its business activities on the environment and ensure the health and safety of MRCB employees, clients, contractors, visitors, as well as members of the public. In line with the policy, all our Environment, Safety and Health programmes are focused on the following areas:

- | | |
|--------------------------|------------------------------------|
| ➤ Incident Prevention | ➤ Contractor Management |
| ➤ Risk Management | ➤ Emergency Preparedness |
| ➤ Continuous Improvement | ➤ Reduce, Reuse, and Recycle (3Rs) |
| ➤ Communication | ➤ Energy Conservation |

Construction Industry Standards CIS10:2008 Safety Health Assessment System in Construction (SHASSIC)

Supporting the implementation of our QESH Policy is SHASSIC, an independent method adopted at MRCB to assess and evaluate the safety and health performance of a contractor in construction works or projects, which strengthens our systems in addressing critical health and safety-related risks. Through SHASSIC, we monitor the progress of our health and safety practices against our previous years' performance as well as those of the Malaysian construction industry. SHASSIC has indeed been helpful in improving our health and safety practices and in taking necessary corrective actions. The scope of the SHASSIC assessment covers three main components: document checks (40%), site/workplace inspections (40%) and employee interviews (20%). It also examines Occupational Safety and Health (OSH) policy, organisation, and training, 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 audits are carried out only when construction projects are undergoing progress completion of between 25% to 75%.

Below is a list of MRCB project sites that achieved SHASSIC certifications from CIDB in 2018:

MRCB PROJECT SITES	SHASSIC STAR RANKING
Sentral Suites	★★★★★
Penang Sentral	★★★★★
PJ Sentral Garden City	★★★★★
9 Seputeh	★★★★★



Managing Risks at Project Sites

In line with the requirements of ISO 9001:2015, our Enterprise Risk Management (ERM) Policy and Framework and Project Risk Management (PRM) Plan is implemented under MRCB Builders Sdn Bhd (MRCB Builders), which also adopts the ISO 31000 principles, framework and processes.

SOCIAL RESPONSIBILITY: OUR PEOPLE

MRCB Builders reviews and revises its risk management policy on an ongoing basis, so that it can be enhanced and aligned to the MRCB Group Risk Management Framework, relevant risk management best practices, ISO requirements, ISO auditor comments and project requirements, among others. Additionally, effective and transparent risk management activities are continuously embedded in MRCB Builders' business practices. The team is currently embarking on enhancing its risk awareness culture and improving the existing framework, in collaboration with our Group Risk Management Department.

Project Site Initiatives

On top of the standards implemented at MRCB, our project site teams also carry out their own initiatives towards improving and maintaining health and safety at their respective project sites. These include daily Toolbox and weekly Grand Toolbox sessions, which are conducted to inform site workers and personnel on safety issues concerning certain work activities, and to serve as a platform for raising awareness on other ESH-related issues. Monthly safety induction sessions are also conducted to help introduce new workers to the company policy, rules and regulations, and the scope of works at the project site.

Health & Safety Training

All site workers and employees directly involved in the operations of our projects are required to attend the site induction course, which provides general information regarding the project site and key guidelines, policies as well as procedures regarding environment, safety and health matters. The mandatory site induction course is delivered by our ESH Department to all MRCB project teams and site workers.

MRCB SITE INDUCTION COURSE

Objectives of the course:

- To raise individual awareness on ESH matters at project sites.
- To educate site workers on measures for preventing site hazards.
- To inform site workers on legal requirements relevant to ESH matters at project sites.
- To explain the steps that site workers need to follow in cases of emergency.
- To share best practices and examples of bad practices that should be avoided at all project sites.

Topics covered:

- Key information regarding the project site
- Laws & regulations under CIDB, DOSH and DOE
- MRCB's QESH Policy
- Penalties system
- Personal Protective Equipment (PPE)
- Permit to Work (PTW)
- Emergency Response Plan (ERP)
- Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- Environmental Aspects & Impacts (EAI)
- Site activities related to ESH practices
- 5S Management System
- Environmental Management

In addition to the general site induction courses, some employees and contractors are also required to attend specialised induction courses that are focused on their technical areas of work and scope of responsibilities.

Apart from the site induction courses, MRCB offers an array of internal and external training throughout the year that are related to health and safety issues, which employees could register to attend. These include courses in crisis management, legal compliance to the Environmental Quality Act 1974, hazardous materials, CIDB green card application, crawler crane inspection, and many more.

A total of 1,622 MRCB employees, site workers and subcontractors were trained in 2018 by attending 56 ESH training courses that were offered throughout the year.



SOCIAL RESPONSIBILITY: OUR PEOPLE

Health & Safety Incidents

We regret to inform that despite our efforts to achieve zero life loss, we encountered two (2) cases of fatalities in 2018 that resulted in the loss of two (2) subcontractor workers' lives. Both cases involved foreign workers who had received comprehensive training and information beforehand on health and safety procedures that must be observed at project sites. Following each fatality, all site works were immediately stopped, and thorough investigations were conducted by MRCB, the police and regulatory authorities. The result of the investigations found that one of the deceased workers had decided to work at height without hooking on his safety harness, while the other had experienced a rare accident in which his leg had been unexpectedly caught by the tagline and hoisted into the air while he was working to unload a bundle of rebars. Further site inspection by safety experts and relevant authorities concluded that the incident was unavoidable as it sadly took place in spite of strict safety precautions that were practiced at the project site.

More stringent safety measures have since been applied to all our project sites, and project teams have been constantly reminded to adhere to MRCB's QESH policy and procedures. Indeed, MRCB treats health and safety as an industry-wide issue, therefore we share what we have learned from our experiences and also make efforts to learn from others. To avoid future accidents, MRCB will continue to work on improving its health and safety culture, and on ensuring that subcontractors, supervisors as well as other project team members are well-educated on the correct procedures that all must follow at every project site.

TYPE OF INCIDENT	2016	2017	2018
Fatality	2	0	2
Major Injury	0	2	0
Minor Injury	0	2	1
Fire	0	2	0
Ill Health	0	0	0
First Aid Cases	13	58	34
Near Miss	6	13	2
Property Damage	-	-	8

Note:

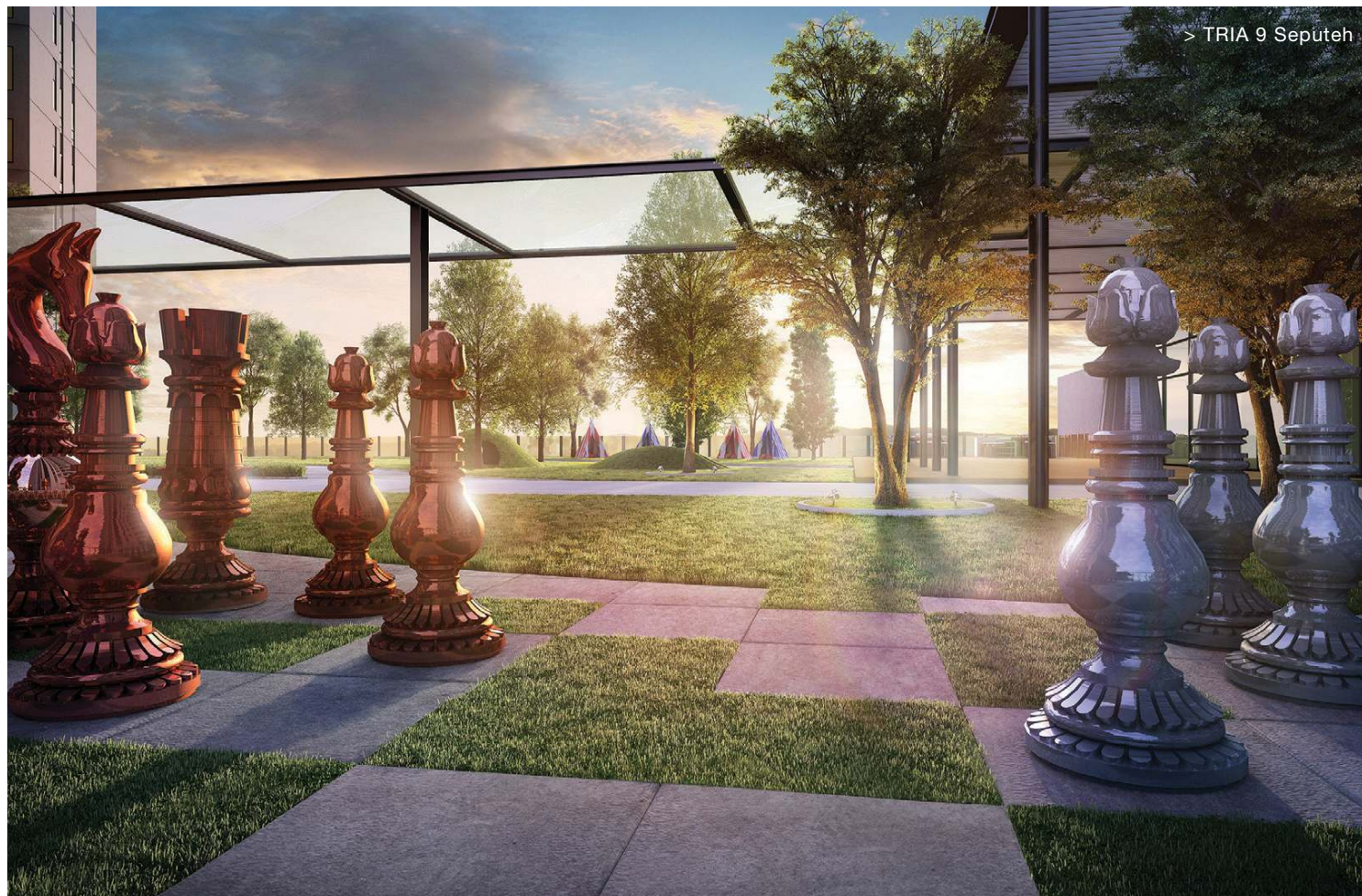
- **Major Injury:** Injuries causing incapacity for more than 4 days and/or any injury that requires hospitalisation.
- **Minor Injury:** Injuries causing incapacity for 4 days or less, with no hospitalisation required.
- **Ill Health:** Identifiable, adverse physical or mental condition arising from and/or made worse by a work activity and/or work-related situation.
- **First Aid Cases:** Cases in which first aid treatment was delivered at the workplace, with no further medical treatment required by medical practitioners.
- **Near Miss:** Any accident at place of work that has the potential to cause injury to any person or damage to any property.
- **Property Damage (Major & Minor):**
 - Incident involving damage to properties with estimated cost of RM150,000 to RM500,000 (Major).
 - Incident involving damage to properties with estimated cost below RM150,000 (Minor).

In this report, we disclose incidents involving property damage as we began including it as part of our health and safety data compilation in 2018. Although human injury is not recorded under cases involving property damage, keeping track of such incidents helps us identify risks on human health and safety that could potentially occur as a result of various factors involving machinery, tools, construction materials, and/or other elements such as weather conditions.

Workers Affected by High Risk of Diseases

The presence of dengue larvae was discovered at one of our projects during the first quarter of 2018 and resulted in a short stop work order. Our project site team responded by immediately clearing up all stagnant water on site. Although 460 site workers were affected by the stop work order, fortunately no one was infected by the dengue virus. We have since implemented strict measures to eradicate and prevent future infestations, starting with scheduled maintenance, site inspection, fogging and larviciding. Since the incident, no workers at any of our project sites have been affected by other incidents involving high risk of diseases in 2018.

SOCIAL RESPONSIBILITY: OUR PEOPLE



PROTECTION AGAINST CYBERTHREATS

With the expansion of the digital age and lessons learnt from increasing cases of privacy breach as well as other forms of cyber-attacks, it is now ever more important for companies to pay closer attention to fortifying online security.

In 2018, MRCB encountered over 90 incidents of phishing attempts. In addition to deploying the Intrusion Prevention System (IPS) to strengthen our information and cybersecurity protection, our IT Department led the implementation of Multifactor Authentication (MFA) for access control, which was completed by the first quarter of 2018. Mock runs for our IT Disaster Recovery Plan are also conducted on an annual basis.

In parallel with the technical measures applied to protecting ourselves and our clients' information from cyber threats, all employees are regularly kept reminded via email alerts, infographics and monthly bulletins covering topics on spam, ransomware, password protection and related matters. The IT Department, in collaboration with the Digital team also produced a video series to raise awareness on the cybersecurity risks that MRCB employees may encounter in the workplace.

Our IT Helpdesk provides help and support to employees seeking to resolve any technology issues, including cybersecurity concerns. A formal mechanism for recording and responding to requests and complaints submitted to the IT Department was implemented in 2018, which has contributed to ensuring that issues get resolved in a more efficient and structured manner.

Moving forward, MRCB will continue to develop its cybersecurity protection through access controls over user ID maintenance and SAP access matrix revalidation.

SOCIAL RESPONSIBILITY: OUR CLIENTS

IN LINE WITH OUR CORPORATE VISION OF SETTING THE STANDARD, MRCB ENDEAVOURS TO ACHIEVE AND MAINTAIN QUALITY STANDARDS IN ALL OUR AREAS OF BUSINESS, ESPECIALLY THE CORE AREAS INVOLVING PROPERTY DEVELOPMENT AND CONSTRUCTION WORKS. WE BELIEVE THAT HIGH QUALITY LEADS TO HIGHER CUSTOMER SATISFACTION, WHICH CAN INCREASE THE CHANCES OF CONTINUED PARTNERSHIP. IN ADDITION TO THE CERTIFIED STANDARDS AND BEST PRACTICES WE HAVE ADOPTED ON MATTERS CONCERNING THE ENVIRONMENT, HEALTH AND SAFETY AT OUR PROJECT SITES AS WELL AS OFFICES, WE ALSO IMPLEMENT STANDARDS THAT GUIDE US IN ENSURING QUALITY IN OUR CONSTRUCTION WORK.

Quality Assessment System for Building Construction Works (QLASSIC)

QLASSIC CIS 7:2014 is a quality standards and assessment system implemented to measure and evaluate the workmanship quality of building construction works based on the Construction Industry Standard. MRCB aims to achieve a minimum QLASSIC score of 70%-75%, subject to the requirements set for each project. All our building projects currently adopt QLASSIC quality standards and some have undergone the CIDB QLASSIC assessment in 2018. We have incorporated QLASSIC in all relevant work inspection checklists under QESH-MS, ensuring that daily inspection works are using the quality standards as reference in carrying out quality assessments. Through the adoption of QLASSIC, defects are identified and attended to in accordance with the implemented quality standards, which therefore ensures all finishes under our scope of work are maintained well above the average requirement.

MRCB will strive to continuously improve our quality standards and construction methods to achieve better quality. A Quality Assurance and Quality Control (QAQC) team is embedded in each of our projects to prevent mistakes and defects in construction works. However, a key challenge that we encounter in striving to maintain quality standards in our construction works is the lack of knowledge on such standards amongst select external service providers, especially subcontractors and site workers. To resolve this issue, the project QAQC teams receive additional guidance and support from the Independent QAQC team under MRCB Builders, who will audit and carefully check the construction quality of the project sites in order to provide feedback on areas that require improvement. A Quality Assessment (i.e. Pre-QLASSIC) will be performed from time to time to prepare the projects for the CIDB QLASSIC assessment. On top of that, briefing sessions focused on quality standards and QLASSIC will be conducted periodically to raise awareness on the standards expected from project teams as well as to share best practices.






In 2018, we received QLASSIC scores of 75% for our Menara MRCB project, 75% for our JLand Tower project and 70% for our Desaru Conference Centre project, earning MRCB three QLASSIC certifications from Malaysia's Construction Industry Development Board (CIDB).



SOCIAL RESPONSIBILITY: OUR CLIENTS

ISO 9001:2015 Quality Management Systems

MRCB endeavours to continuously comply with ISO 9001:2015 requirements, through carrying out the following actions:



Internal Quality Audit – to ensure compliance to QESH-MS	 Example: An Internal Quality Audit was conducted from July to August 2018 to check the QESH implementation of various departments and project teams. Feedback was given to all related business units for improvement.
External Audit – by SIRIM to monitor and provide feedback on implementation of QESH.	 Example: SIRIM Surveillance Audit was conducted in December 2018 to highlight on quality findings for improvement.
Management Review Meeting (MRM) – conducted annually to monitor, oversee and review the QESH management system, its on-going implementation and to ensure its continued suitability, adequacy and effectiveness in achieving quality.	 Example: MRM was conducted in October 2018.

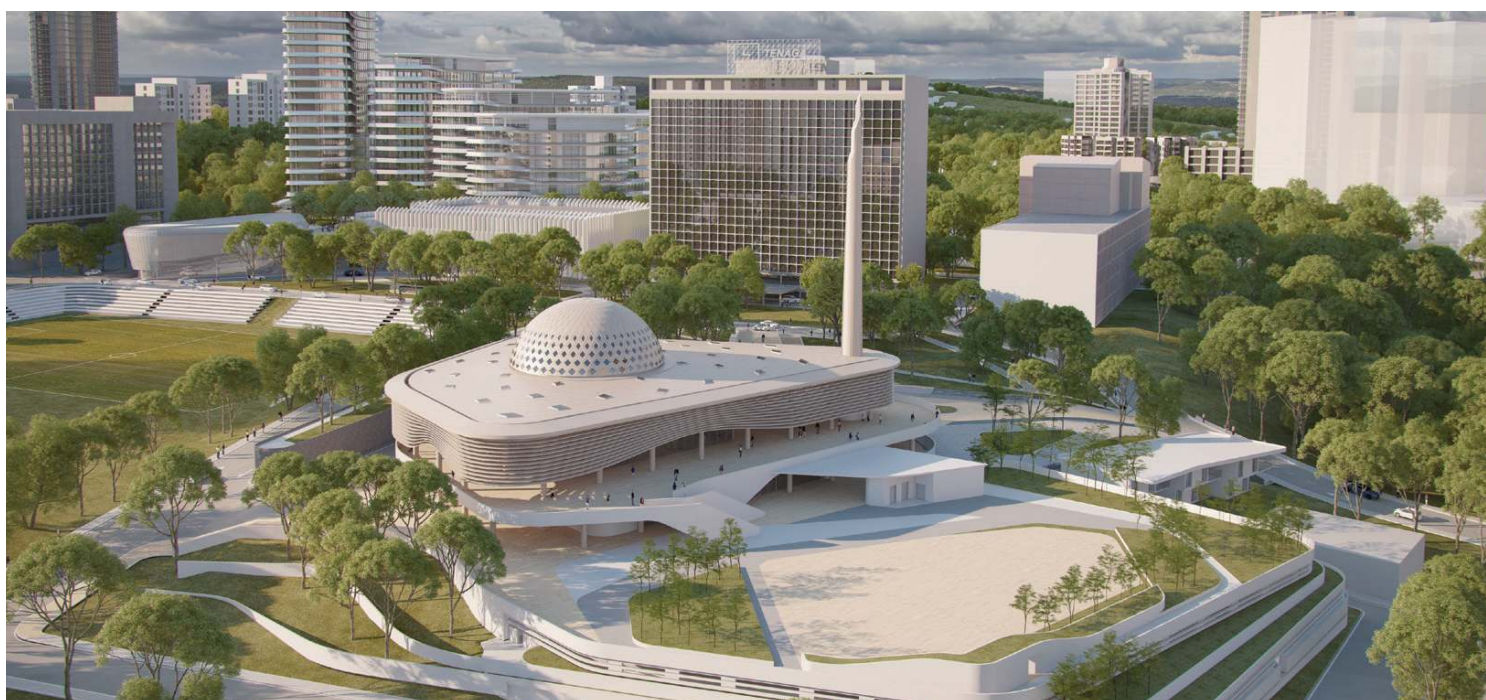
Online Engagement

Our Digital Media team was formed in 2017 to oversee and maintain all of MRCB's digital outputs for both internal and external consumption. The team joined our Corporate Communications Department in 2018 and have spent the year developing MRCB's corporate and project websites, social media, electronic direct mail (EDM), digital signage, media monitoring and internal communications. As a result, 2018 saw an increase in our digital media activities, including the introduction of MRCB's e-newsletter (The Standard), photo competition (Oh Snap!), and a series of videos that showcased our projects, delivered holiday greetings as well as raised awareness on issues surrounding cyberthreats.

