



MALAYSIAN  
RESOURCES  
CORPORATION  
BERHAD

INTEGRATED ANNUAL REPORT 2019

# Innovate



[www.mrcb.com](http://www.mrcb.com)



to Create



# Value

FOR ALL

# ABOUT OUR REPORT

We are committed towards transparent and fair reporting and uphold this commitment by delivering our maiden Integrated Annual Report, which observes the principles prescribed by the globally recognised framework as set out by the International Integrated Reporting Council (IIRC). Our objective is to present a comprehensive and balanced assessment of MRCB's financial and non-financial performance and to highlight areas where we continue to create long-term value for our multi-faceted stakeholders.

## SCOPE AND BOUNDARIES

### Reporting Period

Our Integrated Annual Report (Report) is published annually. All information covered in this report is for the period 1 January 2019 to 31 December 2019, unless stated otherwise. Data from previous years have been included where possible for comparability.

### Operating Business

This Report covers MRCB Group's operations in three main business units: Property Development & Investment; Engineering, Construction & Environment; and Facilities Management & Parking.

### Financial and Non-Financial Reporting

The Report includes our financial and non-financial performance, opportunities, risks and some of our key achievements.

### Targeted Readers

We strive to improve the quality of our Report. This means maintaining the highest level of transparency, accuracy, and reliability of information for the benefit of all our stakeholders, including our shareholders and investors.

## FORMAT

This Integrated Annual Report adopts Integrated Reporting <IR> Principles and was also prepared in compliance with Bursa Malaysia's Main Market Listing Requirements and Securities Commission's Malaysian Code on Corporate Governance 2017 (MCCG 2017). The accompanying Financial Report was prepared in compliance with the Malaysian Financial Reporting Standards and the Companies Act 2016 in Malaysia.

## FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements referring to MRCB's future direction, projections, and opportunities for growth, which relate to the plans, objectives, goals, strategies, future operations and performance of the Group and its subsidiaries. However, these statements depend on several factors, including risks, uncertainties and assumptions. As the Report was prepared during the early stages of the Movement Control Order, it has not been possible to make conclusive statements on the potential impact from the COVID-19 pandemic.

### STRIVING TO IMPROVE

We welcome feedback and suggestions on ways we can continuously improve the quality of our reporting.

Kindly contact:

Yazmin Islahudin,  
Senior Manager, Chief Corporate Officer's Office  
Email: [yazmin.islahudin@mrcb.com](mailto:yazmin.islahudin@mrcb.com)

## NAVIGATION AND ICONS

### Stakeholders

 Clients & Customers	 Local Community, Civil Society & NGOs
 Employees	 Suppliers/Sub-contractors
 Shareholders/Investors, Analysts	 Media
 Government/Regulatory Bodies	

### Strategic Thrusts

 Revenue from Bespoke Buildings Let on Long-Term Leases	 Leveraging on MRCB's Position as the Largest Listed Bumiputera Construction Company in Malaysia
 Revenue from Bespoke Buildings for Sale	 Expanding Fee-Based Projects
 Revenue from Building Residential & Retail Commercial Developments	 Developing Renewable Energy Projects
 Income from Land Sales	 Growing Foreign Operations and Revenue Streams
 Income from Investment Properties	

### Capitals

 Human Capital	 Social and Relationship Capital
 Intellectual Capital	 Financial Capital
 Natural Capital	 Manufactured Capital

## KEY DEFINITIONS

### Value

At MRCB, the process of value creation involves an in-depth understanding of our stakeholders' needs and expectations, and our ability to create 'value' depends on our appetite for innovation and growth. We leverage on six (6) key financial and non-financial Capitals to create new solutions for our customers and stakeholders. The end objective is to catalyse growth that is meaningful for all. For more details, please refer to our Value Creation Model on pages 30 - 31.

### The Capitals

To deliver innovative solutions to our diverse stakeholder groups, we utilise six (6) types of Capitals that allow the Group to create value over the short, medium and long-term.

### Manufactured Capital



The Group's physical assets are located in strategic areas of growth. As a Transit Oriented Developer (TOD), our value proposition is our ability to integrate commercial, residential and other types of developments around transportation hubs. Our unique disposition allows us to shape small and sustainable cities where different niche segments synergise and deliver value for both businesses and communities. We provide customers with catalytic projects that improve productivity and enhance economic activity and social development, and play our role in caring for the environment by constructing responsibly using sustainable materials and new technologies, which enables the Group to deliver high-quality products in an efficient, timely and ethical manner.

### Human Capital



The skills and diversity of our employees drive our innovative strategies and long-term growth. We invest in the development and well-being of our people, which increases their productivity and performance to help achieve our goals and targets. Our people are also equipped with a diverse set of skills that enables innovation and creativity, as well as allowing them to thrive today and well into the future.

### Intellectual Capital



MRCB has created a strong brand of innovative excellence. Our Intellectual Capital is vital in solidifying our market position and competitive strength. Our team utilises emerging technologies to engineer and deliver market solutions. We also own intellectual properties, such as the MRCB Building System (MBS), that is licensed to others and will help revolutionise the industry.

### Financial Capital



The consistent flow of financial income generated by our operations is key to MRCB's survival. While a large portion of our earnings are channelled back into new developments, they are also used to create value for stakeholders. This includes delivering dividends to shareholders, providing income to employees, and investing in the development of communities. Additionally, our Financial Capital is also used to drive innovation and growth by investing in research and development, capacity-building and emerging technologies.

### Natural Capital



As a responsible company operating within the resource intensive property development and construction sectors, we are cognisant of the resources we require for our projects. We consciously invest in initiatives that reduce our use of Natural Capital. This includes venturing into renewable energy and innovating new technologies that optimise efficiency and reduces material consumption. Additionally, we also own urban land banks within strategic development areas critical to our success.

### Social and Relationship Capital



Our work relies on the strong bonds we've created with our stakeholders. This includes establishing good rapport with shareholders, regulators, business partners, suppliers, customers and the community. Our relationships are built on mutual understanding, in which our stakeholders continue to provide support and trust in the Group, while we strive to always create value for each and every one of them.

## Materiality

The reporting metrics chosen were based on the topics that are material to our stakeholders and which influence our ability to create value. A detailed description of our materiality process is shown on pages 130 - 131.

## COVER RATIONALE

At MRCB, we make efforts to ensure what we do fulfills a higher purpose – the houses we build become homes for families to live and grow together, the highways we construct connect communities and catalyses economic growth, and the stadiums we erect become arenas where nations meet and records are broken.

However, simply meeting the needs of our stakeholders is not the end game. How we get there matters. And so we invest in innovating new solutions and ensure we create value in a responsible manner; a philosophy that led to the innovation of our MRCB Building System.

When we look back at our legacy and look forward to plan for the future, we are reminded that every project we undertake impacts individuals, communities and Malaysia as a whole. And this drives us to continuously Innovate to Create Value for All.

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

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



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



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# CHAIRMAN'S MESSAGE

**TAN SRI AZLAN ZAINOL**  
Chairman

## DEAR STAKEHOLDERS,

On behalf of the Board of Directors, I am pleased to share MRCB's key achievements for the financial year ended 31 December 2019. With our sound strategies and the strength of our people, we have sown the seeds of growth, which will deliver promising results over the next few years. While the overall markets that we operate in have been challenging, we have been able to create value in different areas that will translate into future profits as our projects mature and construction progresses. This report reinforces our commitment to championing sustainable growth and innovation, which will be key drivers of value creation moving forward.

## ENGINEERING INNOVATIVE SOLUTIONS

In 2019, we continued to face a weak market amidst rising geopolitical tensions and an overall slowdown in global economic growth. The absence of local mega infrastructure and other catalytic projects also weakened investor sentiment; the dearth of new projects further increasing competition in an already competitive market. Our response to these challenges has been to look at our business differently. This strategy has never been more relevant than it is today, as the world faces an unprecedented crisis brought about by the Coronavirus Disease (COVID-19). Transforming our revenue model is imminent and innovation is key to positive performance. In other words, our reason to exist, to compete and to excel is to engineer innovative solutions, while advocating responsible growth and setting standards.

We proved our preparedness and agility as an innovative organisation by increasing the competitive edge MRCB has over our competitors – after many years of extensive research and development, we launched the MRCB Building System (MBS). MBS is a new prefabricated, prefinished volumetric modular construction method which uses our very own proprietary patent-pending Candle-Loc Connection System. Apart from reducing the need for manpower, this new construction method will significantly reduce project delivery times and material wastage, and

increase construction efficiency and the quality standards of our products, thus improving returns on investments. A detailed explanation on MBS can be read on pages 12 – 15.

Following the successful completion of our Corporate Transformation programme at the end of 2018, the unveiling of MBS marks the beginning of MRCB's new strategy moving forward; a strategy of innovation, automation and efficiency and cost optimisation. MRCB has always leveraged on its core engineering skillsets, but in a fast and ever-changing landscape, our sustainable growth depends on how fast we can respond to emerging socio-economic and technology trends. This philosophy is fundamental in our strategy to Innovate.

An overview of MRCB's strategy along with our Strategic Thrusts are outlined on pages 44 – 45.

## EMBRACING PRINCIPLES OF GOOD GOVERNANCE

As part of our transformation, we have made Corporate Governance our priority and have continued in our quest to become a standard-bearer of good governance and corporate values by closely adopting the Practices and Step-up Practices outlined in the Malaysian Code of Corporate Governance (MCCG) 2017.

KEY MESSAGES

CHAIRMAN'S  
MESSAGE



Further details on the financial performance of MRCB is found on pages 64 - 69 within the Group Managing Director's Review and Management Discussion & Analysis section of this report.

I am proud to announce that in 2019 we adopted two (2) more Practices, bringing the total number of adopted Practices to 29 out of the 32 Practices prescribed by the MCCG. With the adoption of Step-up Practice 8.4 relating to the composition of the Audit Committee, and Step-up Practice 7.3 relating to the full disclosure of the detailed remuneration of each member of Senior Management on a named basis, we have now also adopted all four (4) of the optional Step-up Practices that aim to raise the bar for governance practices and processes.

One of the critical aspects of good Corporate Governance is the composition of the Board of Directors. We believe that having a diverse range of perspectives helps in creating innovative strategies and initiatives, while its objectivity also safeguards the interests of minority stakeholders. In 2019, 29% of our Board members were women, while their areas of expertise included mission-critical subject matters. During the year under review, in addition to having a fully independent Audit & Risk Management Committee, a majority of the Board members are now also independent.

A deeper insight into our Board composition and Directors' background, as well as our Corporate Governance Overview Statement, can be seen on pages 72 - 79 and pages 86 - 104, respectively.

The year 2019 marked a milestone in our commitment to achieving high standards of Corporate Governance, as our efforts were recognised and validated both locally and internationally. For a second consecutive year, we were awarded the coveted Gold Award at the 2019 Australasian Reporting Awards (ARA) in Melbourne, Australia. The Gold Award benchmarks and recognises the world's best practices in transparent and accountable

reporting, thus reaffirming our commitment of upholding the highest standards of corporate disclosure and stakeholder communication. I am also proud to share that we were ranked first in the "Transparency In Corporate Reporting - Assessing Malaysia's Top 100 Public Listed Companies 2019" report by the Malaysian Institute of Corporate Governance (MICG). MRCB also climbed higher in the Minority Shareholder Watch Group's (MSWG) Top 100 MSWG-ASEAN Corporate Governance Awards, ranking 33<sup>rd</sup> in 2019 out of all listed companies, up from 67<sup>th</sup> in 2018. MRCB also remains a constituent of the FTSE4Good Bursa Malaysia Index, which is designed to highlight companies that demonstrate a leading approach to addressing environmental, social and governance (ESG) risks.

**CHAMPIONING ANTI-BRIBERY AND CORRUPTION**

We have a zero tolerance to bribery and corruption. Our journey towards applying the highest standards of ethical conduct and integrity in our business operations is deeply rooted in the successful implementation of our Anti-Bribery Management System (ABMS), which is designed to help prevent, detect and respond to bribery and corruption.

As part of the implementation of our new ABMS, key policies such as the Anti-Bribery and Corruption Policy; Gifts, Hospitality, Donations and Similar Benefits Policy; and the Whistleblowing Policy, have been enhanced and strengthened to ensure that all employees as well as all business associates, including external suppliers such as sub-contractors, consultants, advisors, and agents acting on behalf of MRCB, understand and acknowledge our zero tolerance of all forms of bribery and corruption. We also introduced new policies, including a Conflict of Interest

**29%**  
**FEMALE  
BOARD  
MEMBERS**

**ANTI-BRIBERY  
MANAGEMENT  
SYSTEM  
CERTIFIED  
COMPLIANT  
WITH  
ISO  
37001:2016**

Policy to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively, and to provide guidance on how to deal with conflict of interest situations as they arise. This Policy applies to all Directors and employees of the Group.

To ensure all parties understand and adhere to these policies, training sessions for both staff and external parties have been, and will continue to be, carried out. In 2019, 886 staff underwent training sessions totalling 1,772 manhours, while members of the Board and MRCB's Senior Management also underwent training. Trainings on anti-bribery and corruption for vendors were also carried out since May 2019. In 2020, training for vendors will be carried out monthly. As part of our commitment to ensure our philosophy on integrity and ethical conduct is well extended and embraced by our business partners, we have also finalised a new Vendor Letter of Declaration, which is a written confirmation from our vendors that they do and will continue to comply with all MRCB's Anti-Bribery Management System requirements.

I am very proud to share that on 26 December 2019, MRCB's Anti-Bribery Management System was successfully certified as compliant with ISO 37001:2016 by an international certification body. This is a key step to comply with the Malaysian Anti-Corruption Commission (MACC) Act's Corporate Liability Provision or Section 17A, which will be enforced from June 2020.

**NURTURING OUR PEOPLE AND COMMUNITIES**

We believe in developing meaningful and impactful innovations that not only drive profitability but also positively affect communities. The future growth of MBS is anchored on these principles as we expect the adoption of MBS to improve our profitability through faster construction, efficient cost management and increased precision in the construction process, as well as allow us to build responsibly with minimal disturbances to the neighbouring communities and the environment. This is because MBS allows as much as 90% of the construction work to be done off-site under controlled conditions.

Our success in developing an innovation that benefits all stakeholders was made possible not only due to our ability to leverage on our highly skilled employees who are leaders in their field, but due to our working environment that fosters innovation and creativity.

In 2019, MRCB launched its PEKA@MRCB (*Peluang Kedua@MRCB*) programme, which is an extension of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports and the Malaysian Prison Department. The programme offers employment to selected offenders who are at the tail end of their prison sentences in efforts to help them reintegrate back into society. The programme does not only

create awareness and improve the public's perception of offenders, but also provides an opportunity for offenders to gain skills which will help them secure employment and earn a living after they are released from prison, reducing their likelihood of re-offending. The programme also supports the Government's aim to reduce Malaysia's dependency on foreign workers in the construction industry, and more importantly provides MRCB with a source of labour with greater abilities and productivity, and considerably better communication skills than foreigners. To date, 84 offenders have been trained and employed at three (3) MRCB project sites.



MRCB launched its PEKA@MRCB Programme to help provide jobs to selected offenders

**APPRECIATION**

On behalf of the Board of Directors, I would like to thank our stakeholders for their continued trust and loyalty. With your support, we remain committed to improving not only shareholder returns, but also stakeholder value.

A special thanks also to all our valued employees, who have shown dedication and commitment to the Group. I believe that together, we shall continue to make waves in the industry, as we have with the innovation of MBS.

I would also like to thank my fellow Board Members for their significant contributions this year. Your leadership and guidance reinforce the Group's positioning for excellence.

**AZLAN ZAINOL**  
Chairman

KEY MESSAGES

# GROUP MANAGING DIRECTOR'S REVIEW

## DEAR STAKEHOLDERS,

As a business involved in both property development and construction, we are cognisant of the challenges faced by these sectors, which were further compounded by a weak operating environment experienced in 2019.

While we anticipate near-term growth prospects to be impacted by the COVID-19 pandemic, we are also encouraged by the store of value we have created through the years that will enable us to recognise profits in the future.



**MOHD IMRAN MOHAMAD SALIM**  
Group Managing Director

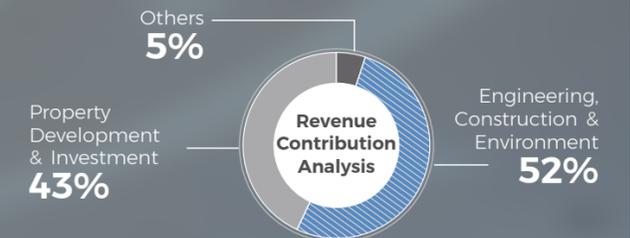
Our aim as an organisation is to achieve sustainable returns and stakeholder value. To achieve this, we are constantly strategising ways to create value, not only for today but for the future. As such, much of what we do is anchored around achieving mid- to long-term success. Some of our results are immediate, while others, such as with our new innovation MBS, may take longer to materialise, but may also have a larger impact.

### KEY FINANCIAL HIGHLIGHTS

In 2019, the Group recorded revenue and profit before tax of RM1.3 billion and RM53.0 million respectively, compared to RM1.9 billion and RM123.0 million respectively recorded in 2018. The higher revenue in 2018 was due to the sale of two (2) pieces of freehold land in Jalan Kia Peng in Kuala Lumpur and Batu Feringgi Penang for a total cash consideration of RM388 million.

As predominantly an urban high-rise developer, our revenue and profit recognition is reliant on the progress of construction, with revenue and profit recognition being slower at the early phase of development. In 2019, our significant high-rise projects, namely Sentral Suites with a GDV of RM1.6 billion and TRIA 9 Seputeh with a GDV of RM0.9 billion, were only 29% and 21% completed, respectively. Despite achieving high sales rates, profits will only begin to flow through once construction progresses further, with both Sentral Suites and TRIA 9 Seputeh targeted to reach 50% and 40% construction completion by the end of 2020, respectively.

In addition, revenue from some completed residential units sold during the financial year was not recognised as they were still pending Sales and Purchase completion.



Profit before tax was also significantly lower in 2019 due to the absence of one-off pre-tax profit gains totalling RM66.8 million from the land sales in 2018, as well as the lower income recognition from the LRT3 construction project. While construction progress has reached 24%, profit recognition was lower due to the re-modelling of the project from a PDP to a fixed price turnkey project by the Government. As a result the Group's 50%-owned joint venture company MRCB George Kent Sdn Bhd contributed profit after tax of only RM0.6 million, compared with RM14.6 million in 2018.

For more details on our performance, please turn to our Business Review on pages 46 - 63.

### DRIVING INNOVATION

A volatile and unpredictable operating environment exposes the Group to financial and non-financial risks. To build our resilience towards these risks, we must engage with external stakeholders and apply scientific innovations to deliver unique and differentiated solutions. Effective engagements and dialogues improve our capability in offering responsive, long-term solutions that provide value to our stakeholders, builds long-term relationships, and enhances revenue opportunities.

Revenue Trend  
(RM million)



\*Others include Facilities Management & Parking and Others

**GROUP MANAGING DIRECTOR'S REVIEW**

Over the last few years, MRCB has conducted research into addressing the many issues plaguing the construction industry. These include issues concerning the health and safety of construction workers, rising costs from project delays, noise and environmental pollution faced by the public and quality and defect issues faced by clients and consumers, just to name a few.

In 2019 we launched the MRCB Building System (MBS), which we innovated using a prefabricated, prefinished volumetric modular construction method using our proprietary fastening Candle-Loc Connection System, that will address all these issues through its much faster construction time, high precision construction method and contained manufacturing in a controlled environment, which not only eliminates defects, but also improves safety. MBS is expected to have a profound effect on the way buildings are constructed in Malaysia, as up to 90% of the construction using our MBS technology will be undertaken offsite, compared to only 30% to 40% by traditional Industrialised Building Systems (IBS). MBS, which allows site development and building fabrication to be done concurrently, also reduces labour requirements and helps mitigate all the associated risks such as unskilled manpower, foreign labour, safety and security, among others.

The innovation and introduction of MBS reinforces our commitment to deliver high-quality developments in a cost efficient and responsible manner. To read more on MBS, please turn to pages 12 – 15.

Our Digitalisation & Automation Roadmap, which was introduced in 2017 with the aim of increasing efficiency through technology adoption, is also expected to improve our capability in offering responsive, long-term solutions. Using Information Technology as an enabler, we procured our Enterprise Resource Planning (ERP) system and are in the midst of completing the customisation and development of it. Having business data centralised on this ERP system will allow for increased collaboration and more streamlined, coherent workflows and processes, as well as eliminate duplication of processes across the Group. We expect the ERP system, once fully deployed, to drive costs down, eventually improving the Group's profit margins and improving our competitiveness in an increasingly challenging property and construction market.

We have also taken huge steps towards increasing security against cyberthreats, and have deployed Microsoft Threat Protection solutions to allow us to identify and mitigate cybersecurity incidents more efficiently and effectively. The solutions provide an integrated security environment that is secure by design and allows for complete visibility as it works seamlessly with our existing infrastructure, helping protect MRCB's personnel identities, data, applications and endpoints from cyberthreats. Since its deployment in the third quarter of 2019, we have managed to capture and block more malware and phishing attempts, from 145 in 2018 to 389 in 2019, due to its comprehensive, ongoing and real-time protection. MRCB has also migrated all its production servers to a leading cloud and data center service provider with a Tier III design

certification, meeting the high reliability and availability levels accredited by Uptime Institute – the industry's most trusted and adopted global standard for the proper design, build and operation of data centers.

Employees are also regularly reminded on ways to protect themselves from cyberattacks. We conduct regular cybersecurity awareness initiatives, through monthly multimedia editorial messages and quarterly awareness videos sent to all employees.

**DIVERSIFYING INTO NICHE MARKETS**

We believe that it is our responsibility, as well as a business opportunity, to create solutions that meet the emerging needs and expectations of a growingly sophisticated market. With our forward-looking approach, we recognise the potential brought by the shift in market demographics. In Malaysia, over 7% of the population is older than 65 years, and the population will age rapidly over the next decade. Similarly, rising housing market prices and slower salary growth are making it harder for young professionals to afford their own property. Millennials are also leading more balanced lifestyles, seeking the benefits of an experiential economy.

These issues give rise to opportunities for MRCB to enter niche markets. Aged-care will soon be a national problem that we hope to help solve, through the development of highly modifiable homes with shared amenities and healthcare facilities established within the area. We are also looking into micro-homes and co-living spaces – affordable units with shared amenities designed to meet the emerging needs of millennials, particularly fresh graduates, working executives and single occupants, with access to various lifestyle components.

A small but significant step towards creating a fully-integrated and connected development is our Memorandum of Understanding (MoU) with Celcom Axiata Berhad to deliver smart building systems for our PJ Sentral Garden City development. Such solutions will not only help conserve energy, improve efficiencies and reduce operational costs, it is also a step towards building more automated and digitalised homes necessary in exploring these niche markets. Similarly, we are also exploring partnerships to deliver 5G connectivity, Wi-fi 6 infrastructure, and fibre deployment in our developments, providing seamless access to the internet for our retail and commercial clients.

Moving forward, MRCB plans to leverage on its existing engineering skillsets to venture into new markets. With our expertise in civil engineering and strong track record in the construction of power transmission lines and power plants, we have identified the renewable energy segment, and waste-to-energy in particular, as future markets.

Malaysia produced 47,218 tonnes of waste in 2019 going to 165 landfills, of which only eight (8) being sanitary landfills, to store the waste produced nationwide. Malaysia's carbon dioxide (CO<sub>2</sub>) emissions was also recorded at 250.3 million tonnes in 2018, the bulk of which came from electricity

production, vehicles and waste. With space for landfills growing increasingly scarce, particularly in urban areas, and total household waste forecasted to increase in line with the nation's population growth, there is an urgent need to move towards more sustainable household waste management solutions and clean energy production in Malaysia to reduce the impact on the environment and general well-being of the population.

Apart from our ability to exploit our expertise in an area that is currently in high demand, the renewable energy business will also provide recurring long-term revenues, which will help us diversify our current revenue stream and reduce earnings volatility that is inherent in our existing business model.

**ENSURING A SUSTAINABLE FUTURE**

Moving forward, MRCB will continue to tap into its healthy pipeline of property unbilled sales totalling RM1.6 billion, and a large external client construction order book of RM21.8 billion. Revenue and profits from these projects will continue to be progressively recognised in line with construction progress in 2020 and beyond. Our strategic urban land bank of 323 acres, worth RM32 billion is also poised to provide a sustainable stream of revenue from development projects spanning 15 years and beyond.

Apart from maintaining sustainable revenue streams, we are also committed towards operating an environmentally sustainable business. As a constituent of the FTSE4Good Index, we are committed in ensuring that sustainable development remains an inseparable part of our business and have also begun to prioritise green development and investments. We apply four (4) green building rating systems to increase efficiency in the use of energy, water and materials in our property projects. These include Malaysia's Green Building Index (GBI), Malaysia's Green Real Estate (GreenRE), Malaysia's Carbon Reduction and Environmental Sustainability Tool (MyCrest), and US Green Building Council's Leadership in Energy and Environmental Design (LEED). In fulfilling our role as a TOD specialist, we also contribute to the reduction of CO<sub>2</sub> by encouraging the public to use public transportation made accessible by our developments.

We also ensure our business is sustainable by consistently delivering high quality projects through the implementation of strict policies and standards. All our construction projects are guided by ISO certifications that collectively inculcate a culture of continuous improvement, particularly in areas of Quality, Environment, Safety and Health (QESH). Indeed, recently we successfully transitioned from the older Occupational Health and Safety Management Systems standard OHSAS 18001:2007 to ISO 45001:2018. Our adoption and strict adherence to these certifications allow us to deliver our projects in a safe and timely manner, therefore avoiding the risk of financial penalties or claims for damages, as well as reinforcing our reputation as a trusted developer in the eyes of our stakeholders.

In 2019, two (2) of our projects, TNB HQ Campus (Phase 1) and Larkin Indoor Stadium, achieved 5-Star Safety Health Assessment System in Construction (SHASSIC) Ratings. These two projects, along with the DASH CB2 project, also received the Malaysian Society for Occupational Safety & Health (MSOSH) Occupational Safety and Health (OSH) Gold Class Award. The Kwasa C8 Plot 1 (EPF Headquarters) project also recorded one (1) million manhours without lost-time injury (LTI).

We are confident that these achievements are a testament to our emphasis on sustainable development, and that we will continue to provide sustainable value to all our stakeholders.

**EMPOWERING OUR PEOPLE**

Our people are the backbone of MRCB's growth. We understand the vital need to engage and strengthen relationships within the workforce, which in turn will motivate and optimise the overall performance of the Group. An engaged and inspired workforce helps to align the vision and mission of MRCB and creates a sense of ownership towards achieving our common goals.

In 2019, we conducted 12 focus group sessions participated in by 400 employees, which makes up 19% of the total workforce. The focus group sessions involved employees comprising non executives up to senior managers, with more than two years' length of service in MRCB. Through these sessions, we managed to identify and address key concerns of our people, resulting in a host of initiatives and activities that can be found on page 35.

As a human capital resource intensive business, we believe in our people, and we aspire to continue strengthening the employee-employer relationship, and contributing to the welfare and well-being of our staff.

**ACKNOWLEDGEMENTS**

On behalf of the Senior Management Team, I would like to express my gratitude to our stakeholders, all of whom play an important part in MRCB's continued success. Thank you for your support and confidence in our ability to deliver value.

My sincere appreciation goes to our Chairman and Board of Directors, for their wise counsel, leadership and guidance.

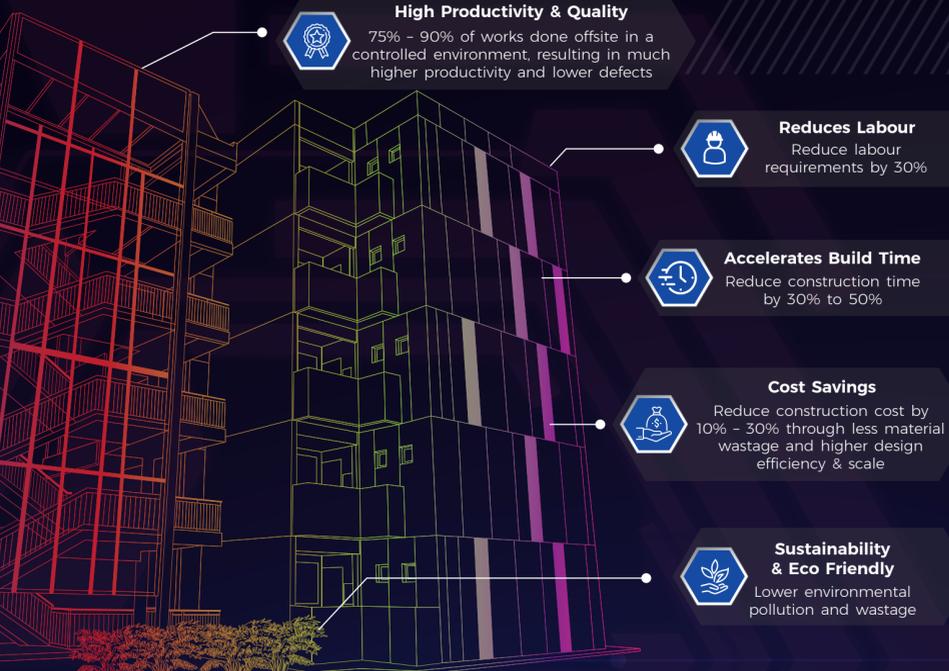
I would like to thank my valued colleagues, who have shown unwavering commitment and are the driving force behind the Group. I look forward to continuing working together as we work towards achieving the Group's aspirations.

And finally, thank you to our customers and business partners, who continue to place their trust and loyalty in MRCB.

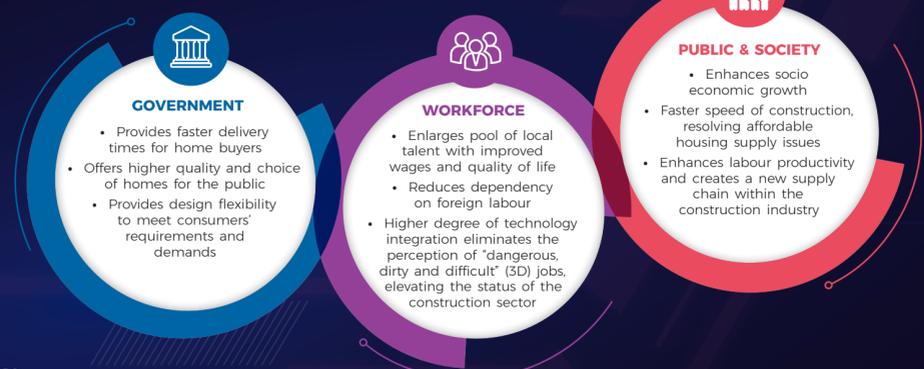
**MOHD IMRAN MOHAMAD SALIM**  
Group Managing Director

# INNOVATION @WORK

MRCB has innovated the MRCB Building System (MBS), which combines a Prefabricated Prefinished Volumetric Construction (PPVC) system with our patented and unique Candle-Loc Connection System, allowing up to 90% of a project utilising this technology to be constructed offsite, then transported and installed into position at site.



## POSITIVE IMPACT TO STAKEHOLDERS



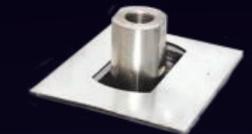
## ISSUES IN THE MALAYSIAN CONSTRUCTION INDUSTRY



## ADVANTAGES OF MRCB BUILDING SYSTEM



# HOW DOES MBS WORK?

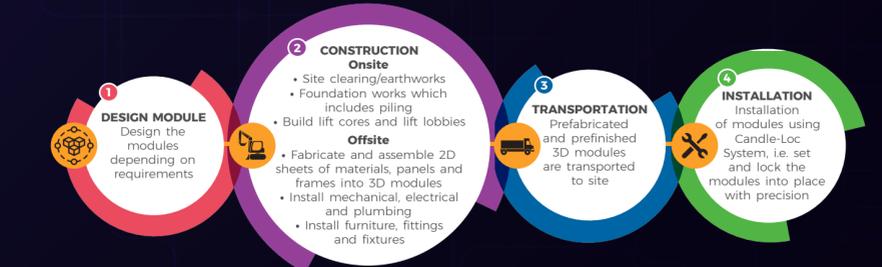


The Candle-Loc system is MRCB's proprietary joint connection system, which consists of a stainless-steel pin and a cast iron lateral tie plate used in between each module to set and lock each module in place both vertically and horizontally.

## KEY DIFFERENCES BETWEEN TRADITIONAL CONSTRUCTION AND MBS



## THE MBS PROCESS



OVERVIEW OF MRCB

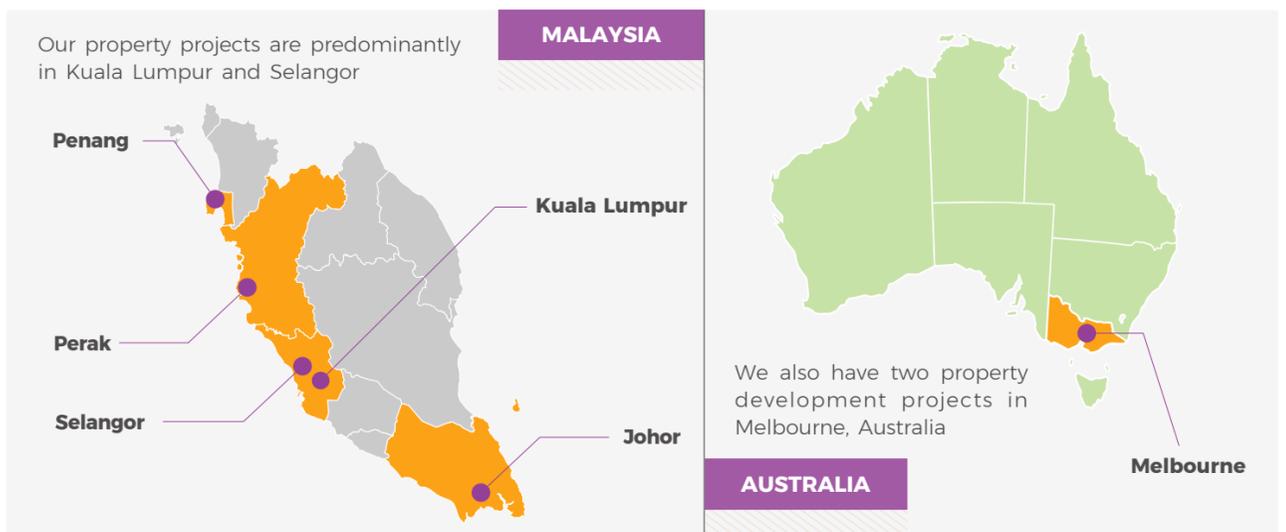
# WHO WE ARE & WHAT WE DO

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 its 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 the population's needs and expectations.



## OUR PRESENCE



OVERVIEW OF MRCB

## CORE BUSINESS SEGMENTS & SEGMENT HIGHLIGHTS

### 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 ongoing 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 other 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.

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 RM2.1 billion as at 31 December 2019.



### ENGINEERING, CONSTRUCTION & ENVIRONMENT

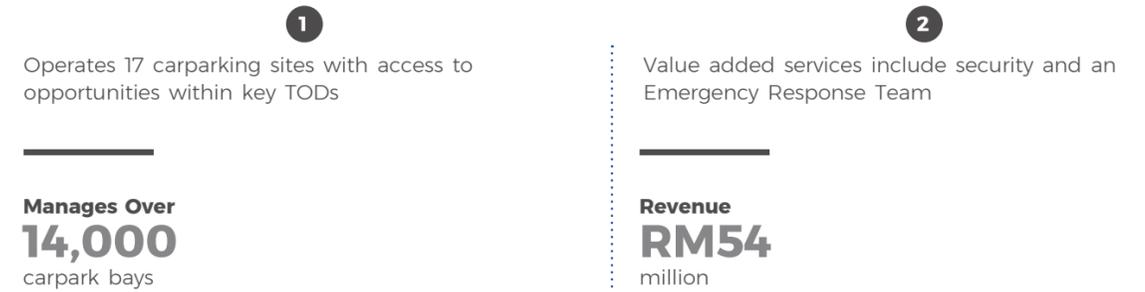
Designing, building and contracting gives MRCB complete control over its own property development projects, helping the Group ensure that the project's vision is fully realised in terms of quality, on budget and on time.

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 flood and erosion 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 managing, maintaining and providing security services and operating car parks at integrated transportation hubs and high profile commercial and residential complexes. The Division is also responsible for the facilities management of Stesen Sentral Kuala Lumpur.



The National Stadium, which was completed in 2017, has a seating capacity of over 85,000.

OVERVIEW OF MRCB

## OUR TRANSIT ORIENTED DEVELOPMENTS (TOD)

From the outset, MRCB has been clear in its goal to remain the leading TOD developer in Malaysia. Our interests in 323 acres of urban development land with an estimated RM32 billion of GDV, coupled with a strong 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.

### 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. KL Sentral, with its nine (9) different rail lines, offers 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

### 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  
RM2.7  
billion

### PENANG SENTRAL

22 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 a mixed development around an integrated multimodal transport hub and will be an 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  
RM2.7  
billion



GDV  
RM10.9  
billion

### KWASA SENTRAL

64 acres

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, 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, ensuring it is a livable commercial development.

### CYBERJAYA CITY CENTRE

41 acres

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

## 2019 KEY HIGHLIGHTS

### FINANCIAL HIGHLIGHTS



**GROUP REVENUE**  
**RM1.3**  
billion

**NET GEARING**  
**0.27**  
times

**PROFIT BEFORE TAX**  
**RM53**  
million

**SHAREHOLDERS' FUNDS**  
**RM4.8**  
billion

**DIVIDEND**  
**1.00**  
sen

**EARNINGS PER SHARE**  
**0.54**  
sen

**NET ASSETS PER SHARE**  
**RM1.09**



### BUSINESS HIGHLIGHTS

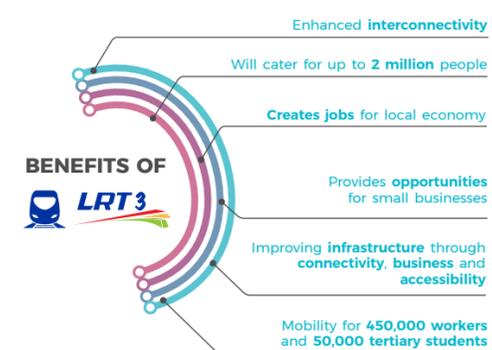
**GROSS DEVELOPMENT VALUE**  
**RM32**  
billion

**EXTERNAL CLIENT CONSTRUCTION ORDER BOOK**  
**RM21.8**  
billion

**URBAN LAND BANK**  
**323**  
acres

**TODs MAKE UP 79%**  
of MRCB's Total GDV

### SUSTAINABILITY HIGHLIGHTS



**SUPPLIERS**  
**413**  
404 local  
9 foreign

**EMPLOYEES**  
**2,130**  
62% men  
38% women

**ENERGY CONSUMPTION**  
**↓ 53%**  
(kw/h)

**WATER CONSUMPTION**  
**↓ 38%**  
(m<sup>3</sup>)

Further details on the financial performance of MRCB is found on pages 64 - 69 within the Chairman's Message and Group Managing Director's Review and Management Discussion & Analysis section of this report.