In 2019, we plan to focus more on generating quality and professional content for other social media platforms such as LinkedIn, and upgrade the methods and services we adopt towards engaging more effectively with MRCB employees, clients as well as communities through digital forms of communication.

MRCB'S SOCIAL MEDIA PRESENCE

			
2017	3.9K	800	FOLLOWERS
2018	8.3K	1.56K	FOLLOWERS



Customer Satisfaction Surveys

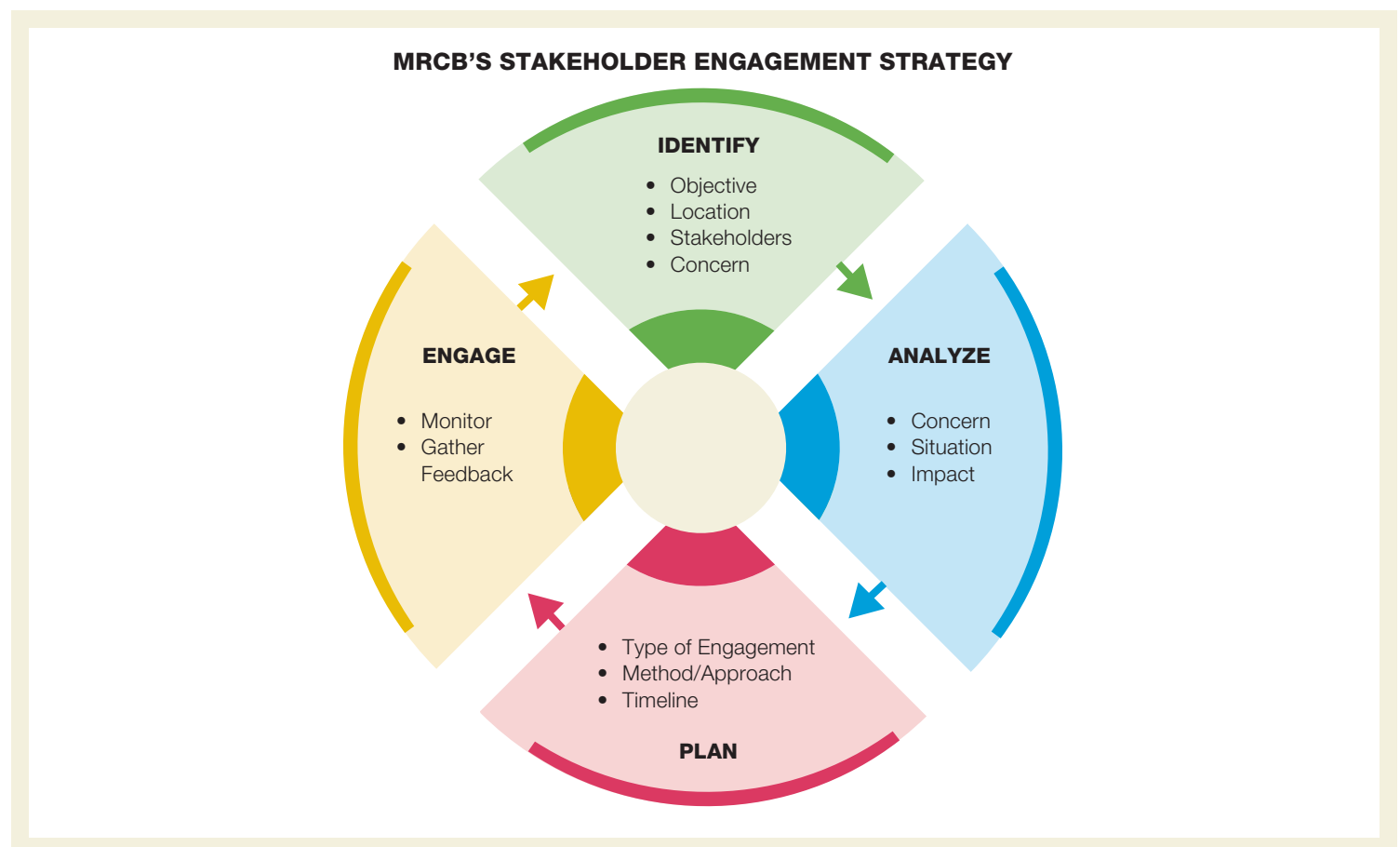
At MRCB, customer satisfaction surveys are conducted six months after a residential or commercial project is completed in order to provide continuously improved services and progressive outcomes. The surveys are also carried out under MRCB business units that are responsible for parking and security services, in efforts to ensure that quality customer service is delivered and to help plan future actions.

SOCIAL RESPONSIBILITY: OUR COMMUNITY

STAKEHOLDER ENGAGEMENT

AS A CORPORATE CITIZEN, MRCB UNDERSTANDS THE IMPORTANCE OF ADOPTING AN EXTERNAL OUTLOOK AND IDENTIFYING THE SUSTAINABILITY ISSUES THAT ARE MOST MATERIAL TO OUR BUSINESS. WE BELIEVE THAT IT IS ESSENTIAL FOR MRCB TO BE A PART OF (NOT APART FROM) SOCIETY, AND THUS HAVE FORMULATED A STAKEHOLDER ENGAGEMENT STRATEGY TO ENSURE THAT WE ENGAGE EFFECTIVELY AS WELL AS REGULARLY WITH THE DIVERSE COMMUNITIES THAT LIVE IN THE SURROUNDING AREAS OF OUR BUSINESS OPERATIONS.

Our Stakeholder Management Department is responsible for identifying the communities that are located within a defined radius of our offices and project sites, and have implemented strategic approaches towards developing win-win relationships with community stakeholders.



COMMUNITY STAKEHOLDERS IDENTIFIED

- Community/Neighbours (inclusive of Residents' Associations)
- Local politicians/parliamentary representatives
- Non-governmental Organisations (NGOs)
- Complainants & members of the public

METHODS ADOPTED FOR IDENTIFYING COMMUNITY STAKEHOLDERS

- Location
- Site Visits
- Input from local politicians/parliamentary representatives
- Input from local authorities/government agencies
- Online (search engines & social media)
- News articles
- Complaints from residents/members of the public

GRIEVANCE CHANNELS FOR COMMUNITY STAKEHOLDERS

- Written Correspondence
 - Letter
 - Social media
 - E-mail
- Consultation
 - Telephone
 - Walk-in
- Relationship management
 - Meeting/discussion (formal & informal)
 - Outreach programmes

SOCIAL RESPONSIBILITY: OUR COMMUNITY

Number of schools
adopted in 2018

5

Number of students
engaged in 2018

1,198

Total number of
schools adopted
(2007 - 2018)

14

Total number of
students engaged
(2007 - 2018)

16,411

Total number of
teachers engaged
(2007 - 2018)

2,765

PHILANTHROPIC ENDEAVOURS

Yayasan MRCB (or MRCB Foundation) carries out philanthropic activities that support causes related to social issues, education, arts and culture, nation-building and sports, all with special focus on underprivileged children and patients. It was established in 2015 and has since remained as the primary driver of MRCB's philanthropic initiatives, aiming to improve the lives of surrounding communities and individuals in need. Yayasan MRCB strives to identify programmes that can produce tangible and sustainable results. Some outreach programmes that were organised in 2018 included a visit to Orang Asli (indigenous people) villages, and philanthropic activities organised in collaboration with our Corporate Communications Department, which implements MRCB's Corporate Social Responsibility (CSR) initiatives. In 2018, Yayasan MRCB contributed a total of RM319,078 through its participation in various programmes, events and activities, as elaborated below.



Supporting Education

Through its school adoption programme, Yayasan MRCB lends a helping hand to primary school students by organising Primary School Achievement Test (UPSR) "clinics", delivering motivational talks, providing revision books and organising workshops to help prepare students for their UPSR exams.

In 2018, Yayasan MRCB organised a two-day programme for underprivileged Year 6 students at our adopted schools in Kuala Lumpur (KL), Perak and Penang, which are areas located in the vicinity of our property development projects. The programme benefitted more than 300 students, who gained knowledge and exposure to effective studying techniques for four core subjects – Bahasa Melayu, English, Mathematics and Science. Additional tuition classes were also provided to the students to help increase their chances of succeeding in the exams.

We are pleased to report that three of our five adopted schools experienced notable improvements in student pass rates in the Primary School Achievement Test (UPSR) of 2018. However, two schools witnessed a decrease in their 2018 UPSR pass rates compared to the previous year. We hope that through Yayasan MRCB's continued involvement in the school adoption programmes and assistance in developing learning activities, the rate of students' achievements could be further improved across all our adopted schools.

SOCIAL RESPONSIBILITY: OUR COMMUNITY

UPSR PASS RATES FOR YAYASAN MRCB'S ADOPTED SCHOOLS				
School	Pass Rate (%)			
	2015	2016	2017	2018
SK La Salle 1, Brickfields Kuala Lumpur	64.70	53.90	58.33	27.78
SK La Salle 2, Brickfields Kuala Lumpur	68.50	40.00	50.00	School was merged with SK La Salle 1
SK Iskandar Perdana, Seri Iskandar Perak	76.80	76.90	76.98	70.86
SK Pengkalan Jaya, Butterworth, Penang	78.70	63.20	65.84	70.80
SK Kuala Perai, Butterworth, Penang	63.30	73.30	53.80	70.00
SJK (T) Vivekananda, Brickfields	N/A	72.10	74.60	78.00

Other forms of support by Yayasan MRCB towards educational advancement in 2018 included:

RM5,000

donation to Yayasan Insan & Ilmu to help improve the hostel facilities and appliances, such as fans, curtains, mattresses, desks and other necessary items for 17 students at the Pertubuhan Rumah Amal Al Hijrah.

RM1,224

donation to the Parent Teacher Association (PIBG) of Sekolah Jenis Kebangsaan (Tamil) Vivekananda to support the participation of underprivileged students in a family day marathon.

Sponsorship of school uniforms, bags, stationery and socks amounting to
RM52,800
for 600 underprivileged primary school students in the Titiwangsa area.

RM60,060

donation to the Selangor Cheshire Home in support of its 6-month Economic Empowerment Programme, which is a training programme that helps youths with disabilities gain employment.



Supporting Healthy Lifestyles

Yayasan MRCB supports healthy lifestyles and seeks to promote them through its programmes and activities. In 2018, Yayasan MRCB collaborated with UniKL Royal College of Medicine Perak to organise a community engagement programme with an Orang Asli (Indigenous People) community in Sungai Kejar, Perak. The programme witnessed the participation of 45 volunteers (11 from MRCB) and included a mobile clinic, educational workshops as well as outdoor children's activities aimed at enhancing awareness of good health and hygiene. The Orang Asli community were given the opportunity to meet medical professionals and get free access to basic medical check-up. Yayasan MRCB sponsored a total of RM12,500 towards the programme, which was held for three (3) days and benefitted around 500 members of the Orang Asli community.

Yayasan MRCB's promotion of healthy lifestyles also includes sports. In collaboration with the Malaysian Open Squash Championship 2018, Yayasan MRCB organised its first fundraising event, which successfully raised a total of RM807,000. It then donated RM161,400 to the Squash Racquets Association of Malaysia (SRAM) – the national body for squash in Malaysia that serves as caretakers to the nation's squash development, to promote the sport as well as programmes for underprivileged children.






SOCIAL RESPONSIBILITY: OUR COMMUNITY

MRCB'S CSR INITIATIVES

While most of our philanthropic work is carried out under Yayasan MRCB, the Group organises its own CSR initiatives as well, with special focus on education, community outreach, sports and matters related to our core areas of business such as engineering and construction. These initiatives form a part of our corporate strategy and have been helpful in fostering a positive relationship between the corporation and the communities located in the vicinity of our business operations. Below are some of the organisations that MRCB has contributed to in 2018 and several of the programmes that MRCB was involved in throughout the year.



<p>Society of the Orthopaedically Handicapped Malaysia (POCAM)</p> <p>Donated RM2,000 to help advance the organisation's cause and to lessen their financial burden. POCAM provides job training, medical treatment and education to people with disabilities.</p>	<p>Kelab Sukan dan Rekreasi Komuniti Segamat</p> <p>Contributed RM20,000 to the community's "Back-To-School" programme, which benefitted 200 underprivileged students who received RM100 each in addition to basic school supplies.</p>	<p>Zoo Negara Malaysia</p> <p>Donated RM5,000 to the zoo for its 55th Anniversary Celebration. Zoo Negara Malaysia is a zoo located in Selangor that is managed by the Malaysian Zoological Society, a non-governmental organisation that was established to create the first local zoo for Malaysians.</p>	 <p>Bursa Malaysia Berhad – The Bursa Bull Charge 2018</p> <p>Sponsored RM78,000 for the 5th Bursa Bull Charge. With its rallying call, "The Day The Marketplace Runs for Others", the capital market charity run brought together all capital market players and promoted financial literacy, social entrepreneurship as well as the improvement of underprivileged communities.</p>
<p>The Society of the Blind in Malaysia (SBM)</p> <p>Contributed RM5,000 to the Society, which focuses on securing equal rights and opportunities for the blind community in Malaysia by working on their socio-economic advancement through enabling them to become responsible, useful and productive citizens.</p>	 <p>Society for the Prevention of Cruelty to Animals (SPCA)</p> <p>Sponsored RM30,000 to support the organisation's cause, which is aimed at promoting kindness and preventing cruelty towards animals.</p>	 <p>Majudiri 'Y' Foundation for the Deaf</p> <p>Donated RM5,000 to the Foundation, which was established to receive and administer funds for education, youth workshops, scientific research and charity for the Deaf community.</p>	

ENVIRONMENTAL STEWARDSHIP



MAJOR ENVIRONMENTAL ISSUES, SUCH AS LAND DEGRADATION, AIR POLLUTION, DEFORESTATION, WATER MANAGEMENT AND CLIMATE CHANGE HAVE LEFT DEVASTATING EFFECTS ON THE ENVIRONMENT AND PEOPLE, LEADING TO INCREASING COSTS IN DAMAGE, IN ADDITION TO BUSINESS INTERRUPTIONS. AS AN URBAN PROPERTY DEVELOPER, MRCB IS AWARE OF THE INTERACTIONS THAT OCCUR BETWEEN URBAN LIFE AND THE NATURAL ENVIRONMENT.

We understand that a polluted urban environment can produce adverse impacts on the health and quality of life in the urban population as well as contribute to exacerbating the effects of climate change. At the same time, we are also working on building our understanding of how climate change and other environmental issues may impact our business in the near and distant future. While we have yet to identify our environmental risks, we will continue to work on minimising the impact of our business activities on the environment and human health by striving to integrate sustainable construction practices into our daily operations.

SUSTAINABLE CONSTRUCTION

MRCB implements the ISO 14001:2015 Environmental Management Systems and adheres to the General Specifications for Environment, Safety & Health aspects required as a Project Delivery Partner (PDP). To comply with the ISO 14001 standards, we make efforts to mitigate vibration levels and prevent water, air and noise pollution by achieving 100% compliance with the approved ranges determined by Malaysia's Department of Environment (DOE) as well as the guidelines set out by local authorities. We also ensure that all new MRCB employees, site workers and subcontractors involved in construction works at our project sites attend the environmental induction course delivered by our ESH Department.

The sustainable practices we adopt vary from one site to another as we have yet to formulate a Group-wide policy, standard or criteria that requires certain practices to be implemented at all construction sites. Nevertheless, weekly inspections and monthly internal audits are conducted to ensure implementation of best practices and compliance to ISO requirements. The observation reports that are prepared upon completion of site inspections and internal audits have certainly been useful in helping us keep track of the environmental issues that need to be addressed, corrected and monitored at each site.

Transit Oriented Development (TOD)

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. 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 them to reduce their carbon footprints. In this regard, TODs foster sustainable lifestyles and function as networks that knit together communities, cities, and regions.

As a company at the forefront of the nation's growth, we are also mindful of our role in creating positive spillover effects from our developments. We strive to ensure the long-term well-being of the communities we operate in as well as the benefits that could be derived from the outcomes of our projects. For example, when developing our 9 Seputeh project, we constructed the Elevated Link Bridge connecting Old Klang Road to New Pantai Expressway, which enhanced connectivity for the neighbouring communities – namely Pantai Dalam, Kampung Kerinchi, Taman Bukit Angkasa, PPR Sri Pantai, PPR Kampung Limau and Perumahan Pantai Permai – to the primary road network. The bridge has helped to ease traffic and surrounding communities have benefitted through its comprehensive infrastructure. At the same time, the areas located in the vicinity of our developments have experienced overall improvements that continue to contribute towards generating social, economic as well as environmental value.



ENVIRONMENTAL STEWARDSHIP

Green Buildings

Recognising that green buildings can help tackle climate change and other environmental-related issues, we are committed to complying with the criteria and design requirements applied by various Green Certification bodies for projects involving the construction of green buildings. Our Engineering, Construction and Environment Division refers to the MRCB Builders' Green Building Guide (2015) in meeting green building requirements. The four (4) green building rating systems that are adopted in the Guide are as follows:



Malaysia's Green Building Index (GBI);



US Green Building Council's Leadership in Energy and Environmental Design (LEED);



Singapore's Building Construction Authority (BCA) Green Mark; and



Malaysia's Green Real Estate (GreenRE)



CITIES ARE MAJOR CONTRIBUTORS TO CLIMATE CHANGE: ALTHOUGH THEY COVER LESS THAN 2% OF THE EARTH'S SURFACE, CITIES CONSUME 78% OF THE WORLD'S ENERGY AND PRODUCE MORE THAN 60% OF ALL CARBON DIOXIDE AND SIGNIFICANT AMOUNTS OF OTHER GREENHOUSE GAS EMISSIONS, MAINLY THROUGH ENERGY GENERATION, VEHICLES, INDUSTRY, AND BIOMASS USE. AT THE SAME TIME, CITIES AND TOWNS ARE HEAVILY VULNERABLE TO CLIMATE CHANGE.



– UN-HABITAT

> Sentral Residences



The Green Building Guide is circulated to all project sites that are aiming for green building certifications. Keeping MRCB in compliance with green building requirements has also helped us ensure continued compliance with environmental legislations, regulations and project requirements.

A few examples of some basic green criteria and design requirements that MRCB fulfils in the construction of green buildings are as follows:

- Legal disposal of rubbish, organic matters, or any material on the site, in accordance with specifications for environmental protection and construction waste management.
- Installation of efficient lighting in common areas.
- Use of collected rainwater or non-potable water in any permanent landscape irrigation systems to reduce the potable water consumption for landscape irrigation.
- Adoption of building designs, construction practices and materials that are environmentally friendly and sustainable, such as green cements, architectural precast elements, recycled fire door, drain cells from recycled plastic, and so on.
- Use of recycling bins and promotion of recycling habits.

A qualified Green Building Coordinator is assigned within thirty (30) days after a contract is awarded. The coordinator will be responsible for actively monitoring projects through conducting periodic site visits, facilitating fortnightly Green Building coordination meetings, preparing Green Building Monthly Progress Reports, and ensuring all works are in compliance with the green building rating requirements.

ENVIRONMENTAL STEWARDSHIP

Stakeholder engagement also forms an essential element of our green building projects. The green building team under MRCB Builders works with project teams to carry out stakeholder engagement activities during the following phases of a project:



PROPERTIES DEVELOPED BY MRCB WITH GREEN BUILDING CERTIFICATIONS

Completed Projects

DEVELOPMENT/BUILDING	SUSTAINABILITY ACCREDITATION
MENARA CIMB	GBI NRNC CVA CERTIFIED
MENARA SHELL	GBI NRNC DA SILVER and LEED ID+C Commercial Interior GOLD
Q SENTRAL	GBI NRNC DA GOLD
SENTRAL RESIDENCES	GBI RNC CVA GOLD
PLATINUM SENTRAL	GBI NRNC DA CERTIFIED and BCA Green Mark PLATINUM
MENARA MRCB	GBI NRNC DA GOLD
ST REGIS KUALA LUMPUR	GBI NRNC DA CERTIFIED
MENARA SHELL & ASCOTT SENTRAL	LEED BD+C CS PLATINUM

Current Projects

DEVELOPMENT/BUILDING	SUSTAINABILITY ACCREDITATION
PJ SENTRAL – CELCOM TOWER	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD
PJ SENTRAL – MBSB CORPORATE HQ	GBI NRNC DA CERTIFIED and LEED BD+C CS GOLD
PJ SENTRAL – MYIPO CORPORATE HQ	GBI NRNC DA CERTIFIED
SENTRAL SUITES	Target: MyCrest ONE STAR and Green RE BRONZE
9 SEPUTEH	GBI RNC DA CERTIFIED

Note:

BD+C
CS
CVA
DA
ID+C
NRNC
NC

- Building Design & Construction
- Core & Shell
- Completion & Verification Assessment
- Design Assessment
- Interior Design & Construction
- Non-Residential New Construction
- New Construction

BCA Green Mark
GBI
GreenRE

LEED

MyCrest

- Building Construction Authority Green Mark (Singapore)
- Green Building Index (Malaysia)
- A green rating tool set up to promote sustainability in the property industry (Malaysia)
- Leadership in Energy and Environmental Design (United States)
- Malaysian Carbon Reduction and Environmental Sustainability Tool

ENVIRONMENTAL STEWARDSHIP

MATERIALS

Percentage (%) of Recycled Input Materials at MRCB Green Building Projects

GREEN BUILDING PROJECT	MATERIALS	MATERIALS WITH RECYCLED CONTENT REQUIRED AT TENDER	% OF MATERIALS WITH RECYCLED CONTENT (AT DESIGN STAGE)
PJ SENTRAL – MBSB CORPORATE HQ	Concrete	10%	10.06%
	Steel Bar		
	AAC Blocks		
	Floor Tiles		
	Bricks		
	Frame System		
	Gypsum Board		
PJ SENTRAL – MYIPO CORPORATE HQ	Concrete	10%	31.50%
	Steel Bar		
	Gypsum Board		
	Floor Tiles		
	Steel Bar		
	Cement		
9 SEPUTEH	Concrete	10%	28.70%
	Steel Bar		
	AAC Blocks		
PJ SENTRAL – CELCOM TOWER	Clay Bricks	10%	12.18%
	Steel Bar		
	Ceiling Boards		
	Concrete		



ENVIRONMENTAL STEWARDSHIP

ENERGY AND WATER CONSUMPTION

As part of our on-going efforts to keep track of MRCB's sustainability performance and upgrade our corporate sustainability disclosures, we increased our level of engagement with all departments as well as subsidiaries involved in managing environmental-related data. In 2018, we conducted a thorough review of the information that our Business Units are able to provide, in order to obtain a better picture of how we are managing and performing in certain areas relating to the environment. Through this on-going process, we have been able to gain further details on the various sustainability efforts that our teams have implemented through their own initiative at project sites, and some difficulties that have been encountered in upholding sustainable practices on site. We also began to identify areas of our business operations that could potentially be improved over time as MRCB continues to mature along the road towards sustainability.

Furthermore, we learned that the complex nature of our business presents some challenges in compiling and normalising certain environmental data sets. For example, our use of energy and water is dependent on the number and scale of projects pursued during the year. The total energy and water consumption recorded each year will thus vary as some projects begin and others end. Projects that are at the very beginning or tail-end phases tend to use less energy and water, compared to when they are undergoing more intensive phases of construction. In addition, we encountered barriers in obtaining accurate data on water consumption due to a lack of quantitative data recorded at certain project sites. Thus, comparisons of year over year data may not necessarily reflect the total amount of energy and water that we have consumed or saved over the years. Nevertheless, as we work towards implementing our sustainability framework and strategy, we hope to find ways that could help improve our data compilation process and increase the quality of our sustainability disclosures. In the meantime, we provide in this report a summary of the data that we were able to compile from key departments and operating subsidiaries. The figures are displayed below under MRCB's key areas of operation.

MRCB's Energy Consumption (kWh)

KEY AREAS OF OPERATION	2016	2017	2018
MRCB Headquarters	504,783	496,534	502,739
Property Development	34,954,210	20,998,573	18,320,486
Engineering, Construction & Environment	781,919	1,184,048	1,180,693
Facilities Management & Parking	11,856,794	11,338,442	14,286,552
Infrastructure & Concessions	1,740,737	1,764,682	-
TOTAL	49,838,443	35,782,279	34,290,470

MRCB's Water Consumption (m³)

KEY AREAS OF OPERATION	2017	2018
Property Development	80,110	227,604
Engineering, Construction & Environment	216,655	55,289
Facilities Management	-	342,202
TOTAL	296,765	625,095

Our revived pursuit for sustainability has indeed taught us that much work and attention are still needed at MRCB in raising knowledge and awareness on collecting and monitoring environmental data. Moving forward, we plan to engage more closely with all teams to foster active participation at all levels, and train our workforce on the importance of recording and submitting environmental data in a timely manner.

CARBON DIOXIDE (CO₂) EMISSIONS

MRCB does not currently keep track of all its Greenhouse Gas (GHG) emissions at offices and project sites, as we have yet to identify and decide on the most appropriate method for quantifying and monitoring our GHG emissions. The summarised data on fuel consumption below displays the amount of fuel (a combination of petrol and diesel) consumed and the carbon dioxide (CO₂) emitted by MRCB's company vehicles, which are for travelling between offices and project sites. The level of emissions for 2018 appear to be higher than that of 2017, but this may be due to the fact that more subsidiaries and project sites were included and thus quantified in the data compilation process.

MRCB'S FUEL CONSUMPTION & CO ₂ EMISSION	2017	2018
Volume (L)	418,682	422,955
CO ₂ Produced (kg/L)	976,159	986,910

ENVIRONMENTAL STEWARDSHIP

WASTE MANAGEMENT

The total amount of generated waste recorded from our project sites in 2017 was 39,348.05 tonnes. In 2018, we made further improvements in the process of recording and compiling data by distinguishing the waste generated at project sites into three types – construction waste, domestic waste and scheduled waste. A brief description of each type of waste is provided below. Similar to our data on energy and water consumption, the figures disclosed for waste generated at MRCB project sites also depends on the number of projects that were under development during the year as well as the availability of trained personnel that were able to record and submit the necessary details.

Waste Generated at MRCB Project Sites in 2018

TOTAL IN TONNES (2018)	
Construction Waste	9,749
Domestic Waste	790
Scheduled Waste	16
TOTAL	10,555

Note:

Construction waste – Any waste or unusable material generated from construction work

Domestic waste – Waste that is generated as a result of domestic or household activities

Scheduled waste – Any waste listed in the Environmental Quality Act (EQA) 1974

MRCB TRAINING ON ENVIRONMENTAL AWARENESS

All MRCB employees are required to attend an introductory environmental training course, which is integrated into the induction course module, at the beginning of their employment. Subcontractors are also required to attend an environmental training course that places more focus on their unique scopes of work. The subjects covered in the environmental training course are as follows:

For MRCB Employees

- Basic introduction to environmental issues and sustainable development.
- Major environmental challenges occurring at local and global levels.
- Legal & Other Requirements (LOR) related to the construction industry.
- MRCB's QESH Policy and the QESH Management System.
- Good and bad environmental practices in the construction industry.
- Requirements of the Environmental Management System (EMS) ISO 14001:2015.
- Roles of ESH personnel.

For Subcontractors/Site Workers

- Construction Waste Management (CWM).
- Scheduled Waste Management (SWM).
- Erosion Sedimentation Control Plan (ESCP).
- Legal requirements and Aspects/Impacts
- Water, Air, Noise and Vibration (WANVi) parameters monitoring.
- Quality, Environment, Safety & Health Management System (QESH-MS) Policy.
- Oil spillage control mechanisms and related machinery.

ENVIRONMENTAL INITIATIVES AT MRCB PROJECT SITES

MRCB complies with the criteria set for projects involving green buildings, and implements the QESH policy under its Engineering, Construction and Environment Division. We also refer to our sustainability checklists (as elaborated in our 2017 report). In addition to the practices that all project teams are required to adopt, some additional initiatives have been carried out at select project sites. We present below an example of how the monitoring programme for electricity, diesel and water usage was implemented at one of our projects.



CASE STUDY

SENTRAL SUITES

Energy Management

The quantity of diesel and electricity consumed at a project site depends on the type and size of project, the number of workers involved on site, and the construction methods as well as activities adopted. At the beginning of the Sentral Suites project, baseline targets for energy usage were set for each month and served as predictions for electricity and diesel usage on site. An Environmental Engineer or Supervisor will collect the electricity bills and diesel receipts on a monthly basis, and compare them to the set targets. If actual consumption differs more than ten percent (10%) from the set targets, the project site team will evaluate their activities during the reviewed month to identify those that are energy-intensive, so as to determine areas for improvement. Some of the initiatives implemented at project sites to improve energy efficiency throughout the construction process include the following:

I. ELECTRICITY USAGE IN SITE OFFICE

- Limit usage whenever possible (e.g. turn off electricity during lunch hour)
- Avoid overcharging electronic devices at the site office
- Encourage the use of laptops instead of desktop computers
- Increase awareness of site personnel and workers through toolbox talks, briefing sessions, posters and notices.

II. DIESEL USAGE IN SITE ACTIVITIES

- Check for leakage
- Avoid equipment idling time during operation

III. GOOD HOUSEKEEPING

- Ensure equipment is well maintained and operated correctly.
- Weekly checklist for IAQ tasks (and Housekeeping Checklist)

Water Management

The site team at Sentral Suites is primarily focused on reducing potable water use and eliminating water wastage on site, including use of efficient water fittings (certified under WELS with at least a 1 tick rating) for the site office. The team monitors the volume of potable water use via collection of water bills. Through the data compiled, a reduction target that is unique to the project, is determined. If the actual consumption differs more than 10% from the targets, the site team will evaluate their activities during the month to identify which activities are water-intensive. Some of the activities and processes that the team has identified as contributing to water wastage are:

- Suppression of dust on site roads
- Wheel washes
- Site and general cleaning
- Lorry washout
- Washout of ready-mix concrete wagons

The initiatives implemented at the project site to promote good practices in water usage include:

- Toolbox talks to ensure site workers understand the need to conserve water.
- Use of buckets instead of running water to wash tools.
- Site inspections for leaks and wastage
- Awareness-raising efforts such as through posters, etc.
- Efficient water fittings (for site cabin)
- Limiting the usage of water to damp down the access roads
- Using steel plate or stone for site access roads and carparks from the early stage of project works to reduce requirement for damping down of dust.
- Collecting and using rainwater when possible
- Recovering water where possible from wheel washing and reusing it for dust suppression

Other than the monitoring programme implemented on site, the project team conducts a Chemical Spillage and First Aid Drill from time to time, in efforts to raise the skills and awareness of all on-site personnel as well as workers on how to manage emergency situations involving chemical spillage.

ENVIRONMENTAL STEWARDSHIP

SUSTAINABLE PROCUREMENT

Procurement functions and processes at MRCB are managed under several different teams, such as the Group Procurement Department and the Engineering, Construction & Environment Division. In efforts to increase efficiency and reduce risks associated with purchasing and supply management, we are currently working on centralising all procurement functions under one Procurement Department.

Sustainable procurement contributes to promoting corporate accountability and transparency. MRCB has yet to incorporate sustainability principles into our procurement process as we have been placing more focus on expanding our supplier base. We believe this to be important in improving overall returns to shareholders as well as in ensuring the long-term sustainability of our business. Nevertheless, we plan to progressively develop our knowledge of sustainable procurement and intend to adopt more sustainable practices in the procurement process, especially upon centralising our procurement functions. Although we have yet to implement a Supplier Code of Conduct, we are already in the midst of preparing a Vendor Letter of Declaration (VLOD) that sets out MRCB's expectations of our business partners, which they will be contractually obliged to follow, including compliance with human rights and laws against child labour.



“

SUSTAINABLE PROCUREMENT MEANS MAKING SURE THAT THE PRODUCTS AND SERVICES WE BUY ARE AS SUSTAINABLE AS POSSIBLE, WITH THE LOWEST ENVIRONMENTAL IMPACT AND MOST POSITIVE SOCIAL RESULTS

”

– UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

SUPPLIER MANAGEMENT

The processes involved in supplier management at MRCB includes registration, preliminary qualification assessment and performance evaluation. As we place importance on establishing business relationships with reliable and capable suppliers, all our suppliers must achieve the minimum points of the preliminary qualification assessment and become registered approved suppliers, before they can be invited to submit quotations and be appointed by MRCB. The objective of the prequalification process is to ensure that contractors, consultants or suppliers participating in MRCB's projects and activities have the appropriate experience, capabilities and requirements to deliver products or services of a standard that fulfils the Group's objectives. During the appointment term, the supplier's performance is evaluated every 6 months to keep track of performance records and facilitate sourcing of quotation for future project requirements. The termination of suppliers is usually due to the expiry of a contract, poor performance or non-compliance to the contract. A total of 49 vendors (i.e. suppliers, contractors, consultants, etc.) were blacklisted in 2018 due to their poor performance. MRCB implements its Group Procurement Policy and the Policy on Pre-Qualification of Contractors, Consultants and Suppliers, which addresses matters related to supplier registration and pre-qualification, purchase requisition, sourcing strategies (quotation, tender or direct negotiation) as well as purchasing methods (purchase order or agreement). The policies are reviewed from time to time.

At MRCB, prequalification is described as a condition for a contractor, consultant or supplier to participate in quotations or tender bids to supply goods and services to the MRCB Group.

ENVIRONMENTAL STEWARDSHIP

GEOGRAPHIC LOCATION OF SUPPLIERS

Due to the location of our headquarters and project offices, our suppliers are mainly based in Malaysia, with a majority located in the Klang Valley (i.e. Greater Kuala Lumpur). Some suppliers that are based out of the Klang Valley area are located in the states of Johor, Perak and Penang, and were appointed because of project requirements and location.

Estimated Number of Suppliers

2,241 registered approved vendors

968

registered suppliers

1,042

registered contractors

231

registered consultants

Type(s) of Suppliers Engaged by MRCB

65%

Suppliers

26%

Service
providers

9%

Manufacturers

MRCB'S SELECTION CRITERIA FOR APPOINTMENT OF SUPPLIERS

1. Product package:

- Meet specifications of products or scope of services/works
- Competitive prices
- Delivery term
- Payment term

2. Capability of Supplier:

- Well-established organisation structure
- Financial stability/track records
- Performance/Job/Business experience records
- Certification/Licensing/Registration with Government authorities (if applicable)
- Quality, Environmental, Safety & Health Management System (if applicable)
- Manpower capability & technical competency (if applicable)

In the next phase of our corporate development, we intend to upgrade MRCB's procurement strategy and practices by reviewing the Group's current procurement policy and guidelines as well as its procurement structure and functions. We will also continue to develop our supplier performance monitoring process, and intend to adopt a new procurement system that can be integrated with the supplier portal and financial system at MRCB. As further progress is made in MRCB's supply chain management, we will embark on exploring and identifying our short and long term supply chain risks.

DIRECTORS' PROFILES

TAN SRI AZLAN ZAINOL

Independent Chairman

Age : 69
Gender : Male
Nationality : Malaysian

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.

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.



Date Appointed to the Board:

12th January 2005
(Redesignated as Independent Chairman on 2nd July 2018)

Board Committee Membership:

Nil

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

Directorships in other Public Companies

- RHB Bank Berhad (Chairman)
- RHB Investment Bank Berhad (Chairman)
- Eco World International Berhad (Chairman)
- Grand-Flo Berhad
- 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)

Board Meetings Attendance In 2018





MOHD IMRAN MOHAMAD SALIM

Group Managing Director

Age : 37
Gender : Male
Nationality : Malaysian

Nominee of Gapurna Sdn Bhd (Gapurna),
a Major Shareholder of MRCB

Date Appointed to the Board:

1st March 2015

Board Committee Membership:

- Member of the Long-Term Incentive Plan (LTIP) Committee
- Member of Executive Committee

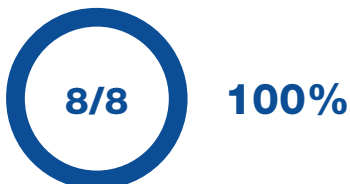
Qualifications

- 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

Directorships in other Public Companies

Nil

Board Meetings Attendance In 2018



Skills and Experience

Upon his graduation in early 2004, Imran commenced his career as an Engineer with Bistraya Construction Sdn Bhd, a wholly-owned subsidiary of Gapurna, a medium-sized diversified group, and was promoted to Project Director the following year. From there, 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 was the Group Chief Operating Officer of MRCB from 1st March 2013 to 28th February 2015 before being promoted to Executive Director of the Company on 1st March 2015. He assumed his current position with effect from 2nd July 2018.