**CONTRIBUTION TO THE COMMUNITY**  
**RM699,476**

2019 KEY HIGHLIGHTS

# AWARDS AND ACHIEVEMENTS

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

## 1 Property Guru Asia Property Awards 2019

- ★ Best Developer  
• MRCB Land Sdn Bhd
- ★ Best Mixed Use Development  
• TRIA 9 Seputeh
- ★ Special Recognition for Building Communities  
• MRCB Land Sdn Bhd
- ★ Special Recognition in CSR  
• MRCB Land Sdn Bhd

## 2 FIABCI Malaysia Property Awards 2019

- ★ Purpose Built Category  
• Penang Sentral

## 3 Property Insight Prestigious Developer Awards (PIPDA) 2019

- ★ Top 10 Developer  
• MRCB Land Sdn Bhd
- ★ Best Luxury High Rise Development  
• Sentral Suites

## 4 14<sup>th</sup> Property Guru Asia Property Awards Grand Final 2019

- ★ Best Developer  
• MRCB Land Sdn Bhd
- ★ Best Condo Development  
• TRIA 9 Seputeh
- ★ Best Mixed Use Development  
• 9 Seputeh

## 5 Star Property Awards 2019

- ★ The All-Star Award, Top Ranked Developers  
• MRCB
- ★ The Best High Rise Residential Development - Skyline Award  
• Sentral Suites
- ★ Starproperty.my Readers' and Voters' Choice Award  
• MRCB
- ★ Best Integrated Development - The Just Walk Award  
• Penang Sentral

■ Property Development & Investment

## 6 Pertubuhan Arkitek Malaysia (PAM)

- ★ Silver Award 2019  
• KL Sports City

## 7 International Construction Week (ICW) 2019

- ★ CIDB's 5-Star SCORE Achiever  
• MRCB Builders Sdn Bhd
- ★ Most Sustainable Booth  
• MRCB Builders Sdn Bhd

## 8 Malaysian Society for Occupational Safety and Health (MSOSH) Award

- ★ MSOSH OSH Gold Class 2 Award Winner (Construction and Construction Engineering Sectors)  
• Larkin Indoor Stadium  
• TNB Balai Islam

## 9 15<sup>th</sup> MOSHPA OSH Awards

- ★ Platinum Premier Award  
• Transmission Technology Sdn Bhd

## 10 Malaysian Construction Industry Excellence Awards (MCIEA) 2019

- ★ Prominent Player Award  
• Dato' Sri Ir. Dr. Judin Abdul Karim

■ Engineering, Construction & Environment

## 11 ARC Annual Report Awards 2019, USA

- ★ Gold Award: Infrastructure Company  
• MRCB

## 12 Malaysian Institute of Corporate Governance (MICG) Report 2019

- ★ Top Achiever of 2019 for Transparency in Corporate Reporting  
• MRCB

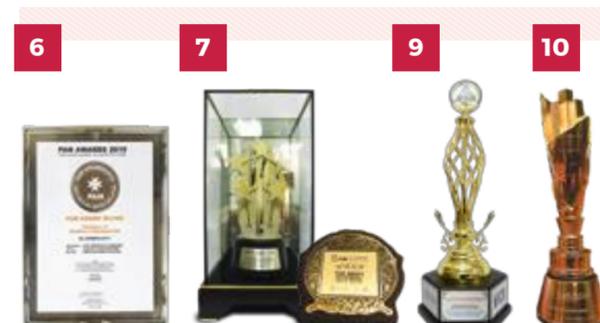
## 13 2019 Australasian Reporting Awards

- ★ Gold Award Winner  
• MRCB

## 14 Malaysia's 100 Leading Graduate Employers Awards 2019

- ★ Top 10 Graduate Employer of The Year  
• MRCB
- ★ Top Fastest Moving Employer Award  
• MRCB
- ★ Sector Award Winner: Government Linked Companies  
• MRCB

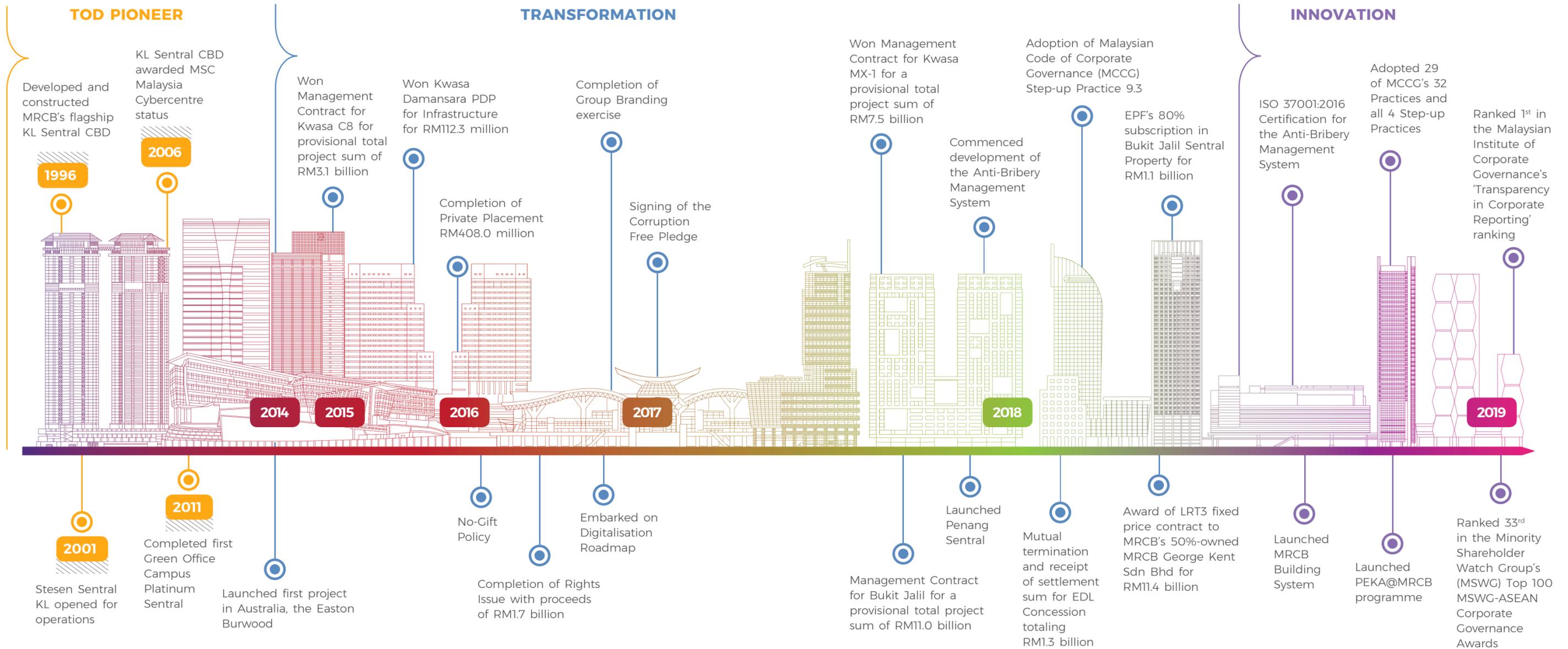
■ Governance & Human Resources



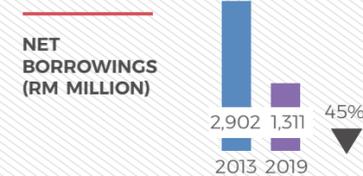
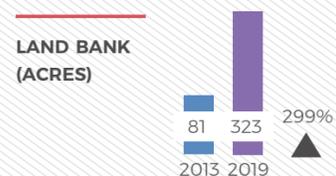
2019 KEY HIGHLIGHTS

KEY MILESTONES

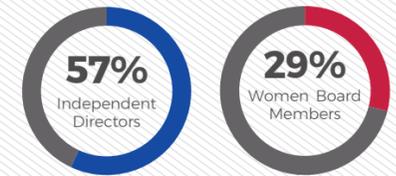
Over the years, Malaysian Resources Corporation Berhad (MRCB) has only grown from strength to strength - proof that the Group has been resilient through ever-changing landscapes. Cognisant of the fact that change is a constant, we have always emphasised the importance of sound values and fundamentals, as well as the need to innovate in order to provide meaningful value to our stakeholders.



MRCB'S CORPORATE TRANSFORMATION: ENHANCING SUSTAINABILITY



BOARD COMPOSITION



2019 KEY HIGHLIGHTS

# CORPORATE INFORMATION

## BOARD OF DIRECTORS



**TAN SRI AZLAN ZAINOL**  
Independent Chairman

**MOHD IMRAN MOHAMAD SALIM**  
Group Managing Director

**ROHAYA MOHAMMAD YUSOF**  
Non-Independent Non-Executive Director

**DATO' MOHAMAD NASIR AB LATIF**  
Non-Independent Non-Executive Director

**JAMALUDIN ZAKARIA**  
Senior Independent Director

**HASMAN YUSRI YUSOFF**  
Independent Director

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

## AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

Hasman Yusri Yusoff (Chairman)

Jamaludin Zakaria

To' Puan Janet Looi Lai Heng

## COMPANY SECRETARY

Mohd Noor Rahim Yahaya  
(MAICSA 0866820)

## STOCK EXCHANGE LISTING

Listed on Main Market of  
Bursa Malaysia Securities Berhad

## EXECUTIVE COMMITTEE (EXCO)

Dato' Mohamad Nasir Ab Latif  
(Chairman)

Mohd Imran Mohamad Salim

Jamaludin Zakaria

To' Puan Janet Looi Lai Heng

## SHARE REGISTRAR

Boardroom Share Registrars  
Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan

Tel : 03-7890 4700  
Fax : 03-7890 4670

## PRINCIPAL BANKERS

CIMB Bank Berhad  
CIMB Islamic Bank Berhad  
HSBC Bank Malaysia Berhad  
Maybank Islamic Berhad  
MBSB Bank Berhad  
RHB Islamic Bank Berhad

## NOMINATION & REMUNERATION COMMITTEE (NRC)

Jamaludin Zakaria (Chairman)

Rohaya Mohammad Yusof

Hasman Yusri Yusoff

To' Puan Janet Looi Lai Heng

## LONG-TERM INCENTIVE PLAN (LTIP) COMMITTEE

Dato' Mohamad Nasir Ab Latif  
(Chairman)

Mohd Imran Mohamad Salim

Hasman Yusri Yusoff

## 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

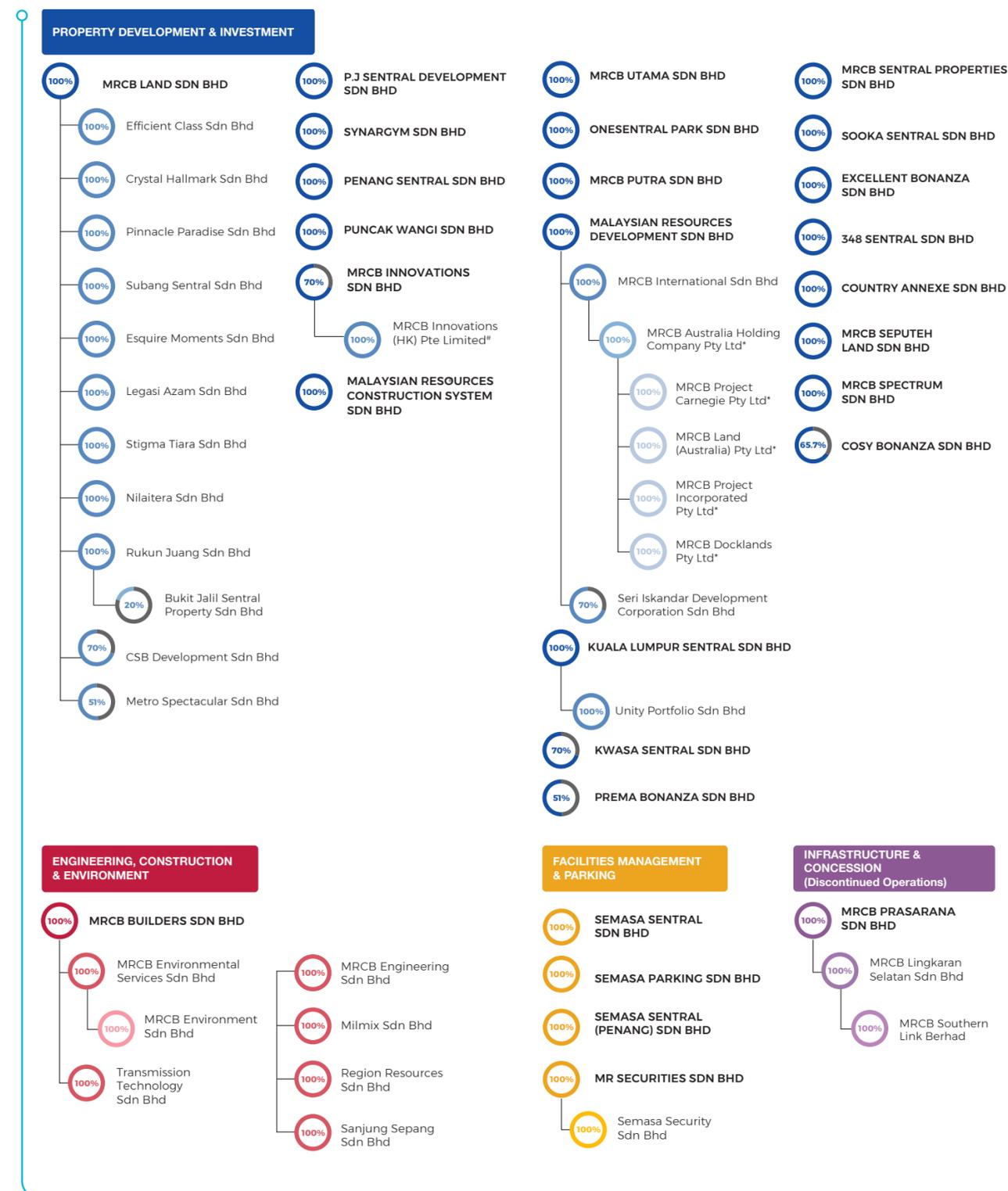
## AUDITORS

PricewaterhouseCoopers PLT

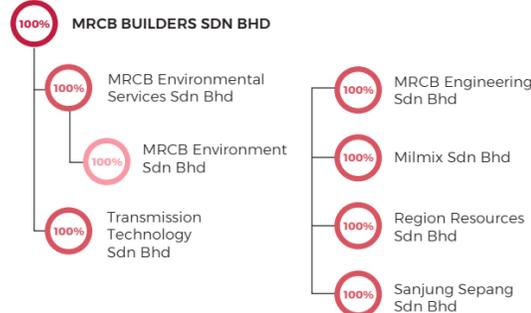
## DATE OF LISTING

22 March 1971

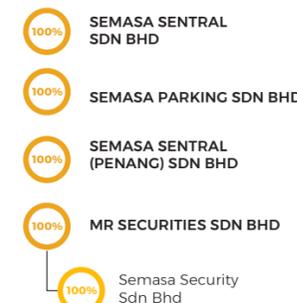
# CORPORATE STRUCTURE



## ENGINEERING, CONSTRUCTION & ENVIRONMENT



## FACILITIES MANAGEMENT & PARKING



## INFRASTRUCTURE & CONCESSION (Discontinued Operations)



For a complete list of companies in the Group, please turn to pages 127 - 134 (Note 43) 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.

2019 KEY HIGHLIGHTS

VALUE CREATION BUSINESS MODEL

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.

**VISION**  
Setting the Standard

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

INPUT



Human Capital

Meet our employees on pages 140 - 147

**2,130** employees



Intellectual Capital

See our expertise on pages 18 & 19  
Over **4** decades of industry experience



Natural Capital

See our urban land bank and development plans on page 50

**323** acres of urban land bank



Social and Relationship Capital

See our strong relationship with our stakeholders on pages 34 - 37

**413** suppliers and vendors



Financial Capital

See our financial health in our Financial Report

**RM4.3** billion Share Capital

**RM1.8** billion Borrowings

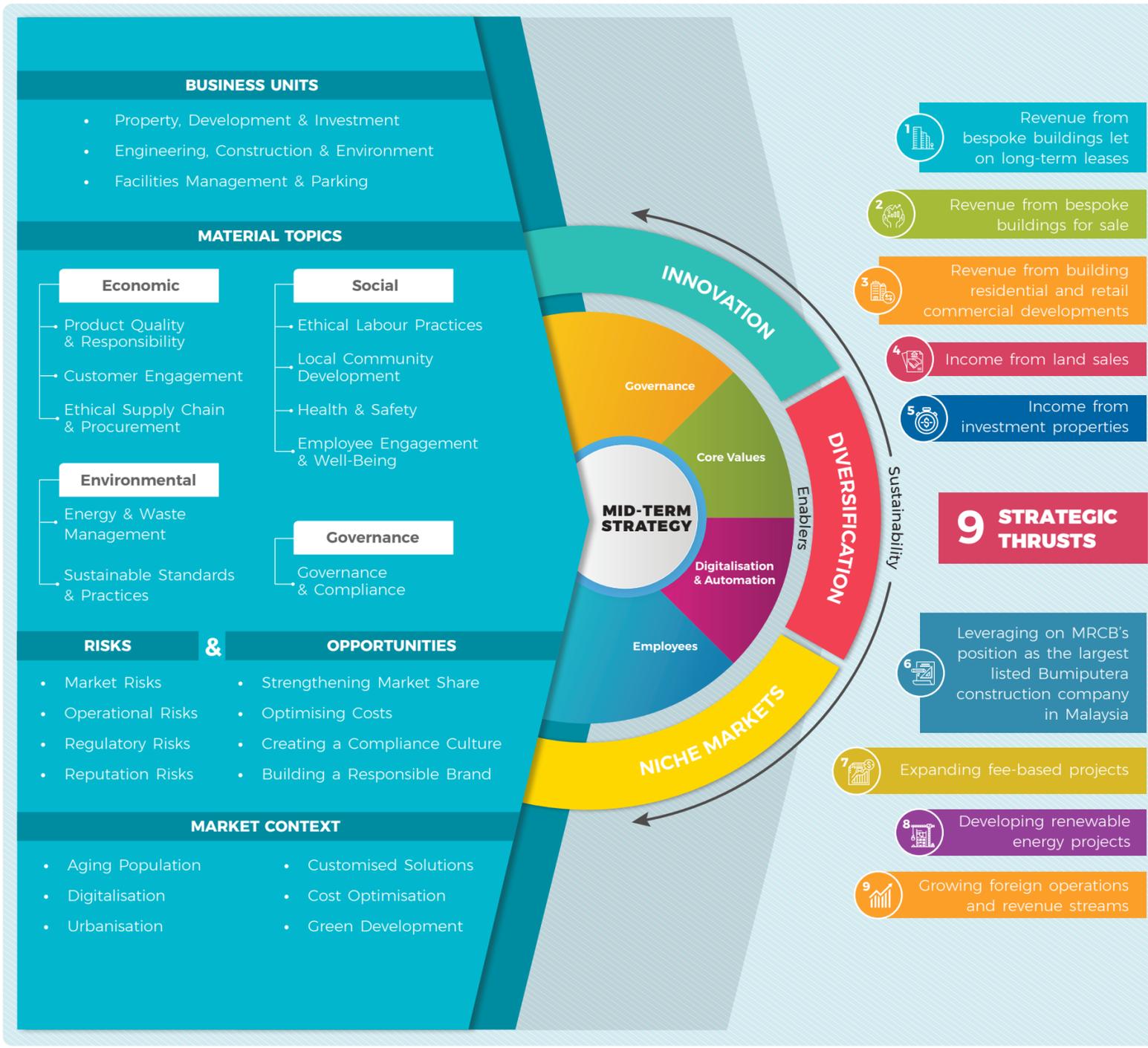


Manufactured Capital

See our projects on pages 50 & 59

**RM21.8** billion External Client Construction Order Book

**RM32** billion Gross Development Value



OUTPUT



Human Capital

- 29%** of Board positions held by women
- 13.8** average hours of training per employee
- 22** certified in-house Trainers



Intellectual Capital

- MRCB Building System** launched
- 14** awards won (see pages 24 - 25)



Natural Capital

- 53%** reduction in electricity consumption
- 38%** reduction in water consumption



Social and Relationship Capital

- 413** suppliers and vendors
- 73,955** people reached through social programmes
- 223,000** average daily commuters benefitting from KL Sentral and Penang Sentral



Financial Capital

- RM4.8 billion** Shareholders' fund
- RM77 million** Dividend payout



Manufactured Capital

- Launched Alstonia Hilltop with GDV of **RM248 million**
- Completed construction projects worth **RM683 million**
- Achieved property sales of **RM521 million**
- Achieved **77%** and **40%** sales rates for ongoing developments, Sentral Suites and TRIA 9 Seputeh respectively

## TRENDS AND MARKET OUTLOOK

### MALAYSIA'S ECONOMY

2019 saw ongoing trade and geopolitical tensions resulting in global growth recording a moderate 2.9% growth, year-on-year (y-o-y) in the fourth quarter. Despite the challenging year, Malaysia's economy grew 3.6% y-o-y in the fourth quarter, and expanded 4.3% for the full year, led by domestic demand. The private sector drove demand amid rationalisation in the public sector, with private consumption registering a robust growth of 8.1% and private investment expanding 4.2%.



Source: Department of Statistics Malaysia, Ministry of Finance

### RESIDENTIAL SECTOR

The property sector recorded a 6.9% increase in the number of transactions in 2019, from 149,862 in 2018 to 160,172, while the value of transactions recorded a modest growth of 0.8%, from RM67.74 billion in 2018 to RM68.30 billion in 2019.

Residential property continued to support the overall property sector, contributing 62.4% of total market share with 99,922 transactions worth RM34.65 billion recorded in 2019, an increase of 6.1% in volume and 9.5% in value compared to 2018. The number of transactions across the states improved, driven by Kuala Lumpur (7.0%), Selangor (5.8%), Johor (1.2%) and Pulau Pinang (0.5%).

Source: National Property Information Centre (NAPIC)



The value of residential property loans applied for increased by 8.3% to RM260.77 billion in 2019, making up 29.7% of total loans applied for, which is an increase of 7.2% compared to 2018. Of these loans, 43.2% were approved, marking a marginal increase of 0.1% compared to 2018's residential property loan approval rate.

In Kuala Lumpur, high-rise residential properties continue to make up the majority of transactions, both in terms of numbers and value. High-rise made up 45.7% of the total number of transactions, totalling RM930.33 million. This represents 43.8% of the total value of transactions in Kuala Lumpur, which was recorded at RM2.12 billion in the first half of 2019. Despite a 13.2% increase in the number of high-rise residential property transactions in Kuala Lumpur compared to 2018, 2019 saw a marginal decline of 1.4% in the value of transactions.

#### Residential Property Transactions in Kuala Lumpur (IH2019)

Residential Property Type	Total Number of Transactions	Total Value of Transactions (RM' Million)
Vacant Plot	41	137.29
Terrace House	522	454.29
Semi-Detached/Detached	162	427.39
High-rise	1,333	930.33
Cluster/Town House	59	30.34
Low-Cost/Flats	795	141.40
Others	3	2.08
<b>Total</b>	<b>2,915</b>	<b>2,123.12</b>

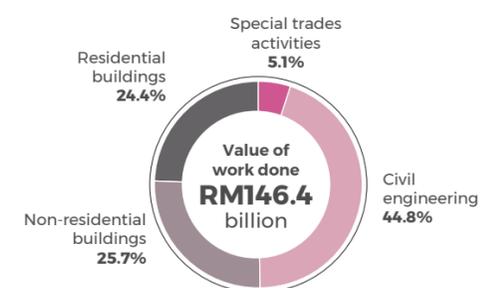
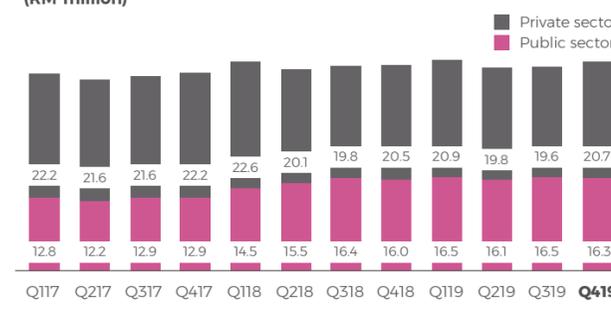
Source: National Property Information Centre (NAPIC)

### CONSTRUCTION SECTOR

The value of construction work done in the fourth quarter of 2019 grew marginally by 1.3% on a year-on-year basis, growing from the 0.6% decline recorded in the third quarter - a decline seen for the first time since 2011, when it contracted by 6%. The fourth quarter saw 11,862 projects being carried out, amounting to RM37.0 billion, and the full year saw a total of 43,398 projects with a value of RM146.4 billion.

The civil engineering subsector remains the key contributor for the construction industry, contributing 44.8% of the total value of construction work done in 2019, and registering a growth of 8.3%, followed by the special trades activities subsector at 4.2%. However, the residential buildings and non-residential buildings subsector, which together contributed 50.1% of the total value of construction work done, recorded a decline of 2.3% and 8.8% respectively.

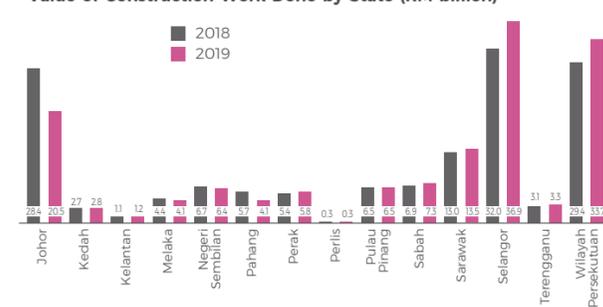
#### Value of Construction Work Done by Public & Private Sectors (RM million)



As expected, in 2019 the private sector continued to drive construction activity, contributing 55.4% or RM81.1 billion of the total value of construction work done. This was followed by the public sector which contributed 44.6% or RM65.3 billion.

The Federal Territories and Selangor both contributed close to half of the total value of construction work done, recording RM33.7 billion and RM36.9 billion respectively, mainly driven by the civil engineering, non-residential and residential buildings subsectors.

#### Value of Construction Work Done by State (RM billion)



Source: Department of Statistics Malaysia (Quarterly Construction Statistics, Fourth Quarter 2019)

### OUTLOOK

Containment measures undertaken by numerous countries to slow the spread of the new Coronavirus Disease or COVID-19 pandemic has disrupted global supply chains and international trade. In Malaysia, economic activity is also expected to be suppressed. In this new environment, Bank Negara Malaysia (BNM) projects growth momentum to slow down and register a weakened growth of between -2.0% and 0.5% in 2020 from 4.3% in 2019. While private sector activity will be suppressed to only essential activities, it will be offset by significant fiscal and monetary interventions that should help the economy. As at April 2020, two (2) economic stimulus packages worth RM20 billion and RM250 billion has been introduced to strengthen the country's aggregate domestic demand, particularly private consumption growth. In addition to this, BNM had also announced a reduction in the Overnight Policy Rate by 25 basis points to 2.5% as a pre-emptive measure to sustain growth.

With uncertainties surrounding the duration and severity of the COVID-19 outbreak, we remain cautious and expect to see minimal activity, even with the continuation of large-scale infrastructure projects worth around RM15 billion. Future construction works worth RM56 billion announced in Budget 2020 are also likely to go through rigorous feasibility studies and due diligence before tenders are awarded and physical works can actually begin.

While we prepare for an austere and challenging year, we believe momentum will pick up once the MCO is lifted. This is in line with BNM's guidance, which also echoes the International Monetary Fund's view that the economy could see a recovery in 2021.

## STAKEHOLDER ENGAGEMENT

We understand the importance of actively engaging with stakeholders to capture their current expectations and concerns. Our team continuously seeks opportunities to interact with stakeholders through various platforms, and as much as possible try to address their concerns through targeted initiatives.

**CLIENTS & CUSTOMERS**

ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Customer Satisfaction Survey</li> <li>Engagement Activities and Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Conducted for every residential property project at the point of handing over keys to customers</li> <li>Throughout the year</li> </ul>	<p><b>For property buyers:</b></p> <ul style="list-style-type: none"> <li>A good experience at all touchpoints when purchasing a property</li> <li>A full lifestyle experience with amenities and well-integrated transportation systems</li> </ul> <p><b>For corporate clients:</b></p> <ul style="list-style-type: none"> <li>Innovative, competitive and future-proof solutions, with designs catered to specific business needs</li> <li>Environmentally friendly and energy efficient buildings</li> </ul>
<b>OUR RESPONSE IN 2019</b>		
<p><b>For property buyers:</b></p> <ul style="list-style-type: none"> <li>Launched MRCB Land VIP Loyalty Programme</li> <li>Introduced unique features that add to convenience, and enrich living experiences, such as public amenities and common areas to commune</li> <li>Attracted quality tenants/operators to bring lifestyle elements and vibrancy to areas surrounding the developments</li> <li>Increased number of marketing events from once a month to twice a month in Hong Kong and China</li> </ul>	<p><b>For corporate clients:</b></p> <ul style="list-style-type: none"> <li>Built bespoke buildings</li> <li>Applied green building rating systems: Malaysia's Green Building Index (GBI), Malaysia's Green Real Estate (GreenRE), Malaysia's Carbon Reduction and Environmental Sustainability Tool (MyCrest), and US Green Building Council's Leadership in Energy and Environmental Design (LEED)</li> </ul>	

**EMPLOYEES**

ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Health &amp; Wellness Programmes</li> <li>Employee Engagement Sessions</li> <li>Focus groups and surveys (participated by 400 employees)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Throughout the year</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Updates on business and operational performance</li> <li>Work-life balance initiatives on mental well-being</li> <li>Opportunities for personal and professional development</li> <li>A safe and conducive working environment</li> </ul>
<b>OUR RESPONSE IN 2019</b>		
<p><b>Provided company updates through:</b></p> <ul style="list-style-type: none"> <li>Electronic direct mail (EDM) and MRCB's official social media accounts</li> <li>Quarterly electronic newsletter, "The Standard"</li> <li>Coffee Session with Chief Corporate Officer</li> <li>"Property Power Up Session 2019" townhall session</li> </ul> <p><b>Provided health &amp; wellness and work-life balance activities through:</b></p> <ul style="list-style-type: none"> <li>Mental-health counselling services</li> <li>Sports activities such as yoga and Zumba</li> <li>Health awareness sessions such as the "AIA Vitality Program" Health Carnival and Pink October</li> <li>Staggered working hours</li> <li>Implemented policies to define and prevent sexual harassment</li> </ul> <p><b>Provided opportunities for mothers through:</b></p> <ul style="list-style-type: none"> <li>Mother's room (designated private areas for new mothers)</li> <li>Optional shortened 7-hour workday for pregnant employees</li> </ul> <p><b>Provided team building and awareness sessions through:</b></p> <ul style="list-style-type: none"> <li>Annual Dinner 2019</li> <li>Roadshows and sessions to update and facilitate staff on issues such as tax e-filing and company benefits</li> <li>Team building activities such as "Movie Day" and "MRCB Merdeka Celebration &amp; Merdeka Theme Day" and treasure hunts</li> </ul> <p><b>Provided personal and professional development through:</b></p> <ul style="list-style-type: none"> <li>In-house Trainers' Development Programme</li> <li>Trainings such as HSE trainings, English courses and technical trainings</li> <li>Provided e-learning professional and soft skills development courses to all staff through the "Learning Zone" online platform</li> <li>Developed trainees through the Graduate Development Program, Perdana Fellows, and networking sessions with MRCB's Group Managing Director and Chief Corporate Officer</li> </ul> <p><b>Provided specific initiatives to assist staff during the haze in 2019:</b></p> <ul style="list-style-type: none"> <li>Distributed N95 masks to site-based staff</li> <li>Set up a temporary "Kidz Care" for staff to bring their kids to work, where interactive activities were also carried out for the kids by MRCB staff</li> </ul>		

**SHAREHOLDERS/INVESTORS, ANALYSTS**

ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Analysts' Briefings</li> <li>Engagement sessions through meetings, conferences and site visits</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>39 sessions were conducted throughout the year, where we engaged with 126 investment professionals</li> </ul>	<ul style="list-style-type: none"> <li>Transparent and timely disclosure of information</li> <li>Good corporate governance</li> <li>Access to Senior Management team</li> <li>Sustainable returns</li> </ul>
<b>OUR RESPONSE IN 2019</b>		
<p><b>Provided company updates through:</b></p> <ul style="list-style-type: none"> <li>Quarterly results briefings</li> <li>Corporate website</li> <li>Investor Relations mobile app</li> <li>One-on-one and group meetings as well as presenting at conferences, both locally and internationally</li> <li>Site visits for investment analysts, eg. Penang Sentral, Kwasa Sentral and the MRCB Building System launch</li> <li>Annual update meetings with Minority Shareholders Watch Group (MSWG) and Malaysian Investor Relations Association (MIRA)</li> </ul>	<p><b>Ensured accessibility to Board Members, Senior Management and/or IR team through:</b></p> <ul style="list-style-type: none"> <li>Media session after the Annual General Meetings (AGM) and Extraordinary General Meetings (EGM)</li> <li>Shareholder access to Board Members and Senior Management before and after the AGM/EGM</li> <li>Direct email and phone access as listed on corporate website</li> </ul>	

## STAKEHOLDER ENGAGEMENT

### GOVERNMENT/REGULATORY BODIES



ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Active engagement with relevant regulators and authorities</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to rules and regulations</li> <li>Contribute and participate in industry and national level initiatives</li> </ul>

#### OUR RESPONSE IN 2019

##### Strictly adhered to rules, regulations and industry requirements enabled by:

- Anti-Bribery Management System
- Risk Management Maturity Masterplan, which includes MRCB's Risk Management Policy and Framework
- Adoption of industry standard requirements such as ISO 9001:2015 Quality Management Systems

##### Proactively participated in events and platforms that drive sectoral and national agendas such as:

- Protégé graduate internship programme
- Yellow Ribbon initiative via MRCB's PEKA@MRCB (*Peluang Kedua@MRCB*) programme
- Supported CIDB events such as the International Construction Week 2019 and Malaysian Construction Industry Excellence Awards, as well as hosted foreign participants from the Malaysian Technical Cooperation Programme (MTCP) under Malaysia's Foreign Ministry

### LOCAL COMMUNITY, CIVIL SOCIETY & NGOs



ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Community Development Programmes</li> <li>Briefing on Project Progress and Related Matters</li> </ul>	<ul style="list-style-type: none"> <li>Bi-monthly</li> <li>Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>Better quality of life</li> <li>Youth development and empowerment</li> <li>Awareness on project timelines and implications</li> <li>Amicable and effective solutions</li> </ul>

#### OUR RESPONSE IN 2019

##### Provided community development programmes through MRCB's CSR initiatives and through Yayasan MRCB, such as:

- Renovated and upgraded schools and community libraries for underprivileged students
- Conducted maintenance and repairs to the Homeless Transit Centre at Jalan Pahang, Kuala Lumpur
- Provided employment to selected offenders through PEKA@MRCB

##### Provided assurances and improvements to communities through:

- Conducted briefing sessions to share and update on development information and project timelines
- Responded to queries promptly
- Constructed a new link bridge connecting Old Klang Road with New Pantai Expressway to improve connectivity between communities
- Commissioned local artist to paint a mural called "Tree of Hope" along the 2,500-square meter façade of Indah UPC in Old Klang Road

### SUPPLIERS/SUB-CONTRACTORS



ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Active engagement</li> <li>Health and safety trainings</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>66 training modules participated by 1,391 workers, which included employees, site workers and sub-contractors</li> </ul>	<ul style="list-style-type: none"> <li>Fair treatment</li> <li>Transparent pre-qualification, procurement and tender processes</li> <li>Safe and conducive sites</li> </ul>

#### OUR RESPONSE IN 2019

##### The fair treatment of suppliers, including the Group's expectations which are outlined to ensure requirements are well understood, are set out in:

- Group Procurement Policy and Policy on Pre-Qualification of Contractors, Consultants and Suppliers
- Anti-Bribery Management System
- Training sessions on anti-bribery and corruption for vendors
- Currently embarking on an E-Procurement system

##### Safe and conducive sites are ensured through:

- Regular toolbox talks to educate 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
- Completed the Occupational Health and Safety Management System transition from OHSAS 18001:2007 to ISO 45001:2018
- Established an Environment, Safety and Health (ESH) Committee
- Provision of Centralised Labour Quarters (CLQ) for workers, which provide healthy living conditions and has various welfare facilities such as a central surau and sports facilities for recreational activities

### MEDIA



ENGAGEMENT TOOLS/ PLATFORMS	FREQUENCY	KEY EXPECTATIONS
<ul style="list-style-type: none"> <li>Press Releases</li> <li>Engagement Sessions</li> </ul>	<ul style="list-style-type: none"> <li>Throughout the year</li> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Timely, accurate and transparent updates on latest developments</li> <li>Access to Management team</li> </ul>

#### OUR RESPONSE IN 2019

##### Provided company updates through:

- Regular press releases
- Media session with Management team before and after Annual General Meetings and Extraordinary General Meetings
- GMD Sessions with all Media
- Chief Corporate Officer meetings with Media

##### Proactively engaged media:

- Invited media to cover collaborative events and new launches, such as the "Fun-Tasia Carnival" and the launching of MBS at the International Construction Week
- Conducted regular meetings and communications with media

# MATERIAL MATTERS

Understanding stakeholders' expectations is always the starting point. We believe that robust strategies can be devised only if we have rich insights on the current and future needs of our target stakeholders. Determining matters that are material help us to prioritise our business plans, programmes and policies. In context, we also outline the risks and opportunities against each of the material matters, which in turn helps us to formulate strategies for continuous value creation.