Family Relationship with any Director and/or Major Shareholders

Imran is the son of Tan Sri Mohamad Salim Fateh Din, a substantial shareholder of Gapurna Sdn Bhd. Other than as disclosed, he does not have any family relationship with any director or any other major shareholders of MRCB.

Conflict of Interest with MRCB

Save as disclosed, and in Note No. 44 of page 151 of the accompanying Financial Report, he has no personal interest in any business arrangement involving MRCB.

DIRECTORS' PROFILES

DATO' MOHAMAD NASIR AB LATIF

Non-Independent
Non-Executive Director

Age : 61
Gender : Male
Nationality : Malaysian

Nominee of Employees Provident Fund (EPF),
a Major Shareholder of MRCB



Skills and Experience

Dato' Mohamad Nasir is currently the Deputy Chief Executive Officer of EPF (Investments). He started his career with EPF in 1982, and has held several positions in EPF including: State Enforcement Officer (1990 to 1995), Senior Research Officer, Manager and Senior Manager in the Investment and Economic Research Department (1995 to 2003), and General Manager, International Equity Department (2009 to 2013).

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.

Date Appointed to the Board:

24th August 2018

Board Committee Membership:

- Chairman of the Executive Committee
- Chairman of the Long-Term Incentive Plan (LTIP) Committee

Qualifications

- Diploma in Accounting & Finance, The Chartered Association of Certified Accountants
- Bachelor of Social Science (Major-Economic), Universiti Sains Malaysia
- Master of Science in Investment Analysis, University of Sterling, United Kingdom

Directorships in other Public Companies

- Sime Darby Plantations Berhad
- PLUS Malaysia Berhad
- Yinson Holdings Berhad

Board Meetings Attendance In 2018





JAMALUDIN ZAKARIA

Senior Independent Director

Age : 53
Gender : Male
Nationality : Malaysian

Date Appointed to the Board:

24th August 2011

Board Committee Membership:

- Chairman of the Nomination & Remuneration Committee
- Member of the Audit & Risk Management Committee
- Member of the Executive Committee

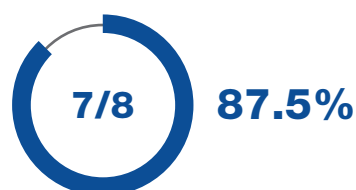
Qualifications

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

Directorships in other Public Companies

Nil

Board Meetings Attendance In 2018



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 Offerings in the domestic market and internationally through primary and secondary offerings, public debt offerings, 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.

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.

DIRECTORS' PROFILES

ROHAYA MOHAMMAD YUSOF

Non-Independent
Non-Executive Director

Age : 54
Gender : Female
Nationality : Malaysian

Nominee of Employees Provident Fund (EPF),
a Major Shareholder of MRCB



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 Executive Vice President for Corporate Investment Banking in 2005. After 18 years of acquiring vast experience in Maybank Investment in the areas of Fixed Income, Equity and Corporate Finance, Rohaya joined EPF in 2008 as Head of Corporate Finance. During her tenure with EPF, Rohaya was appointed Head of Capital Market Department, Investment Division in 2010 where she oversaw 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 estate assets.

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.

Date Appointed to the Board:

6th March 2014

Board Committee Membership:

- Member of the Nomination & Remuneration Committee

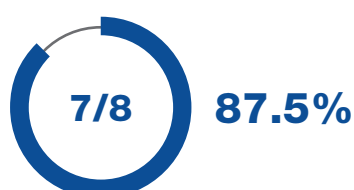
Qualifications

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

Directorships in other Public Companies

- United Plantations Berhad
- PLUS Malaysia Berhad
- Projek Lebuh raya Usahasama Berhad

Board Meetings Attendance In 2018





HASMAN YUSRI YUSOFF

Independent Director

Age : 59
Gender : Male
Nationality : Malaysian

Date Appointed to the Board:

26th January 2016

Board Committee Membership:

- Chairman of the Audit & Risk Management Committee
- Member of the Nomination & Remuneration Committee
- Member of the Long-Term Incentive Plan (LTIP) Committee

Qualifications

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

Directorships in other Public Companies

- Serba Dinamik Holdings Berhad

Board Meetings Attendance In 2018



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, plantations, power generation and oil & gas.

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.

DIRECTORS' PROFILES

TO' PUAN JANET LOOI LAI HENG

Independent Director

Age : 57
Gender : Female
Nationality : Malaysian



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.

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.

Date Appointed to the Board:

11th December 2017

Board Committee Membership:

- Member of the Nomination & Remuneration Committee
- Member of the Audit & Risk Management Committee
- Member of the Executive Committee

Qualifications

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

Directorships in other Public Companies

Nil

Board Meetings Attendance In 2018



Additional Information

- None of the Directors has:
 - been convicted of any offence (other than traffic offences) within the past five (5) years; and
 - been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.
- Details of the Director's training are set out in the Corporate Governance Overview Statement on pages 102 to 104 of this Annual Report.

SENIOR MANAGEMENT PROFILES



**MOHD IMRAN
MOHAMAD SALIM**

Group Managing Director

Age : 37
Gender : Male
Nationality : Malaysian

Mohd Imran was appointed Executive Director on 1st March 2015 and redesignated as Group Managing Director of MRCB on 2nd July 2018. He joined MRCB on 1st March 2013 as the Group Chief Operating Officer.

His full profile is listed in the Board of Directors' Profiles on page 87 of this Annual Report.



ANN WAN TEE

Group Chief Financial Officer

Age : 48
Gender : Male
Nationality : Malaysian

Academic/Professional Qualification(s)/Professional Membership(s):

- 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 OTHER PUBLIC COMPANIES

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

Working Experience

Ann Wan Tee was appointed Chief Financial Officer on 25th November 2013 and promoted as the Group Chief Financial Officer on 1st 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 in PricewaterhouseCoopers (Advisory Services) from January 2006 to May 2012, where he left as Executive Director.

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.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence.

SENIOR MANAGEMENT PROFILES



KWAN JOON HOE

Group Chief Operating Officer

Age : 37
Gender : Male
Nationality : Malaysian

Academic/Professional Qualification(s)/Professional Membership(s):

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

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES

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

Working Experience

Kwan Joon Hoe is currently the Group Chief Operating Officer of MRCB.

He joined MRCB as Senior Vice President of the Groups' Property Division in January 2014. Kwan Joon Hoe was appointed as the Chief Operating Officer of the Company on 1st March 2015 and was promoted to his current position on 1st June 2017.

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.

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.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence.

Additional Information

1. Save for Mohd Imran 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

Academic/Professional Qualification(s)/Professional Membership(s):

- Fellow of the Institute of Corporate Directors Malaysia
- SIDC, Capital Markets Director Programme
- Stock Exchange of Singapore, Dealers Representative
- London Stock Exchange, Registered Representative

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES

Nil

Working Experience

Amarjit was appointed Chief Corporate Officer of MRCB on 13th 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 to 1998 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 Litrac 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 Standard Islamic Investments Sdn Bhd.

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.

List of convictions or offences within the past five (5) years

He has not been convicted for any offence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LETTER FROM THE CHAIRMAN

On behalf of the Board of Directors,
I am pleased to present this year's Corporate
Governance Overview Statement.

**As Chairman,
I once again reiterate my
unwavering commitment
in ensuring that the highest
standards of governance are
maintained throughout
the Group.**

**TAN SRI
AZLAN ZAINOL**



In ensuring the long-term success and the delivery of sustainable value for all our stakeholders, it is imperative that good corporate governance and sound ethical behavior are embedded in our culture and values, with the tone being set from the top. Good corporate governance builds the foundation for investor, client, workforce and public confidence.

The Board is responsible for setting the overall strategy for the Group. In order to meet its strategic objectives, it is imperative that an effective governance structure is put in place. Hence, the Group views corporate governance as an integral part of the Group's business strategy and has established a solid corporate governance framework towards this end. Our corporate governance framework, which is set out below, is vital in contributing towards our growth and in driving long-term sustainability.

OUR CORPORATE GOVERNANCE FRAMEWORK

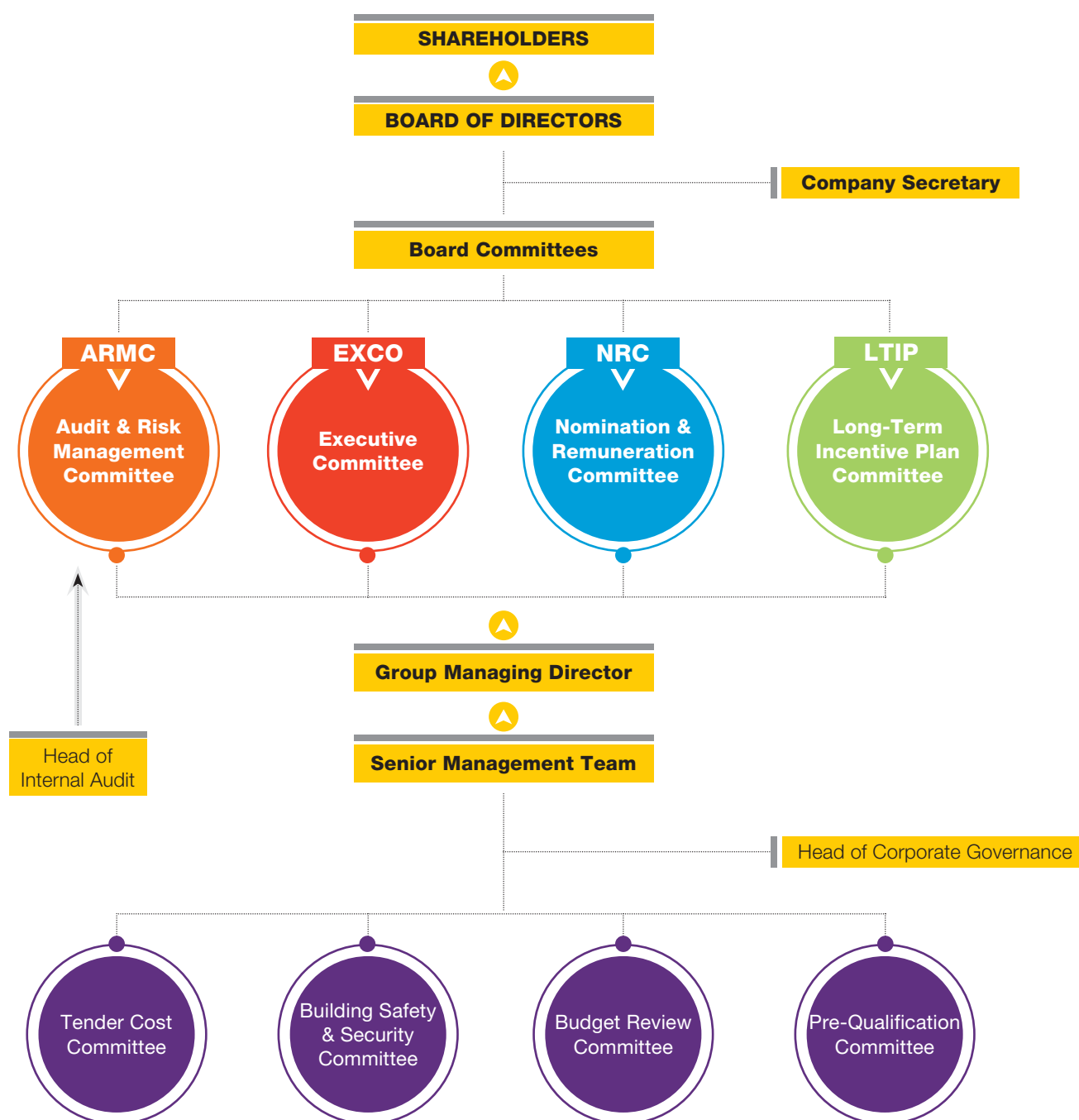
Our governance framework encompasses a robust decision-making process and a clear framework within which decisions can be made. This is achieved via our delegated authority framework, which ensures that decisions are taken by the right people, at the right level and that there is clear accountability 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 COLLECTIVELY RESPONSIBLE FOR THE PERFORMANCE OF THE GROUP, AND IT IS MY ROLE TO PROVIDE LEADERSHIP TO THE BOARD TO ENABLE IT TO DISCHARGE ITS RESPONSIBILITY.

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 with clear Terms of References to assist the Board in discharging its duties and responsibilities effectively. The Board retains the ultimate responsibility for decisions made by the Board Committees. The Board reserves certain key matters to itself for approval, such as the strategic plan, annual business plan and budget and Limits of Authority, and delegates responsibility for the day-to-day operations of the business to the Group Managing Director, who is assisted by the Senior Management team. In addition, there are various management committees to assist the Senior Management team in its decision making process. The following diagram depicts the governance framework of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE FRAMEWORK



Complementing efforts to strengthen our governance is our advocacy of human rights across the Group. We 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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Corporate Governance Practices

The Group's corporate governance practices are based on the requirements of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG), and guided by other best practices and standards such as those outlined in the ASEAN Corporate Governance Scorecard.

This Corporate Governance Overview Statement provides an outline as to how the Group has applied the principles and complied with the requirements set out in the MCCG throughout the financial year ended 31st December 2018.

We have applied all the Practices in the MCCG except the following:

- Practice 4.5 on the percentage of women directors on the Board;
- Practice 6.1 on policies and procedures to determine the remuneration of directors and senior management;
- Practice 11.2 on the adoption of integrated reporting;
- Practice 12.2 on attendance of all directors at General Meetings; and
- Practice 12.3 on leveraging technology to facilitate including voting in absentia and remote shareholders' participation at General Meetings.

With regards to Practice 4.5 on the percentage of women directors on the Board, we are now much closer to achieving the target of 30%, with the percentage of women directors on our Board currently at 29%, compared to 25% in the previous year.

In addition, we have adopted all the Step-up Practices in the MCCG except the following:

- Step-up Practice 7.3 on the full disclosure of the detailed remuneration of each member of Senior Management on a named basis; and
- Step-up Practice 8.4 on the composition of the Audit Committee.

However, Step-up Practice 8.4 on the composition of the Audit Committee was subsequently adopted on 12th January 2019, with the appointment of To' Puan Janet Looi Lai Heng, an Independent Director, to the Audit & Risk Management Committee, replacing Rohaya Mohammad Yusof, a Non-Independent Director.

The application of each of the Practices under the MCCG is explained in detail in the Corporate Governance Report. 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/

This Corporate Governance Overview Statement is prepared based on the following principles set out in the MCCG:

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

Go to page 98

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

Go to page 108

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

Go to page 109

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 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. 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 Group and has amongst others, the following duties and responsibilities:

- reviewing and approving the overall strategic plans and direction of the Group and Company;
- overseeing and evaluating the conduct and performance of the Group and Company;
- 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 Group and Company; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Group and Company.

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 assets;
- changes to the management and control structure within the Company and its subsidiaries.

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 protect and promote the reputation and performance of the Group.

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 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 Group. The Directors also have a duty of confidentiality in relation to the Group'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 Group; 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. Interested Directors abstain from all Board deliberations and voting with regards to matters in which they have an interest.

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 Group's performance and is required to report regularly to the Board on the progress being made by the Group's business units.

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 Board or Board Committees. The Limits of Authority is revised as and when required, with the last revision being in November 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD ACCESS TO INFORMATION

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

- i. 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;
- ii. Unrestricted access to the advice and services of the Company Secretary and Senior Management; and
- iii. 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.

Our Corporate Governance Department plays a 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 the Company Secretarial Department, which plays an advisory role to the Board, and highlights gaps between corporate governance standards and corporate governance practices within the Group, for direction as well as decisions on proposed action plans. Implementation of action plans agreed by the Board are monitored to ensure meaningful application of good governance practices.

SEPARATION OF POWER BETWEEN THE BOARD AND MANAGEMENT

The responsibilities of the Independent Chairman, Group Managing Director, Senior Independent Director, Independent Directors, Non-Independent Non-Executive Directors and Company Secretary are outlined in the Board Charter, which is published on the Company's website, www.mrcb.com.

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:

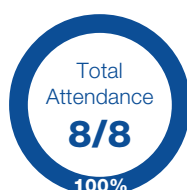
- Executive Committee (EXCO)
- Audit & Risk Management Committee (ARMC)
- Nomination & Remuneration Committee (NRC)
- Long-Term Incentive Plan Committee (LTIP)

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.

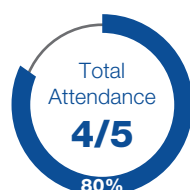
CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD OF DIRECTORS

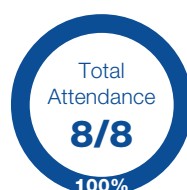
**TAN SRI
AZLAN
ZAINOL**



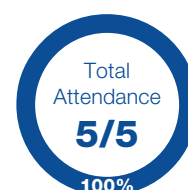
**TAN SRI
MOHAMAD
SALIM FATEH DIN¹**



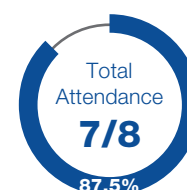
**MOHD IMRAN
MOHAMAD
SALIM**



**DATUK
SHAHRLIL RIDZA
RIDZUAN²**



**JAMALUDIN
ZAKARIA**



ARMC

AUDIT & RISK MANAGEMENT COMMITTEE

The ARMC comprises three (3) members as below:

Chairman:

HASMAN YUSRI YUSOFF

Attendance 5/5 (100%)

Members:

JAMALUDIN ZAKARIA

Attendance 5/5 (100%)

ROHAYA MOHAMMAD YUSOF

Attendance 5/5 (100%)

Note:

On 12th January 2019, To' Puan Janet Looi Lai Heng was appointed to the ARMC and Rohaya Mohammad Yusof resigned from the ARMC.

 Refer to the Audit & Risk Management Committee Report on page 112.

EXCO

EXECUTIVE COMMITTEE

The EXCO comprises four (4) members as below:

Chairman:

DATO' MOHAMAD NASIR AB LATIF

(Appointed on 24th August 2018)

Attendance 1/1 (100%)

DATUK SHAHRIL RIDZA RIDZUAN

(Resigned on 20th August 2018)

Attendance 1/1 (100%)

Members:

TAN SRI MOHAMAD SALIM FATEH DIN

(Retired on 2nd July 2018)

Attendance 1/1 (100%)

MOHD IMRAN MOHAMAD SALIM

(Appointed on 26th July 2018)

Attendance 1/1 (100%)

JAMALUDIN ZAKARIA

Attendance 2/2 (100%)

TO' PUAN JANET LOOI LAI HENG

(Appointed on 24th August 2018)

Attendance 1/1 (100%)

 Refer to the Executive Committee Report on page 115.

Note:

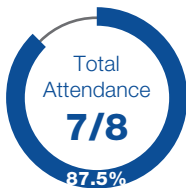
¹ Retired on 2nd July 2018

² Resigned on 20th August 2018

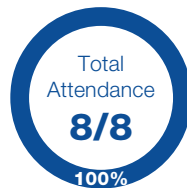
³ Appointed on 24th August 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

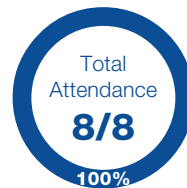
**ROHAYA
MOHAMMAD
YUSOF**



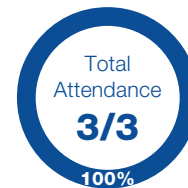
**HASMAN
YUSRI
YUSOFF**



**TO' PUAN
JANET
LOOI LAI HENG**



**DATO'
MOHAMAD
NASIR AB LATIF³**



OVERALL
PERCENTAGE OF ALL
BOARD MEETINGS
ATTENDED BY DIRECTORS

95%

NRC

NOMINATION & REMUNERATION COMMITTEE

The NRC comprises four (4) members as below:

Chairman:

JAMALUDIN ZAKARIA

Attendance 4/4 (100%)

Members:

ROHAYA MOHAMMAD YUSOF

Attendance 4/4 (100%)

HASMAN YUSRI YUSOFF

Attendance 4/4 (100%)

TO' PUAN JANET LOOI LAI HENG

(Appointed on 30th May 2018)

Attendance 1/1 (100%)

Refer to the Nomination & Remuneration Committee Report on page 116.

LTIP

LONG-TERM INCENTIVE PLAN COMMITTEE

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

Chairman:

JAMALUDIN ZAKARIA

(Resigned on 30th May 2018)

DATO' MOHAMAD NASIR AB LATIF

(Appointed on 24th August 2018)

Attendance 1/1 (100%)

Members:

MOHD IMRAN MOHAMAD SALIM

Attendance 1/1 (100%)

DATUK SHAHRIL RIDZA RIDZUAN

(Resigned on 20th August 2018)

HASMAN YUSRI YUSOFF

(Appointed on 30th May 2018)

Attendance 1/1 (100%)

Refer to the Long-Term Incentive Plan Committee Report on page 118.

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 2018 were as follows:

TAN SRI AZLAN ZAINOL

No.	Training/Seminar Attended	Date	Organiser	No.	Training/Seminar Attended	Date	Organiser
1.	Anti-Money Laundering/ Combating Financing of Terrorism & Regulatory Compliance Training	10 January 2018	RHB Banking Group	12.	BNM Communication Session with Board of Directors of RHB Investment Bank Berhad	10 August 2018	Bank Negara Malaysia
2.	Briefing on MFRS 9	10 January 2018	RHB Banking Group/Ernst & Young	13.	New Corporate Liability Provision under MACC Act 2009	5 September 2018	KPMG Management & Risk Consulting Sdn Bhd
3.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine	14.	MFRS 15 – Revenue from Contracts with Customers	19 September 2018	KPMG PLT
4.	World Capital Markets Symposium 2018 – Renaissance of Capitalism: Markets for Growth	6-7 February 2018	Securities Commission Malaysia	15.	Overview of the General Data Protection Regulation (GDPR)	20 September 2018	DLA Piper
5.	Seminar on the Latest Emerging Issues for Company Directors and Officers	28 March 2018	Naza TTDI Sdn Bhd	16.	MIA International Accountants Conference 2018 “Riding the Digital Wave, Leading Transformation”	9 & 10 October 2018	Malaysian institute of Accountants (MIA)
6.	Briefing on Global Economics and Markets Outlook	29 March 2018	RHB Banking Group/Dr Mark Zandi	17.	Update on Property Markets in United Kingdom	11 October 2018	CBRE
7.	Briefing on Singapore’s New Insolvency & Restructuring Regime	10 April 2018	RHB Banking Group/Shook Lin & Bok	18.	FIDE Elective Programme “Emerging Risks, the Future Board and Return on Compliance”	22 October 2018	The ICLIF Leadership & Governance Centre
8.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK	19.	Trends, Opportunities, Challenges in the Banking Sector	29 November 2018	RHB Banking Group/McKinsey & Company
9.	Communication Session between Bank Negara Malaysia and Board of Directors of RHB Bank and RHB Islamic Bank Berhad	15 May 2018	Bank Negara Malaysia	20.	Digital Ecosystem	29 November 2018	RHB Banking Group/ OneConnect International & Lu International
10.	Sustainability Awareness Session	13 July 2018	RHB Banking Group/Ernst & Young				
11.	Islamic Finance Beyond Banking and Cryptocurrency, Blockchain & Beyond: A Cautionary Tale	30 July 2018	Securities industry Development Corporation (SIDC)				

CORPORATE GOVERNANCE OVERVIEW STATEMENT

MOHD IMRAN MOHAMAD SALIM

No.	Training/Seminar Attended	Date	Organiser
1.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine
2.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK
3.	CEO Series 2018 - Annual Property Developers Conference	24 September 2018	REHDA Institute
4.	Kongres Masa Depan Bumi & Negara (KBN) 2018	1 September 2018	Teraju
5.	Khazanah Megatrends Forum	8 & 9 October 2018	Khazanah

HASMAN YUSRI YUSOFF

No.	Training/Seminar Attended	Date	Organiser
1.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine
2.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK
3.	Knowledge Sharing Session on Fiqh Muamalat	26 September 2018	MIDF
4.	Khazanah Megatrends Forum	8 & 9 October 2018	Khazanah
5.	KPMG Tax and Business Summit	8 November 2018	KPMG

ROHAYA MOHAMMAD YUSOF

No.	Training/Seminar Attended	Date	Organiser
1.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK
2.	BNY Mellon Asia Pacific Client Leadership Summit	21 & 22 August 2018	BNY Mellon
3.	Executive Presence & Media Skills Course	1 September 2018	EPF
4.	EPF International Social Security Conference	8 September 2018	EPF
5.	EPF Global PE Summit	26 September 2018	EPF
6.	Khazanah Megatrends Forum	8 & 9 October 2018	Khazanah
7.	EPF Investment Seminar	20 October 2018	EPF
8.	World Pension Summit. AMS	29 October 2018 – 2 November 2018	Pensions & Investments
9.	AVCJ HKG Forum	13 & 14 November 2018	AVCJ

CORPORATE GOVERNANCE OVERVIEW STATEMENT

JAMALUDIN ZAKARIA

No.	Training/Seminar Attended	Date	Organiser
1.	Embracing Blockchain Technology: How Does It Transform And Propel Finance?	26 June 2018	AB Maximus & Co. Pte Ltd
2.	Corporate Strategy And Strategic Choices	12 July 2018	CHK Consultancy Sdn Bhd
3.	KWAP Inspire: Environment Conference 2018	17 & 18 July 2018	KWAP
4.	Change Management – Driving Effective Change	18 October 2018	Securities Industry Development Corporation (SIDC)

DATO' MOHAMAD NASIR AB LATIF

No.	Training/Seminar Attended	Date	Organiser
1.	EPF Management Conference 2018	18 – 20 April 2018	EPF
2.	Dimension International Symposium	23 – 25 April 2018	Dimensional Fund Advisors Pte. Ltd.
3.	EPF International Social Security Conference 2018	8 – 9 August 2018	EPF
4.	Yinson Directors' Training	24 September 2018	Yinson Holdings Berhad
5.	EPF Investment Seminar 2018	20 – 21 October 2018	EPF

TO' PUAN JANET LOOI LAI HENG

No.	Training/Seminar Attended	Date	Organiser
1.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine
2.	Mandatory Accreditation Programme	20 – 30 January 2018	The Iclif Leadership and Governance Centre
3.	8 th World Women Lawyers' Conference Law in a changing world – From courtroom to boardroom: The impact of women	12 – 13 April 2018	The International Bar Association
4.	Global Leaders Corporate M&A Forum Global M&A Opportunities, Challenges & Trends A New Cold War and If So, What Does It Mean	8 – 9 July 2018	Global Leaders Forum

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMPOSITION

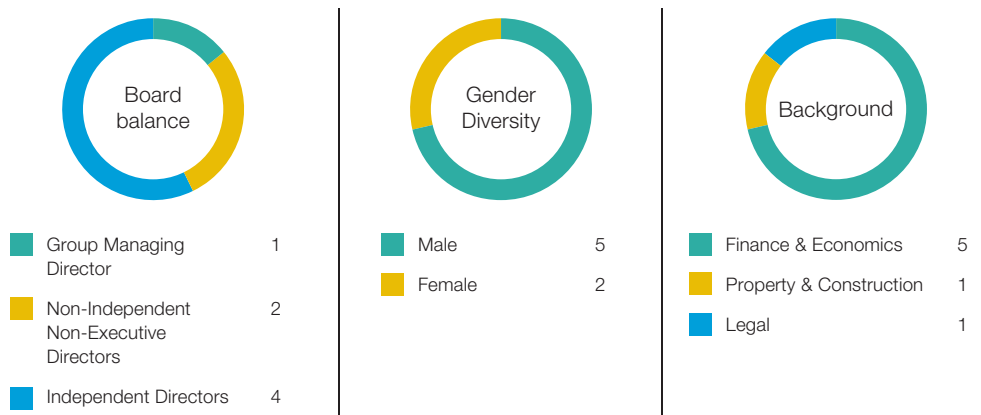
The composition of a board remains a key factor in influencing the manner in which the board functions and the dynamics between its members. An effective board should comprise members with an appropriate mix of skills, knowledge, experience and independence that fit the Company's objectives and strategic goals. In this regard, MRCB is committed to achieving diversity in its Board composition. The Board comprises four distinct parties, namely the Independent Chairman, the Group Managing Director, the Non-Independent Non-Executive Directors and the Independent Directors. 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 year 2018 saw changes to MRCB's Board. On 2nd July 2018, Tan Sri Mohamad Salim Fateh Din retired as Group Managing Director, and Mohd Imran Mohamad Salim was redesignated as Group Managing Director. On the same date, the Chairman of the Board, Tan Sri Azlan Zainol was redesignated from Non-Independent Chairman to Independent Chairman. With these changes being effected, MRCB has since been in compliance with Practice 4.1 of the MCCG, which states that for large companies, the majority of the Board should comprise Independent Directors.

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, backgrounds 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 Group.

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



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

PwC Consulting Services (M) Sdn Bhd (PwCCS) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the main Board, its Committees and the individual Directors.

The scope of work of PwCCS's appointment included a review and refinement of the current Board Effectiveness Assessment, a self and peer assessment, independent assessment interviews of the Directors, and the preparation of a Board Effectiveness Evaluation (BEE) report, including possible

improvement recommendations. The whole exercise of the BEE was carried out from February to May 2018.

For the assessment of individual Directors, the Directors completed Self and Peer Evaluation questionnaires, while for the Board and its Committees, the following approach was taken by PwCCS:

- Collation and analysis of completed assessment forms
- Structured one-to-one interviews with all Directors to validate preliminary results and to obtain further insights and context on specific areas
- One-to-one discussions with selected Senior Management to obtain views on Board-Management interactions.

PwCCS also interviewed all Directors and four Senior Management in relation to the BEE.

Pursuant to the BEE, PwCCS highlighted some areas which required improvements from the Board. The Board took the necessary improvement measures to further strengthen its performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION

Directors' Remuneration

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

The remuneration for the Group Managing Director is based on his achievements and contributions, measured against his Key Performance Indicators. The Board determines the remuneration of the Group Managing Director, taking into consideration the recommendations of the Nomination & Remuneration Committee.

The Independent and Non-Independent Non-Executive Directors received a fixed-base fee as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Independent and Non-Independent Non-Executive Directors is subject to the approval of the shareholders at the General Meeting. Remuneration of Independent and Non-Independent Non-Executive Directors is not linked to individual performance.

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' REMUNERATION

Directors	Fee (RM)	Salary & Bonus (RM)	EPF & SOCSO (RM)	Leave Passage (RM)	Allowance (RM)	Car Allowance (RM)	Benefits -In-Kind (RM)	LTIP (RM)	Total (RM)
Independent Chairman									
Tan Sri Azlan Zainol (Independent with effect from 2 nd July 2018)	200,000	-	-	-	152,000	-	-	-	352,000
Non-Independent Non-Executive Directors									
Datuk Shahril Ridza Ridzuan (Resigned on 20 th August 2018)	95,343	-	-	-	95,129	-	179,283	-	369,755
Rohaya Mohammad Yusof	150,000	-	-	-	66,000	-	-	-	216,000
Dato' Mohamad Nasir Ab Latif (Appointed on 24 th August 2018)	53,425	-	-	-	59,581	-	-	-	113,006
Group Managing Director									
Tan Sri Mohamad Salim Fateh Din (Retired on 2 nd July 2018)	-	4,742,308	960,480	30,000	-	60,000	31,551	968,455	6,792,794
Mohd Imran Mohamad Salim (Redesignated on 2 nd July 2018)	-	1,581,600	337,920	27,588	18,097	89,839	54,456	346,298	2,455,798
Independent Directors									
Jamaludin Zakaria	150,000	-	-	-	82,000	-	-	-	232,000
Hasman Yusri Yusoff	150,000	-	-	-	83,000	-	-	-	233,000
To' Puan Janet Looi Lai Heng	150,000	-	-	-	49,016	-	-	-	199,016
Total	948,768	6,323,908	1,298,400	57,588	604,823	149,839	265,290	1,314,753	10,963,369

* Particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company or its related corporations during the financial year can be found on page 4 of the accompanying Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Senior Management's Remuneration and Shareholdings

Details of the top five (5) Senior Management's remuneration in bands of RM50,000 for financial year ended 31st December 2018 are set out below.

TOP FIVE SENIOR MANAGEMENT'S REMUNERATION

Senior Management	Remuneration (RM)
Tan Sri Mohamad Salim Fateh Din	Disclosed under Directors' Remuneration.
Mohd Imran Mohamad Salim	Disclosed under Directors' Remuneration.
Ann Wan Tee (Group Chief Financial Officer)	RM2,150,000 – RM2,200,000
Kwan Joon Hoe (Group Chief Operating Officer)	RM1,900,000 – RM1,950,000
Amarjit Singh Chhina (Chief Corporate Officer)	RM1,700,000 – RM1,750,000

Details of Senior Management's shareholdings in the Company during the financial year are set out below:

SENIOR MANAGEMENT'S SHAREHOLDINGS

	Number of ordinary shares			
	As at 1.1.2018	Granted/ Acquired	Sold	As at 31.12.2018
Malaysian Resources Corporation Berhad				
Ann Wan Tee	0	249,800	0	249,800
Kwan Joon Hoe	0	232,200	0	232,200
Amarjit Singh Chhina	319,600	176,600	0	496,200

	Number of warrants B over ordinary shares			
	As at 1.1.2018	Granted/ Acquired	Sold	As at 31.12.2018
Malaysian Resources Corporation Berhad				
Amarjit Singh Chhina	33,921	0	0	33,921

* Details of Mohd Imran Mohamad Salim's shareholdings can be found on page 4 of the accompanying Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT & RISK MANAGEMENT COMMITTEE

On 22nd November 2018, the Audit Committee was renamed Audit & Risk Management Committee, with the responsibility of the Committee being extended to include overseeing the risk management function, adopting Step-up Practice 9.3 of the MCCG. In addition, the composition of the Committee has also been changed, such that the Committee comprises all Independent Directors. On 12th January 2019, To' Puan Janet Looi Lai Heng, an Independent Director, was appointed as a member of the Committee, replacing Rohaya Mohammad Yusof, a Non-Independent Director.

The Audit & Risk Management Committee assists the Board in fulfilling its oversight responsibilities over the activities of the Group. The Committee has a Terms of Reference, which sets out its key roles and responsibilities. The Terms of Reference was updated to incorporate the expanded role of the Committee, and is disclosed in the Company's website. The expanded role of the Committee includes reviewing the effectiveness of the risk management framework adopted and the risk management processes employed, and providing assurance to the Board on the adequacy and effectiveness of the risk management framework. Details of the role and activities of the Audit & Risk Management Committee are disclosed in the Audit & Risk Management Committee Report on page 112.

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 119.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****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 on social media 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 2018 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.

CHANNELS OF COMMUNICATION

One-on-one and group meetings were the main avenue for MRCB to directly engage with institutional investors and investment analysts and brokers in 2018. In addition, we also engaged with our shareholders and the investment fraternity through our Quarterly Results Analysts' Briefings and presenting at conferences and roadshows, both locally and internationally.

In line with our timely release of quarterly results announcements, we continued to conduct our Quarterly Results Analysts' Briefings via teleconferences, to ease participation and to ensure that all covering analysts could proactively participate during the presentation and question and answer sessions. The Investor Relations team also ensures the Quarterly Results presentations are uploaded in a timely manner on the Company's website, so all shareholders have access to the same information immediately.








MRCB is also a corporate member of the Malaysian Investor Relations Association (MIRA) and Minority Shareholders Watch Group (MSWG). These memberships enable MRCB to continue to practice and ensure high standards and best practices of IR are maintained. Senior Management also maintains communications with MSWG to remain abreast of the latest developments on minority shareholders' rights protection.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

OTHER STAKEHOLDERS ENGAGEMENT ACTIVITIES

Apart from engaging the investment and financial community, we also engage with other stakeholders through various means, with a view to improving our relationship with our business partners and the general public. Our key engagements with our stakeholders are summarised below.

STAKEHOLDER	KEY ENGAGEMENTS IN 2018	FREQUENCY
 Customers	<ul style="list-style-type: none"> Customer Satisfaction Survey Engagement Activities and Roadshows 	<ul style="list-style-type: none"> At the point of purchase Monthly
 Employees	<ul style="list-style-type: none"> Townhall Sessions Health & Wellness Programmes Employee Engagement Sessions 	<ul style="list-style-type: none"> Annually Monthly Monthly
 Shareholders	<ul style="list-style-type: none"> Annual General Meeting Analysts' Briefings Engagement via Meetings and Conferences Written Communication 	<ul style="list-style-type: none"> Annually Quarterly Monthly Ad-hoc basis
 Government/ Regulator	<ul style="list-style-type: none"> Regular Meetings Written Communication 	<ul style="list-style-type: none"> Monthly Ad-hoc basis
 Local communities	<ul style="list-style-type: none"> Community Development Programmes Briefing on Project Progress and Related Matters 	<ul style="list-style-type: none"> Bi-monthly Bi-monthly
 Suppliers/ Contractors	<ul style="list-style-type: none"> Regular Meetings 	<ul style="list-style-type: none"> Bi-monthly
 Media	<ul style="list-style-type: none"> Press Releases Regular Updates and Engagement 	<ul style="list-style-type: none"> Monthly Monthly

* Bi-monthly is used to mean once every two months.