## Methodology

- 1. Identification**  
Analysed feedback from various stakeholder engagement channels to identify key stakeholder concerns
- 2. Review**  
Assessed the impact of each stakeholder concern on the Group's financial and non-financial performance
- 3. Prioritisation**  
Narrowed down the identified topics to the top 11 material matters impacting the business and stakeholder decision
- 4. Validation**  
Final approval by top management of the scope and boundaries of each material topic

MATERIAL MATTERS	BUSINESS CONTEXT	RISKS	OPPORTUNITIES	VALUE CREATION MEASUREMENTS
<b>ECONOMIC</b>				
<b>Product Quality &amp; Responsibility</b>	Businesses cannot just respond to market and consumer needs, without due consideration to the emerging social and environmental concerns, which threaten not just our planet and humanity, but also the very intent of business and its existence. Our focus on product quality, therefore, involves not just about competitive solutions, but looking closely at the emerging customer segments, their evolving needs, and future-proof ideas to differentiate our products.	<p>Poor quality products will compromise MRCB's reputation as well as increase operational costs and unplanned losses.</p> <p>Products without responsible consideration may compromise quality as perceived by certain categories of customers.</p>	<p>Quality consciousness accelerates innovation efforts, helping capture new customers and win long-term contracts.</p> <p>Quality conscious and responsible organisations earn the loyalty and goodwill of their stakeholders, fostering collaborations (and business opportunities).</p>	<ul style="list-style-type: none"> <li>QLASSIC (Quality Assessment System in Construction) Scores, which is established by the Construction Industry Development Board (CIDB) as a benchmark of building construction quality based on the Construction Industry Standard (CIS)</li> </ul> <p><b>Stakeholders:</b> </p>
<b>Customer Engagement</b>	The dynamic and volatile external environment is posing many risks to businesses, forcing them to reduce costs, optimise performance, and plan calculated growth. This also calls the need for customised solutions and we believe, customer engagement is the starting point. The quality of engagement, at MRCB, determines our ability to offer bespoke, long-term solutions, which not only add value to our customers, but also ensures long-term relationships and revenue streams.	<p>Narrow approach to customer engagement prevents a clear understanding of their needs and expectations, which may cause short-lived customer loyalty.</p> <p>Disproportionate focus between different groups of clients creates an imbalance in customer diversity.</p>	<p>A good understanding of evolving customer needs establishes brand loyalty and long-term contracts.</p> <p>Assessing and analysing various customer groups helps tap into new market segments.</p>	<ul style="list-style-type: none"> <li>Property sales achieved (RM)</li> <li>Property sales take-up rates</li> <li>Customer Solutions Satisfaction Survey</li> </ul> <p><b>Stakeholders:</b> </p>
<b>Ethical Supply Chain &amp; Procurement</b>	The role of the supply chain is extremely critical for us to deliver seamless products and services to our customers. Ethical Supply Chain and Procurement practices create trust and ensure high productivity and consistently positive performance.	<p>Unmonitored business practices may lead to malpractices and unethical conduct within the supply chain, affecting our position with stakeholders and creating financial/non-financial losses for the Group.</p> <p>Inefficiency, losses and damages by third-party contractors affects work performance and causes delays in development, which may financially impact the overall costs of the project.</p>	<p>A centralised procurement function increases efficiency and reduces risks associated with supply management, creating a high-performance culture among contractors.</p> <p>Stringent selection criteria based on the Group's material issues and values helps select productive contractors that better represent MRCB's brand to other stakeholders.</p>	<ul style="list-style-type: none"> <li>Number of registered suppliers</li> <li>Number of trainings provided to vendors on Anti-Bribery Management System (ABMS)</li> </ul> <p><b>Stakeholders:</b> </p>
<b>ENVIRONMENT</b>				
<b>Energy and Waste Management</b>	The impact of development on the environment is growing and the cost of non-compliance to high standards of environmental stewardship are far higher and can compromise not just our reputation, but also our revenue and profitability. As a responsible organisation, we take it upon ourselves to abide by all local regulations and industry best practices to protect and minimise harm to the environment from our operations and business as a whole.	<p>Lack of credible energy/waste management data creates poor assessments on environmental risks, exposing the Group to potential financial and non-financial losses.</p> <p>Inefficiencies in energy and material consumption increases operational costs.</p>	<p>A well-established data tracking and monitoring system helps the Group achieve energy and waste reduction targets, ensuring consistent compliance with evolving regulations and market costs.</p> <p>Well-implemented green policies and energy-efficient technology reduces consumption and production rates, optimising project development costs.</p>	<ul style="list-style-type: none"> <li>100% compliance to the Environmental Quality (Scheduled Wastes) Regulations 2005</li> </ul> <p><b>Stakeholders:</b> </p>
<b>Sustainable Standards and Practices</b>	Business as usual is not an option. There is an increasing pressure from investors and stakeholders for businesses to closely monitor and manage their negative impacts on the environment and society. There is also an expectation for businesses to deliver quality at the best possible price, with a responsible footprint.	<p>Dependence on minimal regulations and standards may limit the Group's approach to environmental and climate risks, disrupting business activities in the short and long-term.</p> <p>Poorly communicated policies may create unsustainable and polluting activities, affecting the environmental and social health surrounding MRCB properties and damaging the Group's reputation.</p>	<p>The integration of international best practices in construction activities into daily operations helps the Group build resilience towards environmental risks and creates a brand as a market leader in sustainable construction.</p> <p>Stringent and effective training on environmental policies creates an environmentally-responsible work culture and a safe work environment.</p>	<ul style="list-style-type: none"> <li>Number of projects receiving green building accreditations</li> <li>GBI Rating Scores</li> </ul> <p><b>Stakeholders:</b> </p>

**MATERIAL MATTERS**

MATERIAL MATTERS	BUSINESS CONTEXT	RISKS	OPPORTUNITIES	VALUE CREATION MEASUREMENTS
<b>SOCIETY</b>				
<b>Ethical Labour Practices</b>	Unfair and exploitative labour practices compromise their productivity and performance, which in turn affects our product/service quality and outputs. As a labour-intensive company it is critical for both business continuity and sustainability that we closely monitor labour regulations and adhere to best practices.	<p>Poor monitoring of labour practices at construction sites may affect the productivity and performance of workers, creating delays and disruptions that financially impact the project.</p> <p>Exploitative practices and human rights abuse within the labour force may cause regulatory sanctions and penalties as well as reputational damage.</p>	<p>A robust and streamlined system helps to efficiently ensure that labour practices meet MRCB's stringent ethical standards, establishing the Group's reputation as a responsible employer.</p>	<ul style="list-style-type: none"> <li>100% compliance to labour laws and requirements</li> </ul> <p><b>Stakeholders:</b></p>
<b>Local Community Development</b>	Communities where we operate are very important for not just our reputation, but to build ecosystems that co-exist and support each other's growth. The local community issues, if left unresolved, can also have a direct impact on our operations as well as our relationships with customers and other important stakeholders.	<p>Lack of community outreach investments may cause the public to negatively perceive MRCB as a purely commercial, profit-oriented organisation, creating distrust amongst stakeholders.</p> <p>Underdeveloped communities and social issues surrounding MRCB's development areas may create a reputation of being insensitive to local communities.</p>	<p>Active community programmes contribute to a positive social impact that enhances MRCB's reputation as a responsible organisation, creating long-term loyalty in stakeholders.</p> <p>A culture of social responsibility and sense of purpose motivates the performance of employees and provides a sense of ownership towards the Group.</p>	<ul style="list-style-type: none"> <li>Investment in community development programmes</li> <li>Number of people reached in community programmes</li> </ul> <p><b>Stakeholders:</b></p>
<b>Health &amp; Safety</b>	Poor health and safety provisions can compromise the well-being of our people, resulting in poor business performance. In the conduct of business, health and safety regulations are critical not just for compliance, but also to safeguard our human capital and the related costs arising from poor health and safety practices.	<p>Poor implementation of health and safety standards creates an unsafe and non-conductive work environment, which demotivates employees/suppliers and exposes the Group to poor performance.</p> <p>Inadequate health &amp; safety training to all site workers and employees increases the number of dangerous mistakes and incidents, impacting the Group with additional costs such as regulatory fines and project delays.</p>	<p>An effective health and safety framework that consistently assesses safety performance helps improve worker productivity and motivation.</p> <p>Frequent health and safety training programmes ensure that high-risk employees are up to date with the latest developments in health and safety.</p>	<ul style="list-style-type: none"> <li>Number of health and safety awareness programmes</li> <li>Number of health and safety incidents</li> </ul> <p><b>Stakeholders:</b></p>
<b>Employee Engagement &amp; Well-being</b>	Employees are the machinery behind our growth and without robust policies and programmes that strengthen employee-employer relationships, the overall performance of the workforce will be sub-optimal. An engaged and motivated workforce means better alignment to the organisation's vision, mission and values, and creates a sense of camaraderie towards common goals.	<p>Poor employee engagement may cause demotivated employees to leave the organisation, creating a high turnover rate and a lack of quality talent.</p> <p>Lack of adequate training and development programmes prevents employees from gaining the skills needed to meet the future needs of the Group, causing poor productivity and operational disruptions.</p>	<p>Frequent and effective employee engagement programmes produces a high-performance work culture, helping to retain talent across all levels and emerge as the 'employer of choice'.</p> <p>Well-developed and upskilled employees create a talent pool resilient to rapid changes, building stakeholder trust and loyalty.</p>	<ul style="list-style-type: none"> <li>Number of training hours per employee</li> <li>Turnover rate</li> <li>Number of engagement activities conducted</li> </ul> <p><b>Stakeholders:</b></p>
<b>Diversity &amp; Equal Opportunity</b>	The business case for diversity has been long established. Working with stakeholders with diverse skill sets, backgrounds, cultural or religious orientation can foster ideas and innovation. Similarly, equal and equitable opportunities to these diverse stakeholders help our agenda of inclusive growth.	<p>Lack of diversity and inclusion within the workforce disrupts staff performance and productivity.</p> <p>An absence of diverse ideas and skills limits innovation and growth, reducing the Group's competitive edge.</p>	<p>A diverse workforce encourages innovative solutions that help tap into new markets and customer segments.</p> <p>Equitable opportunities for growth create a productive workforce and increases the Group's brand as a fair and responsible employer.</p>	<ul style="list-style-type: none"> <li>Percentage of women in management positions</li> <li>Percentage of women on the Board of Directors</li> <li>Gender pay-gap percentage</li> </ul> <p><b>Stakeholders:</b></p>
<b>GOVERNANCE</b>				
<b>Governance &amp; Compliance</b>	Good governance is the backbone of a progressive and profitable business. Transparency, integrity and communicative leadership are critical in shaping organisational goodwill, credibility, and market reputation. These in turn forge business relationships and partnerships that are important for supporting current and future growth aspirations.	<p>Outdated and ineffective anti-corruption controls influence the overall operation and management of MRCB, exposing the Group to financial and non-financial risks.</p> <p>An emerging culture where bribery occurs in multiple points creates lack of trust in management and leadership.</p>	<p>An effective best-practice framework protects the Group against the impact of bribery-based costs.</p> <p>Low corruption within the company enhances employee trust and loyalty.</p>	<ul style="list-style-type: none"> <li>Investment in anti-corruption awareness programmes</li> <li>Number of staff participation in ABMS trainings</li> <li>Number of vendors participating in ABMS trainings</li> <li>Results of surveys by external governance agencies such as Minority Shareholders' Watch Group and Malaysian Institute of Corporate Governance</li> </ul> <p><b>Stakeholders:</b></p>

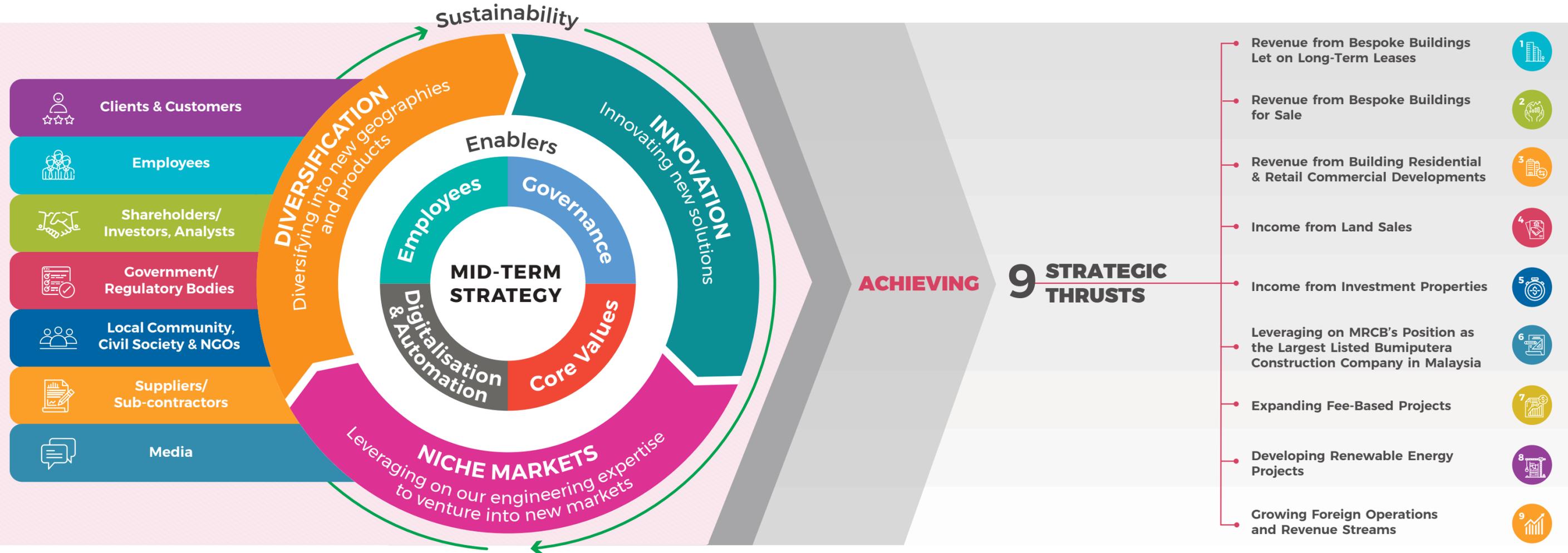
# KEY RISKS AND MITIGATION

At MRCB, we are committed to effective and transparent risk management. This risk-based thinking is embedded across all practices within the Group. Our integrated, strategic approach to identifying and managing risks is guided by our comprehensive Risk Management Framework and Policy. The ongoing tracking and evaluation of the risks and challenges enable us to effectively implement specific mitigation strategies and measure their outcomes and progress.

- Revenue from Bespoke Buildings Let on Long-Term Leases
- Revenue from Bespoke Buildings for Sale
- Revenue from Building Residential & 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
- Developing Renewable Energy Projects
- Growing Foreign Operations and Revenue Streams

RISK EVALUATED	IMPACT ON VALUE	STRATEGY	STRATEGIC THRUST	RESULTS IN 2019
<p><b>MARKET RISKS</b></p> <p><b>Market uncertainties and increased competition</b></p>	<ul style="list-style-type: none"> <li>The lack of new mega and catalytic infrastructure projects has resulted in fewer construction tender opportunities, resulting in increased competition.</li> <li>The global economic slowdown, compounded by the US-China trade war, has resulted in a subdued and lacklustre property market.</li> <li>As an urban and predominantly high-rise property developer, MRCB is subject to volatility in revenue and profit recognition.</li> </ul>	<ul style="list-style-type: none"> <li>Adopt the best practices for market risk management, including ISO 31000:2018.</li> <li>Reassess market demand to determine sales and property launch strategies.</li> <li>Look into niche markets to reduce dependency on traditional property and construction markets, which are already saturated.</li> <li>Derive long-term, stable income from legacy assets while keeping MRCB asset and debt light.</li> </ul>		<ul style="list-style-type: none"> <li>Tendered for construction projects worth RM3.3 billion.</li> <li>Successfully secured Package CA2 of the SUKE project worth RM317 million.</li> <li>Successfully launched Alstonia in Bukit Rahman Putra and handed over Viscaria in Bandar Seri Iskandar, Kalista Park Homes in Bukit Rahman Putra, and VIVO in 9 Seputeh.</li> <li>Launched the MRCB Land VIP Loyalty Programme.</li> <li>Continued development work in new markets such as waste-to-energy, and niche markets such as co-living, co-working and assisted living, as well as entered into collaborations with new partners such as Found8 and Google, among others.</li> <li>Mitigated cyclical risk by smoothening out earnings through recurring income from units held in MRCB-Quill REIT and fee-based projects.</li> </ul>
<p><b>OPERATIONAL RISK</b></p> <p><b>Project management and construction-related risks</b></p>	<ul style="list-style-type: none"> <li>Labour shortages impact costs.</li> <li>Lack of skilled labour and poor project management can result in high defects, high accident rates, delays and increased costs from Liquidated and Ascertained Damages (LADs).</li> </ul>	<ul style="list-style-type: none"> <li>Establish robust frameworks and policies that guide operational excellence, including Enterprise Risk Management and Framework; Group Procurement Policy; Quality Environmental, Safety and Health Policy; and Code of Business Ethics.</li> <li>Innovate &amp; develop strategies that enhance operational efficiency and cost optimisation.</li> </ul>		<ul style="list-style-type: none"> <li>Achieved 5-Star SHASSIC Ratings for TNB HQ Campus (Phase 1) and Larkin Indoor Stadium.</li> <li>Achieved 1 million manhours without lost-time injury (LTI) for Kwasa C8 Plot 1 (EPF Headquarters).</li> <li>Received MSOSH OSH Gold Class Award for Larkin Indoor Stadium, TNB HQ Campus (Phase 1) and DASH CB2.</li> <li>Launched the MRCB Building System (MBS), the first pre-fabricated pre-finished modular construction method of its kind in Malaysia, with potential applications in the construction of, among others, residential apartment buildings, schools, affordable housing and prisons. MBS will address risks relating to labour, costs, delays, and will also enhance the quality of projects.</li> <li>Procured an Enterprise Resource Planning system to digitalise and automate management of the main business processes across the Group for efficiency and the elimination of manual processes, and provide management with timely and accurate information on the Group's performance to make faster and more effective decisions.</li> </ul>
<p><b>FINANCIAL RISK</b></p> <p><b>Liquidity, interest rates, credit, foreign exchange and capital risks</b></p>	<ul style="list-style-type: none"> <li>Net gearing levels can increase due to the capital intensity required to develop 323 acres of urban land with a GDV of RM32 billion.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain optimal liquidity position from the constant monitoring of financial risks and impacts by the finance team.</li> <li>Conduct regular reviews/assessments of trade debtors, cash flow and funding plans.</li> <li>Diversify funding sources for efficient flow of capital and credit.</li> <li>Sell non-core land holdings when opportunities to extract value present themselves.</li> </ul>		<ul style="list-style-type: none"> <li>Contained net gearing at 0.27 times.</li> </ul>
<p><b>REGULATORY RISK</b></p> <p><b>Laws and regulations of various governmental agencies or ministries</b></p>	<ul style="list-style-type: none"> <li>Non-adherence and non-compliance to laws and regulations can lead to non-compliance costs and potential reputational damage.</li> <li>Failure to meet contractual obligations as well as potential claims and litigation can lead to financial and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Constant monitoring of changes in regulations and requirements by the Regulatory Affairs Department.</li> <li>Regular engagement with government bodies and regulators to better understand the potential risks of proposed regulatory changes.</li> </ul>		<ul style="list-style-type: none"> <li>Ranked 1<sup>st</sup> for Transparency in Corporate Reporting by Malaysian Institute of Corporate Governance.</li> <li>Conducted Quarterly Risk Reviews with each business unit to review, monitor and mitigate potential risks.</li> <li>Received ISO 37001:2016 certification for Anti-Bribery Management System ahead of the implementation of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009.</li> <li>Achieved a minimum of 4-Star SHASSIC ratings from CIDB, which is the regulator of the construction industry in Malaysia.</li> </ul>
<p><b>SUSTAINABILITY RISK</b></p> <p><b>Operations that directly impact communities and the environment</b></p>	<ul style="list-style-type: none"> <li>Failure to observe best construction practices directly impacts the communities around the site as well as the environment, leading to potential reputational and environmental damage.</li> </ul>	<ul style="list-style-type: none"> <li>Improve engagement and collaboration with stakeholders to better understand the Group's long-term risks.</li> <li>Establish strong governance policies to implement environmental and social responsibility.</li> </ul>		<ul style="list-style-type: none"> <li>FTSE4GOOD Index constituent.</li> <li>Achieved a CIDB IBS Score of 70 for PRIMA Brickfields.</li> <li>30% of construction for Sentral Suites is made up of material with recycled content.</li> <li>Hired a Head of Sustainability to establish strong governance policies, medium and long-term targets and implementation Roadmap.</li> </ul>
<p><b>CYBERSECURITY RISK</b></p> <p><b>System failure or breaches arising from cyberattacks</b></p>	<ul style="list-style-type: none"> <li>Data breaches can compromise privacy, crippling systems and affecting operations.</li> <li>Cyberattacks may directly or indirectly affect customers, leading to potential reputational damage as well as penalties and fines.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously review Information Security Controls.</li> <li>Conduct security awareness training.</li> <li>Continuous communications to employees on cybersecurity risks.</li> <li>Embark on a Microsoft Threat Check Programme.</li> <li>Dissemination of a monthly bulletin and videos on IT Security Awareness.</li> <li>An IT audit is performed by an external consultant covering the area of security, access control, backup, disaster recovery and internal IT controls.</li> <li>Develop and implement a cybersecurity and disaster recovery plan.</li> </ul>		<ul style="list-style-type: none"> <li>100% of data migrated to production servers in a leading cloud and data center service provider with a Tier III design certification.</li> <li>Captured and blocked more cyberthreats due to comprehensive, ongoing and real-time protection: <ul style="list-style-type: none"> <li>Malware attempts blocked increased by 148%</li> <li>Phishing attempts blocked increased by 278%</li> </ul> </li> </ul>

# OUR STRATEGIC ROAD MAP



Ensuring we remain a sustainable business in order to create value for our shareholders and stakeholders has been and always will be our long-term strategy. This includes ensuring a healthy pipeline of projects that will bring profitable returns and ensuring operations are conducted in a responsible manner to bring socio-economic benefits to all stakeholders.

We rely heavily on our employees, who are governed by strong core values and good corporate governance, in order to conduct our operations in an ethical and professional manner. We also believe that leveraging on technology will help push MRCB into becoming a cost efficient and future-proof business. Our Digitalisation & Automation Roadmap drives this initiative.

With the goal to become a sustainable business, which is enabled by our skilled workforce, core values and policies, as well as our drive towards automation, we have set a mid-term strategy that is rooted in three core drivers: Innovation, Diversification and Niche Markets. These three drivers will help propel the Group's 9 Strategic Thrusts, and not only widen the gap between MRCB and its competitors to gain profitable returns, but also help create solutions to meet the market's existing and future needs.

# PROPERTY DEVELOPMENT & INVESTMENT

MRCB, through our flagship and award winning Kuala Lumpur Sentral CBD project, is the country's pioneer in Transit Oriented Development (TOD). Our developments successfully integrate living and working spaces consisting of retail, office and residential components, and are designed to increase productivity and connectivity while ensuring they are sustainable – our role as a TOD developer naturally incorporates sustainability, as these developments encourage city dwellers to choose urban mass transport infrastructure for commuting, taking motor vehicles off the roads, thus reducing carbon emissions. In enhancing the public's commuting experience, we also focus on connectivity and convenience, paying particular attention to the proximity of our developments to existing highways and public transportation. Today, we are involved in developing five (5) TODs, namely KL Sentral, PJ Sentral Garden City, Penang Sentral, Kwasa Sentral and Cyberjaya City Centre.

In designing buildings, we also make conscious efforts to ensure we design green, environmentally friendly buildings that comply with the standards set by local and international Green Certification bodies such as the ISO 14001 certification, Malaysia's Green Building Index (GBI), US-based Leadership in Energy and Environmental Design (LEED), and Singapore-based Building Construction Authority (BCA) Green Mark.

Our projects are developed with the aim to create value for our stakeholders, and we ensure that we create solutions that help generate economic and social growth. To see how the Property Development & Investment Division creates value for our stakeholders, please refer to the Value Creation Business Model on pages 30 – 31 and Strategic Thrusts on page 45 of this Integrated Annual Report.

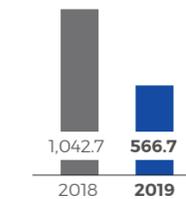
## KEY INITIATIVES & RESULTS 2019

The Property Development & Investment Division recorded a 46% decline in revenue to RM566.7 million, compared to the corresponding period in 2018 which saw the sale of two pieces of freehold lands for a total cash consideration of RM388 million. The decline was also due to the Group's significant projects still being in the early phase of construction, when revenue and profit recognition is quite minimal. As predominantly an urban high-rise residential property developer, the cyclical nature of our business is oftentimes viewed in isolation. The other less apparent characteristic of our business is that revenue and profit recognition are reliant not just on the properties sold, but also on the progress of construction. It is therefore inherent for revenue and profit recognition in our business to be slow at the earlier phases of new developments, because unlike township developers building low-rise or double storey residential properties, in our residential projects the sub-structures, basement carparks and podium levels need to be built first, before we can construct the residential units sold and meaningful revenues and profit can be recognised.

In 2019, our significant high-rise projects, namely Sentral Suites with a GDV of RM1.6 billion and TRIA 9 Seputeh with a GDV of RM0.9 billion, were only 29% and 21% completed, respectively. Despite achieving reasonably high sales rates which contributed to our unbilled sales of RM1.6 billion, revenue and profit recognition will only gain momentum as construction progresses further, with Sentral Suites and TRIA 9 Seputeh targeted to reach 50% and 40% construction progress respectively by the end of 2020.

The Group's investment holding in MRCB-Quill REIT contributed income of RM15.9 million.

Revenue (RM million)



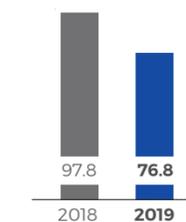
The main revenue contributors in 2019 were ongoing development projects, Sentral Suites in KL Sentral, the 9 Seputeh mixed residential development in Jalan Klang Lama and MYIPO office tower, as well as the completed MBSB Bank office tower in PJ Garden Sentral City, Sentral Residences in KL Sentral and Kalista Park Homes in Bukit Rahman Putra.

As a whole, the Division contributed 43% towards the Group's Revenue in FY2019, compared to 56% in the previous year.

Revenue Contribution



Profit (RM million)



Operating profits of RM76.8 million in 2019 were 22% lower compared to the RM97.8 million recorded in the corresponding period in 2018, largely due to the two land sales in 2018, which resulted in total one-off pre-tax profit gains of RM66.8 million.

## PROPERTY DEVELOPMENT & INVESTMENT

Despite anticipating the property market to remain generally soft in 2019, we continued to see strong consumer demand for our developments. However, we experienced very high buyer drop-out rates of close to 50% as buyers faced difficulties in either securing bank loans or securing bank loans with the margin of finance they desired. Despite the high buyer drop-out rate, our aggressive and creative sales and marketing initiatives resulted in sales of RM521 million being secured during the year, with ongoing development projects such as Sentral Suites in KL Sentral and TRIA 9 Seputeh continuing to record strong sales rates at 77% and 40% respectively.

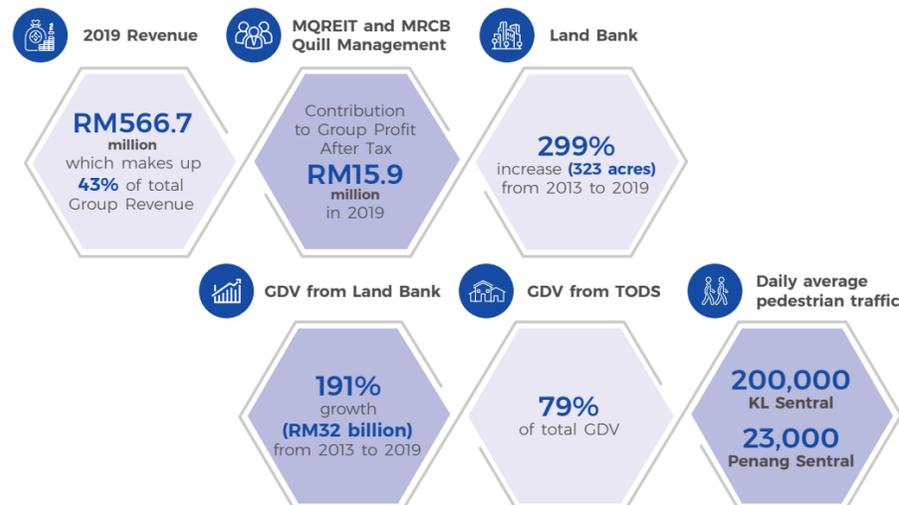
	TOTAL PROJECT GDV	% SALES ACHIEVED AS AT 31 DECEMBER 2019	SALES IN 2019
1060 Carnegie, Melbourne	RM290 million	87%	RM22 million
Kalista Park Homes, Bukit Rahman Putra	RM102 million	79%	RM19 million
Alstonia Hilltop, Bukit Rahman Putra	RM248 million	24%	RM57 million
Sentral Suites	RM1,632 million	77%	RM161 million
VIVO, Parcel C, 9 Seputeh	RM1,237 million	78%	RM21 million
TRIA, Parcel B, 9 Seputeh	RM934 million	40%	RM130 million
Sentral Residences	RM1,436 million	97%	RM78 million
The Easton Burwood, Melbourne	RM166 million	100%	RM17 million
St. Regis	RM110 million	10%	RM16 million
<b>TOTAL</b>	<b>RM6,155</b> million		<b>RM521</b> million

Key Initiatives	Capitals Deployed	Results in 2019
Aggressive sales and marketing campaigns		<ul style="list-style-type: none"> <li>Achieved sales of RM521 million</li> </ul>
Increased number of events from once a month to twice a month in Hong Kong and China		<ul style="list-style-type: none"> <li>77% sales rate for Sentral Suites</li> <li>40% sales rate for TRIA in 9 Seputeh</li> </ul>
Disposed 30% equity stake in One IFC, which was involved in the development and operation of St. Regis Hotel and Residences in Kuala Lumpur Sentral, to CMY Capital		<ul style="list-style-type: none"> <li>Received net disposal gain of RM55 million</li> </ul>
Launched the MRCB Land VIP Loyalty Programme that partners with retail businesses to provide tiered discounts and benefits to purchasers/customers		<ul style="list-style-type: none"> <li>14 retail collaborators acquired</li> </ul>
Opened a new link bridge connecting Old Klang Road with New Pantai Expressway to improve connectivity and spur property sales in the 9 Seputeh development as well as improve relations with the local community		<ul style="list-style-type: none"> <li>78% sales rate for VIVO in 9 Seputeh</li> <li>40% sales rate for TRIA in 9 Seputeh</li> </ul>
Commissioned local artist to paint a mural called "Tree of Hope" along the 2,500-square metre façade of Indah UPC in Old Klang Road		<ul style="list-style-type: none"> <li>64% reduction in travelling distance from Pantai Dalam to Old Klang Road</li> </ul>
Collaborated with Celcom Axiata Berhad to explore the deployment of smart building solutions		<ul style="list-style-type: none"> <li>Potentially deploy 5G connectivity and ultra-modern architecture/facilities to PJ Sentral Garden City</li> </ul>

 Human Capital
  Intellectual Capital
  Natural Capital
  Social and Relationship Capital
  Financial Capital
  Manufactured Capital

PROPERTY DEVELOPMENT & INVESTMENT

VALUE CREATION



Our Urban Land Bank

As a property developer specialising in high-rise developments, MRCB has a 323-acre land bank with a gross development value of RM32 billion located in strategic urban areas within Klang Valley. This land bank will provide MRCB with at least a decade's worth of development projects.

Land Bank	Land Size (Acres)	GDV (RM' million)	MRCB Stake (%)	Start Date	Completion Date
<b>Transport Oriented Developments</b>					
KL Sentral: Lot F	5.70	3,949	100%	2022	2027
PJ Sentral Garden City	11.91	2,700	100%	2013	2026
Penang Sentral	21.97	2,698	100%	2015	2027
Cyberjaya City Centre*	41.45	5,350	70%	2017	2024
Kwasa Sentral	64.30	10,851	70%	2018	2030
<b>Total</b>	<b>145.33</b>	<b>25,548</b>			
<b>Commercial Developments</b>					
Pulai Land Johor	67.52	770	100%	TBD	TBD
<b>Total</b>	<b>67.52</b>	<b>770</b>			
<b>Residential Developments</b>					
9 Seputeh	17.63	2,680	100%	2014	2026
Sentral Suites	4.75	1,632	100%	2016	2021
1060 Carnegie, Melbourne	1.00	290	100%	2018	2020
Bukit Rahman Putra	14.18	642	100%	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	57.40	849	70%	2020	2035
<b>Total</b>	<b>94.96</b>	<b>6,093</b>			
<b>Others</b>					
Suria Subang	3.20	TBD	100%	TBD	TBD
Selbourne 2 Shah Alam	2.37	TBD	100%	TBD	TBD
Metro Spectacular Land, Jalan Putra	10.06	TBD	51%	TBD	TBD
<b>Total</b>	<b>15.63</b>	<b>-</b>			
<b>Grand Total</b>	<b>323.44</b>	<b>32,411</b>			

\* Cyberjaya City Centre is developed by a joint venture between CSB Development Sdn. Bhd., which is 70% owned by MRCB Land, and Cyberview Sdn. Bhd.

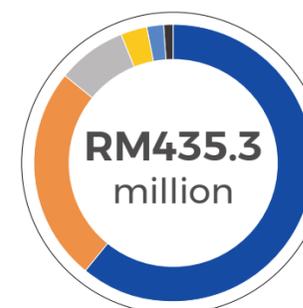
Unbilled Sales - RM1,606 million

As at 31 December 2019, MRCB had unrecognised future revenue worth RM1,606 million from Property Development & Investment that will be recognised in tandem with construction progress.

	PROJECT CONSTRUCTION PROGRESS	REVENUE RECOGNISED IN 2019	UNBILLED SALES
Sentral Suites	29%	RM194 million	RM949 million
1060 Carnegie, Melbourne	100%	RM0 million	RM225 million
TRIA, Parcel B @ 9 Seputeh	21%	RM53 million	RM307 million
Alstonia Hilltop, Bukit Rahman Putra	8%	RM3 million	RM55 million
MYIPO @ PJ Sentral	71%	RM97 million	RM70 million
<b>TOTAL</b>		<b>RM347 million</b>	<b>RM1,606 million</b>

Inventory of Completed and Unsold Units - RM435.3 million

MRCB continues to aggressively market its completed and unsold units. These will unlock potential revenue and profit in 2020 and beyond.



9 Seputeh	RM263.7 million (61%)
St. Regis	RM109.6 (25%)
Sentral Residences	RM35.6 million (8%)
Kalista Park Homes	RM12.5 million (3%)
The Easton Burwood	RM8.3 million (2%)
Others	RM5.6 million (1%)



## PROPERTY DEVELOPMENT & INVESTMENT

### ACHIEVEMENTS & RECOGNITIONS

- 1 14<sup>th</sup> Property Guru Asia Property Awards Grand Final 2019**
  - Best Developer – MRCB Land Sdn Bhd
  - Best Condo Development – TRIA 9 Seputeh
  - Best Mixed Use Development – 9 Seputeh
- 2 Property Guru Asia Property Awards 2019**
  - Best Developer – MRCB Land Sdn Bhd
  - Best Mixed Use Development – 9 Seputeh
  - Best High End Condo – TRIA 9 Seputeh
  - Special Recognition for Building Communities – MRCB Land Sdn Bhd
  - Special Recognition in CSR – MRCB Land Sdn Bhd
- 3 FIABCI Malaysia Property Awards 2019, Best Purpose Built Category**
  - Penang Sentral
- 4 Property Insight Prestigious Developer Awards (PIPDA) 2019**
  - Top 10 Developer – MRCB Land Sdn Bhd
  - Best Luxury High Rise Development – Sentral Suites
- 5 Star Property Awards 2019**
  - The All-Star Award, Top Ranked Developers – MRCB Land Sdn Bhd
  - The Best High Rise Residential Development (Skyline Award) – Sentral Suites
  - Starproperty.my Readers' and Voters' Choice Award – MRCB Land Sdn Bhd
  - The Best Integrated Development (The Just Walk Award) – Penang Sentral

### CHALLENGES & RISKS

Challenges & Risks	Mitigation Strategies	Strategic Thrusts	Results in 2019
Weak property market and sentiment	<ul style="list-style-type: none"> <li>• Introduced a staff buyer incentive to encourage employees to market our projects</li> <li>• Launched promotional schemes for purchasers such as lower downpayment costs and assisted loan applications</li> <li>• Increased number of private sales and marketing events in Hong and China</li> <li>• Launched MRCB Land VIP Loyalty Programme</li> </ul>	  	<ul style="list-style-type: none"> <li>• 87% sales rate for 1060 Carnegie</li> <li>• 77% sales rate for Sentral Suites</li> <li>• 79% sales rate for Kalista Park Homes</li> <li>• 78% sales rate for VIVO 9 Seputeh</li> <li>• 40% sales rate for TRIA 9 Seputeh</li> </ul>
Timing of development projects impacting revenue recognition	<ul style="list-style-type: none"> <li>• Strategically launched new products to obtain a sustainable stream of revenue to be recognised in the future</li> <li>• Earn recurring income from investments in MQREIT and MRCB Quill Management Sdn Bhd</li> <li>• Launched MBS to speed up construction time and revenue recognition</li> </ul>	  	<ul style="list-style-type: none"> <li>• RM521 million worth of properties sold that will be progressively recognised</li> <li>• RM15.9 million earned in profits from MQREIT and MRCB investments</li> <li>• Expect 30-50% reduction in project delivery time through using MBS</li> </ul>
Complaints of defects from property owners after property handover	<ul style="list-style-type: none"> <li>• Conducted pre-handover inspections via the internal customer solutions department</li> <li>• Held townhall sessions with owners to capture their grievances</li> <li>• Ensured prompt response and continual engagement with owners after handover</li> <li>• Launched MBS to improve product quality and reduce defects</li> </ul>	  	<ul style="list-style-type: none"> <li>• 87% score on Customer Solutions Satisfaction Survey for two developments (VIVO and Kalista Park Homes) that were handed over to customers this year</li> <li>• With MBS, up to 90% of construction work conducted offsite will be in a controlled environment, thus improving quality of products</li> </ul>

### MOVING FORWARD/OUTLOOK & PROSPECTS

#### 1. Pipeline of Projects & Sustainable Profits

In 2020, revenue and profits generated will be progressively recognised on property developments as construction progresses. The Sentral Suites project, which forms the bulk of the RM1.606 billion of unbilled and unrecognised sales revenue, should progress above sub-structure, basement and podium levels for all three of its towers, and is expected to be 50% completed by the end of 2020, and should therefore contribute more revenue to the Group compared to 2019. The MYIPO office tower sold in PJ Sentral Garden City will also continue to contribute revenue and operating profit until its anticipated physical completion in 2020, while TRIA 9 Seputeh, which reached 21% construction progress in 2019, will commence contributing more revenues when construction progresses and is targeted to be 40% completed by the end of 2020, COVID-19 MCO permitting. Similarly, the construction completion of 1060 Carnegie in Melbourne and the subsequent handover of units to purchasers after financial settlement is targeted to occur within the first half of 2020, COVID-19 MCO permitting.

#### New Development Projects in 2020

Development Project	Number of Units	GDV Value (RM million)
Kwasa Sentral Plot D1	560	319
Kwasa Sentral Plot F	605	307
SIDEC Phase 2D	170	44

The focus in 2020 will also be on selling our completed stock inventory, which stood at RM435.3 million at the end of 2019. Additionally, we are earmarking the launch of several new development projects, COVID-19 MCO permitting, that should generate revenues in 2021 and beyond.

We aim to sell RM500 million of properties in 2020, COVID-19 MCO permitting. This target will be met from ongoing property development projects; our inventory of physically completed but unsold units; and the new launches earmarked for 2020.

<b>Unbilled sales from launched projects still under construction</b> <b>RM1,606</b> million	<b>Inventory of completed but unsold units</b> <b>RM435</b> million	<b>New launches in 2020</b> <b>RM670</b> million
----------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------	--------------------------------------------------------



Sentral Suites  
GDV RM1,632 million

## PROPERTY DEVELOPMENT & INVESTMENT

### 2. Competitive Advantage & Innovative Solutions

With TODs making up 79% of the Gross Development Value (GDV) of our property development land bank, and developments spanning into the next decade, we will continue to generate long-term revenues due to high demands for integrated residential and commercial developments anchored around transportation hubs. With increasingly discerning consumers, we have also begun to take proactive measures to understand our customers' needs and desires through various stakeholder engagement activities, and addressing these by developing products that meet consumer tastes and demands.

The past decade has shown a change in Malaysia's age structure, and forecasts indicate that by 2030, over 15% of the population will be made up of those older than 65 years of age. Apart from the expected increase in the aged population, the aged are also living longer as evidenced by increases in life expectancy. This phenomenon will escalate the need for aged-care solutions. MRCB, however, has commenced studies into building affordable high-rise units specially built to assist the elderly; from safety features to proximity to hospitals and other essential amenities. Similarly, we are aware that young professionals find it hard to afford property. However, we also realise that for these young professionals, smaller unit sizes and accessibility to their workplace and public transportation are a priority, and MRCB is able to meet these demands through our TODs. To ensure affordability, we are designing units ranging from 170 sqft to 500 sqft with shared amenities and access to various attractive lifestyle components.

By understanding our consumers and the changing market trends, we will continue to offer catalytic developments that help address our clients' needs, and spur demand for our products.

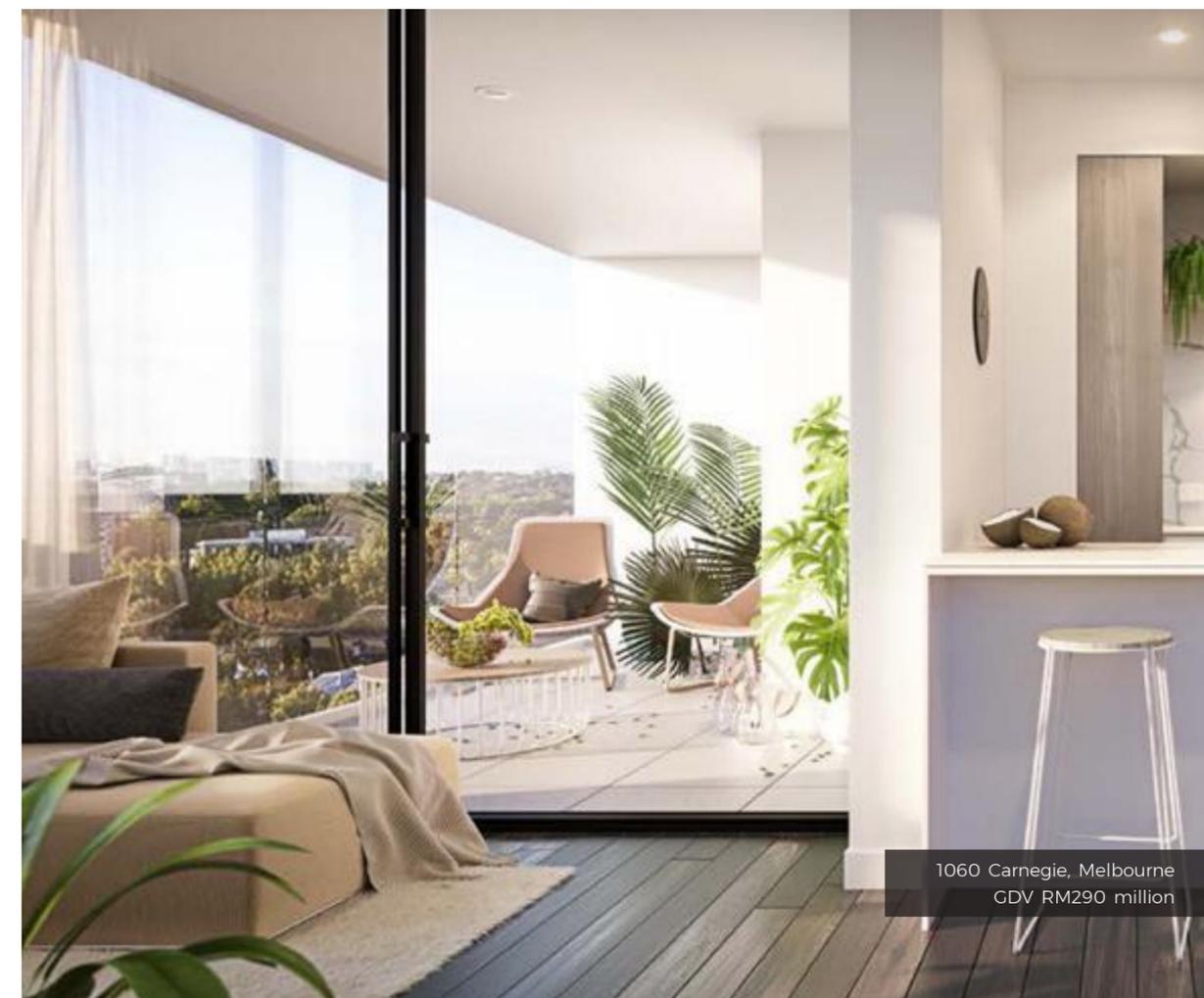


### 3. Diversifying into New Markets and Products

Moving forward, we will explore new strategic alliances with diverse partners that are knowledgeable in a wide range of fields. This includes collaborating with experts in retail, healthcare, hospitality, education and more. We will form partnerships that will allow the Group to monetise its own land, or establish joint-ventures with other landowners.

We will also seek joint-ventures to diversify our land bank and strengthen our international presence. Given our knowledge and existing resources and track record in Australia and New Zealand, we believe these markets offer good growth prospects. Our subsidiary, MRCB Australia Holding Company Pty Ltd (MAH), which has successfully undertaken small to medium scale property projects, including the recently completed 1060 Carnegie development 10km outside Melbourne CBD, will over the next three to four years, expand its development activities and collaborate with landowners in small-to-medium scale projects in other locations in Australia. Profits generated by MAH will be reinvested to ensure a constant pipeline of developments, providing a more consistent flow of revenue for the Group and diversifying its present predominantly Malaysian revenue and profit focus.

We also plan to explore more niche markets to address an evolving and more sophisticated market. This includes new products like co-living, co-working, assisted living as well as exploring modular applications using our MBS technology to develop schools, low-cost and affordable housing, and possibly other products in the public sector like police accommodation and prisons, where speed of construction is a client priority. For more details on MBS, please turn to pages 12 - 15 of the Integrated Annual Report.



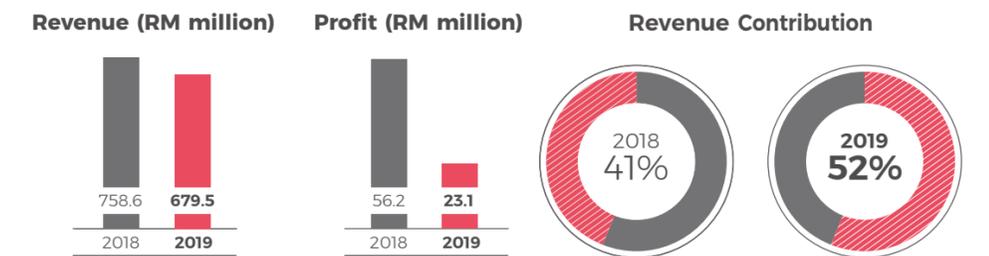
# ENGINEERING, CONSTRUCTION & ENVIRONMENT

MRCB's Engineering, Construction & Environment Division is the largest Bumiputera construction company in Malaysia with an enviable track record for constructing rail and road transportation infrastructure, complex construction projects such as stadiums, arenas and hospitals, high voltage power transmission projects, and the rehabilitation of rivers and flood mitigation of coastal areas. We have played a huge role in Malaysia's nation building and are at the forefront of many national projects, be it in improving connectivity through the LRT and MRT, key highway projects, or placing Malaysia on the world stage through the award-winning Kuala Lumpur Sports City in Bukit Jalil. Currently, we are also undertaking the LRT3 project through the Group's 50%-owned LRT3 project joint venture company MRCB George Kent Sdn Bhd.

Apart from developing infrastructure and properties for external clients, the Division also constructs innovative and sustainable world-class commercial and residential buildings for the Property Development & Investment Division.

## KEY INITIATIVES & RESULTS 2019

The Engineering, Construction & Environment Division recorded revenue of RM679.5 million in 2019, a 10% decline compared to 2018. This was mainly contributed by the construction of the Mass Rapid Transit Line 2 Package V210 project, the Damansara-Shah Alam Elevated Highway (DASH) Package CB2 project, EPF Headquarters at Kwasa Sentral, TNB HQ Campus (Phase 1), Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) Package CA2, Larkin Indoor Stadium and other construction works for the Property Development & Investment's projects.



The lower revenue earned during the period, compounded by the prudent expensing of certain costs while awaiting for the completion of the final accounts of completed projects and the results of legal proceedings relating to certain projects, resulted in the Engineering, Construction & Environment Division recording an operating profit of RM23.1 million in FY2019 compared to RM56.2 million in FY2018.

The Group's 50%-owned LRT3 project joint venture company MRCB George Kent Sdn Bhd contributed lower profit after tax of RM0.6 million, compared with RM14.6 million in 2018. While construction progress reached 24% at the end of 2019, profit recognition was lower due to the re-modelling of the project from a PDP to a fixed price turnkey project by the Government, which necessitated the re-design and re-scoping of the overall project, and subsequently the renegotiation of all contracts, and confirmation and agreement of the new contract values with all the work package contractors. As this is expected to be completed within the first half of 2020, profit recognition is targeted to pick up in the second half of 2020, COVID-19 MCO permitting.

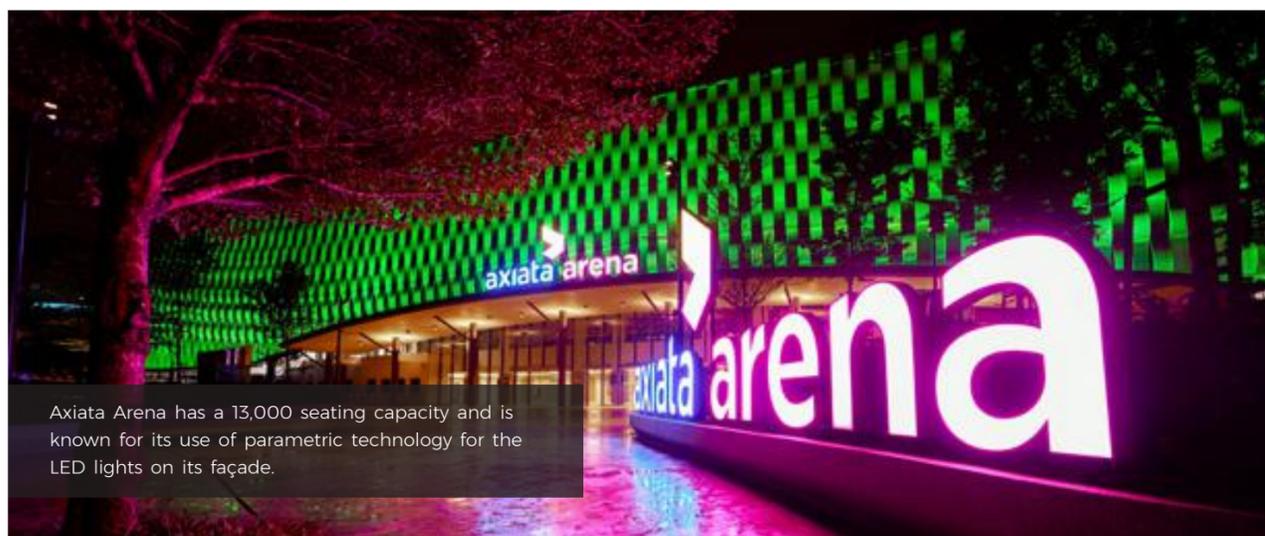
During the year, the Division completed five (5) construction projects, namely Desa Desaru valued at RM217 million, Westin Desaru valued at RM213 million, the Jabi Serling Transmission line valued at RM126 million, TNB HQ Campus (Phase 1) valued at RM75 million and Giant Hypermarket Setapak valued at RM52 million. The EPF Headquarters which is currently being built at the Kwasa Utama C8 site has also shown good progress, reaching 35.5% completion as at the end of 2019, and is scheduled to be completed in 2020, COVID-19 MCO permitting.

2019 was a year of uncertainty for the construction sector, resulting from reduced infrastructure spending following reassessments and cost cutting in existing major infrastructure projects. However, despite this challenging environment, MRCB's external client order book was worth RM21.8 billion at the end of 2019, with 91% consisting of infrastructure projects. We tendered for projects valued at RM3.3 billion during the year, winning Package CA2 of the SUKE project valued at RM317 million.

## ENGINEERING, CONSTRUCTION & ENVIRONMENT

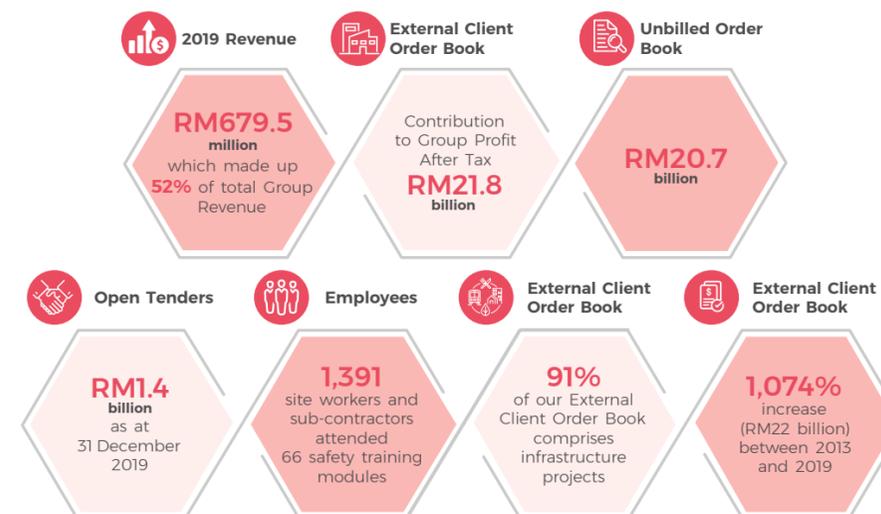
Key Initiatives	Capitals Deployed	Results in 2019
Improved competitiveness through cost efficiencies and quality service offerings	 	<ul style="list-style-type: none"> <li>Won Package CA2 of the Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) project at RM317 million</li> </ul>
Actively participated in tenders for more projects to replenish order book	 	<ul style="list-style-type: none"> <li>Tendered for jobs worth RM3.3 billion in 2019</li> </ul>
Streamlined operations through the adoption of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007		<ul style="list-style-type: none"> <li>5-Star SHASSIC Ratings for TNB HQ Campus (Phase 1) and Larkin Indoor Stadium</li> </ul>
Developed and launched the MRCB Building System (for more details on MBS, please refer to pages 12 - 15)	 	<ul style="list-style-type: none"> <li>30% - 50% reduction in project delivery time</li> <li>Up to 90% of construction work conducted offsite for reduced health &amp; safety incidents, higher quality, better cost management and sustainability</li> </ul>
Increased the adoption of the digital construction project management platform, which is now used in all projects		<ul style="list-style-type: none"> <li>11 projects successfully adopted the digital construction project management platform</li> </ul>
Launched the PEKA@MRCB programme (for more details refer to page 147)		<ul style="list-style-type: none"> <li>Employed 84 offenders</li> </ul>
Invested in a precast manufacturing facility in Bukit Jalil		<ul style="list-style-type: none"> <li>Additional revenue stream from precast manufacturing</li> </ul>

 Human Capital
  Intellectual Capital
  Natural Capital
  Social and Relationship Capital
  Financial Capital
  Manufactured Capital



Axiata Arena has a 13,000 seating capacity and is known for its use of parametric technology for the LED lights on its façade.

## VALUE CREATION



### External Client Construction Order Book

MRCB has one of the largest external client construction order book in the industry, which will contribute a steady stream of revenue for the Group's long-term growth and development.

External Contracts (RM' Million)	Contract Value	Completion
<b>Buildings:</b>		
Desaru Convention Centre	62	99%
PRIMA Kajang	173	89%
PRIMA Brickfields	335	9%
Larkin Indoor Stadium	68	77%
<b>Infra:</b>		
MRT2 V210 Package - 2.6 km Guideway	483	73%
NPE Bridge Phase 3 & 4	16	41%
Kwasa Utama C8 (includes construction of EPF Headquarters)	2,958	29%
DASH - Package CB2	341	56%
LRT3	5,686*	24%
Bukit Jalil Sentral	10,116	0%
SUKE - CA2 Package	317	22%
<b>Fee-based orders:</b>		
Kwasa Utama, C8 - management contract	177	
Kwasa Land - PDP Infra	176	12%
Bukit Jalil Sentral - management contract	841	
Semarak City Phase 1 - management contract	27	
<b>Total</b>	<b>21,776</b>	

\* Refers to 50% of total contract value awarded to MRCB George Kent Sdn Bhd

## ENGINEERING, CONSTRUCTION & ENVIRONMENT

### Completed Projects in 2019



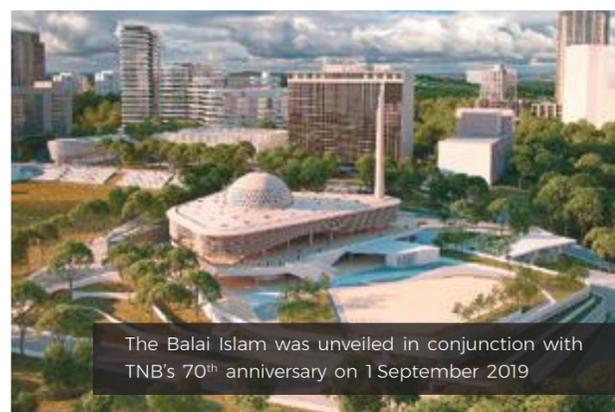
### Projects Awarded 5-Star Safety Health Assessment System in Construction (SHASSIC) Rating

#### TNB HQ CAMPUS (PHASE 1)

**Project Value:**  
RM75 million

**Description:**

A Balai Islam at the TNB Headquarters, comprises a prayer hall at the upper floor, a mezzanine floor, a facilities area at the lower ground floor and a 2-storey podium carpark block. MRCB also constructed 6-units of staff quarters and a plaza, as well as completed the mechanical, electrical and plumbing works and landscaping around the complex.



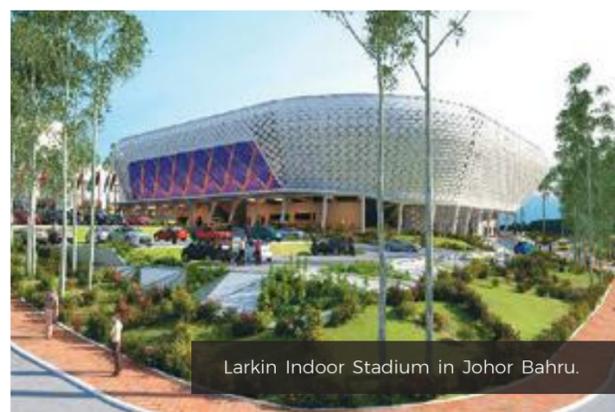
The Balai Islam was unveiled in conjunction with TNB's 70<sup>th</sup> anniversary on 1 September 2019

#### LARKIN INDOOR STADIUM

**Project Value:**  
RM68 million

**Description:**

The stadium is a 3,550-seat indoor stadium located in Johor Bahru.



Larkin Indoor Stadium in Johor Bahru.

## ACHIEVEMENTS & RECOGNITIONS

- Malaysian Construction Industry Excellence Awards (MCIEA) 2019, Prominent Player Award**
  - Dato' Sri Ir. Dr. Judin Abdul Karim, Executive Vice President of MRCB
- 15<sup>th</sup> MOSHPA OSH Awards 2019, Platinum Premier Award**
  - Transmission Technology Sdn Bhd
- Malaysian Society for Occupational Safety and Health (MSOSH) Award 2018, MSOSH OSH Gold Class 2 Award Winner for 2018 (awarded in 2019)**
  - Larkin Indoor Stadium
  - TNB HQ Campus (Phase 1)
  - DASH CB2
- Pertubuhan Arkitek Malaysia (PAM) 2019, Silver Award**
  - KL Sports City
- CIDB's 5-Star SCORE Achiever Award and Most Sustainable Booth Award at the International Construction Week (ICW) 2019**
  - MRCB Builders Sdn Bhd

## CHALLENGES & RISKS

Challenges & Risks	Mitigation Strategies	Strategic Thrusts	Results in 2019
Health and safety incidents that hurt workers and disrupt operations	<ul style="list-style-type: none"> <li>Streamlined internal processes by adopting higher standards of quality and safety</li> <li>Improved knowledge-based training</li> </ul>		<ul style="list-style-type: none"> <li>1 million manhours without lost-time injury (LTI) for Kwasa C8 Plot 1</li> <li>Awarded SHASSIC, QCLASSIC, GBI and 5S certifications</li> <li>Received MSOSH OSH Gold Class Award for Larkin Indoor Stadium, TNB HQ Campus (Phase 1) and DASH CB2</li> </ul>
Increased competition due to a slowdown in large infrastructure contracts being tendered out	<ul style="list-style-type: none"> <li>Bid for higher-margin projects across different areas with higher pre-qualification barriers (infrastructure and highly complex buildings)</li> </ul>		<ul style="list-style-type: none"> <li>RM1.4 billion in open tenders as at 31 December 2019</li> <li>RM21.8 billion external client construction order book</li> <li>RM20.7 billion in unbilled future revenue</li> <li>Awarded SUKE project worth RM317 million</li> </ul>
Dependence on unskilled foreign labour which leads to higher number of defects, health and safety issues and wastages Fines from environmental issues and delays in project completion	<ul style="list-style-type: none"> <li>Developed and launched the MRCB Building System that employs skilled labour and is manufactured in a controlled environment, thus ensuring higher quality and faster delivery times (for more details on MBS, please refer to pages 12 - 15)</li> </ul>		<ul style="list-style-type: none"> <li>Up to 90% of construction work conducted offsite for reduced health &amp; safety incidents and wastage</li> <li>30%-50% reduction in project delivery time</li> </ul>

## ENGINEERING, CONSTRUCTION & ENVIRONMENT

### MOVING FORWARD/OUTLOOK & PROSPECTS

#### 1. Pipeline of Projects & Sustainable Profits

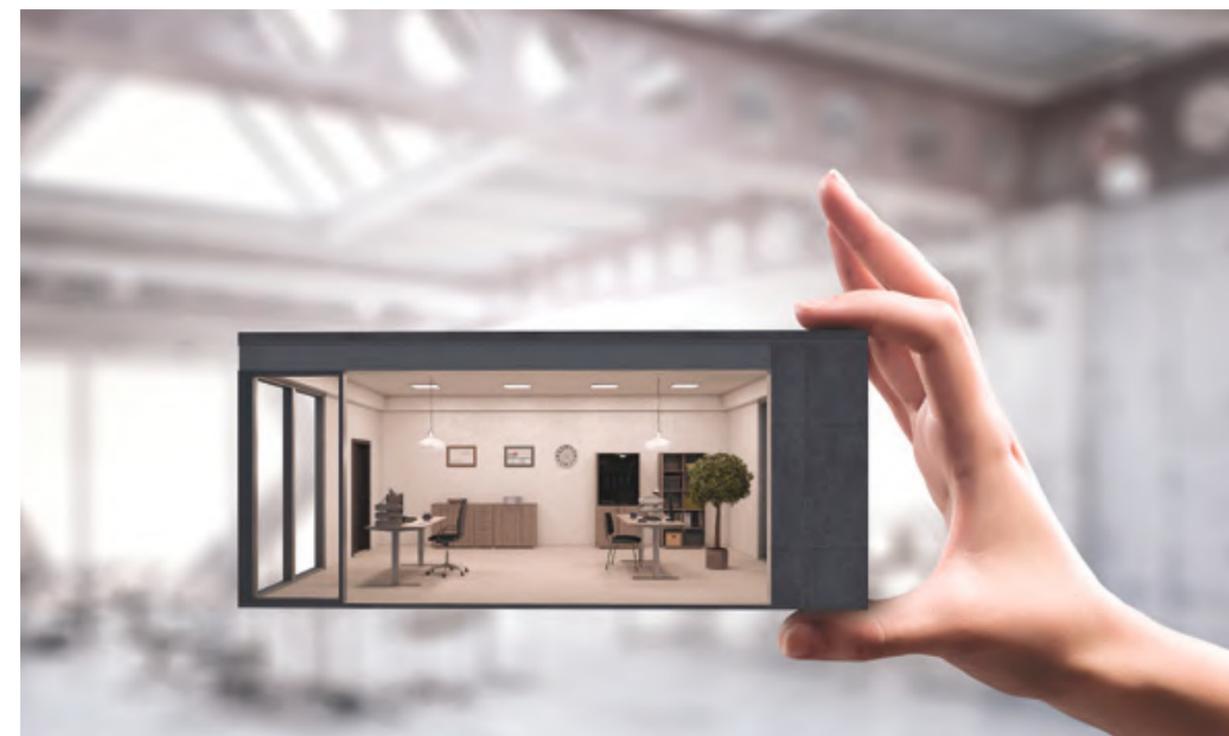
Looking ahead, our construction team will continue to tender for projects with relatively higher pre-qualification requirements and barriers to entry, such as complex structures (i.e. stadiums, convention centres, hospitals), transmission lines, transportation infrastructure and fee-based contracts which earn relatively higher margins compared with conventional commercial/residential buildings. Our large external client construction order book stretches out beyond 2030, with a large portion of these projects being in the early stages of construction. As the booking of these revenues accelerate with the progress of construction, these key construction projects will become the backbone of the Division's revenue and operating profit.

#### Key Construction Projects

Project	Description	Contract Value	Target Completion
1 Bukit Jalil Sentral	The residential and commercial 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	The 37 km LRT line from Bandar Utama to Klang will feature 25 stations, of which 5 are provisional stations. 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 EPF Headquarters, financial institutions, office and commercial buildings, a retail mall and serviced apartment, a hotel, shared common infrastructure, amenities and parks. This is located in Kwasa Damansara, Sungai Buloh.	Provisional Contract Costs, RM2,958 million Management Contract Fee, RM187 million	2027
4 Mass Rapid Transit Line 2 Package V210	An infrastructure project for the construction of a Viaduct for MRT Line 2 from Sungai Buloh to Serdang and Putrajaya.	RM483 million	2021
5 Damansara-Shah Alam Elevated Expressway - Package CB2	DASH 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.	RM341 million	2020
6 Sungai Besi-Ulu Kelang Elevated Expressway - CA2 Package	SUKE is a 24.4 km, 3-lane, dual carriageway expressway that will commence at Sri Petaling and passes through Sungai Besi, Alam Damai, Cheras-Kajang, Taman Bukit Permai, Taman Putra, Taman Permai Jaya, Taman Dagang Permai, Taman Kosas, Ampang dan Taman Hillview before exiting at Ulu Kelang. The proposed expressway will serve as a link between existing major highways and road - MRR II, DUKE, AKLEH, KLORR, Sungai Besi extension, KL-Seremban, Cheras-Kajang, Besraya, KESAS and Jalan Ampang.	RM317 million	2020

#### 2. Competitive Advantage & Innovative Solutions

Looking ahead, the Division plans to improve its margins to ensure sustainable and higher returns by automating its processes for residential projects and leveraging on the newly launched MBS. A Digitalisation & Automation drive has also been well underway and will help us improve our cost structure through improved workforce and resource management as well as process efficiency.



#### 3. Diversifying into New Markets and Products

With the setting up of the Bukit Jalil Casting Yard, the Division also has long-term plans to market the supply and delivery of precast components to external parties, including other suppliers, due to the high demand of these materials. Milmix Sdn Bhd, a wholly subsidiary of MRCB Builders Sdn Bhd, has been identified to operate and manage the casting yard at Bukit Jalil.

The Division also plans to leverage on its engineering skillsets and apply relevant knowledge in other related areas such as waste-to-energy. In 2019, Malaysia generated approximately 47,218 tonnes of household waste, which is forecasted to increase by 3.3% annually. Nationwide, there are only 165 landfills, with almost half of these sites expected to reach the end of their lifespan in 2020. These landfills, which have an average lifespan of 30 years and require large areas of land, contribute to environmental pollution and release methane gas which traps 72 times more heat than CO<sub>2</sub>. With the expected growth in household waste and a minimal number of sanitary landfills, there is an urgent need for alternative ways to dispose waste, in an environmentally friendly manner.

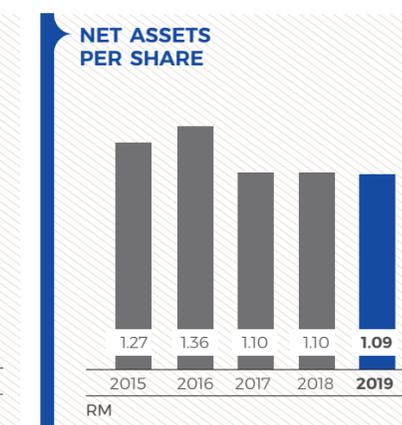
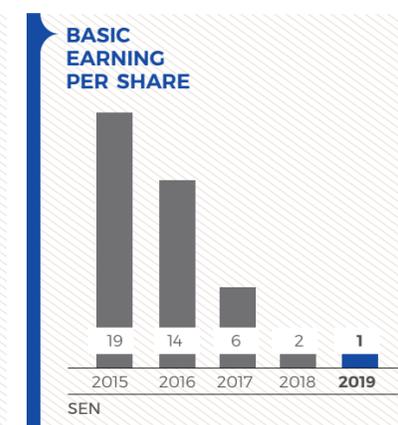
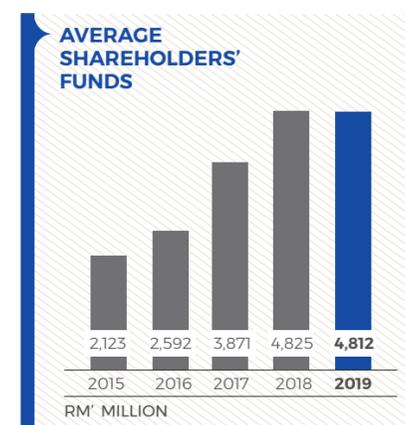
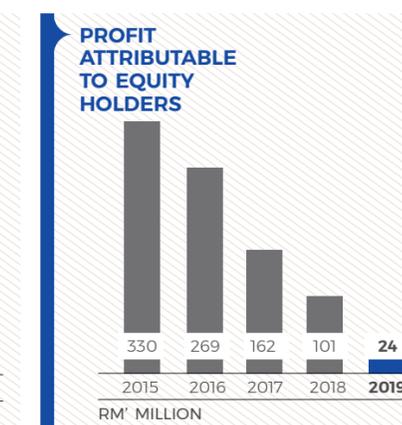
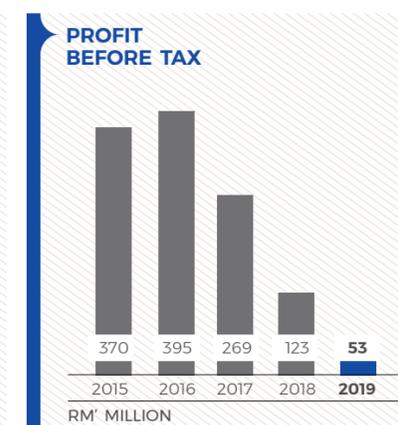
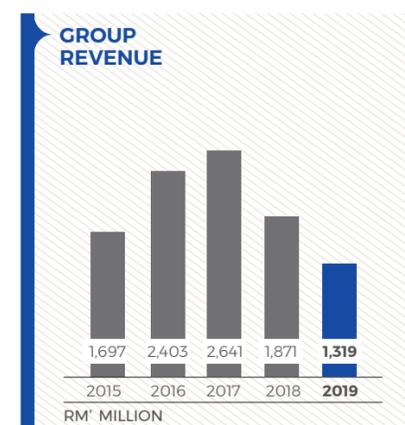
Waste-to-energy allows us to not only process waste in an efficient and sustainable manner, it also converts waste into a fuel source which is used to generate energy. With land becoming scarce and fossil fuels emitting more CO<sub>2</sub>/MWh compared to waste-to-energy, MRCB has earmarked waste-to-energy as an area to venture into. This is in line with Malaysia's commitment at the 2015 United Nations Climate Change Conference in Paris, France to reduce the country's CO<sub>2</sub> emissions per unit of GDP by 45% from the levels recorded in 2005 by 2030.

Apart from our ability to exploit our expertise in an area that is currently in high demand, the renewable energy business will also provide recurring long-term revenues, which will help us diversify our current revenue stream and reduce earnings volatility that is inherent in our existing business model.

## 5-YEAR FINANCIAL SUMMARY

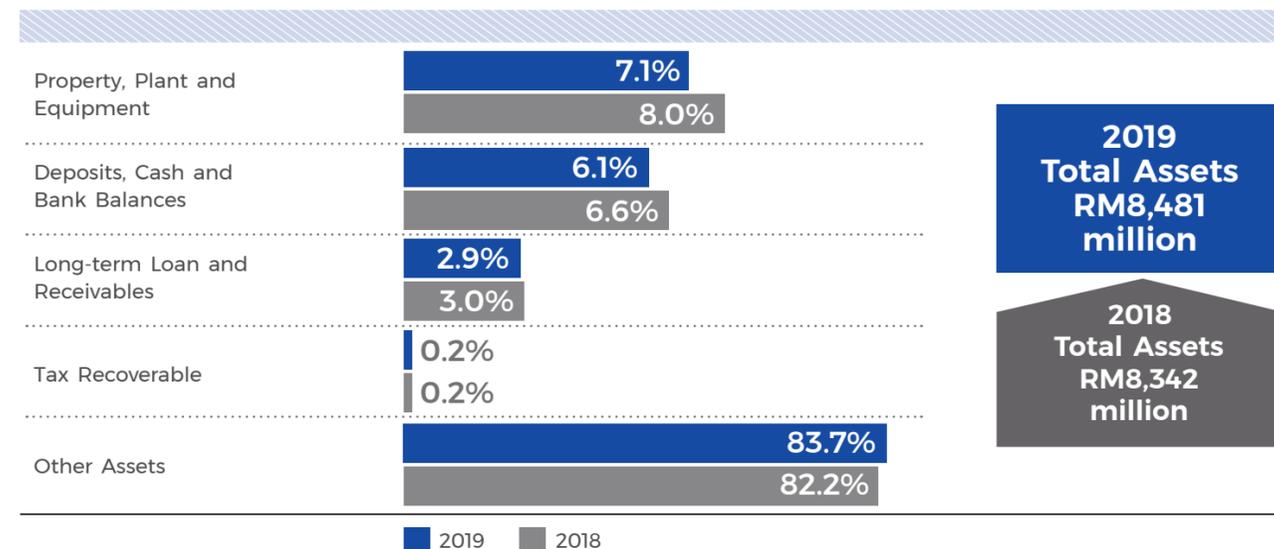
	2015	2016	2017	2018	2019
<b>FINANCIAL RESULTS (RM' MILLION)</b>					
Revenue	1,697	2,403	2,641	1,871	<b>1,319</b>
Gross profit	454	563	444	373	<b>298</b>
Profit before income tax	370	395	269	123	<b>53</b>
Profit after income tax	364	321	176	103	<b>19</b>
Profit attributable to equity holders	330	269	162	101	<b>24</b>
<b>FINANCIAL POSITION (RM' MILLION)</b>					
Total cash & bank balances and investment securities	524	722	778	552	<b>517</b>
Total assets	7,090	7,506	10,325	8,342	<b>8,481</b>
Total borrowings	3,394	2,937	3,382	1,491	<b>1,828</b>
Total net assets	2,260	2,925	4,817	4,832	<b>4,792</b>
Share capital	1,787	2,144	4,309	4,318	<b>4,332</b>
Total equity	2,313	3,024	4,922	4,900	<b>4,823</b>
<b>FINANCIAL RATIOS</b>					
Basic earning per share (sen)	19	14	6	2	<b>1</b>
Return on average shareholders' funds (%)	16	10	4	2	<b>0</b>
Return on total net assets (%)	15	9	3	2	<b>1</b>
Share price at year end (RM)	1.28	1.33	1.12	0.62	<b>0.73</b>
Price earning ratio (times)	6.92	9.57	17.68	26.74	<b>135.19</b>
Dividend per share (sen)	2.5	2.75	1.75	1.75	<b>1.00</b>
Dividend yield (%)	2.0	2.1	1.6	2.8	<b>1.4</b>
Net assets per share attributable to equity holders (RM)	1.27	1.36	1.10	1.10	<b>1.09</b>
Net gearing ratio (times)	1.27	0.73	0.53	0.19	<b>0.27</b>
Market capitalisation (RM Million)	2,287	2,852	4,913	2,703	<b>3,221</b>
Profit after tax & non-controlling interest (RM Million)	330	269	162	101	<b>24</b>
Average shareholders' funds (RM Million)	2,123	2,592	3,871	4,825	<b>4,812</b>
Weighted average no. of shares (No of shares' Million)	1,786	1,938	2,556	4,392	<b>4,406</b>
Share capital (No of shares' Million)	1,787	2,144	4,387	4,395	<b>4,412</b>
<b>BANK BORROWINGS (RM' MILLION)</b>					
Bank borrowings	2,180	1,783	2,323	1,491	<b>1,828</b>
EDL financing	1,207	1,154	1,059	-	-
Loan stock	7	-	-	-	-
Total borrowings	3,394	2,937	3,382	1,491	<b>1,828</b>
Less: Total cash & bank Balances and investment securities	(524)	(722)	(778)	(552)	<b>(517)</b>
Total net borrowings	2,870	2,215	2,604	940	<b>1,311</b>

## 5-YEAR FINANCIAL HIGHLIGHTS

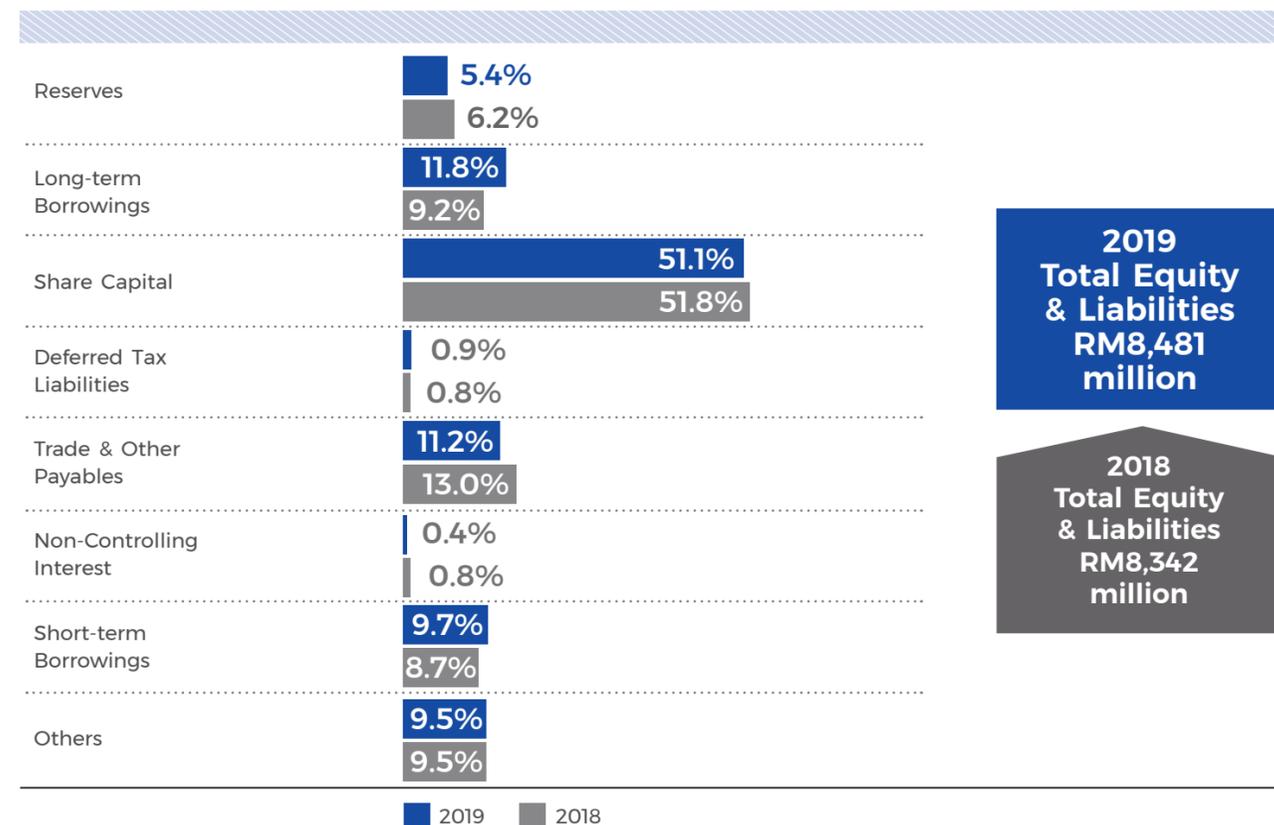


## SIMPLIFIED STATEMENT OF FINANCIAL POSITION

### TOTAL ASSETS



### TOTAL LIABILITIES



## GROUP SEGMENTAL FINANCIAL PERFORMANCE

	2015	2016	2017	2018	2019
<b>(RM' Million)</b>					
<b>Revenue</b>					
Property Development & Investment	724	1,326	788	1,043	<b>567</b>
Engineering, Construction & Environment	774	858	1,774	759	<b>679</b>
Infrastructure & Utilities	115	112	-	-	-
Facilities Management & Parking	75	71	56	53	<b>54</b>
Others	9	36	23	16	<b>19</b>
<b>Total</b>	<b>1,697</b>	<b>2,403</b>	<b>2,641</b>	<b>1,871</b>	<b>1,319</b>
<b>Operating Profit/Loss by Segment*</b>					
Property Development & Investment	443	464	169	98	<b>77</b>
Engineering, Construction & Environment	35	12	93	56	<b>23</b>
Infrastructure & Utilities	59	58	-	-	-
Facilities Management & Parking	10	16	11	6	<b>6</b>
Others	7	7	1	(5)	<b>(4)</b>
<b>Total</b>	<b>554</b>	<b>557</b>	<b>274</b>	<b>155</b>	<b>102</b>

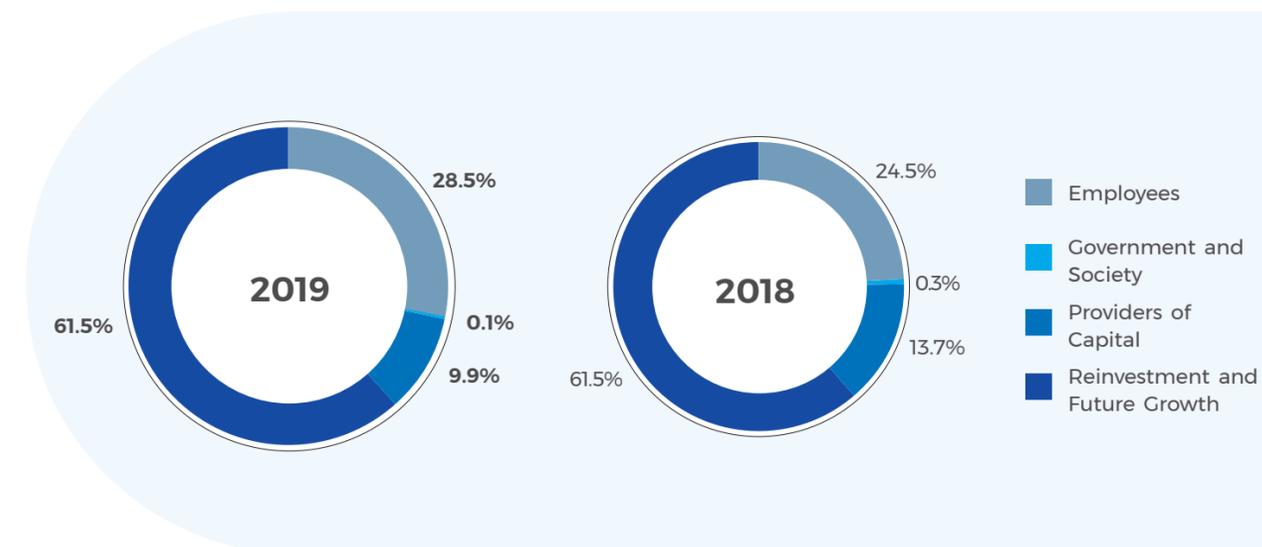
\* Earnings before interest, tax and unallocated corporate expenses

## GROUP QUARTERLY FINANCIAL PERFORMANCE

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	FY
For The Financial Period Ended	31/3	30/6	30/9	31/12	
<b>2019</b>					
<b>(RM' Million)</b>					
Revenue	234	241	373	472	1,319
Profit Before Taxation	8	10	14	20	53
Profit After Taxation	2	8	2	7	19
Profit Attributable to Equity Holders	4	11	3	6	24
Basic Earning Per Share (Sen)	0.09	0.25	0.06	0.14	0.54
Dividend Per Share (Sen)	-	-	-	1.00	1.00
Net Assets Per Share Attributable to Equity Holders (RM)	1.10	1.10	1.08	1.10	1.09

<b>2018</b>					
<b>(RM' Million)</b>					
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

## STATEMENT OF VALUE ADDED



The Statement of Value Added illustrates how MRCB performance supports its ability to deliver financial value to its stakeholders.