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 31st December 2018, 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 2018, the 47th Annual General meeting was held on 21st May 2018 at Hotel Istana, Kuala Lumpur.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to compliance with the requirements of 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 meeting the requirements with regards to women directors, the adoption of integrated reporting based on a globally recognised framework and developing policies and procedures on the remuneration of Directors and Senior Management. Future priorities include 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 26th February 2019.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

AUDIT & RISK MANAGEMENT COMMITTEE (the ARMC)

During the year, the Audit Committee was renamed Audit & Risk Management Committee (ARMC) to reflect its roles and responsibilities in overseeing the risk management governance of the Company and its subsidiaries (the Group). The Board has reviewed and updated the ARMC's Terms of Reference to be in line with the requirements and recommendations of the applicable practices and guidance of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance (MCCG).

MEMBERSHIP OF THE ARMC

The ARMC comprises three (3) members, all of which are Independent Non-Executive Directors. The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (MIA), and together with Jamaludin Zakaria and To' Puan Janet Looi Lai Heng form the ARMC. Rohaya Mohammad Yusof, who is a Non-Independent Non-Executive Director of the Company resigned as a member of the ARMC on 12th January 2019, and was replaced on the same date by To' Puan Janet Looi Lai Heng. The change was made to adopt Step-up Practice 8.4 as recommended in the MCCG 2017, which recommends the ARMC should comprise solely of Independent Directors.

MEETINGS AND ATTENDANCE

**HASMAN
YUSRI YUSOFF**

5/5

100%

**JAMALUDIN
ZAKARIA**

5/5

100%

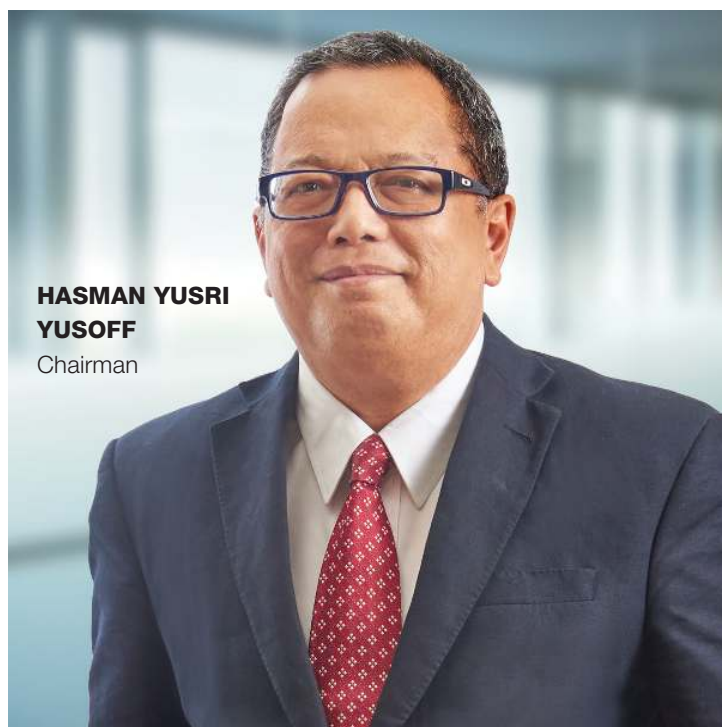
**ROHAYA
MOHAMMAD
YUSOF**

5/5

100%

To' Puan Janet Looi was on board on 12th January 2019, all five (5) AC meeting in 2018 was attended by Puan Rohaya.

A total of five (5) ARMC meetings were held during the financial year ended 31st December 2018 and all members attended all meetings.



**HASMAN YUSRI
YUSOFF**
Chairman

The Company Secretary, who acts as Secretary to the ARMC 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. A wide range of issues affecting the operations of the Group and the internal audit reports were thoroughly reviewed and deliberated at these meetings. Certain members of the Management Team were also invited to provide deeper explanations and further clarifications on matters raised at the meetings.

The ARMC met with the Group's external auditor to discuss the external audit plan prior to commencement of the audit, audit findings and other observations raised during their audit process. The ARMC also met with the external auditor without the presence of the Management Team two (2) times during the year. The ARMC enquired and satisfied itself of the Management's cooperation with the external auditors, their sharing of information and the adequacy of resources in financial reporting functions.

The ARMC Chairman reports to the Board on the matters deliberated at every meeting and if necessary, makes recommendations for the Board's consideration and decision.

TERMS OF REFERENCE OF THE ARMC

The ARMC is empowered by the Board to assist the Board in fulfilling its oversight and fiduciary responsibilities over the activities of the Group. The Terms of Reference (TOR) of the ARMC set out the authority, duties and responsibilities of the ARMC which are consistent with the requirements of MMLR and the MCCG. The TOR of the ARMC are accessible to the public for reference on the Company's website at <https://www.mrcb.com.my/corporate-governance/>.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT**ACTIVITIES OF THE ARMC**

The ARMC carried out its duties and responsibilities in accordance with its Terms of Reference. The main activities carried out by the ARMC during the financial year ended 31st December 2018 were as follows:

Financial Reporting

- i) Reviewed with the Management and/or external auditor, the quarterly financial results and the annual audited financial statements of the Group, and the accompanying announcements to Bursa Malaysia prior to the recommendations to the Board for consideration. The focus was particularly on matters related to changes in major accounting policies, significant and unusual matters and events highlighted by Management or the external auditor, compliance with accounting standards and other legal or regulatory requirements; and
- ii) Reviewed the Group's achievements of its key performance indicators.

Internal Audit

- i) Reviewed and approved the annual internal audit plan including the adequacy of scope, approach and authority and resources of the Group Internal Audit Department (GIA) in carrying out its audits effectively and independently;
- ii) Reviewed the effectiveness of the audit process, resource requirements and budget, and assessed the performance of the GIA as well as the competency and performance of the Head of Internal Audit;
- iii) Reviewed internal audit reports which comprised the key audit findings, auditors' recommendations and Management's responses to the findings;
- iv) Reviewed the status of implementation, effectiveness and adequacy of Management's corrective actions to previous audit findings through follow-up audit reports to ensure all key risk and control issues were addressed; and
- v) Suggested additional improvement opportunities in the areas of internal control, systems and operational efficiency.

Related Party Transactions

- i) Reviewed the fairness, transparency of related party transactions with appropriate disclosures made as required under the MMLR of Bursa Malaysia Securities Berhad, and ascertain that the transactions are conducted at arm's length and within the ambit of the approved shareholders' mandate.

Executive Share Grant Scheme (ESGS) Allocations

- i) Ensured that the ESGS allocations during the year under review were verified by the internal auditor and were done in accordance with the Bye-Laws of the scheme and the criteria set for allocations to the employees by the Long-Term Incentive Plan Committee.

External Audit

- i) Reviewed and approved the external auditor's audit plan, approach, scope and their proposed fees prior to commencement of their audit;
- ii) Deliberated on the external auditor's reports on significant audit and accounting issues that arose from its audits, including the Management's responses to these findings;
- iii) Discussed with the external auditors the significant impact of any proposed or new developments in accounting standards and regulatory requirements applicable to the Group; and
- iv) Assessed the performance of the external auditor, including their independence and objectivity in carrying out the audit for the Group, prior to the engagement of the external auditors for ad-hoc non-audit services and also, provided a recommendation for their re-appointment and remuneration to the Board.

Risk Management

- i) Deliberated and decided that a Group risk oversight function should be set up within the Group. Following the decision, Management set up a Group Risk Management Department to establish a structured risk management function for the Group. Initiatives proposed include the enhancement of a risk awareness culture and the development of a Risk Management and Internal Control Framework; and
- ii) Reviewed and deliberated the Statement on Risk Management and Internal Control, and recommended to the Board to approve the statement for inclusion in the Annual Report.

Other Activities

- i) Reviewed and recommended to the Board for approval, the proposed revisions to the Limits of Authority of the Group;
- ii) Reviewed dividend payments proposed by Management and the results of the solvency test performed on the Group pursuant to Section 132(3) of the Companies Act 2016;
- iii) Reviewed and approved the proposed establishment of the Anti-Bribery Management System policies and framework for the Group;
- iv) Reviewed and deliberated the Corporate Governance Overview Statement; and
- v) Reviewed the corporate governance practices adopted by the Group based on the MCCG 2017 issued by the Securities Commission Malaysia.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The ARMC is supported by the internal audit function in discharging its duties and responsibilities. The internal audit function of the Group is performed by the GIA, which operates independently of Management, and reports directly to the ARMC and administratively to the Group Managing Director.

The internal audit function is governed by the Internal Audit Charter that was approved by the ARMC. The Internal Audit Charter defines the objectives, mission, scope, organisation, authority and responsibilities of the GIA. The GIA is led by the Head of Internal Audit who is supported by Internal Audit Department's Managers and Executives.

The principal roles of the GIA are to undertake audit and reviews to evaluate the effectiveness of internal controls, governance and risk management processes so as to provide independent and objective assurance to the Board and Management on the adequacy and integrity of the Group's internal control systems, governance and risk management processes.

The GIA has direct access to the ARMC Chairman on all internal control and audit issues. The GIA also communicates with the external auditor to assist in clarifying matters raised by the external auditors when necessary.

The GIA adopts a risk-based audit approach in its annual audit planning which takes into consideration the risk assessment, business plan, previous audit results and Management's inputs. The areas to be audited are determined by a risk-based audit plan that is aligned with the strategies and activities of the Group. The audits are guided by the established internal audit framework of the Group as well as the International Professional Practices Framework of the Institute of Internal Auditors and the Internal Control Framework of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) in assessing and reporting on the adequacy and effectiveness of the internal controls, governance, and risk management processes.

The GIA carried out its activities based on the annual audit plan approved by the ARMC and ad-hoc reviews at the request of Management. During the financial year ended 31st December 2018, the GIA conducted audits of key property development and construction projects, the car park operations and other selected business units of the Group, as well as unplanned audits at the request of Management which are related to investigative audits, conducted on suspicion of operational failures and potential fraud within the Group. Continuous follow-up reviews were also carried out to ascertain the status of the implementation of corrective and preventive measures taken by Management that were provided in response to audit findings raised previously. The status of these Management action plans was also reported to the ARMC for their review at each quarterly meeting. Moreover, the GIA also performed compliance reviews on the ESGS allocations and observations on tender openings to ensure that appropriate internal controls and processes, as set out in the Group's Policies and Procedures, were complied with.

There are nine (9) internal auditors in the Group. The total cost incurred by the GIA in discharging its function and responsibilities during the financial year was RM1,361,177.

The majority of the internal auditors have relevant qualifications, and all staff are encouraged to continuously enhance their knowledge, skills and competencies by attending relevant professional education, seminars, formal training and on-the-job training.

RISK MANAGEMENT PROCESS

A structured risk management framework is a significant component of a sound internal control system. The Group has commenced the establishment of the risk oversight function starting with the creation of a Group Risk Management Department and subsequently developing the governance and infrastructure for risk management within the Group.

The implementation and maintenance of the risk management process will be carried out by the Management and its team, facilitated by the Group Risk Management Department.

The Statement on Risk Management and Internal Control, as set out on pages 119 to 125 of this Annual Report, provides an overview of the state of risk management and internal controls within the Group.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Company maintains a transparent and professional relationship with its external auditor through the ARMC. During the year, the Company engaged its external auditors for statutory audits and other non-audit services, such as proforma balance sheet audits for corporate exercises, and tax-related matters.

The ARMC meets regularly with the external auditor to discuss and review the audit plan, annual financial results, and reports of examination and any audit findings that are highlighted by the external auditor for the ARMC's attention. The ARMC also held two (2) meetings with the external auditor without the presence of members of Management during the year. In recommending the external auditor for reappointment, the ARMC reviews their performance, suitability and independence. For 2018, the ARMC has obtained a written assurance from PricewaterhouseCoopers PLT, the external auditor, that it has maintained its independence in accordance with the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants.

Further details on the activities of the ARMC in relation to the external audit are described on page 113.

This Audit & Risk Management Committee Report is approved by the Board of Directors in accordance to the resolution dated 26th February 2019.

EXECUTIVE COMMITTEE REPORT



DATO' MOHAMAD NASIR AB LATIF

Chairman

COMPOSITION OF THE COMMITTEE

The Executive Committee (EXCO) comprises four (4) members, which are Dato' Mohamad Nasir Ab Latif (Non-Independent Non-Executive Director), the Chairman of the EXCO, together with Mohd Imran Mohamad Salim (Group Managing Director), Jamaludin Zakaria (Senior Independent Director) and To' Puan Janet Looi Lai Heng (Independent Director).

- 2 meetings held during 2018.
- 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 2018

- Reviewed the progress of key projects;
- Deliberated on major business proposals and transactions;
- Reviewed the progress and achievement of the budget set for 2018; and
- Reviewed the business plan and budget for 2019.

NOMINATION & REMUNERATION COMMITTEE REPORT



JAMALUDIN ZAKARIA

Chairman

COMPOSITION OF THE COMMITTEE

The Nomination & Remuneration Committee (NRC) comprises four (4) members, which are Jamaludin Zakaria (Senior Independent Director), as Chairman of the NRC, together with Rohaya Mohammad Yusof (Non-Independent Non-Executive Director), Hasman Yusri Yusoff (Independent Director) and To' Puan Janet Looi Lai Heng (Independent Director).

- 4 meetings held during 2018.
- All members attended all meetings.

DUTIES AND RESPONSIBILITIES (NOMINATION)

The responsibilities of the Committee in relation to its nomination function are:

- 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; alignment with the Company's strategic direction; 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.
- 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.
- 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.
- To recommend to the Board, candidates for re-election and/or reappointment 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.
- To identify suitable candidates to meet the target of having at least 30% women directors on the Board of the Company.
- 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.
- To appoint independent advisors to identify suitable qualified candidates.
- 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 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:

- i. 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.
- ii. 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.
- iii. 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.
- iv. To review any major changes in employee benefit structures throughout the Company or Group, and if deemed fit, recommend to the Board for adoption.
- v. 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
- vi. To seek any information it requires from any employee of the Company in order to perform its duties.
- vii. 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 2018

- Deliberation on re-election of Mohd Imran Mohamad Salim and Jamaludin Zakaria as Directors of the Company for the shareholders approval at the 47th AGM
- Deliberation on the appointment of an additional Non-Independent Non-Executive Director
- Deliberation on achievement of 2017 KPI and Proposed Bonus Allocation
- Deliberation on the 2018 salary review and bonus allocation for all employees
- Deliberation on the procedures and the results of the Board Effectiveness Evaluation (BEE) for assessment year 2017

LONG-TERM INCENTIVE PLAN COMMITTEE REPORT



DATO' MOHAMAD NASIR AB LATIF

Chairman

COMPOSITION OF THE COMMITTEE

The Long-Term Incentive Plan (LTIP) Committee comprises three (3) members, which are Dato' Mohamad Nasir Ab Latif (Non-Independent Non-Executive Director), the Chairman of the LTIP Committee, together with Mohd Imran Mohamad Salim (Group Managing Director) and Hasman Yusri Yusoff (Independent Director).

- 1 meeting held during 2018.
- All members attended the meeting.

▶ DUTIES AND RESPONSIBILITIES

The LTIP Committee was set up to ensure that the implementation of the LTIP is administered fairly and in accordance to the Company's By-Laws of LTIP approved by the shareholders.

▶ HOW THE LTIP COMMITTEE SPENT ITS TIME IN 2018

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

Pursuant to the requirements set out within Paragraph 15.26(b) of Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Securities Berhad, the Board of Directors (the Board) is pleased to present the Statement of Risk Management and Internal Control, which outlines the nature and scope of the risk management and internal controls within MRCB and its subsidiaries (the Group) during the financial year under review.

RESPONSIBILITY & ACCOUNTABILITY

The Board:

The Board affirms its overall responsibility for establishing and maintaining a robust and effective risk management and internal control system to safeguard shareholders' investments and the assets of the Group.

The Board also affirms its commitment to ensure a risk-awareness culture is "set from the top" and permeates down throughout the organisation, and to embed risk management in all aspects of the Group's activities, review the effectiveness, adequacy, and integrity of these systems to ensure their continued relevance and effectiveness in the face of its strategy and changing business circumstances.

The Board considers the assessment of risks during its deliberation of the Group's business plans, and when evaluating investment decisions.

From time to time, the Board, also reviews and ascertains that the risks are within the Group's risk appetite and ensures that the appropriate control measures implemented are effective.

Audit & Risk Management Committee (ARMC):

The Audit Committee was renamed to Audit & Risk Management Committee (ARMC) on the 22nd November 2018.

The Board has delegated the function to assess and monitor the adequacy and effectiveness of the governance of risk and controls to the ARMC.

For the purposes of risk management, the ARMC is mandated by the Board to:

- Establish risk management policies and procedures;
- Implement and maintain a system of risk management and internal controls which identifies, assesses, manages, and monitors key business risks;
- Review the effectiveness of the risk management framework adopted and the risk management processes employed, including the allocation of resources to implement such a framework;

- Provide assurance to the Board on whether the risk management system is operating adequately and effectively; and
- Review the Statement on Risk Management and Internal Control.

The Management:

The Group Managing Director (GMD) leads the management team and is responsible for establishing and implementing the Board-approved framework, policies and procedures pertaining to risk management and internal control.

The GMD is also 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.

The management has been tasked to identify, analyse, evaluate and treat the risks faced by the Group and to design effective control measures, to mitigate the risks identified, and therefore minimise the Group's exposure.

The Management will manage its obligations and pursue opportunities that involve an acceptable degree of risk to achieve its objectives and meet the expectations of its stakeholders. An appropriate balance will be maintained between risk and reward, as far as practicable, in order to optimise the rewards gained from the business and operational activities with the amount of risk taken.

The Employees:

The Group's employees have a general duty of care and are responsible and conscious of the risks related to their actions and decisions, through appropriate preventive actions. All reasonable care is taken to prevent loss, to maximise opportunity and to ensure that the Group's operations, reputation and assets are not jeopardised.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

Effective and transparent risk management activities are embedded in the philosophy and business practices of the Group.