### VALUE ADDED

	2019	2018
<b>(RM' Million)</b>		
Total revenue	1,319	1,871
Direct and Indirect Costs	(1,328)	(1,779)
<b>Value Added from Operations</b>	<b>(9)</b>	92
Other Operating Income	23	29
Other Gains	59	0
Share of Results of Associates	11	18
Share of Results of Joint Ventures	(5)	7
Finance Income	20	21
Total Value Added for Continuing Operations	99	167
Total Value Added for Discontinued Operations	-	110
<b>Total Value Added</b>	<b>99</b>	<b>277</b>

### DISTRIBUTION ADDED

	2019	2018
<b>(RM' Million)</b>		
<b>Employees (Staff Costs)</b>	<b>246</b>	220
<b>Government and Society</b> (Corporate Taxation and CSR Expenses)	<b>1</b>	2
<b>Providers of Capital</b>		
Dividends Paid	44	77
Finance Costs	45	44
Non-controlling Interests	(5)	2
	<b>84</b>	123
<b>Reinvestment and Future Growth</b> (Retained Earnings, Depreciation and Amortisation)	<b>530</b>	<b>553</b>
<b>Total Value Distributed</b>	<b>861</b>	<b>898</b>

\*0\* denotes as amount less than RM1 million

## 2019 FINANCIAL CALENDAR

### ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS



### DIVIDENDS



First and Final Single Tier Dividend of 1.75 sen per Ordinary Share for the Financial Year Ended 31 December 2018

Announcement Date	EX Date	Entitlement Date	Payment Date
<b>3 July 2019</b>	<b>29 July 2019</b>	<b>31 July 2019</b>	<b>23 August 2019</b>

### ANNUAL GENERAL MEETING

48<sup>th</sup> Annual General Meeting of MRCB, Grand Mahkota Ballroom, Hotel Istana Kuala Lumpur



Notice Date

**30 April 2019**



Meeting Date

**30 May 2019**

### EXTRAORDINARY GENERAL MEETING

Extraordinary General Meeting of MRCB, Grand Mahkota Ballroom, Hotel Istana Kuala Lumpur



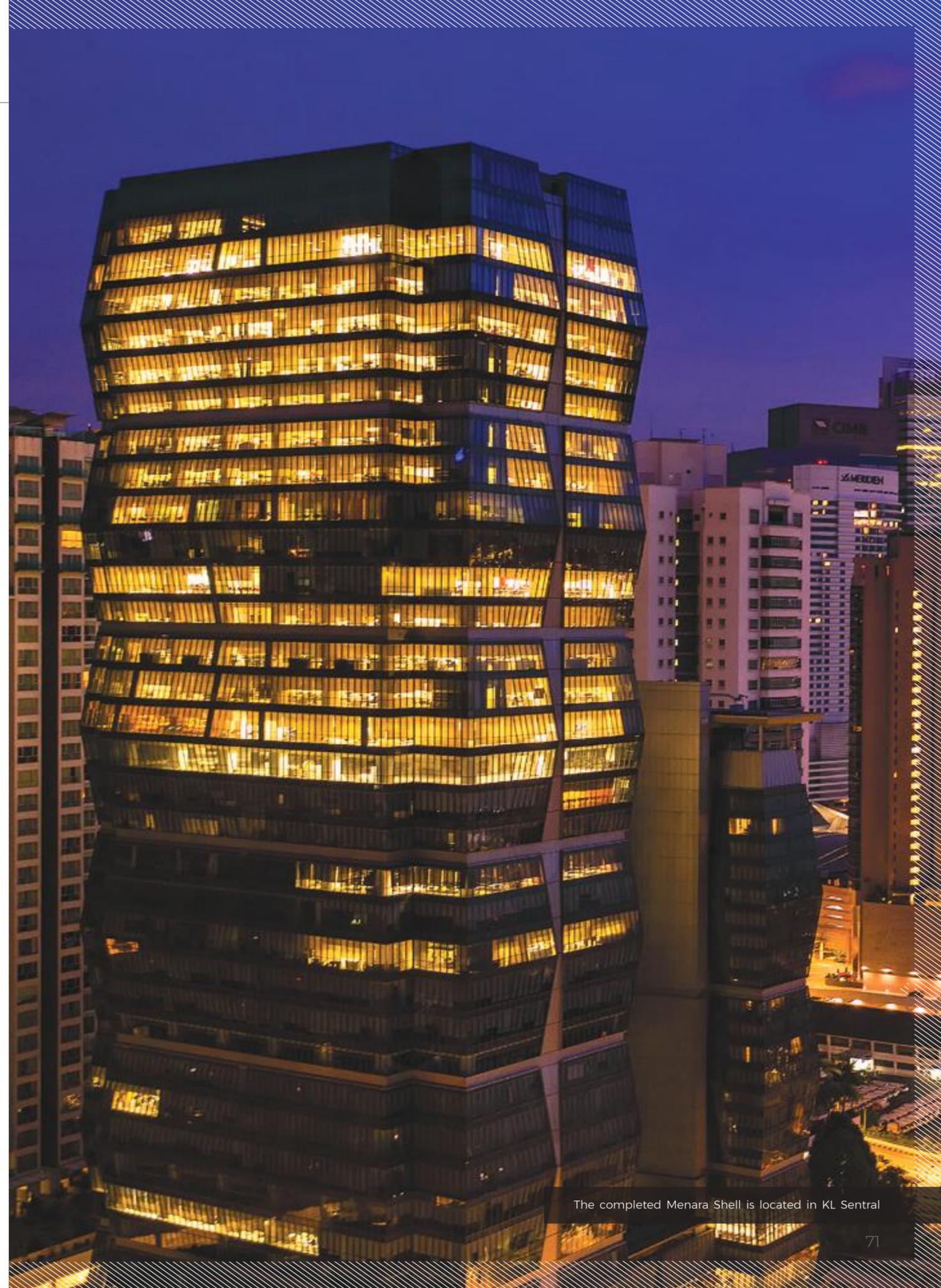
Notice Date

**10 January 2019**



Meeting Date

**14 February 2019**



The completed Menara Shell is located in KL Sentral

## BOARD AT A GLANCE



### BOARD KEY CAPABILITIES

Governance & Risk Management	71%
Business Management	71%
Strategy Formulation	57%
Industry Expertise	57%
Financial Expertise	43%
Capital Markets	43%
People Leadership	14%
Sustainability Expertise	14%
Legal Expertise	14%

## BOARD OF DIRECTORS' PROFILE



### TAN SRI AZLAN ZAINOL

Independent Chairman

**Age** : 70  
**Gender** : Male  
**Nationality** : Malaysian

**Date Appointed to the Board**  
12 January 2005

**Board Committee Membership**  
Nil

**Board Meetings Attendance in 2019**  
8 out of 9 Board Meetings held in 2019

#### 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 Accountants
- Member of the Malaysian Institute of Certified Public Accountants

#### Skills and Experience

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

#### Directorships in other Public Companies

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

#### Family Relationship with any Director and/or Major Shareholders

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

#### Conflict of Interest with MRCB

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

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

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## ENSURING INTEGRITY AND GOVERNANCE

## BOARD OF DIRECTORS' PROFILE

**MOHD IMRAN MOHAMAD SALIM**

Group Managing Director

**Age** : 38  
**Gender** : Male  
**Nationality** : Malaysian

*Nominee of Gapurna Sdn Bhd, a major shareholder of MRCB*

**Date Appointed to the Board**

1 March 2015

**Board Committee Membership**

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

**Board Meetings Attendance in 2019**

All 9 Board Meetings held in 2019

**Qualifications**

- 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
- Member of the Institute of Corporate Directors Malaysia
- Masters in Commerce from Deakin University, Australia
- Degree in Electrical and Electronics from the University of Manchester Institute of Science and Technology, United Kingdom

**Skills and Experience**

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

**Directorships in other Public Companies**

Nil

**Family Relationship with any Director and/or Major Shareholders**

Imran is the son of Tan Sri Mohamad Salim Fateh Din, 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. 40 of page 124 of the accompanying Financial Report, 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 (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**ROHAYA MOHAMMAD YUSOF**

Non-Independent Non-Executive Director

**Age** : 55  
**Gender** : Female  
**Nationality** : Malaysian

*Nominee of Employees Provident Fund Board, a major shareholder of MRCB*

**Date Appointed to the Board**

6 March 2014

**Board Committee Membership**

- Member of the Nomination & Remuneration Committee

**Board Meetings Attendance in 2019**

All 9 Board Meetings held in 2019

**Qualifications**

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

**Skills and Experience**

Rohaya Mohammad Yusof began her career with Arthur Andersen & Co as a Financial Consultant in 1988 before joining Maybank Investment Bank in 1990. She was subsequently promoted to Executive Vice President, Corporate Investment Banking in 2005. With 18 years of banking experience, she joined the Employees Provident Fund (EPF) Investment Division in 2008 as Head of Corporate Finance and in 2010 as Head of Capital Markets Department overseeing fixed income. In 2017, she was appointed as Head of Private Markets. On 1 January 2020, she was promoted to Chief Investment Officer of EPF.

**Directorships in other Public Companies**

- United Plantations Berhad
- Projek Lebuh raya Usahasama Berhad
- Yinson Holdings Berhad

**Family Relationship with any Director and/or Major Shareholders**

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

**Conflict of Interest with MRCB**

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

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

She has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILE

### DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Director

**Age** : 62  
**Gender** : Male  
**Nationality** : Malaysian

*Nominee of Employees Provident Fund Board, a major shareholder of MRCB*

#### Date Appointed to the Board

24 August 2018

#### Board Committee Membership

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

#### Board Meetings Attendance in 2019

All 9 Board Meetings held in 2019

#### Qualifications

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

#### Skills and Experience

Dato' Mohamad Nasir was previously the Deputy Chief Executive Officer of the Investment Division, Employees Provident Fund (EPF) until his retirement on 31 December 2019. 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) - General Manager, International Equity Department (2009 to 2013).

#### Directorships in other Public Companies

- RHB Bank Berhad
- PLUS Malaysia Berhad
- Yinson Holdings Berhad
- United Plantations 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.

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

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



### JAMALUDIN ZAKARIA

Senior Independent Director

**Age** : 54  
**Gender** : Male  
**Nationality** : Malaysian

#### Date Appointed to the Board

24 August 2011

#### Board Committee Membership

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

#### Board Meetings Attendance in 2019

All 9 Board Meetings held in 2019

#### Qualifications

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

#### Skills and Experience

Jamaludin has more than 26 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, 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.

#### Directorships in other Public Companies

Nil

#### Family Relationship with any Director and/or Major Shareholders

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

#### Conflict of Interest with MRCB

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

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

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## ENSURING INTEGRITY AND GOVERNANCE

## BOARD OF DIRECTORS' PROFILE

**HASMAN YUSRI YUSOFF**

Independent Director

**Age** : 60  
**Gender** : Male  
**Nationality** : Malaysian

**Date Appointed to the Board**  
 26 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

**Board Meetings Attendance in 2019**

All 9 Board Meetings held in 2019

**Qualifications**

- Member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants
- Post Graduate Diploma in Islamic Studies from International Islamic University Malaysia (IIUM)

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

**Directorships in other Public Companies**

- Serba Dinamik Holdings Berhad
- Chemical Company of Malaysia 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.

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

He has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**TO' PUAN JANET LOOI LAI HENG**

Independent Director

**Age** : 58  
**Gender** : Female  
**Nationality** : Malaysian

**Date Appointed to the Board**  
 11 December 2017

**Board Committee Membership**

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

**Board Meetings Attendance in 2019**

All 9 Board Meetings held in 2019

**Qualifications**

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

**Skills and Experience**

To' Puan Janet Looi Lai Heng is the Senior Partner of Messrs Skrine and is also the Head of the Firm's Corporate Division. Janet's experience in her over 33 years of legal practice includes advising on numerous corporate exercises for international and local companies ranging from takeovers, mergers and acquisitions to business reorganisations and corporate governance. Janet is also the Head of Skrine's Environmental Practice and one of the lead Partners for Skrine's Competition Practice.

**Directorships in other Public Companies**

Nil

**Family Relationship with any Director and/or Major Shareholders**

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

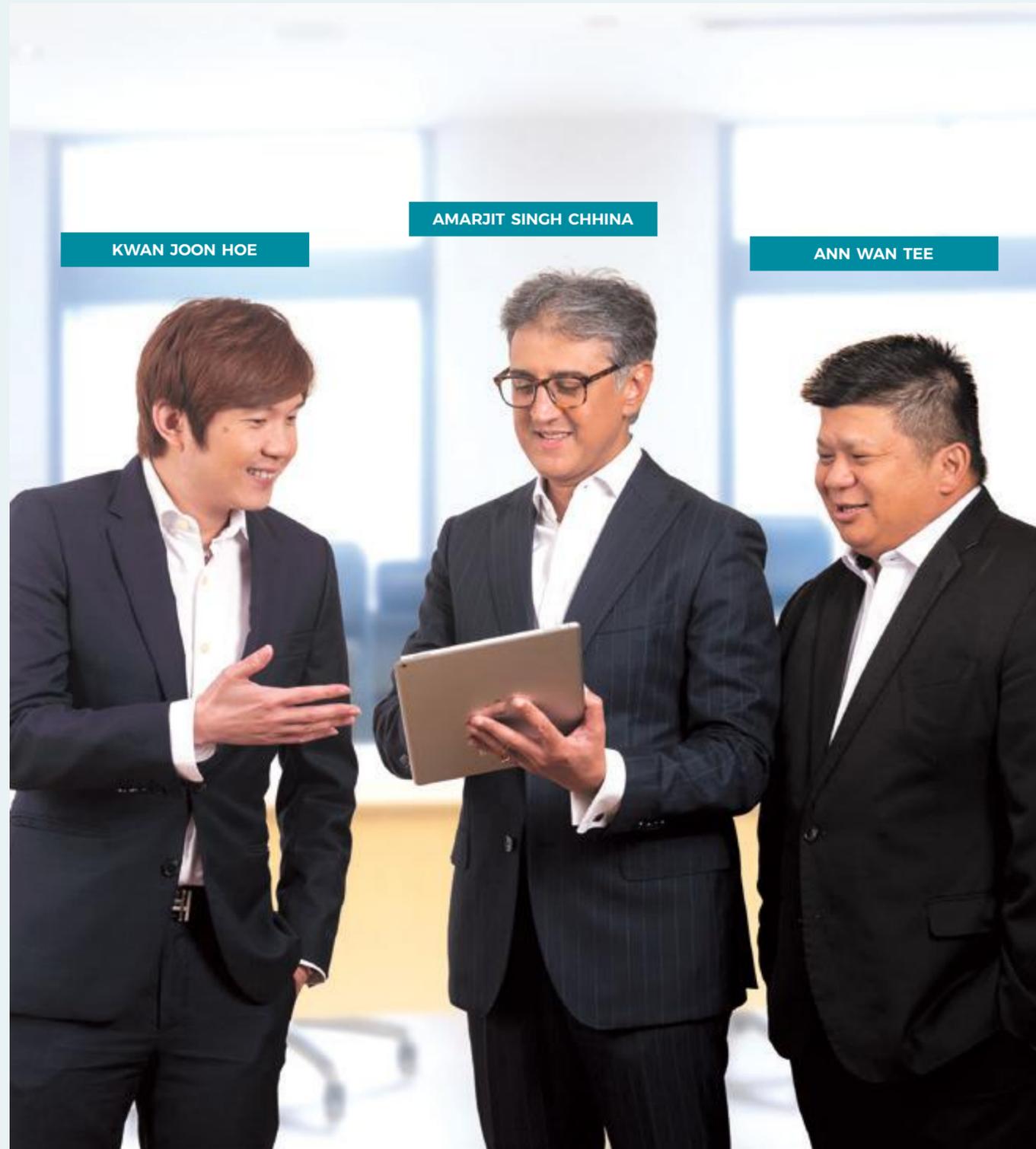
**Conflict of Interest with MRCB**

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

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

She has not been convicted for any offence (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## PROFILE OF SENIOR MANAGEMENT



KWAN JOON HOE

AMARJIT SINGH CHHINA

ANN WAN TEE

### MOHD IMRAN MOHAMAD SALIM

Group Managing Director

Age : 38 | Gender : Male | Nationality : Malaysian

Kindly refer to his profile in the board of directors' profile on page 74

### ANN WAN TEE

Group Chief Financial Officer

Age : 49 | Gender : Male | Nationality : Malaysian

#### ACADEMIC/PROFESSIONAL QUALIFICATION(S) PROFESSIONAL MEMBERSHIP(S)

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

#### 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 as the Chief Financial Officer on 25 November 2013 and promoted as the Group Chief Financial Officer on 1 June 2017. He has more than 23 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 (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## PROFILE OF SENIOR MANAGEMENT

### KWAN JOON HOE

Group Chief Operating Officer

Age : 38 | Gender : Male | Nationality : Malaysian

#### ACADEMIC/PROFESSIONAL QUALIFICATION(S) PROFESSIONAL MEMBERSHIP(S)

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

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 1 March 2015 and was promoted to his current position on 1 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 (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

### AMARJIT SINGH CHHINA

Chief Corporate Officer

Age : 52 | Gender : Male | Nationality : British

#### ACADEMIC/PROFESSIONAL QUALIFICATION(S) PROFESSIONAL MEMBERSHIP(S)

- Fellow of the Institute of Corporate Directors Malaysia
- SIDC, Capital Markets Director Programme
- Monetary Authority 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 13 January 2016.

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

Amarjit also has over 13 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 Materials & 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 Litrak Bhd, YTL Power International Bhd and Petronas Gas Bhd. He ended this phase of his career as Associate Director of HSBC Securities in Singapore.

Amarjit is currently Independent Director of Aberdeen 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 (other than traffic offences) within the past five (5) years, nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

ENSURING INTEGRITY AND GOVERNANCE

# CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE



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

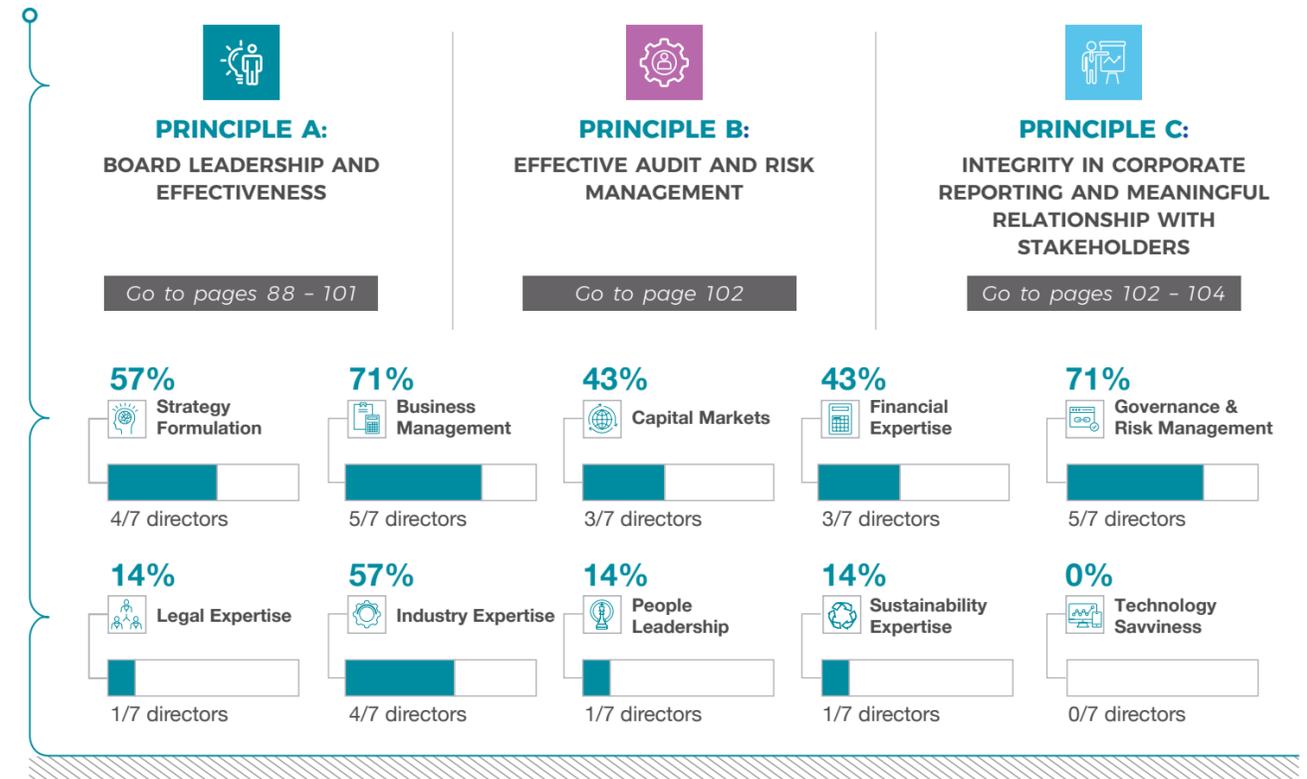
**AZLAN ZAINOL**  
Chairman

## Pushing forward for sustainable growth

Corporate governance is an integral part of any organisation and is fundamental to the achievement of an organisation's continued success and long-term sustainability. For an organisation to meet its strategic objectives, it is imperative that an effective governance structure is put in place. The governance of corporate behaviour is an essential characteristic of how a business is managed. A sound corporate governance framework facilitates effective and ethical decision-making and promotes greater transparency, accountability, and investor confidence. The increasing attention given to corporate governance by stakeholders and various oversight groups today is testimony to the ever-increasing importance of corporate governance. In today's business environment where

businesses face greater scrutiny from stakeholders and increasing demands for the implementation of sound governance practices, the importance of a proper and effective governance structure cannot be overstated.

As Chairman, it is my responsibility to ensure that the highest standards of governance are maintained throughout the Group. Good corporate governance and sound ethical behaviour are embedded in our culture and values, with the tone being set from the top. Corporate governance is part of our way of working and underpins our culture and our behaviour. It forms the fabric of our organisation. Our corporate governance philosophy is supported by an effective governance structure. At the core of our governance structure is our corporate governance framework. The Group has established a solid and robust corporate governance framework towards meeting its strategic objectives and in contributing towards our growth and long-term sustainability.



Our continued emphasis and unwavering commitment in the realm of corporate governance has been recognised in the corporate community, both locally and internationally, where we have won accolades for our achievements in corporate governance. In the Malaysian Institute of Corporate Governance's "Transparency in Corporate Reporting" 2019 report, which focuses on the level of transparency of the top 100 companies in their reporting of their anti-corruption programmes in the public domain, MRCB was ranked number one. MRCB also won the coveted Gold Award for its Integrated Annual Report for the second consecutive year at the 2019 Australasian Reporting Awards. The Gold Award represents the highest standard of reporting, based on world best practices and international benchmarks. In addition, our ranking in the Minority Shareholder Watchdog Group's 2018 Malaysia-ASEAN Corporate Governance report that extensively assesses corporate governance practices and disclosures of the top 100 Malaysian-listed companies has significantly improved, moving up to 33<sup>rd</sup> this year, from 67<sup>th</sup> the year before.

In terms of compliance with the Malaysian Code on Corporate Governance (MCCG), I am pleased to note that we have made further progress and are now much closer to achieving our goal of complying with all the requirements of the MCCG.

We have currently adopted 29 out of the 32 Practices prescribed by the MCCG and all 4 of the optional Step-Up Practices that aim to raise the bar for governance practices and processes, going well beyond existing regulatory requirements.

With regards to section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability, which is scheduled to take effect on 1 June 2020, we are fully cognisant of the far-reaching implications of this new provision. In addition to having acquainted ourselves with the contents and principles of this provision, we have put in place adequate procedures as a defense against corporate liabilities for corruption offences committed by persons associated with the Company through the setting up of a robust ISO 37001:2016 compliant Anti-Bribery Management System (ABMS).

Our corporate governance framework, an overview of our corporate governance practices based on the requirements and principles of the MCCG, as well as our key focus areas and future priorities are explained in more detail in the ensuing sections of the Corporate Governance Overview Statement.

**AZLAN ZAINOL**  
Chairman

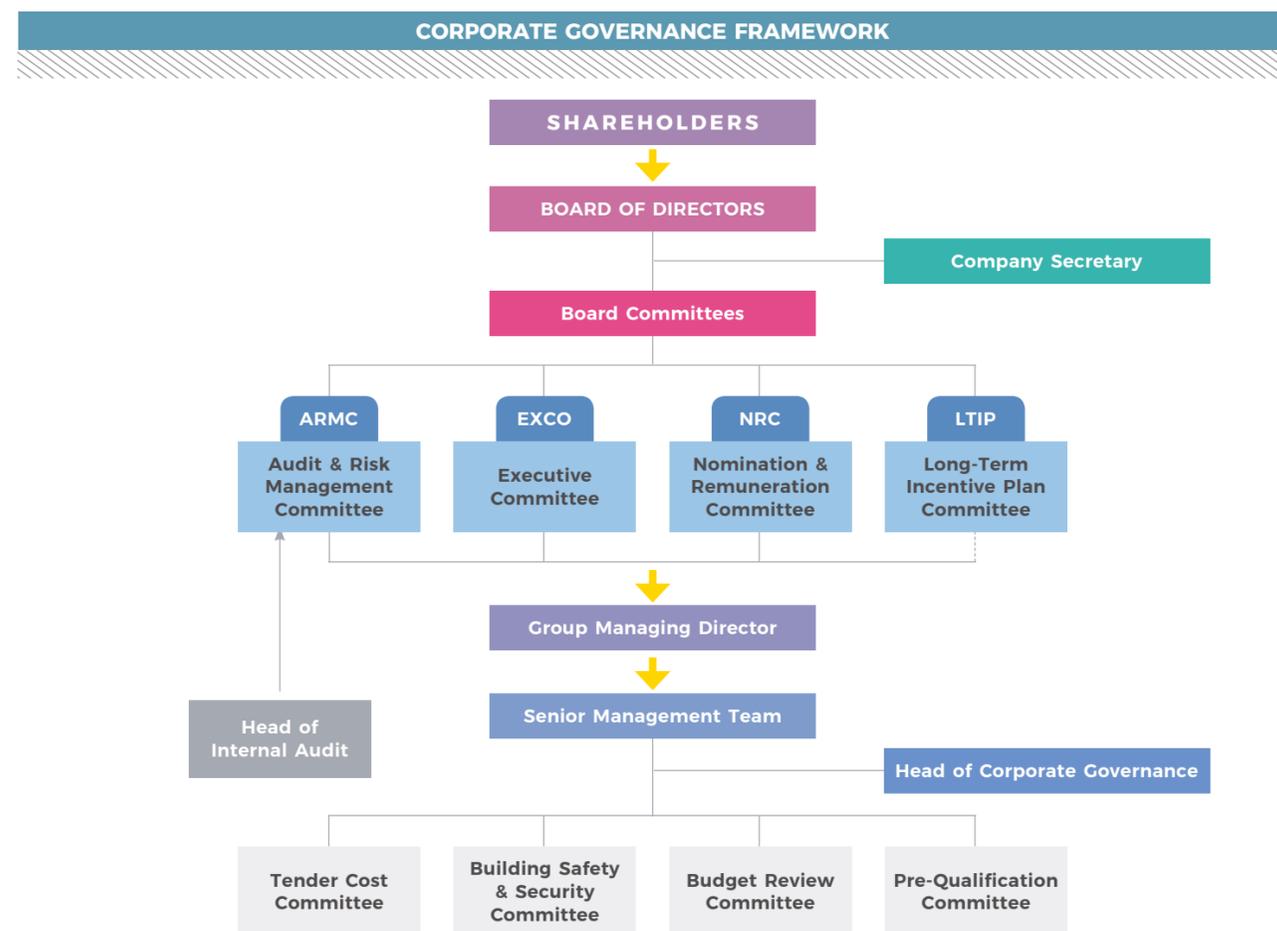
ENSURING INTEGRITY AND GOVERNANCE

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE FRAMEWORK

MRCB's governance framework encompasses a robust decision-making process and a clear framework within which decisions can be made. This is achieved via a 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. The governance framework facilitates proper decision making, with the right considerations supporting such decisions.

The Board is collectively responsible for the performance of the Group. The Chairman of the Board provides leadership to the Board to enable it to discharge its responsibilities. 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, however, retains the ultimate responsibility for decisions made by the Board Committees. The Board also 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 in place to assist the Senior Management team with its decision-making processes. The following diagram depicts the governance framework of the Group:



Complementing efforts to strengthen the Group's governance is its advocacy of human rights across the Group. The Group respects human rights and is committed to ensuring that its activities are governed by human rights and anti-slavery principles, regulations, laws, best industry practices and standards throughout its business operations and value chains. The Group's commitment to human rights is embedded and supported by various policies and processes within its business. The Group's Environmental, Safety and Health Guidelines is an example of its continuing efforts in safeguarding human rights. In addition, there are channels through which internal stakeholders can submit grievances, such as the Whistleblowing hotline or email and the Human Resources Portal.

## 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 31 December 2019.

The Group has applied 29 out of 32 Practices in the MCCG. The three (3) Practices not complied with in 2019 are:

- Practice 4.5 on the percentage of women directors on the Board;
- Practice 12.2 on the attendance of directors at General Meetings; and
- Practice 12.3 on leveraging technology to facilitate voting in absentia and remote shareholders' participation at General Meetings.

Practice 4.5 seeks to ensure that 30% of the Board comprises women directors, whereas the percentage of women directors on our Board at present is very close at 29%. This target will continue to be pursued within the wider context of enhancing the Board's overall diversity, know-how, and effectiveness, as set out on pages 88 - 101 of this Corporate Governance Overview Statement.

Practice 12.2 requires all directors to attend all General Meetings of the Group. While the Annual General Meeting saw full attendance, it was unfortunate that one of our directors was unable to attend the Extraordinary General Meeting held on 14 February 2019 due to an overseas work commitment. The Board, however, remains committed to ensuring that this Practice is met in future years.

Practice 12.3, which recommends the use of technology to facilitate voting in absentia and remote shareholders' participation at General Meetings, still requires more research and evaluation.

In addition, we have adopted all four (4) Step-up Practices in the MCCG.

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 the Company's website, [www.mrcb.com/corporate-governance/](http://www.mrcb.com/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 pages 88 - 101
- PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**  
Go to page 102
- PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**  
Go to pages 102 - 104

## ENSURING INTEGRITY AND GOVERNANCE

### CORPORATE GOVERNANCE OVERVIEW STATEMENT



#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

##### BOARD RESPONSIBILITIES

The leadership of MRCS is driven by the Board. The Board is responsible for the stewardship of the business and affairs of the Group on behalf of shareholders with a view to enhancing shareholder value. The Board plays a critical role in ensuring that sound and prudent policies and practices are in place.

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. This is primarily achieved through the development of internal controls and guidelines, such as the Board Charter, Code of Business Ethics, Whistleblowing, Conflict of Interest policies, and others.

Further details on these internal control policies and guidelines can be found on the Company's corporate website, [www.mrcb.com](http://www.mrcb.com).

##### ROLES AND RESPONSIBILITIES OF THE BOARD

###### ROLES OF THE BOARD

The Board fosters a strong corporate governance culture in the organisation by adopting the highest standard of corporate governance practices as a way of life. The Board sets the tone from the top and manages Board effectiveness by focusing on strategy, governance and compliance. 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; and
- Changes to the management and control structure within the Company and its subsidiaries.

The positions of the Chairman and Group Managing Director are held by different individuals, with clear and distinct roles, which are formally documented in the Board Charter.

##### CHAIRMAN OF THE BOARD

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- Ensuring that the Board functions effectively, cohesively and independently of Management;
- Providing governance in matters requiring corporate justice and integrity;
- Leading the Board, including presiding over Board meetings and Company meetings, and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- Promoting a constructive and respectful relationship among board members and between board members and Management; and
- Ensuring that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders.

##### GROUP MANAGING DIRECTOR

The Group Managing Director is responsible to the Board for the day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing its implementation. The key roles of the Group Managing Director, amongst others, are as follows:

- Developing the strategic direction of the Group;
- Ensuring that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- Ensuring that the objectives and standards of performance are understood by the Management and employees;

- Ensuring that the operational planning, risk management, and control systems are in place;
- Monitoring performance results against plans;
- Taking remedial action, where necessary;
- Working with other executives to oversee the operations of company;
- Establishing new business contacts, interacting with clients, and recruiting employees;
- Developing strategic marketing and sales plans to boost profits and efficiency; and
- Coordinating various efforts of various departments to meet the Company's goals.

The segregation of duties and responsibilities between the Chairman and the Group Managing Director ensures an appropriate balance of roles, responsibilities and accountability at Board level.

The Board performed the following key activities throughout 2019:

- Developed the Group's strategy in line with industry outlook;
- Approved the Group's annual budget;
- Assessed Project plans, including budgets, upstream tender submissions and downstream contract awards;
- Approved the Group's Quarterly results;
- Monitored effectiveness of internal controls via Regular and Special Audit exercises;
- Deliberated the viability of business propositions and corporate proposals;
- Approved the Implementation of the Anti-Bribery Management System (ABMS) within the Group;
- Approved the Risk Management Roadmap and Quarterly Risk Registers;
- Endorsed the Succession Planning initiative for key positions;
- Monitored Group digitalisation initiatives, such as Enterprise Resource Planning (ERP) and HR Management System upgrades;
- Approved revisions to the Limits of Authority; and
- Visited the Group's project sites in Johor.

##### BOARD CHARTER

The Board is guided by a Board Charter that sets out the principal role of the Board, the functions, responsibilities and powers of the Board and its various committees, together with a schedule of matters reserved for the Board. This document was established by the Board to ensure that Directors are aware of their fiduciary duties and responsibilities, particularly

their responsibility to shareholders and the need to conduct themselves with the highest ethical standards at all times.

The Board Charter is reviewed and updated from time to time, with the last revision being made on 22 November 2018. The Board Charter can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com).

##### CODE OF BUSINESS ETHICS (CBE)

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 CBE upon their appointment, and are required to confirm they have read and understood the CBE. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service. The CBE promotes good business conduct with the highest principles of moral behaviour and integrity, and sets 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. It applies to all Directors and employees of the Group. The CBE can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com).

##### 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. The Whistleblowing Policy can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com), and has proved to be an effective tool for the Group to detect and take action against misconduct within the Group.

##### 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.

## ENSURING INTEGRITY AND GOVERNANCE

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 should also abstain from all Board deliberations and voting with regards to matters in which they have an interest.

A Conflict of Interest Policy was established in 2019. The purpose of this Policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. It provides guidance on how to deal with conflict of interest situations as they arise. This Policy applies to all Directors and employees of the Group (including employees on contract terms, temporary staff, those on internship or secondment and consultants engaged by the Group on a full-time basis). The Conflict of Interest Policy can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com).

## 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 specifies 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 August 2019.

## BOARD MEETINGS AND ACCESS TO INFORMATION

## BOARD MEETINGS

The Board holds regular meetings of not less than four times a year. All Board meetings are scheduled in advance before the start of the financial year to enable Directors to plan ahead and ensure full attendance at meetings. Scheduled Board meetings are typically convened immediately following finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcement to Bursa Malaysia. The viability of other business propositions and corporate proposals are also deliberated and assessed, with relevant members of Senior Management attending by invitation to report to the Board on matters pertinent to their areas of responsibility. In arriving at Board decisions, the will of the majority prevails.

In addition to scheduled meetings, the Board commits to convene as and when necessary to consider and deliberate urgent proposals. Approvals by way of circular resolutions are another option available to the Directors for urgent proposals that arise in between scheduled Board meetings, however, these are generally used sparingly.

Directors are therefore expected to always allocate sufficient time to perform their responsibilities effectively. Directors are further required to notify the Chairman before accepting any new directorships, and to indicate the time expected to be spent on such new appointments. In any given circumstances, Directors are limited to holding not more than 5 directorships in listed issuers, in accordance with Bursa Malaysia's Listing Requirements.

All Directors have participated fully in discussions and have been free to express their views at all Board meetings held during the financial year. Further evidence of the Directors' full commitment towards their duties and responsibilities can be seen by their attendance at Board meetings held during the financial year. On average, the Directors attended 98% of all Board meetings in 2019 and therefore have more than adequately complied with the minimum attendance requirements.

## BOARD ACCESS TO INFORMATION

The quality of information given to the Board is important as it enables good decision-making based on all the available 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.
- iii. Unrestricted access to the advice and services of independent professionals made available to Board members individually and collectively. Such advice and services are made available at the Company's expense and are wholly independent of Management's intervention.

In addition, the Board may collectively conduct or direct any investigation and may retain, at the Company's expense, any legal, accounting or other services that it considers necessary to perform its duties.

## COMPANY SECRETARY

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and has the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements. The Company Secretary attends all Board meetings and ensures that all deliberations are properly documented and recorded. In addition to ensuring that accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records of the Company, the Company Secretary ensures that all Board procedures are followed and the applicable rules and regulations for the conduct of the Board's affairs are complied with. The Company Secretary further advises the Board on issues relating to the Company's Constitution, corporate governance best practices and compliance related matters. Draft minutes are circulated to all Directors for their perusal and comments before the confirmation of the same at the next meeting. The Company Secretary serves the notice on 'closed periods' to Directors and the Company's principal officers to notify them of the 'closed periods' for trading of the Company's shares, in accordance with Bursa Malaysia's Listing Requirements. The Company Secretary is bound by MAICSA's Code of Professional Ethics and Conduct to Act as Company Secretaries.

## CORPORATE GOVERNANCE

The 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 Board ensures that its Chairman is an independent non-executive member of the Board. In order to ensure a balance of power and authority within the Board, the roles and responsibilities of the Chairman and the Group Managing Director are kept separate, given the distinct expectations and differing primary audiences served by each role. Non-Executive Directors, who are wholly independent of Management and strictly do not participate in any day-to-day management activities of the Company, are relied upon to provide oversight over Management.

The Board has a Senior Independent Director, Jamaludin Zakaria. The role of the Senior Independent Director is as follows:

- Act as a sounding board for the Chairman and Group Managing Director on board matters;
- Be a conduit, as required, for views by other non-executive Directors on the performance of the Chairman and chair a formal annual session of the Nomination and Remuneration Committee members to agree the Chairman's objectives and review his performance;
- Be the focal point for board members for any concerns regarding the Chairman, or the relationship between the Chairman and the Group Managing Director; and
- Act as a trusted intermediary for non-executive Directors where this is required to help them to challenge and contribute effectively.

The roles and 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](http://www.mrcb.com).

## Board Delegation and Committees

The Board from time to time establishes committees as it considers appropriate to assist in carrying out its duties and responsibilities. Although the Board is responsible for the oversight and overall management of the Group, it reserves certain powers for itself and delegates certain functions to the respective Board Committees, the Group Managing Director or Senior Management to assist in the execution of its responsibilities. Such delegations are subject to approving authority limits, as stipulated in the Group's Limits of Authority approved by the Board.

The following are the Board Committees that have been established:

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

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.

Descriptions of the key functions and responsibilities of the respective Committees are set out on pages 117 - 124 of the Integrated Annual Report.

ENSURING INTEGRITY AND GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD OF DIRECTORS

**Tan Sri Azlan Zainol**

Independent Chairman

**Mohd Imran Mohamad Salim**

Group Managing Director

**Rohaya Mohammad Yusof**

Non-Independent  
Non-Executive Director

**Dato' Mohamad Nasir Ab Latif**

Non-Independent  
Non-Executive Director

**Jamaludin Zakaria**

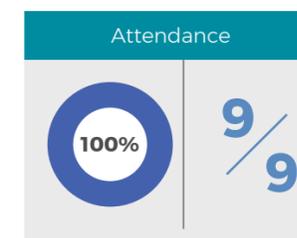
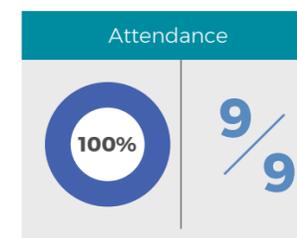
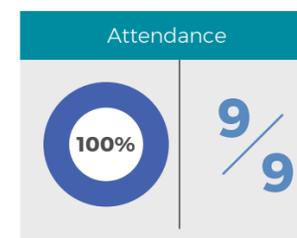
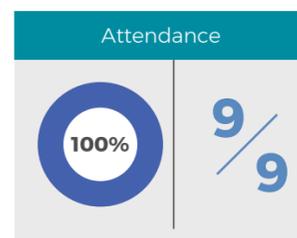
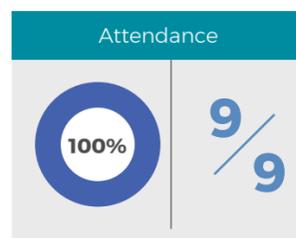
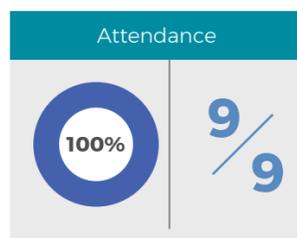
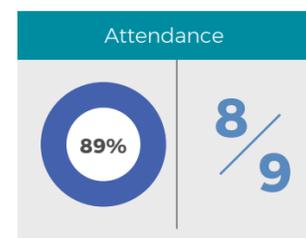
Senior Independent  
Director

**Hasman Yusri Yusoff**

Independent Director

**To' Puan Janet Looi Lai Heng**

Independent Director



OVERALL  
PERCENTAGE OF  
ALL BOARD  
MEETINGS  
ATTENDED BY  
DIRECTORS:

98%

**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%)

**To' Puan Janet Looi Lai Heng**  
Attendance 5/5 (100%)

Refer to the Audit & Risk Management Committee Report on pages 117 - 120.

**EXCO**

**Executive Committee**

The EXCO comprises four (4) members as below:

Chairman

**Dato' Mohamad Nasir Ab Latif**  
Attendance 2/2 (100%)

Members

**Jamaludin Zakaria**  
Attendance 2/2 (100%)

**Mohd Imran Mohamad Salim**  
Attendance 2/2 (100%)

**To' Puan Janet Looi Lai Heng**  
Attendance 2/2 (100%)

Refer to the Executive Committee Report on page 121.

**NRC**

**Nomination & Remuneration Committee**

The NRC comprises four (4) members as below:

Chairman

**Jamaludin Zakaria**  
Attendance 5/5 (100%)

Members

**Rohaya Mohammad Yusof**  
Attendance 5/5 (100%)

**Hasman Yusri Yusoff**  
Attendance 5/5 (100%)

**To' Puan Janet Looi Lai Heng**  
Attendance 5/5 (100%)

Refer to the Nomination & Remuneration Committee Report on pages 122 - 123.

**LTIP**

**Long-Term Incentive Plan Committee**

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

Chairman

**Dato' Mohamad Nasir Ab Latif**  
Attendance 1/1 (100%)

Members

**Mohd Imran Mohamad Salim**  
Attendance 1/1 (100%)

**Hasman Yusri Yusoff**  
Attendance 1/1 (100%)

Refer to the LTIP Committee Report on page 124.

ENSURING INTEGRITY AND GOVERNANCE

**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 throughout 2019 were as follows:

**TAN SRI AZLAN ZAINOL**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. UK Retail Workshop and Study Tour on "The Future of Retailing"	3 - 8 March 2019	Sogo and Institute of Retail Management, Saïd Business School, Oxford University, United Kingdom
4. Talk on Economic Developments in the US.	1 April 2019	RHB in-house training by Dr Mark Zandi, Chief Economist Moody's Analytics, US
5. Enhancing Corporate Brand Value	30 April 2019	RHB in-house training by Mr Samir Dixit, Brand Finance Asia Pacific
6. Directors' Guide to Governance, Risk & Compliance (GRC)	13 May 2019	RHB in-house training by Mr Ramesh Pillai, Institute of Enterprise Risk Practitioners
7. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE
8. Industry 4.0 and its Impact on Malaysian Capital Markets	6 August 2019	RHB in-house training by Dr Ch'ng Huck Khoon, CHK Consultancy Sdn Bhd

**MOHD IMRAN MOHAMAD SALIM**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE

**ROHAYA MOHAMMAD YUSOF**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. ASI Institutional Roundtable: A Brave New World	5 March 2019	Aberdeen Standard Investments, Singapore
4. PERE Asia Summit 2019	6 & 7 March 2019	Private Equity International, Hong Kong
5. Invest Malaysia 2019	19 & 20 March 2019	Bursa Malaysia & Maybank
6. Team Building Grand Ion Delemen	30 & 31 March 2019	English Language Company (ELC) & Employees Provident Fund (EPF)
7. Khazanah Megatrends Forum	7 & 8 October 2019	Khazanah Nasional Berhad
8. Hamilton Lane Summit 2019, USA	28 - 30 October 2019	Hamilton Lane
9. EPF Investment Seminar	2 November 2019	Employees Provident Fund (EPF)
10. Governance Convention 2019: Rising Beyond Principles and Policies	18 & 19 November 2019	Institutional Investors Council Malaysia and Securities Industry Development Corporation (IIC-SIDC)
11. International Social Well-Being Conference (ISWC)	21 & 22 November 2019	Amundi

**DATO' MOHAMAD NASIR AB. LATIF**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. Cyber Security Awareness	30 May 2019	Sime Darby Leadership Centre
4. Synergy 2019 Conference	31 October 2019	Yinson Holdings Berhad
5. Governance Convention 2019: Rising Beyond Principles and Policies	18 & 19 November 2019	Institutional Investors Council Malaysia and Securities Industry Development Corporation (IIC-SIDC)

**JAMALUDIN ZAKARIA**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. International Directors Summit 2019	14 & 15 October 2019	Institute of Corporate Directors Malaysia

**HASMAN YUSRI YUSOFF**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. KPMG Tax Summit	14 January 2019	KPMG
4. MIDF Green Conference 2019	21 March 2019	Malaysian Industrial Development Finance Berhad (MIDF)
5. Beyond Paradigm Summit	17 July 2019	Serba Dinamik Holdings Berhad @ MITEC
6. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE
7. ACI Breakfast Roundtable	6 August 2019	KPMG
8. Leadership Greatness in Turbulent Times: Building Corporate Longevity	8 August 2019	Malaysian Industrial Development Finance Berhad & Institute of Corporate Directors Malaysia (MIDF & ICDM)
9. Directors and Senior Management Training #02/2019 on Talent Management	23 September 2019	Chemical Company of Malaysia Berhad
10. Khazanah Megatrends Forum	7 & 8 October 2019	Khazanah Nasional Berhad
11. Tax and Business Summit	30 October 2019	KPMG
12. Value Based Intermediation for Islamic Financial Institution	6 November 2019	Malaysian Industrial Development Finance Berhad (MIDF)

**TO' PUAN JANET LOOI LAI HENG**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE
4. SBS Women Transforming Leadership Programme	7 - 11 October 2019	University of Oxford, United Kingdom
5. Corporate Governance and Anti-Corruption	31 October 2019	Bursa Malaysia
6. Governance Convention 2019: Rising Beyond Principles and Policies	18 & 19 November 2019	Institutional Investors Council Malaysia and Securities Industry Development Corporation (IIC-SIDC)

ENSURING INTEGRITY AND GOVERNANCE

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

**BOARD DIVERSITY AND INDEPENDENT DIRECTORS**

The composition of a board remains a key factor in influencing the manner in which the board functions and the dynamics between its members. Diversity helps the Board to leverage on the differences in background, industry experience, knowledge and skills, to help the Group retain its competitive advantage. 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 adequate diversity in terms of board balance, board tenure, gender and experience.

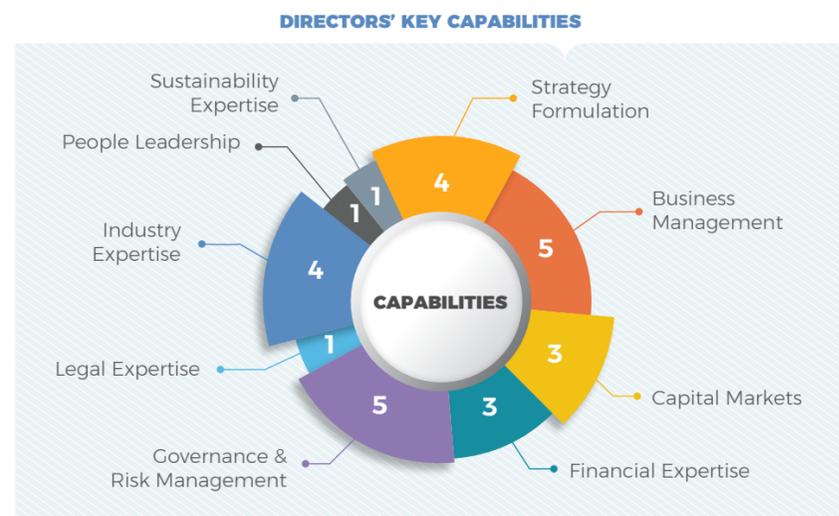
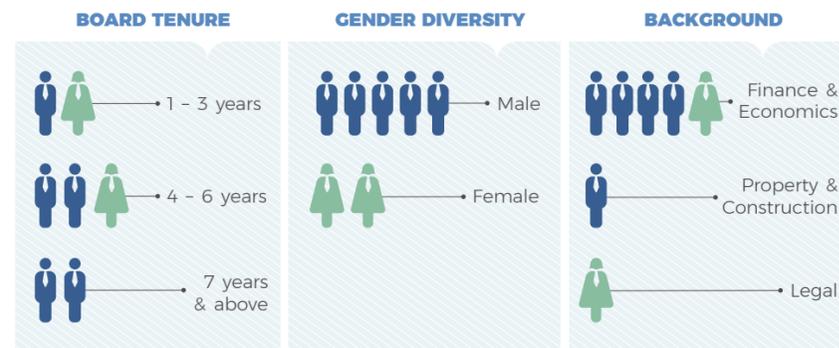
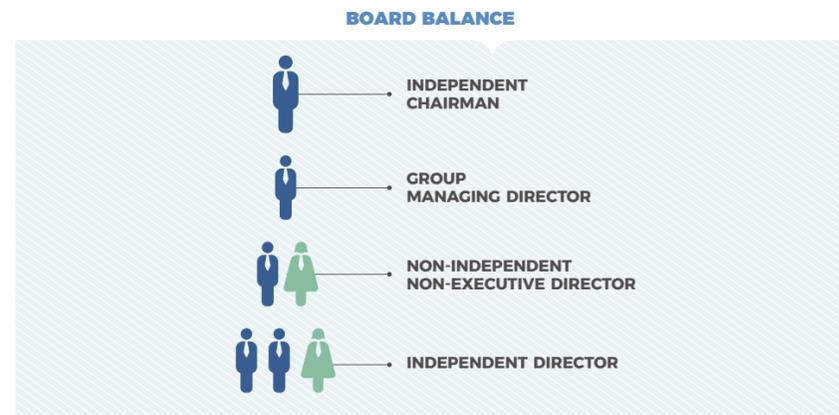
As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of 9 years. Such long tenures could lead to the development of a sense of familiarity with Management and sympathy for their interests, which may erode an Independent Director's objectivity, as outlined within Practice 4.2 of the Malaysian Code of Corporate Governance (MCCG). No Independent Director has served the Company for more than 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. The majority of the Board currently comprises Independent Directors. The Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

**BOARD COMPOSITION, BALANCE AND EFFECTIVENESS**

The Board consists of qualified individuals with diverse experience, backgrounds and perspectives to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it functions cohesively and efficiently.

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 results of the Board Effectiveness Evaluation are discussed and deliberated at the Nomination & Remuneration Committee meetings, and recommendations to improve the Board's effectiveness are tabled to the Board.

**Information on Board Effectiveness Evaluation (BEE)**

Boardroom Corporate Services Sdn Bhd (BCS) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the main Board, its Committees and the individual Directors.

The BEE exercise was carried out from January to March 2019 with the following approach taken by the Consultant in assessing MRCB's Board, Board Committees and individual Directors, including Independent Directors and the Group Managing Director:

- Develop an understanding of MRCB's organisational philosophy, expectations of Directors' roles and responsibilities and expectations of MRCB's Board and Board Committees.
- Gain an understanding of the assessment criteria that best suit the needs of MRCB.
- Review the Terms of References for MRCB's Board and Board Committees.
- Conduct analysis based on the written responses provided by Directors and insights from all Directors during the interview sessions.

The BEE covered the following assessment topics wherein in each section, the respective Directors or members of the committees responded to the questionnaires provided by the Consultant, who then analysed the responses together with insights gained from interview sessions with Directors and selected members of Senior Management:

Assessment Topics	Questionnaires Completed By
Board of Directors Assessment	All Directors
Directors' Skill Sets Assessment	All Directors
Directors' Self and Peer Assessment	All Directors
Independent Directors' Self-Assessment	Independent Directors
Board Audit & Risk Management Committee Assessment	Board Audit & Risk Management Committee members
Board Nomination & Remuneration Committee Assessment	Board Nomination & Remuneration Committee members
Board Executive Committee Assessment	Board Executive Committee members
Board Long-Term Incentive Plan Committee Assessment	Board Long-Term Incentive Plan Committee members

Based on the results and comments gathered from the questionnaires, several positive highlights were identified and clustered into the following four categories:

- Board configuration and rigour of Board deliberation
- Strategic planning and direction
- Corporate governance, ethics and integrity
- Financial administration and vigilance

There were also a number of improvement considerations highlighted, clustered into the following four categories:

- Succession planning and board diversity
- Risk oversight
- Information flow and Board administration
- Information system, technological adeptness and resilience

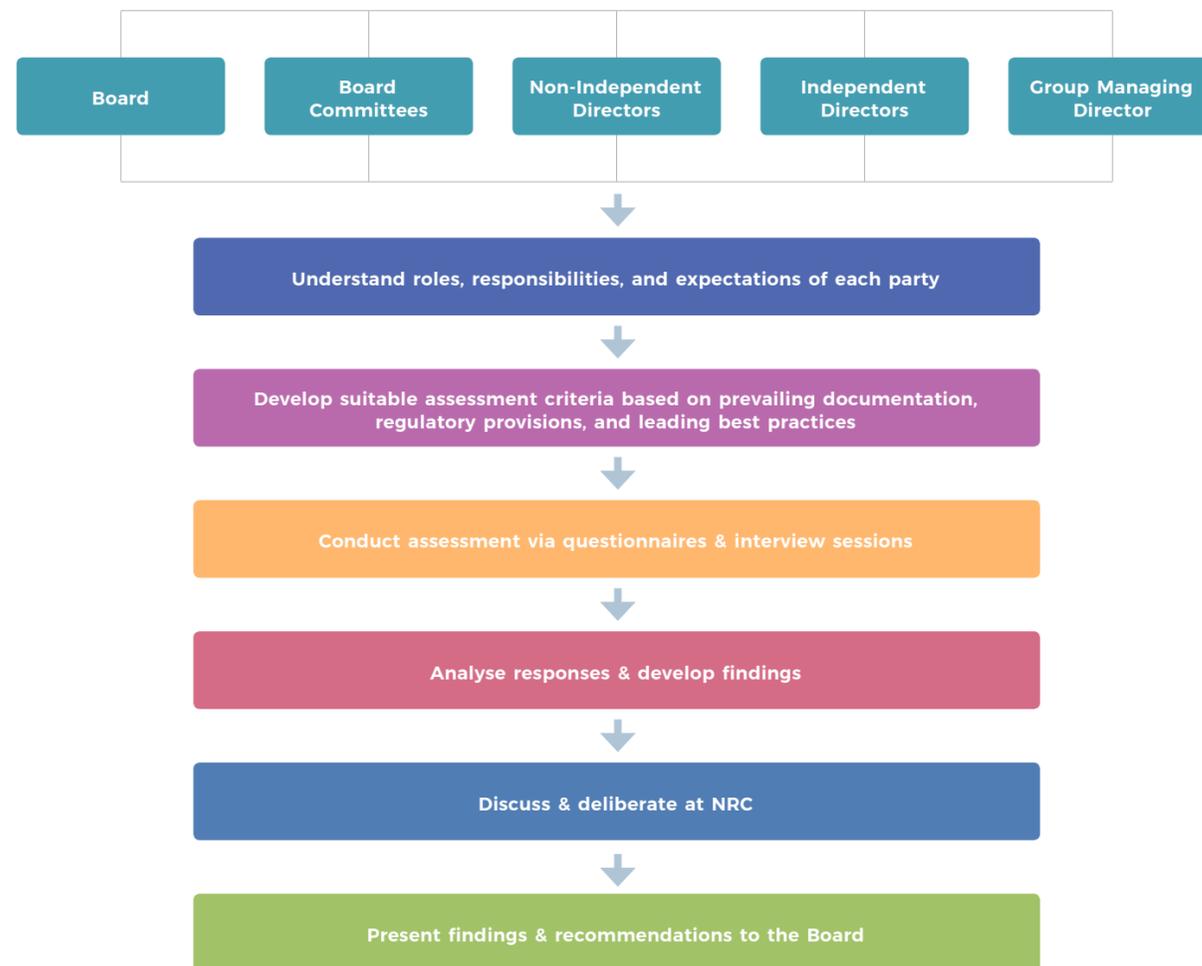
ENSURING INTEGRITY AND GOVERNANCE

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

In evaluating the effectiveness of each particular assessment topic, the assessment forms were developed based on regulatory provisions as well as emerging and leading practices customised to the needs of MRCB.

The assessment results were reviewed by the Nomination & Remuneration Committee and presented to the Board of Directors. Overall, the results of the evaluation were favourable.

**ANNUAL BOARD EFFECTIVENESS EVALUATION (BEE) EXERCISE**

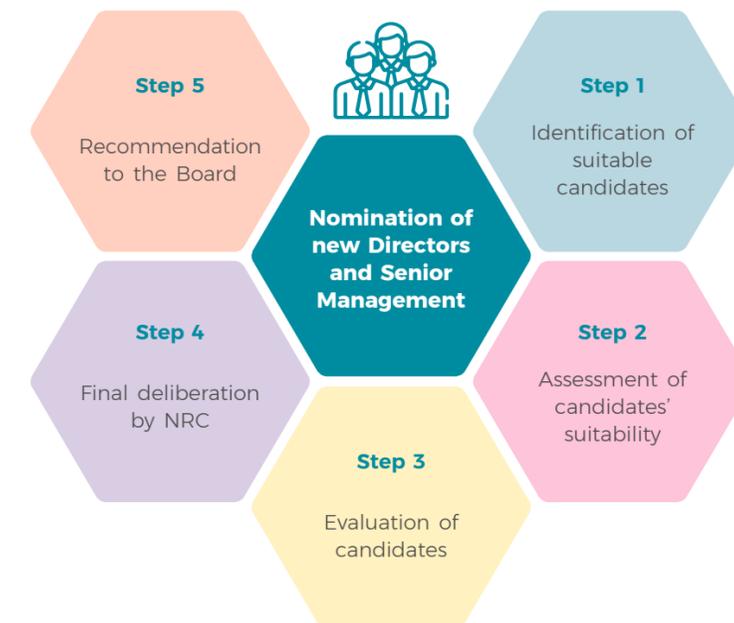


**APPOINTMENT AND RE-ELECTION OF DIRECTORS**

The Nomination & Remuneration Committee (NRC) identifies, assesses and recommends to the Board for its approval, suitably qualified candidates for the Board, the Committees of the Board, subsidiaries and associate companies of the Group. In line with Company policy, such assessments take into consideration the character, experience, integrity, competence, time commitment, independence, special knowledge or technical skills of the candidate, along with a focus on diversity in terms of gender, race, age, culture and socio-economic background. The NRC recommends to the Board the composition of the Board, where amongst others, a majority of the Board comprises Independent Directors and the Chairman of the Board is not an Executive Director. The Company Secretary coordinates with the NRC on orientation sessions to welcome incoming directors and ease their onboarding process. The NRC also identifies and

recommends to the Board for its approval, candidates for appointment as the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer. The NRC may appoint independent advisors to identify suitably qualified candidates.

The NRC also recommends to the Board, candidates for re-election and/or re-appointment as directors by shareholders at the annual general meeting under the annual re-election or retirement provisions of 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, as well as the re-appointment/renewal of the contracts of the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer.



**REMUNERATION**

**Directors' Remuneration**

Directors' remuneration is governed by the Group's Remuneration Policy and Procedures for Board of Directors and Key Senior Management, which is available on the Company's website, [www.mrcb.com](http://www.mrcb.com). The objective of this Remuneration Policy is to determine the level of remuneration packages of the Directors and the Senior Management of MRCB, to attract and retain experienced, qualified, high-calibre key talent with competitive remuneration packages to drive the business, strategy, objectives, values and long-term interests of MRCB. Remuneration packages should be commensurate with, and reflect the level of responsibility, accountability and experience required in the position, and encourage value creation for MRCB and its stakeholders.

On an annual basis, the NRC reviews the remuneration packages of the key Senior Management and if applicable, recommends to the Board any changes required. In addition to basic salary and allowances, remuneration for key Senior Management is linked to the long-term interests of the Company via the Long-Term Incentive Plan (LTIP), a deferred bonus scheme that grants shares upon successful achievement of Company-level key performance measures. It is the responsibility of the Board as a whole to approve the remuneration packages.

## ENSURING INTEGRITY AND GOVERNANCE

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NRC reviews the remuneration packages of the Non-Executive Directors at least once in every three years based on industry and market rates, and thereafter makes its recommendation to the Board for endorsement, prior to tabling to the Company's shareholders for their approval at the Annual General Meeting. The Non-Executive Directors receive a fixed-base fee, plus meeting allowances and other benefits-in-kind as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the General Meeting. Remuneration of Non-Executive Directors is not linked to individual performance.

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 necessary 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.

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

## DIRECTORS' REMUNERATION

Directors	Fee (RM)	Salary & Bonus (RM)	EPF & SOCSO (RM)	Leave Passage (RM)	Allowance (RM)	Car Allowance (RM)	Other Remuneration & Benefits -In-Kind (RM)	LTIP (RM)	Total (RM)
<b>Independent Chairman</b>									
Tan Sri Azlan Mohd Zainol	200,000	-	-	-	152,000	-	9,996	-	361,996
<b>Non-Independent Non-Executive Directors</b>									
Rohaya Mohammad Yusof	150,000	-	-	-	60,000	-	-	-	210,000
Dato' Mohamad Nasir Ab Latif	150,000	-	-	-	159,000	-	-	-	309,000
<b>Group Managing Director</b>									
Mohd Imran Mohd Salim	-	1,320,000	288,829	30,792	-	120,000	60,045	485,392	2,305,057
<b>Independent Directors</b>									
Jamaludin Zakaria	150,000	-	-	-	92,000	-	13,114	-	255,114
Hasman Yusri Yusoff	150,000	-	-	-	89,000	-	32,396	-	271,396
To' Puan Janet Looi Lai Heng	150,000	-	-	-	81,000	-	-	-	231,000
<b>Total</b>	<b>950,000</b>	<b>1,320,000</b>	<b>288,829</b>	<b>30,792</b>	<b>633,000</b>	<b>120,000</b>	<b>115,551</b>	<b>485,392</b>	<b>3,943,563</b>

## Senior Management's Remuneration and Shareholdings

Details of the top five (5) Senior Management's remuneration for financial year ended 31 December 2019 are set out below. These include basic salary, bonuses, benefits-in-kind, statutory contributions, and other emoluments.

## TOP FIVE SENIOR MANAGEMENT'S REMUNERATION

Senior Management	Role	Remuneration (RM)
Mohd Imran Mohd Salim	Group Managing Director	* Please refer to Director's Remuneration table on page 100
Ann Wan Tee	Group Chief Financial Officer	2,175,095
Kwan Joon Hoe	Group Chief Operating Officer	2,096,107
Amarjit Singh Chhina	Chief Corporate Officer	1,651,727
Raymond Cheah Ho Chee	Chief Executive Officer, Property Development & Investment	1,756,537

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

## SENIOR MANAGEMENT'S SHAREHOLDINGS

Senior Management	Number of ordinary shares			
	Balance as at 01.01.2019	Acquisition during the year	Disposal during the year	Balance as at 31.12.2019
Mohd Imran Mohd Salim	266,400	661,100	459,300	468,200
Kwan Joon Hoe	232,200	517,100	200,200	549,100
Ann Wan Tee	249,800	556,900	0	806,700
Amarjit Singh Chhina	496,200	424,100	920,300	0
Cheah Ho Chee	0	98,300	98,300	0
Senior Management	Number of warrants B over ordinary shares			
	Balance as at 01.01.2019	Acquisition during the year	Disposal during the year	Balance as at 31.12.2019
Amarjit Singh Chhina	33,921	0	33,921	0

ENSURING INTEGRITY AND GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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

**AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)**

The Audit & Risk Management Committee assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group. The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (*further details of his profile can be found on page 78*). All current members of the ARMC are Independent Directors. The ARMC is governed by a Terms of Reference document, obtainable from the Company's website, which clearly sets out the Committee's authority, roles and responsibilities. Further details of the activities of the ARMC are disclosed in the Audit & Risk Management Committee Report on pages 117 – 120.

**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, together with the adequacy and effectiveness of said framework, are disclosed in the Statement on Risk Management & Internal Control on pages 108 – 116.

The Group has an internal audit function, performed by the Group Internal Audit Department, which reports functionally to the ARMC and administratively to the Group Managing Director. The principal role of the Group Internal Audit Department is to undertake audits and reviews to evaluate the effectiveness of internal controls, governance and risk management processes so as to provide an independent and objective assurance to the Board and Management on the adequacy and integrity of the Group's internal control systems. Further information on the internal audit function is disclosed in the Audit & Risk Management Committee Report on pages 117 – 120.

The Group also has a Group Risk Management Department, which facilitates the implementation and maintenance of the Group's risk management framework and risk register. The Group Risk Management Department facilitates, coordinates and monitors the risk management initiatives of the Group. Further information on the Group's Risk Management initiatives are disclosed in the Audit & Risk Management Committee Report on pages 117 – 120, as well as the Statement on Risk Management & Internal Control on pages 108 – 116.

**FINANCIAL REPORTING**

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position to the shareholders, investors, regulatory authorities and other stakeholders. The quarterly results and financial statements are reviewed by the ARMC and recommended to the Board

for approval. The Board has also established a formal and transparent relationship with the external auditor through the ARMC. 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.



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

Ongoing engagement and communication with stakeholders are 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 is achieved through various means, such as press conferences, press releases, publication of information on the Company's website and on social media, and engagement forums and meetings. A table detailing how we engage and address the concerns of various stakeholders can be found on pages 34 – 37 of this Integrated Annual Report.

**INVESTOR RELATIONS (IR)**

In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its shareholders and investors. Throughout 2019, we engaged in active dialogue through a structured plan of IR activities.

Accessibility in an ever-changing investment climate is also important. In recognising this, we ensure that we respond to daily queries from investors and analysts through our dedicated IR team, corporate website at [www.mrcb.com](http://www.mrcb.com) and our IR app. Our corporate website and IR app contain 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, be it at our offices or through local and international conferences, were the main avenue for MRCB to directly engage with institutional investors, investment analysts and brokers in 2019. In line with the timely release of MRCB's quarterly results announcements, we also 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 IR team also ensures that the Quarterly Results Analysts' Briefings presentations are uploaded in a timely manner on the Company's website, to ensure that all shareholders have access to the same information immediately.

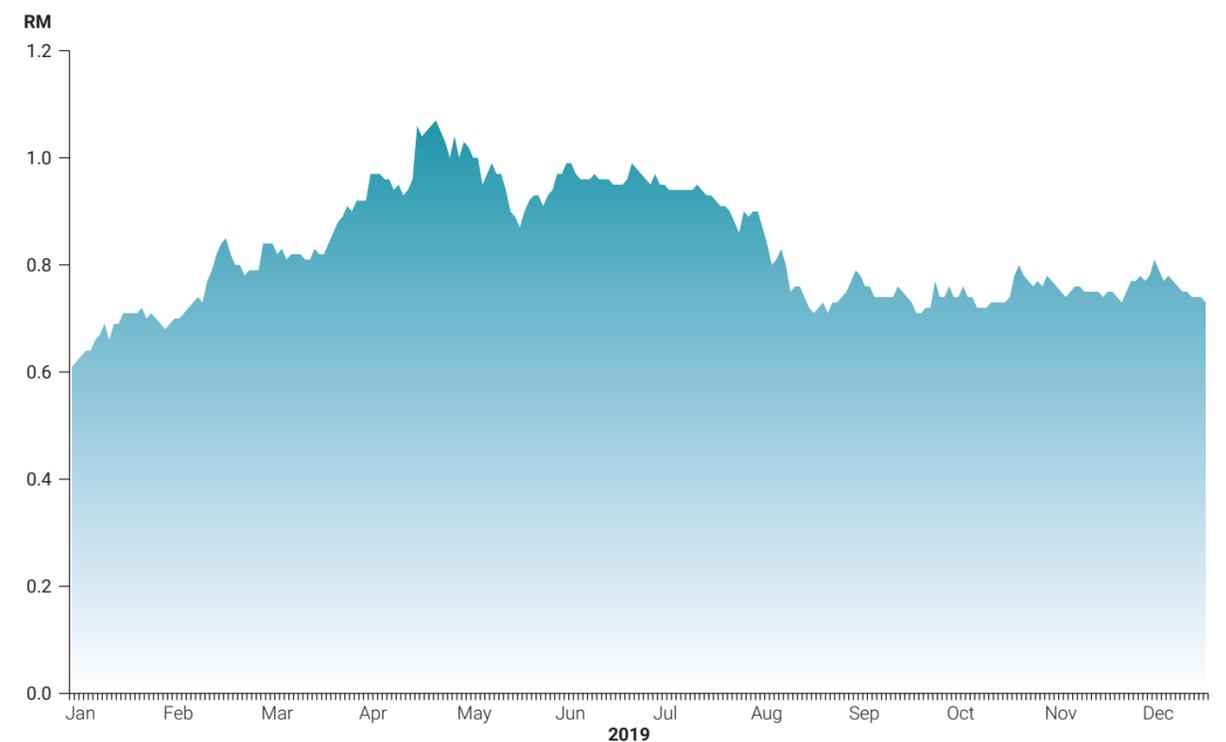
As part of our efforts to provide better insights into our business and ongoing projects, we also conducted site visits for analysts and fund managers.

The IR team also worked closely with the Group's Corporate Communications Department in ensuring accessibility to MRCB's Senior Management Team, and a press conference was conducted after the 48<sup>th</sup> Annual General Meeting.

MRCB is a corporate member of the Malaysian Investor Relations Association (MIRA) and Minority Shareholders Watch Group (MSWG). These memberships enable MRCB to 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 and be accessible to answer any questions.



MRCB Share Price Movement



## ENSURING INTEGRITY AND GOVERNANCE

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Dividend Policy

The Company has established a Dividend Policy whereby shareholders can expect a dividend payout amounting to at least 20% of core net profits. For the financial year ended 31 December 2019, the Company is proposing a first and final single tier dividend of 1.00 sen per ordinary share.

## 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 strategy, 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.

As required under Bursa Malaysia Securities Berhad's 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 2019, the 48<sup>th</sup> Annual General meeting was held on 30 May 2019 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) and will continue to evaluate efforts to address the 3 remaining departures.

Though we have made large strides in incorporating established best practices within our corporate governance in recent years, as demonstrated by our steady rise across multiple external benchmarks, the Board remains cognizant of the fact that having the best policies, processes, and structures in place is merely half the governance battle. For sustained compliance to be a reality, the continued development of our people will be paramount.

Our key focus for the future will therefore be on inculcating a culture of integrity within our diverse workforce. While cultural evolution will certainly be challenging, the Board views this as a crucial step in our ongoing journey to become a leading organisation that **sets the standard** in terms of value creation for all our stakeholders.

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 26 February 2020.

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" of "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 2019, proceeds raised from the Corporate Proposal has been utilised as follows:

No.	Description	Proposed Utilisation of Proceeds (RM'000)	Amount Utilised As At 31.12.2019 (RM'000)
1	Advances to Rukun Juang Sdn Bhd to Finance the Privatization	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	128,903
5	Estimated Expenses in Relation to the Proposed Rights Issue	9,597	9,597
<b>Total</b>		<b>1,732,149</b>	<b>1,732,149</b>

## 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 2019 amounted to RM1,100,000 and RM213,000 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 2019 were RM558,000 and RM105,000 respectively, detail as follows:

Description	Group (RM'000)	Company (RM'000)
(i) Provision of Taxation Services by PricewaterhouseCoopers Taxation Sdn Bhd ("PwC Tax")	135	18
(ii) Provision of consultation and advisory services by PwC Tax and PricewaterhouseCoopers Advisory Services Sdn Bhd in relation to the corporate tax matters and project feasibility studies.	423	87
<b>Total</b>	<b>558</b>	<b>105</b>

## ENSURING INTEGRITY AND GOVERNANCE

## ADDITIONAL COMPLIANCE INFORMATION

## III) MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

Chilled Water Supply Agreement dated 2 August 2019 entered into between KD District Cooling System Sdn Bhd, a subsidiary of MRCB and Kwasa Utama Sdn Bhd, a wholly-owned subsidiary of Employees Provident Fund Board ("EPF"), for the supply of chilled water to an office building ("Building") located at Lot PT50853, Kwasa Damansara, Seksyen U4, 40160 Shah Alam for a period of 25 years at an estimated total consideration of RM149,540,885.

EPF is the major shareholder of MRCB.

## IV) LONG-TERM INCENTIVE PLAN

The Company established a Long-Term Incentive Plan ("LTIP"), 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.

Brief details on the total numbers of LTIP units granted, vested and outstanding since the commencement of LTIP up to financial year ended 31 December 2019 are as follows:

Description	Number of LTIP units	
	Grand Total	Directors and Chief Executives
Granted	41,093,700	2,795,300
Vested	(25,295,200)	(2,316,300)
Cancelled	(1,717,100)	-
Outstanding	14,081,400	479,000

As at 31 December 2019, the actual percentage of LTIP units granted in aggregate to Senior Management of the Company is 14.91%.

The Non-Executive Directors of the Company are not eligible to participate in the LTIP.

MATERIAL  
CONTRACTS

- 1. LETTER OF AWARD BETWEEN TURNPIKE SYNERGY SDN BHD AND MRCB BUILDERS SDN BHD**  
 Turnpike Synergy Sdn Bhd had on 18 January 2019 awarded MRCB Builders Sdn Bhd for the SUKE Package CA2: Construction and Completion of Mainline and Other Associated Works from CH.2400 to CH.4200 for the consideration price of RM323,000,000.00.
- 2. LETTER OF AWARD BETWEEN MRCB BUILDERS SDN BHD AND BGMC CORPORATION SDN BHD**  
 MRCB Builders Sdn Bhd had on 27 February 2019 awarded BGMC Corporation Sdn Bhd for the Construction and Completion of Structural and Architectural Works for Tower 1 Blocks, Architectural Only Works for Basement (B2-B1), Podium (GF-P7), Facilities Floor (P8) and Remaining Balance of Podium Structure Works (GF-P7) Up to Transfer Floor - Work Package WPC 1 for the consideration price of RM326,935,948.87.
- 3. LETTER OF AWARD BETWEEN MRCB BUILDERS SDN BHD AND MAKNA SETIA SDN BHD**  
 MRCB Builders Sdn Bhd had on 22 March 2019 awarded Makna Setia Sdn Bhd for the Construction and Completion of Reinforced Concrete (RC) Pile Caps, Piers, Deck Slab and All Other Associated Works for SUKE project for the consideration price of RM102,500,000.00.
- 4. SHARE PURCHASE AGREEMENT BETWEEN MALAYSIAN RESOURCES CORPORATION BERHAD (MRCB) AND CMY CAPITAL SDN BHD (CMY CAPITAL)**  
 MRCB had on 23 May 2019, entered into a Share Purchase Agreement with CMY Capital for the disposal of the aggregate of 3,000,000 Ordinary Shares and 72,000,000 Redeemable Convertible Preference Shares, comprising 30% of the issued and paid-up share capital of One IFC Sdn Bhd for purchase consideration of RM117,273,000.00. The Share Purchase Agreement was completed on 30 May 2019.
- 5. CHILLED WATER SUPPLY AGREEMENT BETWEEN KD DISTRICT COOLING SYSTEM SDN BHD (KDDCS) AND KWASA UTAMA SDN BHD (KUSB)**  
 KDDCS, a subsidiary of MRCB, had on 2 August 2019 entered into a Chilled Water Supply Agreement with KUSB, a wholly-owned subsidiary of Employees Provident Fund (EPF), for the supply of chilled water to an office building located at Lot PT50853, Kwasa Damansara, Seksyen U4, 40160 Shah Alam for a period of 25 years at an estimated total consideration of RM149,540,885.00.
- 6. SUPPLEMENTAL LETTER OF AWARD BETWEEN COUNTRY ANNEXE SDN BHD AND MRCB BUILDERS SDN BHD**  
 Country Annexe Sdn Bhd had on 4 September 2019 awarded MRCB Builders Sdn Bhd for the Design, Procurement, Construction and Completion of Earthworks, Foundation, Substructure and Superstructure Works for Lot 349 project for the consideration price of RM772,918,564.10.
- 7. SALE AND PURCHASE AGREEMENT BETWEEN P.J SENTRAL DEVELOPMENT SDN BHD (P.J SENTRAL DEVELOPMENT) AND SEMASA PARKING SDN BHD (SEMASA PARKING)**  
 Semasa Parking had on 20 September 2019, entered into a Sale and Purchase Agreement with P.J Sentral Development for the purchase of 4-storey of basement car park with total of 3,694 car park bays described as car park of Tower 1, Tower 2, Tower 3, Tower 5 and Tower 6 within a mixed commercial development called "PJ Sentral" to be erected on a portion of a parcel of leasehold land owned by "PJ" Sentral Development, held under Hakmilik 71105, Lot No. 12, Seksyen 26, Bandar Petaling Jaya, Daerah Petaling Jaya, Negeri Selangor, for purchase consideration of RM166,230,000.00. The Sale and Purchase Agreement was completed on 26 September 2019.
- 8. SETTLEMENT AGREEMENT BETWEEN PUNCAK WANGI SDN BHD (PUNCAK WANGI) AND CELCOM AXIATA BERHAD (CELCOM)**  
 Puncak Wangi had on 26 December 2019, entered into a Settlement Agreement with Celcom in respect of the disputes and differences arisen between parties under the Agreement to Build and Lease dated 28 February 2013, as varied by a letter dated 2 May 2013 issued by Celcom to Puncak Wangi (collectively 'ATBL') and under the contracts pertaining to interior design works (ID Works Agreements) for the settlement payment of RM100,000,000.00 as full and final settlement of all actions, claims, rights, demands, set-offs and issues between the parties in respect of and in relation to the ATBL, the ID Works Agreements and all communication, interaction, works and services undertaken in respect of Celcom Tower, PJ Sentral up to and as at the date of the Settlement Agreement.

ENSURING INTEGRITY AND GOVERNANCE

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This statement is prepared pursuant to the requirements set out within Paragraph 15.26(b) of Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia) and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (SORMIC Guidelines) endorsed by Bursa Malaysia.