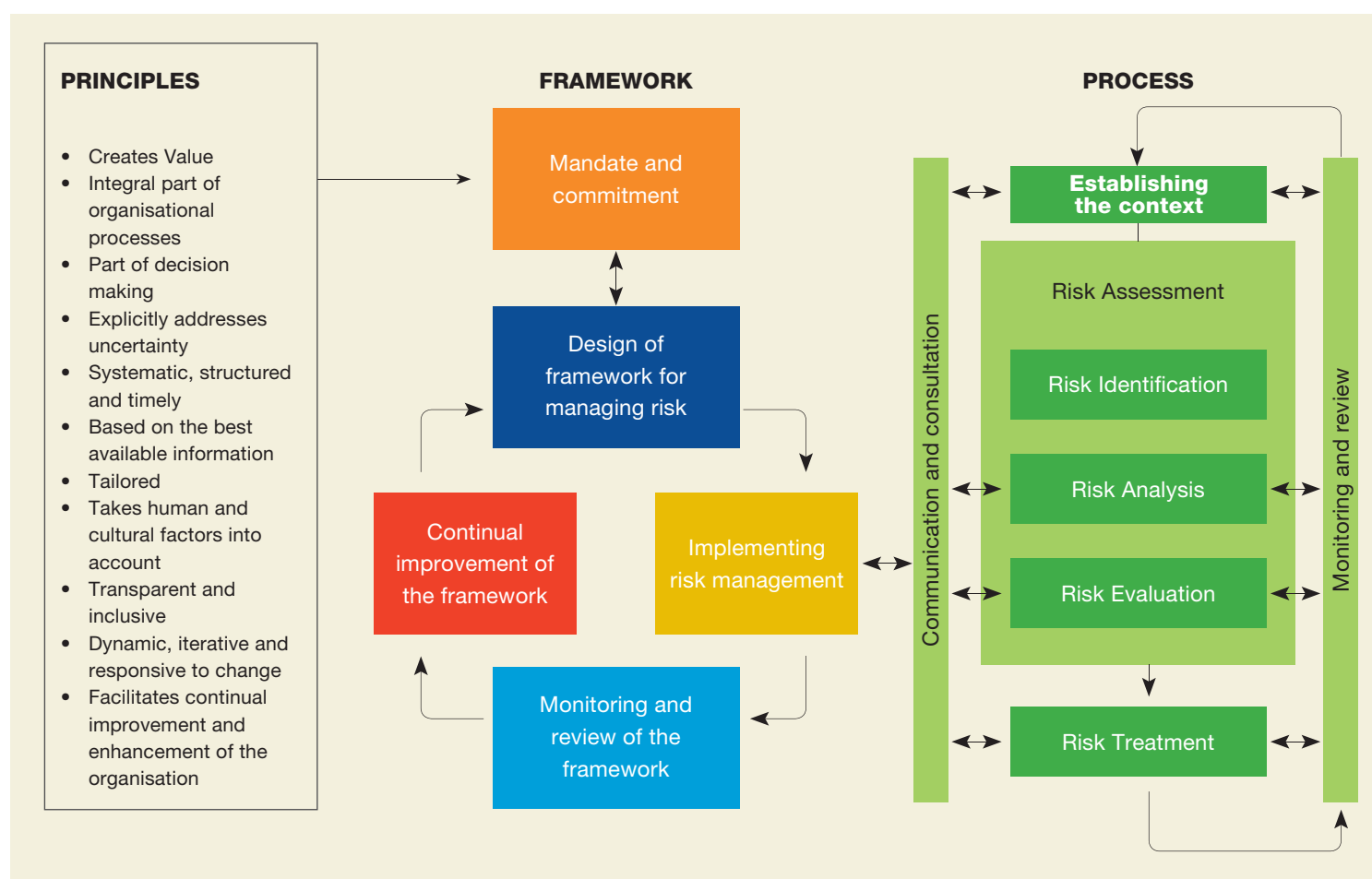
The Group is committed to adopting a strategic, consistent and structured enterprise-wide approach to managing risks faced by the Group. An ongoing process to identify, assess, respond, monitor and report significant risks that may affect the achievement of the Group's business objectives is in place.

The Risk Management Framework and Policy serves as a documentary guide of the Group's risk management policy, risk management processes and reporting framework.

The Group is currently reviewing its overall risk management system and is targeting to implement a more comprehensive and integrated system. Among the improvements to be carried out are:

- Enhancing the risk-awareness culture within the Group; and
- Improving the existing risk management framework.

The Group adopts the ISO 31000 Principles, Framework and Processes as depicted below:



The principles, framework and processes are adopted and embedded in the business processes and decision-making process of the management team.

The management of risks is an integral element of the management's decision-making processes. Risk exposure is discussed, and appropriate mitigating actions are established and agreed prior to implementation. The progress of implementation of the risk mitigating actions and their effectiveness is monitored through subsequent updates, and where necessary, additional measures may be implemented. This approach provides a faster response and the close tracking of key risk exposures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risks:

AMONG THE 2018 KEY RISKS ARE:

MARKET RISKS

The Group's revenue and profitability were exposed to the risk of uncertainty and risk of increased competition. During the year, the construction sector in Malaysia saw a consolidation in public spending which resulted in the deferment of several large-scale rail infrastructure projects such as the East Coast Rail Link, the Mass Rapid Transit Line 3 and the Kuala Lumpur-Singapore High Speed Rail Project. MRCB was also affected by the reassessment of the LRT3 Project, in which MRCB's 50%-owned joint venture company MRCB George Kent was the PDP. Furthermore, the property sector also continued to remain subdued with lacklustre sales.

Mitigation

Part of MRCB's risk mitigation strategy includes building long-term relationships and providing the best value for its stakeholders. This strategy enabled MRCB to minimise the impact of the project deferments and reassessments by engaging in proactive discussions with the Government in relation to the LRT3 project. As a result, MRCB George Kent was informed by Prasarana Malaysia Berhad that the original PDP model for the LRT3 Project was to be remodeled to a fixed-price turnkey contract worth RM11.372 billion. This project will provide a consistent revenue stream until its completion in 2024.

In minimising cyclical risks arising from projects being in different development and construction stages that affect profit recognition, MRCB continues to target fee-based projects in a bid to smoothen out its earnings. A notable project that was secured in 2018 is the Management Contract for Bukit Jalil Sentral, worth RM11 billion. MRCB also mitigates market risks by actively bidding for projects to build its order book to ensure a sustainable pipeline of high quality projects.

MRCB's property arm was also able to minimise the risk of slow take-up rates by reassessing its marketing strategy and deferring its new launches planned for 2018. Instead, focus was given towards marketing on-going property developments and completed unsold units. In order to mitigate risks that may arise by having property development projects concentrated in the Klang Valley area, MRCB has also continued to explore diversifying into other markets, notably Australia where MRCB has built a proven track record. In addressing the property development's cyclical nature, MRCB also mitigates this risk by receiving stable, recurring income from units held in MQREIT.



Refer to the GMD's Management Discussion & Analysis on pages 20 to 42 to find out more about the strategies adopted.

OPERATIONAL RISK

The Group's operations were exposed to project management and construction related risks.

Mitigation

Project progress is evaluated based on 5 Key Performance Indicators which are Environment, Safety and Health (ESH), Time, Cost, Quality and Stakeholders.

In terms of ensuring high quality, the Group has continued to adopt stringent quality assurance and controls in order to deliver high quality products and services.

The Group has also maintained strict compliance standards on ESH to ensure that environment is well preserved. Employees' health and safety is paramount to the Group and therefore the Group ensures that stringent measures are in place to protect the employees' well-being.

In terms of time and cost, the construction progress is monitored closely via site monitoring, site visits and periodical reporting such as Results-Action-Review (RAR) to mitigate the risk of delay in completion of projects. The Group invested 14,279 man hours of training to ensure all employees are trained to the highest industry safety standards.

The Group has set policies and procedures for the selection of contractors and suppliers, that includes stringent selection criteria for the appointment of contractors, consultants and service providers. This helps in managing risks associated with product quality and supply chain. The prequalification process and requirements for contractors has been improved to ensure that only top quality contractors are eligible to participate. Non-performing contractors are blacklisted and barred from future projects.

Operations were also monitored closely through management review processes and actions were taken to mitigate identified unacceptable risk exposures.

Construction risks such as damages and delays will have a financial impact on the Group. These risks are mitigated by having Contractors All Risks insurance. This insurance is designed to provide protection against losses or damages in respect of the contract works at the contract site and third party claims arising in connection with the construction of a project.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risks:

AMONG THE 2018 KEY RISKS ARE:

FINANCIAL RISK

The Group was exposed to liquidity, interest rates, credit, foreign exchange and capital risks.

Mitigation

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, maintaining an optimal liquidity position.

REGULATORY RISKS

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.

Mitigation

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.

INTERNAL CONTROLS

The Group's internal controls system adopts a "3 Lines of Defence" approach:

First Line of Defence:

Heads of Divisions, Departments, Business Units and all employees of the Group are responsible and accountable for all risks and internal controls under their respective areas of responsibility.

Second Line of Defence:

The second line of defence is executed by the Group Risk Management Department (GRM) as part of the risk oversight function. The GRM is entrusted to facilitate, coordinate and monitor the risk management initiatives.

Third Line of Defence:

The third line of defence is the Group Internal Audit Department (GIA), which provides independent assurance to the Board and Senior Management on the effectiveness of governance, risk management and internal control systems.

The GIA conducts regular audits of operations to assess the effectiveness and efficiency of the internal control systems. Significant risk exposures and non-compliances to the policies and procedures of the Group are highlighted for Management's attention and, recommendations for improvement are given to Management for consideration. Follow-up reviews are conducted subsequently to ascertain that improvement measures are implemented. The findings of these reviews along with Management's responses are assessed and deliberated by the ARMC on a quarterly basis.

During the year under review, the GIA 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

Key Internal Controls:

Key elements of the Group's internal controls, which have been in place throughout the financial year under review are as follows:

CONTROL ELEMENTS	CONTROL ENVIRONMENT
PEOPLE MANAGEMENT	<p>Human Resource Management</p> <ul style="list-style-type: none"> Clearly defined lines of authority within a divisional organisation structure to facilitate the supervision and monitoring of the conduct and operations of individual business units and group support service departments. All employees and directors of the Group are governed by a Code of Business Ethics (Code) and are required to acknowledge having read and understood the Code upon commencement of employment or upon appointment. Performance of all employees are tracked through a formal performance appraisal process; whereby clearly defined goals are set. Employees' performance is monitored, appraised and rewarded according to the achievements of the targets set. <p>Integrity Management</p> <ul style="list-style-type: none"> All contracts entered into by companies in the Group contain an anti-bribery and corruption clause which requires the contracting party to comply with all anti-bribery and corruption laws of Malaysia. If it is proven that the contracting party, its personnel, or agents are involved in any corruption or illegal activities, the contract may be terminated. A Whistleblowing Policy has been established to provide a process for whistleblowers to communicate their concerns on matters of integrity or any other unlawful or unethical behavior in a confidential manner. <p>All employees signed the Corruption-Free Pledge to reinforce the Group's commitment towards the prevention of corruption. There are also on-going efforts to increase anti-corruption awareness.</p> <ul style="list-style-type: none"> An Anti-Bribery Management System (ABMS) in accordance with the ISO 37001 standard has been established and implemented. The Group has a zero-tolerance approach against all forms of bribery and corruption, and committed to conduct business ethically and in compliance with all applicable laws and regulations in the countries where it does business. The Group's commitment towards anti-bribery include: <ul style="list-style-type: none"> No employee or external party will suffer demotion, penalty or other adverse consequences in retaliation for refusing to pay or receive bribes or participate in other illicit behavior; and To conduct anti-corruption and bribery training and awareness programmes on a continuous basis for all personnel.
PROCESS MANAGEMENT	<p>Quality Management Systems</p> <ul style="list-style-type: none"> Clearly documented internal policies and procedures have been set out in a series of standard operating procedure manuals, policies and guidelines. These are periodically reviewed and updated to reflect changes in business structures, processes as well as changes in external environments. The policies and procedures are approved in accordance with the Group's Limits of Authority. An Integrated Management System, incorporating ISO9001, ISO14001 and OHSAS 18001 requirements has been established and implemented for the Engineering & Construction Division to continuously provide high quality, cost effective, reliable, safe and environment friendly products and services.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ELEMENTS	CONTROL ENVIRONMENT
PROCESS MANAGEMENT	<p>Financial Management</p> <ul style="list-style-type: none"> Annual budgets are prepared in advance of the coming year using a detailed budgeting process. These budgets are subjected to evaluation and scrutiny by the Senior Management team and the EXCO before being recommended to the Board for approval. Performance against the budget is tracked by the Budget Review Committee on a quarterly basis, and on a semi-annual basis a comprehensive budget review exercise is undertaken. Limits of Authority (LOA) have been established for the Group. These LOA specify clear division and delegation of responsibilities from the Board to Board Committees and to members of the Management and the authorisation levels for various aspects of operations. The effectiveness of the Limits of Authority is reviewed periodically and where necessary enhancements or revisions are proposed by the Management team. All revisions to the LOA are approved by the Board with the recommendation of the ARMC. <p>The most recent revisions of the LOA was carried out in January 2019.</p> <ul style="list-style-type: none"> The Group's assets and insurable operational risks are adequately covered by insurance policies to ensure that the Group is insured against financial losses in the event of untoward incidents. <p>Business/Project Management</p> <ul style="list-style-type: none"> The performance of business divisions and the status of key projects are monitored through weekly Results-Action-Review (RAR) meetings at various levels in the organisation. <p>Environmental, Safety and Health Management</p> <ul style="list-style-type: none"> The ESH Department continues to enhance the awareness of safety, health and environment practices throughout the Group, and monitors compliance with the relevant regulations and best practices. An Environment, Safety and Health Report, which provides information on environment, safety and health related incidents, notices and penalties issued by authorities, as well as audits and inspections carried out, is prepared and presented to the Board on a quarterly basis. <p>Communication Management</p> <ul style="list-style-type: none"> Regular and comprehensive information is provided by the Management to the Board and its Committees, covering financial performance, achievement of key performance indicators, progress of key projects, utilisation of funds and cash flow position. Various management information systems are operational to provide Management with timely and accurate information on the Group's performance and to assist Management in making effective decisions. Briefings are given to investment analysts on a quarterly basis where the Group's financial performance, approved by the Board, is presented and investment analysts are given the opportunity to pose questions and have a dialogue with the Senior Management team of the Group. The presentation slides used during these briefings are uploaded on to the Group's website for anyone to view.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ELEMENTS	CONTROL ENVIRONMENT
TECHNOLOGY MANAGEMENT	<p>Information Security</p> <ul style="list-style-type: none"> Information Technology (IT) security protects information from a wide range of threats as well as safeguards the confidentiality, integrity and availability of information. IT security in the Group is achieved through a set of controls which includes policies, standards, procedures, guidelines, organisation structures and software control functions. The Group acknowledges the importance of leveraging IT to promote effectiveness and efficiency of business operations. However, reliance on IT may pose emerging cybersecurity threats. In response to such threats, the Group has established reasonable controls, among others: <ul style="list-style-type: none"> Published and disseminated a comprehensive ICT System Manual; Conducted security awareness trainings; Continuous communication to employees on cybersecurity risks; Disseminated monthly bulletins on IT Security Awareness; IT audit is performed by an external consultant covering the areas of security, access control, backup, disaster recovery and internal IT control; and Developed a cybersecurity and disaster recovery plan.

The Board notes 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.

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.

CONCLUSION

The monitoring, review and reporting arrangements in place provide reasonable assurance that the system of internal control is 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 Group Managing 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 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 Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. AAPG 3 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 is made by the Board of Directors at its meeting held on 26th February 2019.

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").

As at 31 December 2018, proceeds raised from the Corporate Proposal has been utilised as follows:

No.	Purpose	Proposed Utilisation of Proceeds (RM'000)	Amount Utilised As At 31.12.2018 (RM'000)
1	Advances To Rukun Juang Sdn Bhd To Finance The Privatisation	793,689	793,689
2	Repayment Of Borrowings	766,918	766,918
3	Property Development Activities And/Or Construction Projects	33,042	33,042
4	General Working Capital	128,903	75,428
5	Estimated Expenses In Relation To The Proposed Rights Issue	9,597	9,597
Total		1,732,149	1,678,674

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 2018 amounted to RM1,086,000 and RM203,000 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 2018 were RM1,318,000 and RM534,000 respectively, detail as follows:

Description	Group (RM'000)	Company (RM'000)
Continuing operations:		
(i) Provision of Taxation Services by PricewaterhouseCoopers Taxation Services Sdn Bhd (PwC Tax)	200	11
(ii) Provision of Consultation/Advisory/Financial Advisory Services by PwC, PwC Tax, and PricewaterhouseCoopers Advisory Services Sdn Bhd in relation to corporate exercises	1,015	523
Discontinued operations:		
(iii) Provision of Taxation Services by PricewaterhouseCoopers Taxation Sdn Bhd ("PwC Tax")	6	-
(iv) Provision of Consultation/Advisory/Financial Advisory Services by PwC Tax and PricewaterhouseCoopers Advisory Services Sdn Bhd in relation to corporate exercises	97	-
	1,318	534

ADDITIONAL COMPLIANCE INFORMATION

III) MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

- (i) Management Contract dated 22 March 2018 entered into between Kwasa Sentral Sdn Bhd (“KSSB”), a 70%-owned subsidiary of Malaysian Resources Corporation Berhad (“MRCB”), and MRCB Land Sdn Bhd, a wholly-owned subsidiary of MRCB (“MRCB Land”), for the appointment of MRCB Land as the Management Contractor in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land known as MX-1, for a provisional total project sum of RM7,461,991,606.

KSSB is the joint venture company between MRCB and Kwasa Land Sdn Bhd, a wholly-owned subsidiary of EPF on a 70:30 basis.

EPF is the major shareholder of MRCB.

- (ii) Management Contract dated 26 March 2018 entered into between Bukit Jalil Sentral Property Sdn Bhd (“BJSP”) and MRCB Land, a wholly-owned subsidiary of MRCB, for the appointment of MRCB Land as the Management Contractor in connection with development and construction of a mixed development on three (3) parcels of leasehold land located in Bukit Jalil (“the Lands”), for a provisional total project sum of RM11,007,326,245.

BJSP is the joint venture company between Tanjung Wibawa Sdn Bhd (“TWSB”), a wholly-owned subsidiary of EPF and Rukun Juang Sdn Bhd, a 85% owned subsidiary of MRCB Land on a 80:20 basis with TWSB is holding the majority.

EPF is the major shareholder of MRCB.

IV) LONG-TERM INCENTIVE PLAN

The Company established a Long-Term Incentive Plan (“LTIP or the Plan”), which came into effect on 20 December 2017.

The LTIP shall be in force for a period of 10 years commencing from the date on which the Share Scheme became effective and no share under a share award shall vest beyond the expiry of the duration of the Share Scheme. The LTIP consists of two types of share awards namely, Restricted Share Plan and Performance Share Plan.

- (i) The total number of Shares granted, vested and outstanding under the LTIP since its commencement up to the financial year ended 31 December 2018 are set out below:

Description	Number of Options	
	Grand Total	Directors and Chief Executives
Granted	26,749,000	988,200
Vested	(8,301,800)	266,400
Cancelled	(455,600)	-
Outstanding	17,991,600	721,800

- (ii) As at 31 December 2018, the actual percentage of shares granted to Senior Management in aggregate was 17.45%.