The Board recognises the importance of managing uncertainties that may affect the achievement of MRCB Group (the Group's) objectives and is committed to manage the Group's risk pragmatically by embedding risk management into its system of internal control, management system and decision making process.

The Board is pleased to present the Statement on Risk Management & Internal Control, which outlines the nature and scope of risk management and internal controls within the Group during 2019.

## RESPONSIBILITY AND ACCOUNTABILITY

### Board

The Board affirms its overall responsibility to set the "tone-at-the-top" to drive a "risk-aware" culture throughout the Group by establishing and overseeing sound risk management practices, as well as the adequacy and effectiveness of its Risk Management Policy and Framework (RMPPF) and system of internal control.

With increasing competition and the need for continuous improvement to stay ahead of competitors, the rapid global pace of change, demand for transparency, accountability and integrity, as well as changes in regulatory requirements, the Board reviews the risk management framework on a regular basis and recognises that the risk management system is designed not to eliminate the risk but to manage risks. To achieve the Group's goals and objectives, the Board balances the risk-return trade-off within the established risk appetite and tolerance level of the Group in its decision making.

The Audit & Risk Management Committee (ARMC), is responsible for ensuring the adequacy, efficiency and effectiveness of the Group's risk management and internal control function and implementation.

### Management

The Management team lead by the Group Managing Director (GMD) is responsible for the implementation of the approved framework, policy and all procedures pertaining to risk management and internal control, to ensure that business strategies and risk management are aligned.

It is the responsibility of the Management to manage the risks faced by the Group through the implementation of effective control and mitigation measures. The Management recognises the importance of risk mitigation in pursuance of opportunities through the minimisation of the Group's exposure and maximisation of returns.

The Group Risk Management Committee (GRMC) and its subcommittees have been established at various levels of management to articulate significant risks and their mitigations, and at the same time support the risk management process across the Group. These committees are forums for risk deliberation and their escalation to the ARMC and Board.

### Employees

All employees have a duty to assess risk that could surface from their actions or decisions. It is the employees' responsibility to ensure reasonable care is taken to prevent loss, maximise opportunity, and to safeguard the Group's reputation and assets through appropriate controls to prevent or manage uncertainties. This is achieved through the compliance and application of the framework, policies and procedure in the conduct of their day-to-day duties.

### Group Internal Audit

Group Internal Audit (GIA) is an independent function of the Group that reports directly to the ARMC and administratively to the GMD. It provides objective assurance to the Board and Senior Management on the adequacy of the Group's internal control systems, governance and risk management processes.

The ARMC monitors and reviews the effectiveness of the internal audit activities conducted by GIA, by ensuring appropriate actions are taken by the Senior Management to correct weaknesses identified and improve internal control processes highlighted in the audits.

### Group Risk Management Department

The Group Risk Management Department (GRM) is entrusted to provide support to the Board and Management and facilitate the implementation of the risk oversight function.

It is also the responsibility of GRM to assist the Board and the Management to promote a "risk-aware" culture and integrate risk management into the decision making process. This is achieved through the encouragement of risk based thinking and the conduct of periodic risk assessments and risk review facilitation. The GRM also ensures the Management has implemented satisfactory control and has planned mitigation strategies to mitigate uncertainties that could impact the Group's objectives.

The GRM has a duty to communicate and report material risks to the Management, ARMC and Board periodically for effective and efficient risk management governance.

## RISK MANAGEMENT GOVERNANCE

The risk oversight governance for the Group has been enhanced during the year consistent with the sustainability and innovation the Group drives.

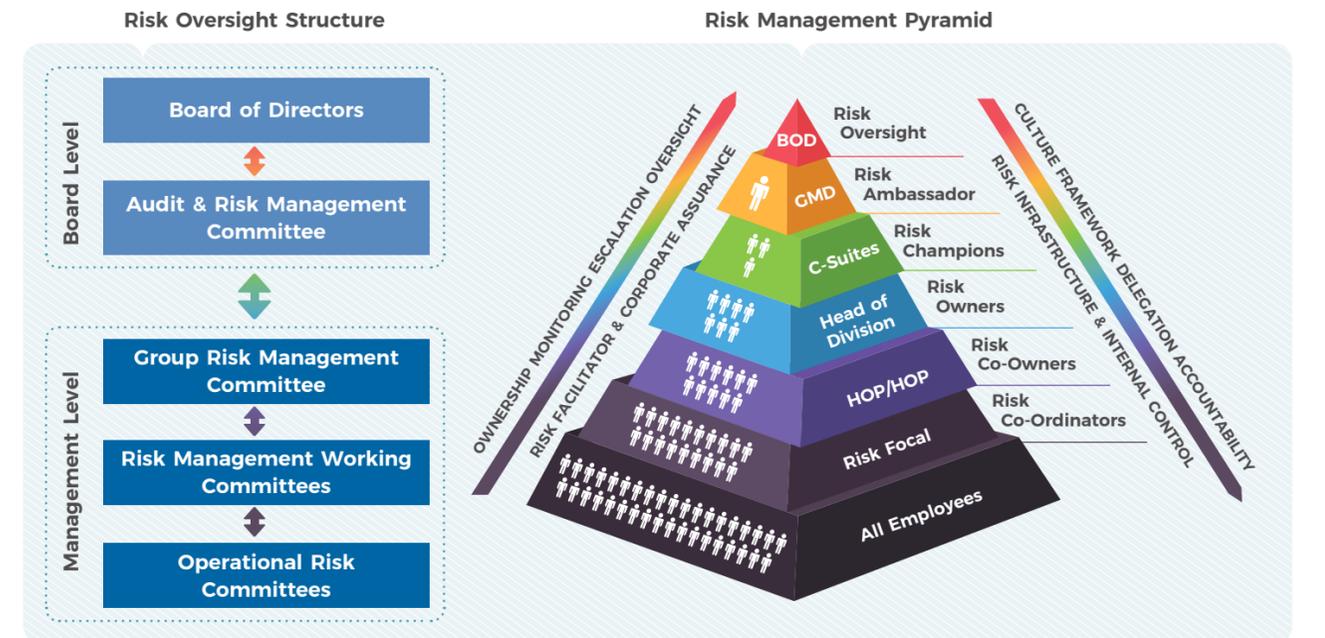
### Risk Oversight Structure

The risk management oversight structure is the implementation process established to map the escalation and cascading process of the risks, controls and mitigation strategies to be articulated at various levels of the organisation for the effective oversight of risk management.

The Board provides a strategic direction in terms of risk management and mandates the ARMC to oversee the establishment and implementation of the risk management process. At the Management level, GRMC, Risk Management Working Committees (RMWC) and Operational Risk Committees (ORC) were established to assist the ARMC and Board to discharge their responsibilities relating to risk management.

Periodic committee meetings and reporting are conducted review and assess the adequacy and effectiveness of mitigation strategies, and respond to significant risks related to strategic risk, operational risk and financial risk escalated by risk owners.

The risk oversight structure is as follows:-



Risk Management Oversight Structure

ENSURING INTEGRITY AND GOVERNANCE

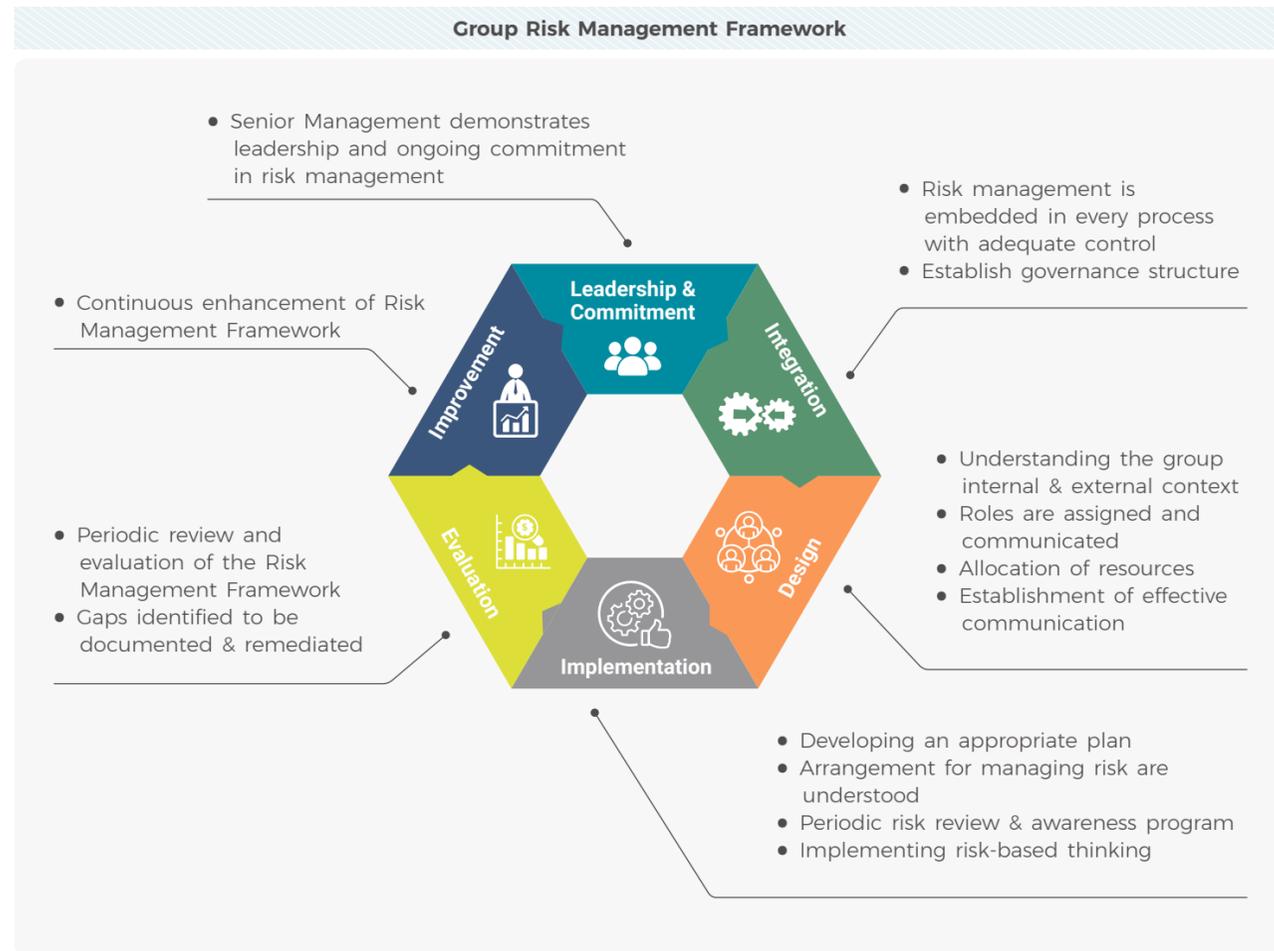
**STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL**

**Risk Management Policy and Framework (RMPF)**

The Group's RMPF adopts globally accepted risk management standards of ISO 31000:2018 Risk Management – Guidelines, providing a robust platform to determine effective risk management practices within the Group.

The Group is exposed to a range of strategic, corporate, financial and business operational related risks associated with its core property development & investment and construction businesses.

The RMPF provides a standard and consistent approach to implementing enterprise risk management across the Group. In line with the Group's vision of "setting the standard", this framework aims to provide a standard and organised approach throughout the Group.



Within the RMPF is a defined risk management policy which the Group adopts in its pursuit of managing risk:

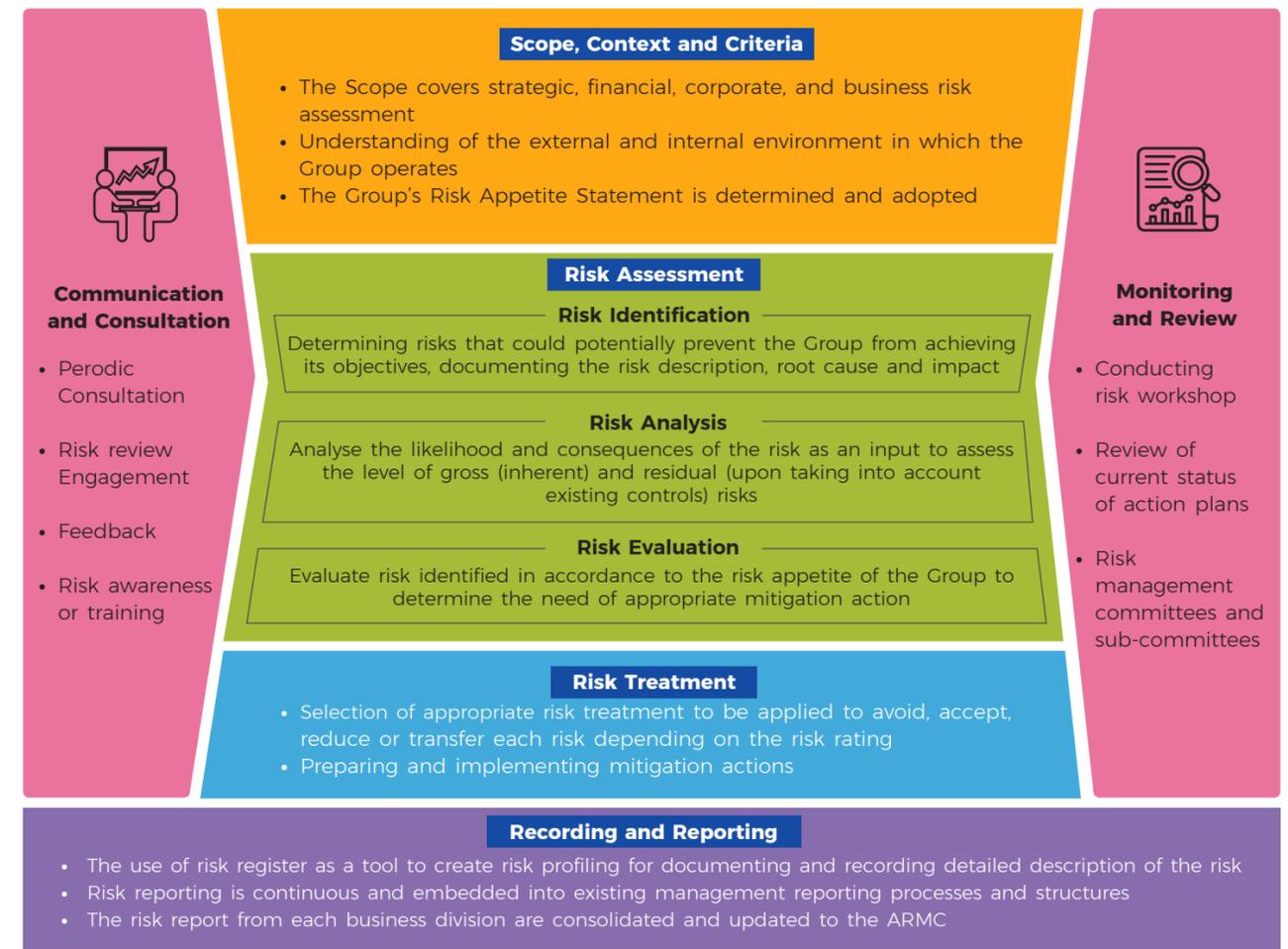
- Risk management is aligned with the Group's objective, strategy and culture;
- Risk management forms an integral part of the Group's governance;
- Pragmatically manage risks and explore opportunities for projects, investments and businesses to balance risk and rewards to optimise returns;
- Articulating risk management leadership and commitment; and
- Communicating the value of risk management to the organisation and its stakeholders.

**Enterprise Risk Management (ERM) Process**

ERM is a structured and disciplined approach to align the Group's strategies, processes, people, technology, and knowledge with the purpose of evaluating and managing the uncertainties that the Group faces as it pursues its sustainable objectives.

The ERM process is designed to identify potential unfavourable events that may adversely affect the Group and prioritise material risks within the Group's risk appetite and tolerance level. It also provides a reasonable assurance relating to the achievement of the objectives.

The Group has adopted ERM based on ISO 31000:2018 and has tailored the guidelines to fit the Group's business operations:



ENSURING INTEGRITY AND GOVERNANCE

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RISK MANAGEMENT IMPLEMENTATION

Risk Management Initiatives

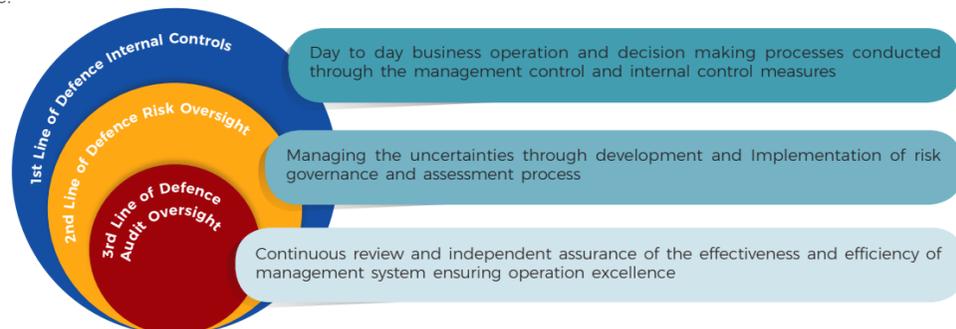
During 2019, GRM carried out the following key initiatives covering the risk oversight function:

<p><b>Risk Management Masterplan</b></p> <p>Established a masterplan to achieve risk management maturity in 5 years with an initiatives pipeline and resource planning.</p>	<p><b>Risk Management Governance Structure</b></p> <p>Established the mechanism and key enablers in governing risk management establishment, including risk escalation, line of defence, internal control and roles, responsibilities and accountabilities.</p>
<p><b>Risk Appetite and Tolerance Level</b></p> <p>Established the level of risk exposure that the Group is willing to accept or tolerate while pursuing its business objectives.</p>	<p><b>Risk Management Infrastructure</b></p> <p>Establishment of Risk Management Policy and Framework and Risk Management Procedure that outlines the principles, framework and process that the Group adopts in managing risk and opportunity.</p>
<p><b>Group Risk Management Committee and its Subcommittees</b></p> <p>Established to provide a platform for risk articulation and deliberation at management level before escalation to the ARMC and Board.</p>	<p><b>Risk-based Culture</b></p> <p>Conducted risk awareness and training programs to promote a risk-based culture and disseminate risk information. The materials were curated and customised based on the results of a survey.</p>
<p><b>Risk Assessment</b></p> <p>Risk assessments were conducted on a self-assess basis through workshops and engagement sessions with the risk owners, risk co-owners and risk coordinators. Key risks and mitigation identified were deliberated by Group Risk Management Committee and its subcommittees prior to escalation to ARMC and Board.</p>	<p><b>Risk Considerations for Decision Making</b></p> <p>Risk assessment is compulsory for all pertinent decision making in relation to new investments, divestments, tenders, and/or other significant transactions.</p>

INTERNAL CONTROLS

Lines of Defense

The Group adopts a Three Lines of Defense mechanism that integrates risk, control and assurance to achieve operational excellence. Each of the three lines of defense plays a distinct role within the Group's governance, as depicted in the following figure.



Business processes are the 1st line of defense, whereby all the processes documented in the form of policies and procedures must be risk-based processes and equipped with proper controls to mitigate inherent risks associated to the processes. The ownership of each process must be identified to ensure resource allocation is well managed. Heads of division, departments, business units and all employees of the Group are responsible and accountable to protect the Group from uncertainties through risk-based and controlled business processes.

The risk oversight function forms the second line of defense through the assessment and mitigation of emerging risks. The risk owners who are also process owners are responsible to perform the risk management alongside their day to day duties. The GRM is entrusted to facilitate, coordinate and monitor the risk management process implementation and escalation.

The audit oversight is the third line of defense, performed by the GIA, which provides independent assurance to the Board and Management on the effectiveness of risk management and internal control governance, and propose improvements based on its findings and observations.

Main Features of Internal Control

Internal control is an integral part of risk management, where risk management focuses on managing risks and opportunities whereas internal control helps counter risk and takes advantage of opportunities. The Group's internal control framework consists of the following five integrated components:



## ENSURING INTEGRITY AND GOVERNANCE

### STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

#### Internal Control Initiatives

Key elements of the Group's internal controls, which have been in place throughout 2019 are as follows:

#### People Management

##### Organisational Structure and Reporting Lines

- 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 Conduct, 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, where defined goals are set. Employees' performance is monitored, appraised and rewarded according to the achievements against the targets set.

##### Anti-Bribery Management System

- 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.
- All employees signed the Corruption-Free Pledge to reinforce the Group's commitment towards the prevention of corruption. There are also ongoing efforts to increase anti-corruption awareness, which will continue indefinitely.
- MRCB Group obtained ISO 37001 certification of its Anti-bribery Management System (ABMS).
- The Group has a zero-tolerance of all forms of bribery and corruption and is committed to conduct business ethically and in compliance with all applicable laws and regulations in the countries where it operates. The Group's commitment towards anti-bribery and corruption includes:
  - 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 behaviour; and
  - Continuous anti-corruption and bribery training and awareness programmes for all personnel.

##### Conflict of Interest Policy

- Proper identification and policies governing the management of conflict of interest situations have been established to ensure business decisions are made in the best interests of the Group.
- This policy was developed to ensure actual, potential and perceived conflicts of interest are identified and managed effectively through a declaration process.
- Appropriate steps are taken to manage the conflict and to mitigate its impact on decision making process, ranging from abstaining from any involvement in the conflict matter, to relinquishing an interest that gives rise to the conflict.
- This policy is further strengthened with a No Gift Policy which prohibits the giving and acceptance of any kind of gift from external parties to safeguard the Group's interest from any conflict of interest, or anything which could influence impartial decision making.

##### Whistleblowing Policy

- A whistleblowing process has been established to provide an avenue for whistle-blowers to communicate their concerns on matters of integrity or any other unlawful or unethical behaviour in a confidential manner.
- A whistle-blower who is an employee disclosing information in good faith will be protected from any reprisal as a direct consequence of the disclosure.
- All genuine whistleblowing reports are thoroughly investigated by the Integrity and Discipline Department and firm action is taken accordingly, including reporting all confirmed illegal acts to the appropriate authority.
- This process has been proven to be a very effective tool for the Management to detect and combat fraud and unethical behaviour throughout the Group.

#### Process Management

##### Integrated Management Systems (IMS)

- An Integrated Management System (IMS) incorporating ISO 9001, ISO 14001 and ISO 45001 requirements has been established and implemented for the Engineering & Construction Division to continuously provide high quality, cost effective, reliable, safe and environmentally friendly products and services.
- 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.

##### Financial Management

- 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 Management and the Executive Committee 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 when a comprehensive budget review exercise is undertaken.

##### Limits of Authority

- Limits of Authority have been established for the Group. These Limits of Authority (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 Limits of Authority are approved by the Board with the recommendation of the ARMC.
- The most recent revisions of the LOA were carried out in September 2019 and all revisions were approved by the Board.

##### Business Operation & Project Management

- The performance of business divisions and the status of key projects are monitored through weekly Results-Action-Review meetings at various levels in the organisation.
- 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.
- The Group is also in the midst of implementing an Enterprise Resource Planning (ERP) platform to integrate, digitalise and automate the management of the main business processes across the Group. This platform will enhance process efficiency, eliminate redundant manual processes as well as provide Management with timely and accurate information on the Group's performance to aid Management in making effective operational decisions.

##### Environment, Safety and Health Management

- 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.

##### Communication Management

- 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 the Group's cash flow position.
- 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.

ENSURING INTEGRITY AND GOVERNANCE

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Technology Management

Information Security & Cybersecurity

- A multi-dimensional Information Technology (IT) security strategy protects information from a wide range of threats and safeguards the confidentiality, integrity and availability of information.
- Securing the Group's data and IT infrastructure is built on well-developed security policies, and a comprehensive IT security strategy and roadmap, which ensures the Group protects its business, customers, data, viability and integrity.
- The Group acknowledges the importance of leveraging on information technology to digitalise and automate processes and promote efficient business operations. However, reliance on IT may expose the Group to emerging cybersecurity threats.
- In response to such threats, the Group has established reasonable cybersecurity controls, among others:
  - Continuous review of Information Security Controls;
  - Security awareness training was conducted throughout the year, in the form of visually appealing educational and awareness videos and multimedia notifications sent to all employees throughout the year;
  - Continuous communication and information dissemination to employees on new cybersecurity risks;
  - Dissemination of monthly editorial messages on IT Security and the importance of safeguarding personal and confidential information;
  - An annual IT audit is performed by an external consultant covering the areas of security, access control, backup, disaster recovery and internal IT general controls;
  - All production servers have been migrated to a leading cloud and data center service provider with Tier III design certification, riding on Microsoft Cloud's security;
  - Deployment of Microsoft Threat Protection solutions to enhance the identification and mitigation of cybersecurity incidents more efficiently and effectively; and
  - A cybersecurity and disaster recovery plan.
- As part of its cybersecurity enhancement initiative, the Group plans to conduct the following:
  - A cyber security maturity assessment;
  - Identify gaps in governance, people, process and technology;
  - Perform a cyber security and IT risks and controls assessment that will provide a holistic perspective of the current state of cyber security capabilities across the organisation;
  - Identify weakness in existing control and provide recommendations for improvement based on an understanding of business and existing controls, where relevant;
  - Consolidated findings to establish a baseline point; and
  - Develop a roadmap based on the gaps identified.

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.

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.

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.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT



HASMAN YUSRI YUSOFF  
Chairman

AUDIT & RISK MANAGEMENT COMMITTEE

The Audit & Risk Management Committee (ARMC) was established by the Board of Directors as a Committee of the Board, in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), to assist the Board in discharging its duties and responsibilities effectively. The ARMC is governed by its Terms of Reference, which sets out its key roles and responsibilities.

MEMBERSHIP OF THE ARMC

The ARMC comprises three (3) members:

**Hasman Yusri Yusoff** (Chairman)

**Jamaludin Zakaria**

**To' Puan Janet Looi Lai Heng**  
(appointed on 12 January 2019)

**Rohaya Mohammad Yusof**  
(resigned on 12 January 2019)

MEETINGS AND ATTENDANCE

The ARMC, through regularly scheduled meetings, maintains a direct line of communication with the Board, external auditors, internal auditors and Management.

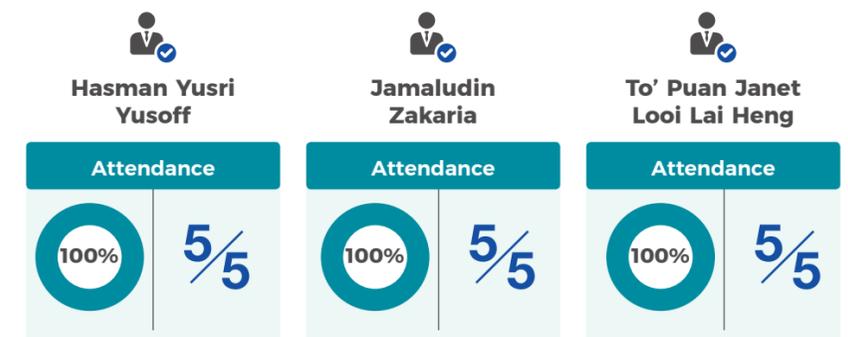
A total of five (5) ARMC meetings were held during the financial year ended 31 December 2019 and all members attended all meetings.

The dates of the meetings held are as follows:

	<b>25</b> February 2019	<b>22</b> March 2019	<b>27</b> May 2019	<b>26</b> August 2019	<b>20</b> November 2019
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The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (MIA). On 12 January 2019, Rohaya Mohammad Yusof, who is a Non-Independent Non-Executive Director of the Company resigned as a member of the ARMC and was replaced on the same date by To' Puan Janet Looi Lai Heng, an Independent Non-Executive Director. As a result, all members of the ARMC are Independent Non-Executive Directors.

The profile of each of the ARMC members is set out in the Directors' Profiles section beginning on pages 73 - 79. The membership and composition of the ARMC complies with the requirements of paragraph 15.09 of the MMLR with regards to size, independence and skills.



## ENSURING INTEGRITY AND GOVERNANCE

### AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Company Secretary, who acts as Secretary to the ARMC attended all the meetings. Also, in attendance by invitation, were the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer, Chief Corporate Officer, Head of Internal Audit, Head of Risk Management, Head of Integrity and Discipline and Head of Corporate Governance. Certain members of the Management Team were also invited to provide further explanations and clarifications on matters raised at the meetings. A wide range of issues concerning the operations of the Group and internal audit reports were thoroughly reviewed and deliberated at these meetings.

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

The Company Secretary is responsible for coordinating the meetings of the ARMC. Minutes of each ARMC meeting are recorded and tabled for confirmation at the next ARMC meeting and also tabled to the Board for notification. The ARMC Chairman reports to the Board on the key 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 sets out the authority, duties and responsibilities of the ARMC, which are consistent with the requirements of the MMLR.

The Chairman of the ARMC is not the Chairman of other Board Committees or other Boards in the Group. The Chairman of the ARMC is responsible for the management, development and effective performance of the ARMC, and provides leadership to the ARMC. He acts as the chair at all ARMC meetings, and maintains active, ongoing dialogue with Management and both internal and external auditors, while encouraging open discussion. He also ensures that the ARMC maintains effective communication and a constructive working relationship with the Board, Management and internal as well as external auditors.

The TOR of the ARMC is available on the Company's website at <https://www.mrcb.com.my/corporate-governance/>.

#### PERFORMANCE OF THE ARMC

The performance of the ARMC and its members is assessed through the annual Board Effectiveness Evaluation exercise. In the assessment carried out by an independent consulting firm in 2019, the performance was evaluated based on the following criteria:

- Composition and governance.
- Meeting administration and conduct.
- Skills, competencies and professional development.
- Oversight of risk management and financial reporting process, including internal controls and the audit function.

The results of the assessment, which was reviewed by the Nomination & Remuneration Committee and presented to the Board of Directors for notification, was favourable.

#### 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 31 December 2019 were as follows:

##### Financial Reporting

- i Reviewed with Management and the external auditors 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. Among matters discussed were those related to accounting policies, significant matters highlighted by Management or the external auditors, compliance with accounting standards and other legal or regulatory requirements.

##### Internal Audit

- i Reviewed and approved the annual internal audit plan for the financial year ending 31 December 2020, to ascertain the extent of its scope and coverage of the Group's activities, including the adequacy of the Group Internal Audit's resources in supporting completion of the plan.

- ii Reviewed the effectiveness of the Group Internal Audit (GIA) function to ensure that its activities are performed independently, impartially, and with due professional care, as well as assessed the performance of the GIA and the competency and performance of the Head of Internal Audit.
- iii Reviewed and deliberated on internal audit reports in respect of the Group's operations every quarter. The internal audit reports comprise key audit findings, auditors' recommendations, Management's responses to the findings and agreed action plans.
- iv Reviewed the status of implementation, effectiveness and adequacy of Management's corrective actions on previous audit findings through follow-up audit reports to ensure all key risks and control issues were addressed.
- v Suggested additional improvement opportunities in the areas of internal control and operational efficiency.

##### Related Party Transactions

- i Reviewed related party transactions, with appropriate disclosures made as required under the MMLR, and ascertained that the transactions were fair, reasonable and conducted at arm's length prior to recommendation to the Board of Directors or shareholders for approval.

##### Executive Share Grant Scheme (ESGS) Allocations

- i Confirmed 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 auditors' audit plan, approach, scope and their proposed fees prior to commencement of their audit.
- ii Deliberated on the external auditors' 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.
- iv Assessed the performance of the external auditors, and provided a recommendation for their re-appointment and remuneration to the Board.

#### Risk Management

- i Deliberated on the Risk Management Masterplan that includes the risk management implementation plan for year 2019-2023 and recommended it to the Board for approval.
- ii Reviewed and deliberated on the Group's Statement on Risk Management & Internal Control (SORMIC) and recommended it to the Board for approval.
- iii Reviewed and deliberated on the Group Risk Management Policy and Framework (RMPF) and recommended it to the Board for approval.
- iv Noted the progress of the risk management development activities throughout the year under review and provided feedback for improvement.

#### Other Activities

- i Reviewed and recommended to the Board for approval, proposed revisions to the Limits of Authority of the Group.
- ii Reviewed dividend payments proposed by Management and the results of the solvency tests performed on the Group pursuant to Section 132(3) of the Companies Act 2016.
- iii Reviewed the updates on the implementation of the Anti-Bribery Management System.
- iv Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Corporate Governance Report.

#### INTERNAL AUDIT FUNCTION

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

The GIA is governed by the Internal Audit Charter that has been approved by the ARMC. The Internal Audit Charter defines the objectives, mission, scope, organisation, authority and responsibilities of the GIA. The GIA comprises ten auditors and is headed by Kailash Herkishan, who has extensive experience in internal and external audit. Kailash holds a Bachelor's degree in Accountancy from University Malaya and is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

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.

## ENSURING INTEGRITY AND GOVERNANCE

### AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The principal roles of the GIA are to undertake audits and reviews to evaluate the effectiveness of internal controls, governance and risk management processes 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 auditors to assist in clarifying matters raised by the external auditors where 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, as well as the ARMC's and Management's inputs. 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.

The GIA carried out its activities based on the annual audit plan approved by the ARMC. During the financial year ended 31 December 2019, the GIA conducted audits of key property development and construction projects, and other selected business units of 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.

The total cost incurred by the GIA in discharging its function and responsibilities during the financial year was RM1,646,120.

#### RISK MANAGEMENT PROCESS

The ARMC is supported by the Group Risk Management Department (GRMD) to spearhead the development and implementation of the risk oversight function. The principal role of GRMD includes integrating risk management into the management system and decision making process. A systematic process to identify, analyse, evaluate, treat and communicate significant risks is practiced, in accordance with ISO 31000:2018.

During the financial year ended 31 December 2019, GRMD carried out various initiatives and activities in accordance with the approved masterplan to discharge the roles and responsibilities of the ARMC in managing uncertainties faced by the Group. This was performed through the establishment of a robust risk management infrastructure that forms the governing pillars of a sound internal control system.

The Statement on Risk Management & Internal Control, as set out in pages 108 - 116 of this Integrated Annual Report, provides an overview of the current 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 auditors through the ARMC. During the year, the Company engaged its external auditors for statutory audits and other non-audit services, i.e. tax-related matters.

The ARMC meets regularly with the external auditors to discuss and review the audit plan, annual financial results and reports of examination and any audit findings that are highlighted by the external auditors for the ARMC's attention. In recommending the external auditors for reappointment, the ARMC reviews their performance, suitability and independence. As part of the requirements of ISA 300 "Planning an Audit of Financial Statements" and the Malaysian Institute of Accountants (MIA) By-Laws on Professional Conduct and Ethics, the external auditors make representations on their independence as auditors. They confirmed that for the audit of the financial statements of the Group and Company for the financial year ended 2019, they have maintained their independence in accordance with their firm's requirements and with the provisions of the relevant By-Laws of the MIA. They have also reviewed the non-audit services provided to the Group during the year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Group. They also reaffirm their independence at the completion of their audit.

This Audit & Risk Management Committee Report was approved by the Board of Directors at its meeting held on 26 February 2020.

## 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 2019.
- 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 2019

- Reviewed the progress of key projects;
- Deliberated on major business proposals and transactions;
- Reviewed the progress and achievement of the budget set for 2019; and
- Reviewed the business plan and budget for 2020.

ENSURING INTEGRITY AND GOVERNANCE

## 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).

- 5 meetings held during 2019.
- 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.

### DUTIES AND RESPONSIBILITIES (REMUNERATION)

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

- 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.
- 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.
- 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.
- To review any major changes in employee benefit structures throughout the Company or Group, and if deemed fit, recommend to the Board for adoption.
- 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
- To seek any information it requires from any employee of the Company in order to perform its duties.
- 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 2019

- Deliberation on the appointment and resignation of Audit and Risk Management Committee Member;
- Deliberation on the renewal of contract of Group Chief Operating Officer and Chief Corporate Officer;
- Deliberation on the Remuneration Policy and Procedures for Board of Directors and Key Senior Management;
- Deliberation on the procedures and the results of the Board Effectiveness Evaluation (BEE) for assessment year 2018;
- Deliberation on the re-election of Tan Sri Azlan Zainol, Hasman Yusri Yusoff and Dato' Mohamad Nasir Ab Latif as a Directors of the Company for the shareholders approval at the 48<sup>th</sup> Annual General Meeting; and
- Deliberation on the 2019 salary review and bonus allocation for all employees.

ENSURING INTEGRITY AND GOVERNANCE

## 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 2019.
- All members attended the meeting.

### DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the LTIP Committee are as set out in the LTIP By-Laws as approved by the shareholders and would also include, amongst others, the following:-

- To exercise all the powers and undertake the duties and responsibilities stated in the LTIP By-Laws
- Report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the LTIP Committee.
- Arrange for periodic review of its own performance, constitution and terms of change it considers necessary to the Board for approval.
- To act in line with directions of the Board of Directors.
- To consider and examine such other matters as the LTIP Committee considers appropriate.

### HOW THE LTIP COMMITTEE SPENT ITS TIME IN 2019

Deliberated on the proposed allocation of Restricted Share Plan shares under the Executive Share Grant Scheme of the LTIP to the employees.



A mural masterpiece known as the "Tree of Hope" was commissioned by MRCB Land to rejuvenate an old building along the Old Klang Road.

# SUSTAINABILITY STATEMENT

### ABOUT THIS STATEMENT

As one of Malaysia's leading urban property and infrastructure developers, Malaysian Resources Corporation Berhad (MRCB or the Group) understands its responsibility to uphold strong standards and shape the industry by practising and promoting sustainable development. MRCB has progressively translated its vision for sustainable growth into initiatives that are embedded in the business' strategy.

During this reporting period, we have had the opportunity to assess our performance and refocus our efforts on achieving business growth and success using the lens of sustainability.

We strive to strengthen our position and reputation in the industry through these efforts, and continue to adapt to the changing social, environmental, and economic conditions.

By incorporating sustainability throughout our value chain and executing our business strategy, we believe we can make a positive impact on our community and the environment.

### Format

As part of our efforts to improve transparency, relevant section/subsections are mapped to corresponding GRI Indicators throughout this Sustainability Statement.

### Scope of this Statement

102-1, 102-3, 102-4, 102-6, 102-50, 102-52

This statement includes the domestic operations of MRCB under its Property Development & Investment (MRCB Land) and Engineering, Construction and Environment (MRCB Builders) divisions, which consist of subsidiaries that MRCB has direct control of and in which the Group holds a majority stake.

### Reporting Period 102-50

The reporting period covered in this statement is from 1 January to 31 December 2019. Where possible, information from previous years has been included to provide comparative data.

### Our Reporting Framework 102-54

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and with reference to the Sustainability Reporting Guide issued by Bursa Securities. The framework of the statement, on the other hand, is in line with the reporting standards of the Global Reporting Initiative (GRI).

### Feedback 102-53

We value feedback from our stakeholders and will use them to improve our reports and initiatives. To raise questions, concerns, or comments, you may contact:

Name : Dr Renard Siew

Email : renard.siew@mrcb.com

SUSTAINABILITY STATEMENT

# OUR APPROACH TO SUSTAINABILITY

## Corporate Sustainability Goals

Our approach to sustainability is founded on the five (5) pillars of sustainability: people, planet, partnership, prosperity, and peace. These pillars define our focus areas that align our ambition for sustainable growth with our goals for business success, in the short, medium and long-term.

### PEOPLE

MRCB is determined to effectively engage with all its stakeholders including its employees and ensuring a positive impact to society

### PEACE

MRCB is committed to upholding the highest ethical standards in all areas of our business, ensuring transparency and honest conduct

### PROSPERITY

MRCB is committed to upholding competitive financial performance that is beneficial to the Company, employees, and the national economy and society



### PLANET

MRCB pledges to explore innovative approaches and adopt green practices in order to minimise our impact to the environment

### PARTNERSHIP

MRCB is keen to form valuable partnerships that are beneficial and aim at tackling global problems

## Our Contribution to the United Nations Sustainable Development Goals (UN SDGs)

As a leading property and construction player in the country and as a responsible business, we recognise the need to contribute to global efforts such as the UN SDGs for sustainable development. The business case for sustainability is strong and will enable businesses to better manage risks, anticipate consumer demand, build position in growth markets and strengthen their supply chain.