- (iii) The Non-Executive Directors are not eligible to participate in the LTIP.

MATERIAL CONTRACTS

1. SALE AND PURCHASE AGREEMENT BETWEEN LEGASI AZAM SDN BHD (LEGASI AZAM) AND PERTUBUHAN KESELAMATAN SOSIAL (PERKESO)

Legasi Azam had on 19th March 2018, entered into a Sale and Purchase Agreement with PERKESO for the disposal of a parcel of freehold land measuring 1.866 acres held under Geran 34211, Lot No 94, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan bearing postal address No.16, Jalan Kia Peng, 50450 Kuala Lumpur for cash consideration of RM323 million excluding goods and services tax (Proposed Disposal). The Proposed Disposal was completed on 3rd July 2018.

2. MANAGEMENT CONTRACT BETWEEN KWASA SENTRAL SDN BHD (KSSB) AND MRCB LAND SDN BHD (MRCB LAND)

MRCB Land had on 22nd March 2018 entered into a Management Contract with KSSB, for the appointment of MRCB Land as the Management Contractor in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by KSSB measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan, for a provisional total project sum of RM7,461,991,606. The condition precedent as set out in the Management Contract has been fulfilled on 21st May 2018. Accordingly, the Management Contract became unconditional on 21st May 2018.

3. MANAGEMENT CONTRACT BETWEEN BUKIT JALIL SENTRAL PROPERTY SDN BHD (BJSP) AND MRCB LAND

BJSP had on 26th March 2018 entered into a Management Contract with MRCB Land to appoint MRCB Land as the Management Contractor in connection with the development and construction of a mixed development on three (3) parcels of leasehold land located in Bukit Jalil, for a provisional total project sum of RM11,007,326,245 (inclusive of goods and services tax). The condition precedent as set out in the Management Contract was fulfilled on 21st May 2018. Accordingly, the Management Contract became unconditional on 21st May 2018.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2019

Total Number of Issued Share : 4,399,852,969
 Class of Shares : Ordinary Shares
 No. of Shareholders : 39,083
 Voting Rights : One vote for every Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders Shareholders	%	No. of Shares	%
less than 100	4,127	10.56	151,161	0.00
100 to 1,000	7,933	20.30	4,582,459	0.10
1,001 to 10,000	17,386	44.48	81,761,233	1.86
10,001 to 100,000	8,183	20.94	269,892,064	6.13
100,001 to less than 5% of issued shares	1,451	3.71	1,446,049,102	32.86
5% and above of issued shares	3	0.01	2,597,416,950	59.05
TOTAL	39,083	100.0	4,399,852,969	100.0

DIRECTORS' SHAREHOLDINGS

Name of Directors	Designation	No. of Shares	%
1. Tan Sri Azlan Zainol	Chairman	240,000 *60,000	0.01 0.00
2. Mohd Imran Mohamad Salim	Director	459,300	0.01
3. Hasman Yusri Yusoff	Director	-	-
4. Jamaludin Zakaria	Director	-	-
5. Rohaya Mohammad Yusof	Director	-	-
6. To' Puan Janet Looi Lai Heng	Director	-	-
7. Dato' Mohamad Nasir Ab Latif	Director	-	-

* Held through Edenview Projects Sdn Bhd

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Name of Substantial Shareholders	No. of Shares	%
Employees Provident Fund Board	1,581,541,326	35.95
Gapurna Sdn Bhd	707,117,678	16.08
Lembaga Tabung Haji	308,757,946	7.02

TOP 30 LARGEST SHAREHOLDERS

AS AT 22 MARCH 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,581,541,326	35.95
2.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gapurna Sdn Bhd (CBM-Rec)</i>	353,558,839	8.04
3.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>RHB Islamic Bank Berhad Pledged Securities Account For Gapurna Sdn Bhd</i>	353,558,839	8.04
4.	Lembaga Tabung Haji	298,810,746	6.79
5.	Maybank Nominees (Tempatan) Sdn Bhd <i>Bank Kerjasama Rakyat (M) Berhad (412803)</i>	172,000,000	3.91
6.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN For Citibank New York (Norges Bank 14)</i>	77,559,300	1.76
7.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	47,102,400	1.07
8.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	36,547,300	0.83
9.	Kumpulan Wang Persaraan (Diperbadankan)	35,419,900	0.81
10.	Maybank Nominees (Tempatan) Sdn Bhd <i>MTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT- CIMB-Dali) (419455)</i>	35,385,500	0.80
11.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	33,785,900	0.77
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad For Hong Leong Penny Stockfund</i>	32,900,000	0.75
13.	Hong Leong Assurance Berhad <i>As Beneficial Owner (Life Par)</i>	28,291,600	0.64
14.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	23,427,400	0.53
15.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Dimensional Emerging Markets Value Fund</i>	23,251,900	0.53
16.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc</i>	18,893,100	0.43
17.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	18,270,400	0.42
18.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank For Leong Sai Mun (MY 1636)</i>	14,031,900	0.32

TOP 30 LARGEST SHAREHOLDERS

AS AT 22 MARCH 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
19.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (DR)</i>	13,748,500	0.31
20.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For Credit Suisse (SG BR-TST-Asing)</i>	13,650,568	0.31
21.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN For State Street Bank & Trust Company (West CI T OD67)</i>	12,321,450	0.28
22.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB For Takafulink Dana Ekuiti</i>	12,000,000	0.27
23.	Tokio Marine Life Insurance Malaysia Bhd <i>As Beneficial Owner (PF)</i>	11,738,000	0.27
24.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	11,322,600	0.26
25.	CIMB Islamic Nominees (Tempatan) Sdn Bhd <i>CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund</i>	10,963,000	0.25
26.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN For Citibank New York (Norges Bank 1)</i>	9,899,000	0.22
27.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Small Cap Series</i>	9,436,891	0.21
28.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Dana Unggul</i>	8,900,000	0.20
29.	Valuecap Sdn Bhd	8,627,800	0.20
30.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad For Hong Leong Growth Fund</i>	8,600,000	0.20
Total		3,315,544,159	75.37

ANALYSIS OF WARRANT B HOLDINGS

AS AT 22 MARCH 2019

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 Holders Warrant Holders	Percentage of Warrant Holders %	No. of Warrants	Percentage of Warrant Capital %
less than 100	682	7.98	27,059	0.01
100 to 1,000	3,794	44.38	1,920,980	0.44
1,001 to 10,000	2,953	34.54	10,492,277	2.39
10,001 to 100,000	907	10.61	30,525,164	6.96
100,001 to less than 5% of issued warrants	210	2.46	98,816,288	22.53
5% and above of issued warrants	3	0.03	296,736,389	67.67
TOTAL	8,549	100.00	438,518,157	100.00

DIRECTORS' WARRANT HOLDINGS

Name of Directors	Designation	No. of Warrants	%
1. Tan Sri Azlan Zainol	Chairman	24,000 *6,000	0.01 0.00
2. Mohd Imran Mohamad Salim	Director	-	-
3. Hasman Yusri Yusoff	Director	-	-
4. Jamaludin Zakaria	Director	-	-
5. Rohaya Mohammad Yusof	Director	-	-
6. To' Puan Janet Looi Lai Heng	Director	-	-
7. Dato' Mohamad Nasir Ab Latif	Director	-	-

* Held through Edenvue Projects 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
Urusharta Jamaah Sdn Bhd	69,935,500	15.95

TOP 30 LARGEST WARRANT B HOLDERS

AS AT 22 MARCH 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Warrant	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	153,891,740	35.09
2.	Urusharta Jamaah Sdn Bhd	69,935,500	15.95
3.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gapurna Sdn Bhd (CBM-Rec)</i>	61,826,959	14.10
4.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>RHB Islamic Bank Berhad Pledged Securities Account For Gapurna Sdn Bhd</i>	11,082,190	2.53
5.	Oh Kim Sun	6,261,300	1.43
6.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	4,524,921	1.03
7.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	3,624,411	0.83
8.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tiang Chiin Yew</i>	2,800,000	0.64
9.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	2,674,660	0.61
10.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	2,634,201	0.60
11.	Lim Gaik Bway @ Lim Chiew Ah	2,432,801	0.55
12.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Nandha Kumar A/L M Krishnasamy (Sri Gombak-CL)</i>	1,906,001	0.43
13.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)</i>	1,883,720	0.43
14.	Wong Lee Peng	1,645,000	0.38
15.	Gurmit Singh A/L Shamir Singh	1,500,000	0.34
16.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Oh Kim Sun (CEB)</i>	1,500,000	0.34
17.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (EDP 2)</i>	1,414,761	0.32
18.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Supang Luyang</i>	1,414,481	0.32

TOP 30 LARGEST WARRANT(B) HOLDERS

AS AT 22 MARCH 2018

LIST OF THIRTY (30) LARGEST WARRANT B HOLDERS

No.	Name	No. of Warrant	%
19.	Phoon Chew Yit	1,200,000	0.27
20.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	1,193,840	0.27
21.	Citigroup Nominees (Asing) Sdn Bhd <i>Citigroup Global Markets Limited</i>	1,190,000	0.27
22.	Wong Yin Kee	1,184,000	0.27
23.	Soo Wei Chung	1,055,040	0.24
24.	Lim Meow See	1,033,000	0.24
25.	Chua Wei Kok	1,000,001	0.23
26.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Oh Kim Sun</i>	1,000,000	0.23
27.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Oh Kim Sun</i>	1,000,000	0.23
28.	Lee Mee Kuen	1,000,000	0.23
29.	Maybank Nominees (Tempatan) Sdn Bhd Ling Soon Hing	930,001	0.21
30.	Ng Kwee Kuan	909,000	0.21
Total		345,647,558	78.82

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2018 (RM'000)	Year 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	26,090	1982	Leasehold 66 years expiring on 2.2.2044	33	Nil
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	66,516	1992	Leasehold 99 years expiring on 15.9.2092	19	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	513,153	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 31/12/2018 (RM'000)	Year 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	897	1999	Freehold	19	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	162	2005	Leasehold 99 years expiring on 18.3.2102	16	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	43,593	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	2,398	2008	Freehold	11	Nil
Ascott Sentral – 21 storey block of service residence apartments	Geran 40094, Lot 348, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	23,121	79,060	2007	Freehold	5	Nil
Celcom Axiata Corporate office	HSD 277413, Lot PT11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	8,336	403,301	2013	Leasehold 99 years expiring on 10.11.2110	1	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 31/12/2018 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed mixed development	Lot 20031 & Lot 481117, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	18,993	41,978	2013	Leasehold 99 years expiring on 11.5.2113	-	Nil
Land for proposed mixed development	PT 36 & 37, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	1,880	7,569	2016	Freehold	-	Nil
Land for proposed mixed development	Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	18,702	257,176	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	47,789	2014	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 Pulau, District of Johor Bahru, Johor.	273,244	77,390	2015	Freehold	-	Nil
2 units of single storey warehouse	Plot No. 143, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,490	850	2014	Freehold	5	Nil

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2018 (RM'000)	Year 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.	69,343	277,829	2013/2014/ 2016/2017	Freehold	-	Yes
Land under development for retail mall, office, hotel & internal road	PT 770, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
Land under development for retail mall, office, hotel & internal road	PT 771, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land under development for retail mall, office, hotel & internal road	PT 772, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
Land under development for 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
Penang Sentral Transportation terminal	PT 770, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.	19,559	208,403	2013/2014	Freehold	1	Yes
Land for proposed future development	H.S.(D) 315671, PT 50854, Mukim Sungai Buloh, Daerah Petaling, Selangor	260,213	996,290	2017	Leasehold 99 years expiring on 12.5.2115	-	Nil

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2018 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed mixed development	H.S.(D) 39260, PT 184, Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	20,492	356,934	2018	Leasehold 99 years expiring on 26.5.2080	-	Yes
Land for proposed mixed development	PN 49755, Lot 20000 (previously known as H.S.(D) 117396, PT 201) Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	2,240		2018	Leasehold 99 years expiring on 29.11.2109	-	Yes
Land for proposed mixed development	H.S.(D) 95206, PT 188, Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	17,989		2018	Freehold	-	Yes

Note - "0" denotes as amount less than RM1,000.

NOTICE OF 48TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 48th Annual General Meeting (AGM) of Malaysian Resources Corporation Berhad (MRCB or the Company) will be held at the Grand Mahkota Ballroom, Hotel Istana Kuala Lumpur, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 30 May 2019 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 2018 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 2018. **Resolution 1**
3. To re-elect Dato' Mohamad Nasir Ab Latif who retires pursuant to Article 106 of the Company's Articles of Association, and being eligible has offered himself 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) Tan Sri Azlan Zainol **Resolution 3**
 - (ii) Hasman Yusri Yusoff **Resolution 4**
5. To approve the Directors' Fees of RM948,768 to the Non-Executive Directors for the financial year ended 31 December 2018. (2017: RM811,096). **Resolution 5**
6. To approve the payment of Directors' Fees to the Non-Executive Directors for the period from 1 January 2019 until the next AGM of the Company. **Resolution 6**
7. To approve the benefits extended to the Non-Executive Directors as detailed out in Note 5 of the explanatory notes, from 31 May 2019 until the next AGM of the Company. **Resolution 7**
8. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

Special Business

To consider and if thought fit, to pass with or without any modification the following Ordinary Resolution:

9. Proposed Renewal of Share Buy-Back Authority **Resolution 9**

"THAT, subject to the Companies Act 2016 ("the Act"), the provision of the Articles of Association/Constitution 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 and expedient in the interest of the Company provided that:

 - (a) the aggregate number of shares to be purchased by the Company shall not exceed ten per cent (10%) of the total number of issued shares of the Company at any point in time;
 - (b) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the retained profits of the Company; and

NOTICE OF 48TH ANNUAL GENERAL MEETING

- (c) the authority conferred by this resolution shall be effective immediate after the passing of this resolution and shall continue to be in force until:
- (i) the conclusion of next AGM of the Company at which time the authority will lapse unless the authority is renewed by a resolution passed at that meeting, either conditionally or subject to conditions;
 - (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held;
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting

whichever occurs first;

THAT upon completion of the purchase by the Company of its own shares, the Director of the Company be authorised to deal with shares purchased in their absolute discretion in any manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT the Directors of the Company 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, revaluations, variations and/or amendments as may be required or imposed by any relevant authorities;

To consider and if thought fit, to pass the following Special Resolution:

10. Proposed Adoption of New Constitution of the Company

Resolution 10

“THAT the proposed new Constitution as set out in Appendix A to the Annual Report 2018 be and is hereby adopted as the Constitution of the Company in place of the existing Memorandum and Articles AND THAT the Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take such steps as may be considered necessary to give full effect to the foregoing.”

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 48th AGM, a first and final single tier dividend of 1.75 sen per ordinary share for the financial year ended 31 December 2018 will be paid on 23 August 2019 to Depositors whose names appear in the Record of Depositors on 31 July 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 31 July 2019 in respect of transfers;
- b. Shares deposited into the Depositor's Securities Account before 12.30 p.m on 29 July 2019 in respect of shares exempted from mandatory deposit; and
- c. Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

MOHD NOOR RAHIM YAHAYA
(MAICSA 0866820)
Company Secretary

Kuala Lumpur
 30 April 2019

NOTICE OF 48TH ANNUAL GENERAL MEETING

Notes:

1. Only members whose names appear in the Record of Depositors on 23 May 2019 ("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 Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES:

A. FOR ORDINARY RESOLUTION

1. Statutory Financial Statements for the financial year ended 31 December 2018

The Statutory 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 to vote.

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 26 February 2019, 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 23 August 2019 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, Dato' Mohamad Nasir Ab Latif who was appointed as a Non-Executive Non-Independent Director of the Company on 24 August 2018, shall hold office until the 48th 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 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 seven (7), 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 48th 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 48th AGM are set out in the Profile of Director's section of the Company's Annual Report 2018.

NOTICE OF 48TH ANNUAL GENERAL MEETING**5. Non-Executive Directors' (NEDs) Remuneration**

Pursuant to Section 230(1) of the Act, a public listed company is required to table, amongst others, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries for the shareholders' approval at a general meeting.

(i) Directors' Fees for Financial Year Ended 31 December 2018

The proposed Ordinary Resolution 5, if passed, will give authority to the Company to pay the Directors' Fees of RM948,768 in respect of the financial year ended 31 December 2018. The Directors' Fees were calculated based on the rate of RM200,000 per year for Chairman and RM150,000 per year for other Directors.

(ii) Directors' Fees for the period from 1 January 2019 until the next AGM

The proposed Ordinary Resolution 6, if passed, is to allow the payment of Directors' Fees to NEDs for the period from 1 January 2019 until the next AGM of the Company in the manner as the Directors may determine. The Directors' Fees is based on the rate of RM200,000 per year for Chairman and RM150,000 per year for other Directors.

(iii) Benefits Extended to NEDs

The proposed Ordinary Resolution 7, if passed, will allow the Company to pay the benefits comprise allowances, benefits in kind and other emoluments to the NEDs on a monthly basis and/or as and when incurred:

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 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 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	

B. FOR SPECIAL BUSINESS**1. 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 issued and paid-up share capital 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 30 April 2019 which has been dispatched together with the Annual Report 2018.

2. Proposed Adoption of New Constitution of the Company

The proposed special resolution, if passed, will bring the Company's Constitution to be in line with the CA 2016 and the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The proposed new Constitution shall take effect once the resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 48th Annual General Meeting.

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 48th Annual General Meeting ("AGM") of the Company to be held at the Grand Mahkota Ballroom, Hotel Istana Kuala Lumpur, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 30 May 2019 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 2018.		
2	To re-elect Dato' Mohamad Nasir Ab Latif who retires pursuant to Article 106.		
	To re-elect the following Directors pursuant to Articles 101 and 102:		
3	Tan Sri Azlan Zainol		
4	Hasman Yusri Yusoff		
5	To approve the Directors' Fees of RM948,768 to the Non-Executive Directors for the financial year ended 31 December 2018 (2017: RM811,096).		
6	To approve the payment of Directors' Fees to the Non-Executive Directors for the period from 1 January 2019 until the next AGM of the Company.		
7	To approve the benefits extended to the Non-Executive Directors, as detailed out in Note 5 of the explanatory notes, from 31 May 2019 until the next AGM of the Company.		
8	To re-appoint Messrs, PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors fix their remuneration.		
9	Proposed Renewal of Share Buy-Back Authority.		
10	Proposed Adoption of New Constitution of the Company.		

Dated this _____ day of _____ 2019

Signature of Shareholders

* DELETE IF NOT APPLICABLE

Notes:
Proxy

- Only members whose names appear in the Record of Depositors on 23 May 2019 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 **Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Block D13, 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

BOARDROOM SHARE REGISTRARS SDN BHD (378993-D)
(Formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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