In 2017, we selected two (2) UN SDGs: Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), which are well aligned with our values and business goals. In 2018, we identified six (6) additional SDGs which reflected our strengthened efforts to build a sustainable business. The SDGs selected were based on the economic, environmental, and social impacts of the company, and the initiatives we conduct to contribute to specific goals as defined by the UN. In 2019, we maintained all eight (8) UN SDGs because they continue to represent our aspirations and business direction to build stronger initiatives to achieve the relevant SDG targets.



## SDGs



- Prioritising 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 safety
- We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste



- We promote and participate in educational programmes; aimed at inspiring and motivating young Malaysians to excel in their studies
- We "adopt" primary schools from communities located within the vicinity of our project sites providing them learning resources
- We have been involved in renovating and upgrading schools and libraries for underprivileged children



- 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 are able to provide more employment opportunities, especially to locals, and contribute to the development of the national economy
- We embarked on the PEKA@MRCB programme which stands for 'Peluang Kedua Anda' providing employment opportunities for selected offenders who are at the tail end of their prison sentences
- We provide competitive salaries and benefit packages to our employees in addition to training opportunities for career growth and development



- We develop and construct green buildings, and where possible make efforts to incorporate sustainable features in our infrastructure projects
- We use the latest technologies to construct our buildings and pave the way for innovation



- As a leading urban developer of 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 infrastructure that enhances the sustainable features of cities such as public transport systems, green buildings and affordable housing.
- We build award winning, environmentally efficient buildings



- We implement our QESH policy at project sites, which includes the practice of the 3Rs (Reduce, Reuse, and Recycle)
- We have started to track water and energy usage at our project sites besides implementing strategies to improve efficiency
- 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



- We keep track of the carbon dioxide (CO<sub>2</sub>) emissions of our company vehicles
- We record our energy, water consumption and waste generation. We are currently planning ways to increase our energy efficiency as well as reduce waste across all our business operations

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

We are in the midst of developing a governance structure dedicated to sustainability, one that complements our existing organisational structure and underscores the importance of involving Senior Management to reiterate MRCB's vision for sustainable development. At MRCB, the Senior Management helps promote and recommend activities that strengthen the culture of sustainability throughout the organisation.

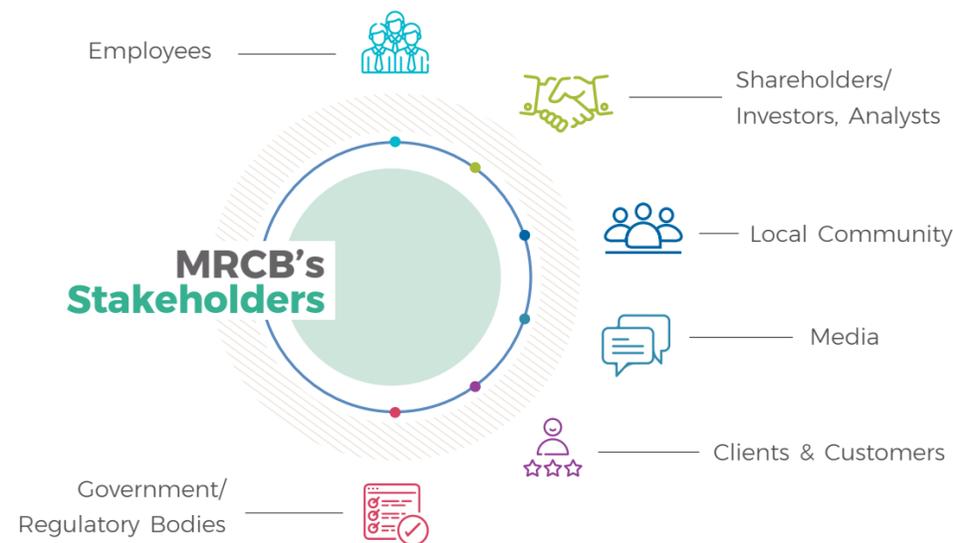
MRCB's Board of Directors (Board) oversees the Group's progress on the economic, environmental and social aspects of sustainability and endorses the direction of the organisation in terms of its approach to sustainability. With Board oversight, sustainability strategies are translated into effective implementation of initiatives throughout the Group.

The Group Managing Director (GMD) along with the Chief Corporate Officer prepare the Group to further improve its year on year sustainability performance and this involves sound decision-making for improvements on aspects of governance, policy and procedure when needed. The GMD develops the sustainability agenda encompassing all aspects, including addressing issues identified in previous years to better enhance MRCB's strategy, and then proposes it to the Board.

Stakeholder Engagement 102-40, 102-42, 102-43, 102-44

Stakeholder engagement is critical in determining business success. Engaging in meaningful dialogue with our internal and external stakeholders is an essential step towards understanding their expectations, concerns and interests regarding our business performance.

Stakeholder feedback is a valuable input that we take into consideration when designing our approach and strategy to propel the sustainable growth of our business. It helps us address concerns raised and identify areas that need improvement.



STAKEHOLDERS	AREAS OF CONCERN	METHODS OF ENGAGEMENT	FREQUENCY	ADDRESSING STAKEHOLDERS' CONCERN
 <b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Career development and training opportunities</li> <li>Work-life balance</li> <li>Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Annual Appraisals</li> <li>Training Programmes</li> <li>Employee Events</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>Provision of benefits for employees such as annual leave, medical benefits and other benefits</li> <li>Organisation of engagement programmes for employees</li> <li>Provision of opportunities for training and career development</li> </ul>
 <b>GOVERNMENT/ REGULATORY BODIES</b>	<ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Waste Management</li> <li>Labour Practices</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Inspections by local authorities</li> <li>Workshops</li> <li>Audits</li> </ul>	<ul style="list-style-type: none"> <li>Throughout the year</li> <li>Throughout the year</li> <li>Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>Management of scheduled waste and non-scheduled waste as per environmental laws and regulations</li> <li>Provision of Centralised Labour Quarters (CLQ) for foreign workers which focuses on their well-being (provision of clean water supply, enhanced fire safety regulations and recreational areas)</li> <li>Establishment of Corporate Governance relevant documents such as Corporate Governance Statements, Anti-Bribery, Code of Business Ethics, Whistleblowing Policy and many more</li> </ul>
 <b>CLIENTS &amp; CUSTOMERS</b>	<ul style="list-style-type: none"> <li>Quality and workmanship</li> <li>Product Safety</li> <li>Design and features</li> </ul>	<ul style="list-style-type: none"> <li>Customer Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>QLASSIC assessment</li> <li>Pre-delivery Inspection prior to handing over of products to purchaser</li> <li>Adoption of ISO 9001:2015 Quality Management System</li> <li>Customer Satisfaction Survey</li> </ul>
 <b>MEDIA</b>	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Transparent communications</li> <li>Corporate Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Press Releases</li> <li>Media Networking Sessions</li> </ul>	<ul style="list-style-type: none"> <li>Throughout the Year</li> <li>Throughout the Year</li> </ul>	<ul style="list-style-type: none"> <li>Organisation of Press Releases and Media Networking Sessions</li> </ul>
 <b>LOCAL COMMUNITY, CIVIL SOCIETY &amp; NGOs</b>	<ul style="list-style-type: none"> <li>Social Contributions</li> </ul>	<ul style="list-style-type: none"> <li>Donations</li> <li>Community Engagement Programmes</li> </ul>	<ul style="list-style-type: none"> <li>Throughout the year</li> <li>Bi-annually</li> </ul>	<ul style="list-style-type: none"> <li>The Yayasan MRCB conducted various programmes for the community such as:                             <ul style="list-style-type: none"> <li>Education and financial assistance for underprivileged students</li> <li>Empowerment programme for Orang Asli youth with physical limitations</li> </ul> </li> </ul>
 <b>SHAREHOLDERS/ INVESTORS, ANALYSTS</b>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Analysts' Briefings</li> <li>Engagement sessions through meetings, conferences and site visits</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>39 sessions were conducted throughout the year, where we engaged with 126 investment professionals</li> </ul>	<ul style="list-style-type: none"> <li>Provided company updates through:                             <ul style="list-style-type: none"> <li>Quarterly results briefings</li> <li>Corporate website</li> <li>Investor Relations mobile app</li> <li>One-on-one and group meetings as well as presenting at conferences, both locally and internationally</li> <li>Site visits for investment analyst, eg. Penang Sentral, Kwasa</li> <li>Sentral and the MRCB Building System launch</li> <li>Annual update meetings with Minority Shareholders Watch Group (MSWG) and Malaysian Investor Relations Association (MIRA)</li> </ul> </li> <li>Ensured accessibility to Board Members, Senior Management and/or IR team through:                             <ul style="list-style-type: none"> <li>Media session (AGM) after the Annual General Meetings and Extraordinary General Meetings (EGM)</li> <li>Shareholder access to Board Members and Senior Management before and after the AGM/EGM</li> <li>Direct email and phone access as listed on corporate website</li> </ul> </li> </ul>

\* An exhaustive list of our Stakeholder Engagement can be found on pages 34 - 37.

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

Our Materiality Assessment Process

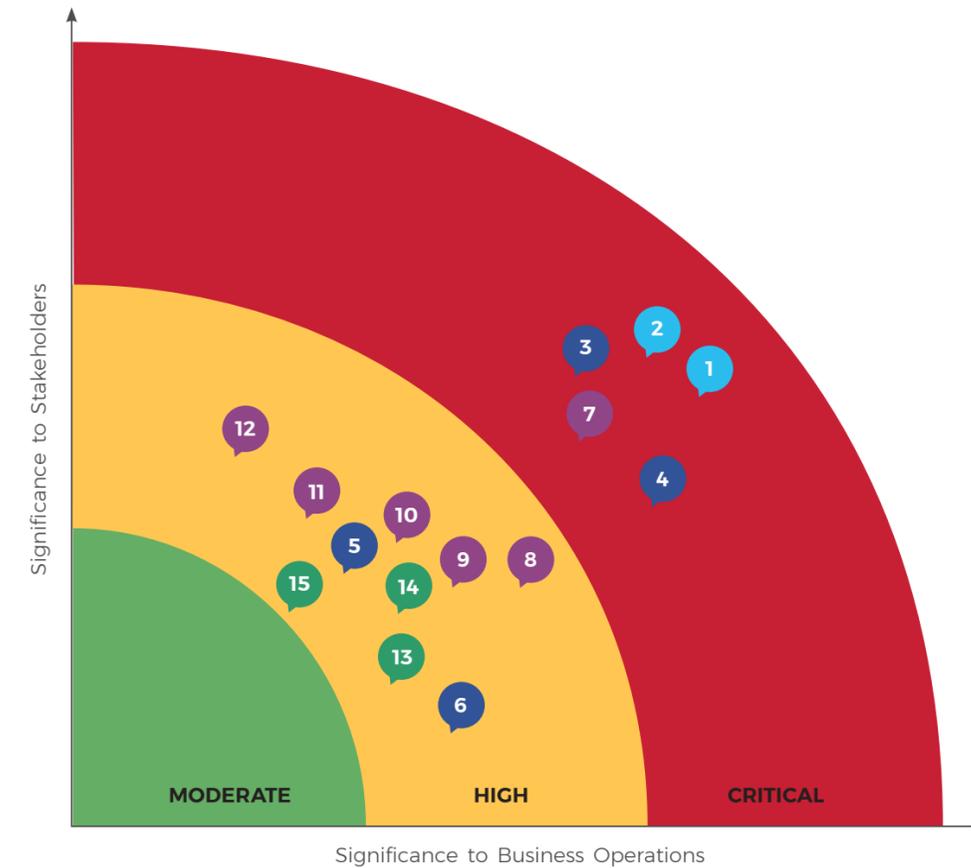
MRCB understands the need to focus efforts on material matters that are most significant to the business and to its stakeholders. We regularly analyse our performance to identify gaps and further evolve our strategy.

As with previous years, we have maintained the same list of material sustainability matters as we feel they best represent our impact on the economy, the environment and society. However, for this reporting period, we have re-evaluated the priority of each of the material matters in terms of their importance to the business and the influence they have on stakeholder decision-making. The last materiality assessment was conducted in 2018 and given the changes in the political and environmental context since then, in the country and internationally, we felt it was timely to re-evaluate.

The step-by-step methodology of our materiality assessment which we undertook is described in the illustration below:



Materiality Matrix



List of Material

- 1 Ethics & Principles
- 2 Governance & Compliance
- 3 Product Quality & Responsibility
- 4 Economic & Business Performance
- 5 Indirect Economic Impacts
- 6 Responsible Procurement & Supplier Assessment
- 7 Health & Safety
- 8 Employee Engagement & well-being
- 9 Customer Engagement
- 10 Diversity & Equal Opportunity
- 11 Labour
- 12 Local Community Engagement
- 13 Materials
- 14 Sustainable Construction
- 15 Waste

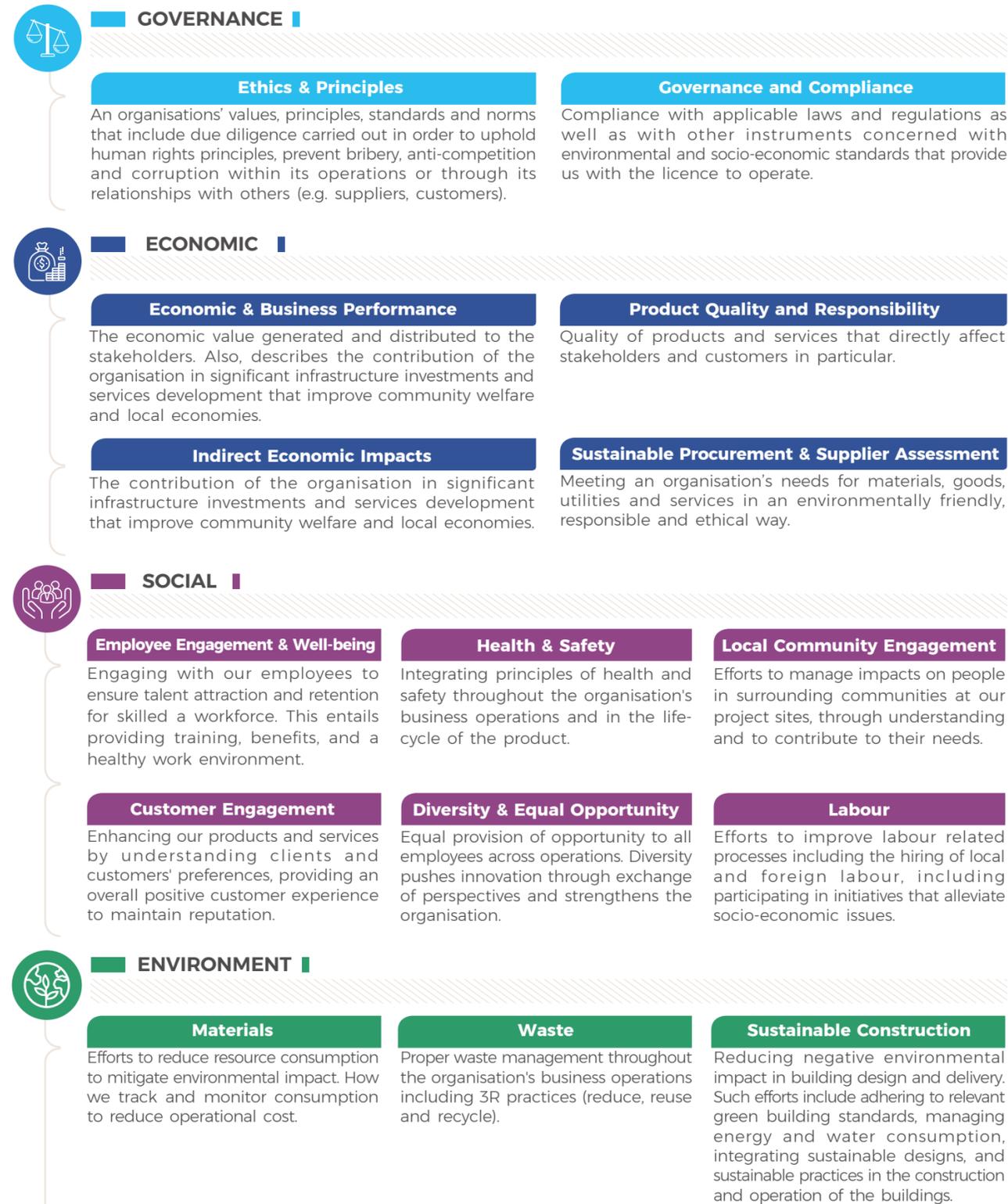
In 2019, we have maintained all 15 of our material matters that were identified in the previous reporting period, however, based on this year's assessment, the placements of the material issues have changed slightly. This is because we conducted a more accurate assessment, where we solicited feedback from department heads and Senior Management for a more comprehensive view of our priorities. Our method undertook a weighted ranking that allowed for a detailed perspective. The five (5) material matters located in the critical area of the materiality matrix from the 2019 assessment are Ethics & Principles, Governance & Compliance, Economic & Business Performance, Health & Safety, and Product Quality & Responsibility.

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

Our Material Issues and Definitions 102-47

The illustration below defines each of our material sustainability matters and the key topics covered under them.



To further illustrate our commitment to sustainability, we have aligned our material sustainability matters to the relevant stakeholder groups, the corresponding GRI indicators and the UN SDGs. The mapping of our matters to the SDGs are based on specific targets that have been outlined by the UN, and that match our current practices and initiatives.

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
<b>Governance</b>			
<b>Ethics &amp; Principles</b>	<ul style="list-style-type: none"> <li>Shareholders/Investors and Analysts</li> <li>Employees</li> <li>Government/Regulatory Authorities</li> <li>Customers &amp; Clients</li> </ul>	102: General Disclosure 103: Management Approach 205: Anti-corruption 206: Anti-competitive Behaviour	
<b>Governance &amp; Compliance</b>	<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> <li>Shareholders/Investors and Analysts</li> </ul>	307: Environmental Compliance 419: Socioeconomic Compliance	
<b>Economic</b>			
<b>Product Quality and Responsibility</b>	<ul style="list-style-type: none"> <li>Shareholders/Investors and Analysts</li> <li>Customers &amp; Clients</li> </ul>	103: Management Approach 201: Economic Performance	
<b>Economic Business &amp; Performance</b>	<ul style="list-style-type: none"> <li>Shareholders/Investors and Analysts</li> <li>Employees</li> </ul>	201: Economic Performance	
<b>Indirect Economic Impacts</b>	<ul style="list-style-type: none"> <li>Community</li> <li>Shareholders/Investors and Analysts</li> </ul>	203: Indirect Economic Impacts	
<b>Sustainable Procurement &amp; Supplier Assessment</b>	<ul style="list-style-type: none"> <li>Customers &amp; Clients</li> </ul>	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	
<b>Social</b>			
<b>Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>Employees</li> <li>Government/Regulatory Authorities</li> </ul>	403: Occupational Health & Safety	
<b>Employee Engagement &amp; Well-being</b>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	401: Employment 404: Training and Education	
<b>Customer Engagement</b>	<ul style="list-style-type: none"> <li>Customers &amp; Clients</li> </ul>	418: Customer Privacy	
<b>Diversity &amp; Equal Opportunity</b>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	405: Diversity and Equal Opportunity	
<b>Labour</b>	<ul style="list-style-type: none"> <li>Employees</li> <li>Shareholders/Investors and Analysts</li> <li>Government/Regulatory Authorities</li> </ul>	G4 Sector Specific - Construction and Real Estate Sector Disclosures	
<b>Local Community Engagement</b>	<ul style="list-style-type: none"> <li>Local Community, Civil Society, and NGOs</li> </ul>	413: Local Communities	
<b>Environment</b>			
<b>Materials</b>	<ul style="list-style-type: none"> <li>Government/Regulatory Authorities</li> </ul>	301: Materials	
<b>Sustainable Construction</b>	<ul style="list-style-type: none"> <li>Shareholders/Investors and Analysts</li> <li>Customers &amp; Clients</li> </ul>	302: Energy 303: Water and Effluents 305: Emissions	
<b>Waste</b>	<ul style="list-style-type: none"> <li>Communities</li> <li>Government/Regulatory Authorities</li> </ul>	306: Effluents and Waste	

SUSTAINABILITY STATEMENT

# UPHOLDING STRONG GOVERNANCE

## Governance & Compliance 419-1

Transparency and accountability are the twin foundations of a business and imperative if it is to succeed. Corporations are expected today to have exceedingly sound governance practices, at a degree never seen before.

We are cognisant of the expectations of our stakeholders, and by building strong governance and risk management controls, we gain stakeholder trust. We ranked 1<sup>st</sup> place in the Malaysian Institute in Corporate Governance's "Transparency in Corporate Reporting" report in 2019. MRCB also climbed higher in the Minority Shareholder Watch Group's (MSWG) MSWG-ASEAN Corporate Governance Awards, ranking 33<sup>rd</sup> in 2019 out of all listed companies, up from 67<sup>th</sup> in 2018. Thereby, demonstrating our commitment to sound governance practices and the importance we place on operating with accountability.

Risk intelligence at the most fundamental level covers regulatory compliance. Some of the key regulations we adhere to are the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance (MCCG) (see *Corporate Governance Overview Statement on page 86*), requirements of the Environmental Quality Act 1974, Occupational Safety and Health Act 1994, and guided by other best practices and standards such as those outlined in the ASEAN Corporate Governance Scorecard.

However, the cause and effect of the fast-changing political, environmental and economic climate can potentially lead to changes in the regulatory landscape. As a responsible player in the construction industry, we strive to build business resilience and to have a holistic view of the economic, environmental and social risks that could impact our business.

With regards to section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability, which will come into effect on 1<sup>st</sup> June 2020, we are fully cognisant of the far-reaching implications of this new provision. In addition to having acquainted ourselves with the contents and principles of this provision, we have put in place adequate procedures as a defense against corporate liabilities for corruption offences committed by persons associated with the Company through the setting up of a robust ISO 37001 certified Anti-Bribery Management System (ABMS).

Our efforts to go beyond compliance to future proof our business is evident in the voluntary practices recommended by the Malaysian Code of Corporate Governance (MCCG) 2017 we have undertaken. MRCB fully supports the recommendations outlined in the MCCG which contains a multitude of Practices and Step-Up Practices to promote good standards of transparency and corporate governance. In 2019 we adopted 29 out of the 32 Practices prescribed by the MCCG and all 4 of the Step-Up Practices that aim to raise the bar even higher for governance practices and processes, going well beyond existing regulatory requirements. (Refer to the *Corporate Governance Overview Statement on page 86*)

Through these efforts, we achieved a score of 95.98% in the 2018 ASEAN Corporate Governance Scorecard, an initiative by the Minority Shareholders Watchdog Group. Led by the Chief Corporate Officer's office, we are actively working with internal and external stakeholders to identify and close the remaining gaps on an annual basis.

## Ethics & Principles 205-2

MRCB has policies in place to ensure that its employees conduct business ethically and with integrity. The policy owners are MRCB's Integrity and Discipline Department (IDD) and the Human Resources Department (HR) which ensure employees and other stakeholders adhere to the relevant laws and regulations.

Our Code of Business Ethics (CBE) and the Anti-Bribery and Corruption Policy (ABC Policy or the Policy) govern the Group's business conduct. MRCB's Code and policies are communicated to every employee during the induction programme which includes viewing MRCB's Anti-Bribery Management System (ABMS) and whistleblowing videos. MRCB's website and intranet via the SharePoint platform are also available to employees, where they can learn more about our policies and expectations regarding business conduct.

## Anti-Bribery & Corruption

The Group has a zero-tolerance approach to all forms of corruption. In 2019, we are pleased to note that no incidents of corruption or bribery were reported.

Our main safeguard against corruption is our ABMS. This system recognises the requirements of:

- ISO 37001:2016
- Malaysian Anti-Corruption Commission (MACCA) Act 2009
- Companies Act 2016
- US Foreign Corrupt Practices Act 1977 (amended 1998) and
- UK Bribery Act 2010

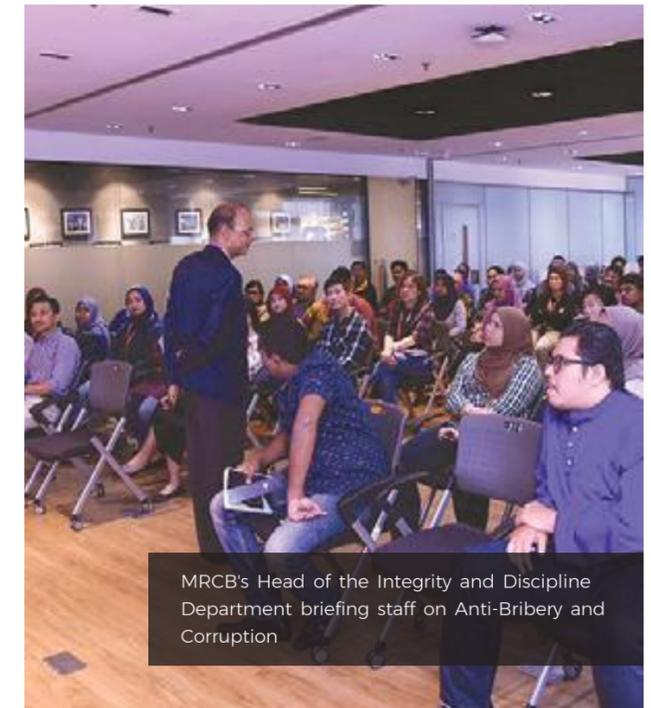
MRCB's embarked on the journey of establishing the ABMS in 2017. The preparation undertaken towards implementing the ABMS consisted of five stages based on the standards set out in the ISO 37001:2016 Anti-Bribery Management System (ISO ABMS).

In 2019, the ABMS and relevant Policies and Procedure were officially introduced in MRCB:

- i. Anti-Bribery & Corruption Policy
- ii. Due Diligence Guidelines
- iii. Conflict of Interest Policy
- iv. Anti-Bribery Controls for Controlled Organisation and Business Associates Policy
- v. Revised Gifts, Hospitality, Donations and Similar Benefit Policy
- vi. Revised Whistleblowing Policy

As of 31 December 2019, a total of 886 MRCB staff attended ABMS training.

Along with MRCB Corporate Integrity Pledge (CIP), MRCB instills five (5) anti-corruption principles as shown below:



## Whistleblowing

MRCB has a Whistleblowing Policy, which is accessible via the company's website that allows individuals to report any misconduct occurring within MRCB and its operations without fear of any reprisals. Internally, we have also established a Grievance Policy and Procedure, where employees can have their complaints or grievances recorded and put into consideration for resolution. A whistleblower can make a disclosure on improper conduct to whistleblowing@mrcb.com. In 2019, two whistleblowing cases (related to employee misconduct) were recorded and were fully investigated.

In addition, MRCB also has a Referral Policy that allows any employee to report incidents such as violation of any applicable laws and regulations to the authorities, including Polis Diraja Malaysia, government bodies or regulatory authorities.

## 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 or 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 and communication programmes have been carried out since 2018 to help employees better understand the implementation of this policy and how to professionally manage various situations involving gifts, such as dinner events or during seasonal festivities.

## Data Privacy & Protection

Technology has become increasingly integral to the workplace allowing for effective and efficient collaboration over various platforms and across a vast network of people. However, this also increases the threat and risk of cyber-attacks that can threaten the security of information/data collected and used by the organisation. MRCB has implemented strong cyber security measures to protect the data of the company as well as our clients and other stakeholders. (For more information refer to *SORMIC on pages 108 - 116*)

In 2019, there were a total of 87 phishing attempts, of which only one (1) employee accidentally clicked on a phishing link. Action was taken and the matter was immediately reported to the IT helpdesk to ensure that they monitored further suspicious activity. To avoid further security breaches, the IT helpdesk disconnected the employee from the network and then followed through with steps to recover and enable a secure network connection.

Our efforts to increase awareness of such threats include employees being regularly alerted about the latest viruses and scams to extract data through email alerts, knowledge sharing through short video clips and monthly bulletins that cover topics like ransomware and password protection. MRCB strives to ensuring that employees are well informed to protect themselves and the company.

SUSTAINABILITY STATEMENT

# ECONOMIC CONTRIBUTIONS

## Economic and Business Performance 201-1

Economic performance is imperative to the sustainability of the Group as it supports the growth of our business operations. It is a top priority for MRCB as well as for our stakeholders, and as such, appropriate risk management plans and processes have been set in place in order to maximise value returned to our shareholders. Please refer to pages 64 - 69 of this report for full details on our financial highlights. To read the full disclosure of our financial performance, kindly refer to MRCB's Financial Report 2019.

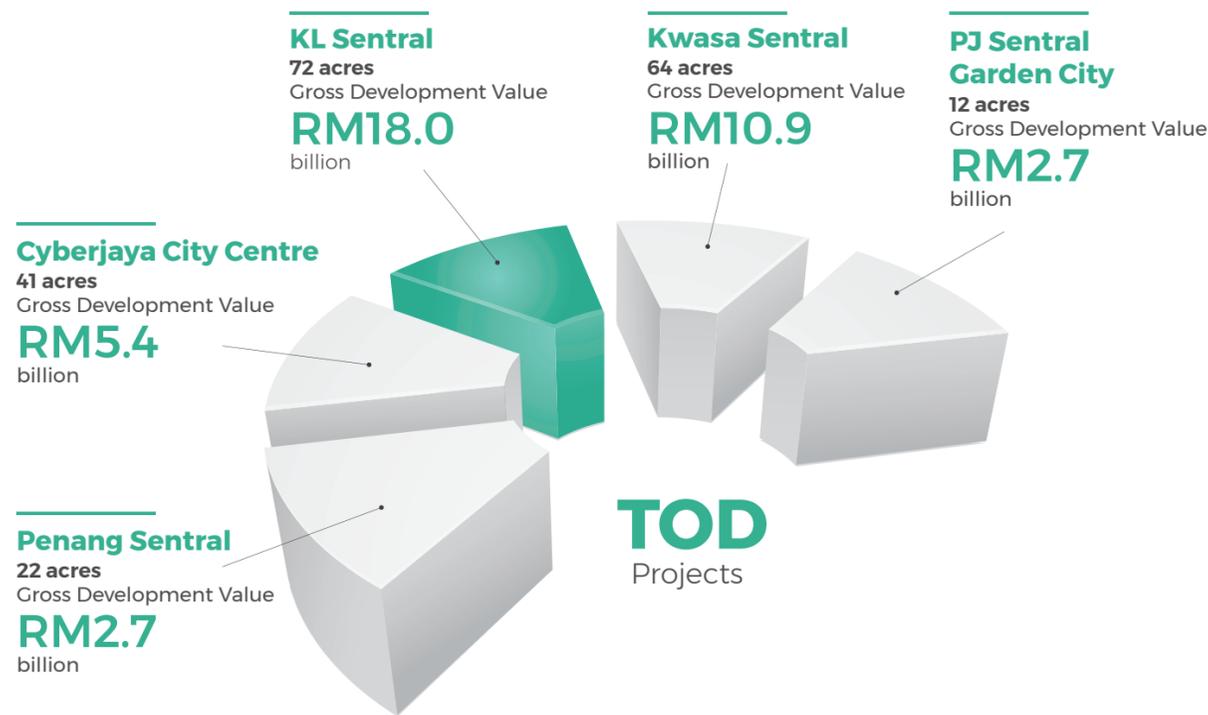
## Indirect Economic Impact 203-2

In Malaysia, we are the pioneer of Transit Oriented Developments (TODs) and have led the way in effecting a paradigm shift in public transport connectivity. TODs support mixed use developments where communities of residences, offices, restaurants, shops, hotels, hospitals and schools are all within walking distance from each other and mass transportation hubs.

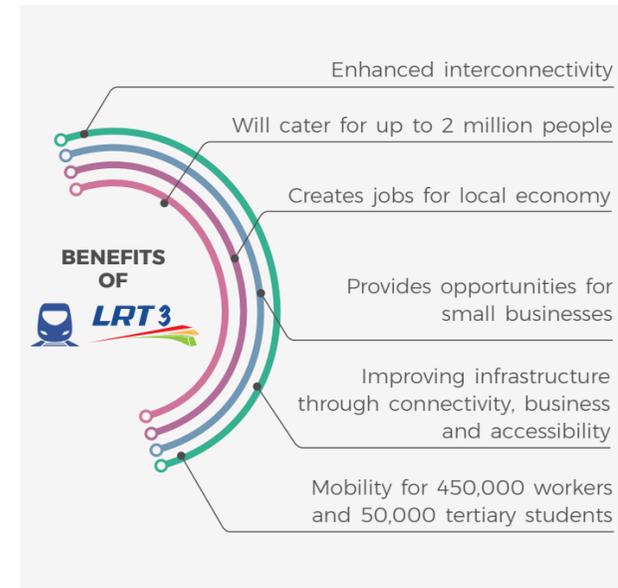
Our developments successfully integrate living and working spaces, and are designed to increase productivity and connectivity while ensuring they are sustainable - our role as a TOD developer naturally incorporate sustainability, as these developments encourage city dwellers to choose urban mass transport infrastructure for commuting, taking motor vehicles off roads thus reducing carbon emissions. In enhancing the public's commuting experience, we also focus on connectivity and convenience, paying particular attention to the proximity and integration of our developments to public transportation.

By developing high density, mixed-use real estate around rail stations, we spur economic development and spearhead environmental initiatives. Improving connectivity and increasing accessibility to public transportation reduces car usage and a concomitant reduction in carbon emissions. The creation of such hubs attracts investors for commercial and retail development thus providing economic benefits to both corporates and retailers.

### Our flagship TOD projects include:



For detail on our TODs, please refer to pages 20 - 21



Our 50%-owned subsidiary MRCB George Kent Sdn Bhd (MRCBGK) was appointed by Prasarana Malaysia Bhd to be the turnkey contractor for the design and construction of the Light Rail Transit Line 3 (LRT3). The completion of the LRT3 will cater to over 2 million people, enhancing interconnectivity and mobility for a population of 450,000 workers and 50,000 tertiary students in the Western Corridor of Klang Valley. The design phase of the LRT3 project was conferred by the Construction Industry Development Board (CIDB) with a 5-Star Sustainable INFRASTAR, the highest level certification (See *Green Infrastructure* page 153).

Additionally, our bridge linking Old Klang Road and the New Pantai Expressway is estimated to benefit 20,000 people by reducing the travelling distance by 3.5km from Pantai Dalam to Old Klang Road, and by 5km from the Subang area to the Klang area.

Our investment in creating sustainable urban ecosystems is significant and we will continue to seize such opportunities to foster economic growth, mitigate negative environmental impact and improve social conditions.

## Responsible Procurement & Supplier Assessment 204-1

MRCB recognises the importance of managing procurement and suppliers properly as they are an important part of our operations. We are actively seeking initiatives to enhance the way we procure goods and services.

We ensure that our suppliers are selected from among those with a strong track record and are aligned with our commitment to build a sustainable supply chain. Environmental

impact and transparency of our supply chain are important considerations for the business to be sustainable. Our procedures ensure a transparent supplier selection process. For example, we have a very transparent preliminary qualification assessment and performance evaluation process. All of 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. Quotations evaluated by the procurement department have stated justifications for selection, which is then approved by the project team.

MRCB's supply chain management is governed by its Group Procurement Policy and the Policy on Pre-Qualification of Contractors, Consultants and Suppliers. These policies determine how supplier registration and pre-qualification, purchase requisition, sourcing strategies, as well as purchasing methods should be conducted.



Our commitment to have a sustainable supply chain management includes appointing foreign suppliers only when it is absolutely necessary for the business. Engaging local suppliers over foreign suppliers helps reduce transportation costs and carbon emissions. Of our 413 suppliers, 404 are local (contracted from the Klang Valley area with several based in Johor, Perak, and Penang) with 9 having major foreign shareholders incorporated locally. In 2019, 96% of our procurement budget was spent on local suppliers

To ensure the quality of our deliveries, we apply strict standards where all business partners are vetted using stringent pre-selection criteria and evaluated progressively upon selection. We conduct performance evaluations of our suppliers every six (6) months to ensure that they are on track for project completion.

MRCB is in the midst of commencing development of an E-Procurement system to enable all procurement processes to be electronic, and suppliers can access information in real time, including the status on progress and delays. In the near future, we plan to progressively identify and adopt more sustainable practices to incorporate into our procurement process, as well as embedding sustainable criteria in the evaluation of suppliers.

SUSTAINABILITY STATEMENT

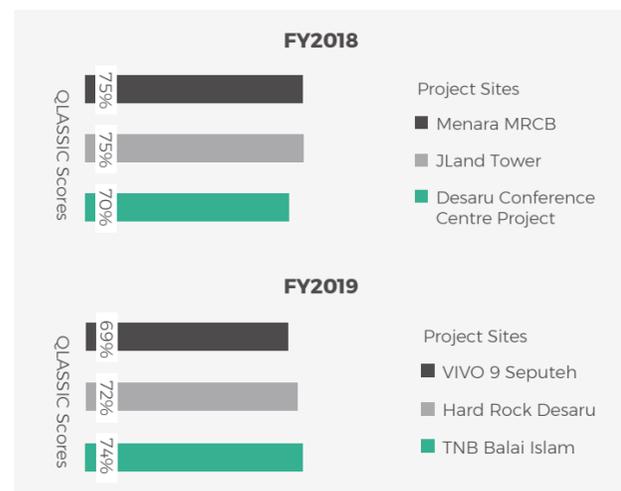
# DELIVERING EXCELLENCE

## Product Quality and Responsibility

### Quality Assessment System in Construction

The Construction Industry Development Board (CIDB) established the Quality Assessment System in Construction (QLASSIC) as a benchmark of workmanship quality of building construction work based on the Construction Industry Standard (CIS). The assessment uses sampling and statistical analysis to determine the score of the workmanship based on the required standard. MRCB aims to achieve a minimum QLASSIC score of 70-75%, subject to requirements set for each project. According to CIDB, a construction project with a 70% QLASSIC Score is considered to be a credible standing.

Below is the QLASSIC Scores for MRCB's projects:



Apart from QLASSIC assessments, MRCB has also adopted the Pre-Delivery Inspection (PDI) which involves inspection of our properties by internal staff prior to handing them over to purchasers, clients and customers. Our in-house team is required to check and ensure best industry practices are implemented, including giving at least two (2) months for PDI and necessary rectification works before the handover. We learn from the defects of completed projects and pay particular attention to avoid repeating them during the design stage in forthcoming projects.



To reduce defects and enhance the quality of our products, MRCB has developed an in-house new building system known as the MRCB Building System (MBS) that utilises a Prefabricated Prefinished Volumetric Construction (PPVC) System coupled with our patented and unique Candle-Loc Connection System. This allows up to 90% of construction to be fabricated offsite, and the modules are then transported, stacked locked into position at the construction site. The different modules can be configured with 0.02% precision into functional living and non-living units of varying shapes and sizes, allowing it to be used for any type of residential development design.

This system was developed to cater to the ever-changing demands of the industry by predominantly reducing our dependency on unskilled foreign man power and material wastage, while also enhancing quality standards and a 30-50% reduction in project delivery times. Additionally, by moving the construction site to a factory setting, we create a more convenient, safe and efficient workplace that attracts local workers. As a responsible business, we will license MBS to other companies to help overcome the social and environmental issues of construction. (See pages 12 - 15 for more details).

Other initiatives that MRCB has put into practice include a dedicated team in place to oversee the ongoing management and maintenance of the ISO 9001:2015 Quality Management System (QMS). The team identifies, tracks and implements system changes in a timely and consistent manner for the benefit of project teams that use construction materials in their daily operations.

Our projects undergo annual Internal Quality Audit (IQA) to ensure QMS compliance, where the findings are clearly communicated to the project teams and tracked for timely corrective action. All issues are further communicated to the Management Team for their awareness and use in monitoring project performance.

We also engage an external certification body, the Standard and Industrial Research Institute of Malaysia (SIRIM) to conduct an External Quality Audit annually. In addition to the above, the QA/QC teams conduct ongoing inspections.



## Customer Engagement

At MRCB, we conduct customer satisfaction surveys after the completion of residential and commercial projects, allowing us to identify gaps and areas for improvement in upcoming projects. The data that we collect from our customer satisfaction surveys during vacant possession handover involves feedback on our projects and services.

In accordance with our policy and guidelines, we respond to every complaint within three (3) working days. We engage with customers and clients by telephone, email, WhatsApp messenger, Residents Mobile Applications, and face-to-face communications for those who walk in. We also held two (2) town hall sessions with home owners at VIVO, 9 Seputeh to understand and address their concerns and complaints.

MRCB Land initiated a loyalty programme called MRCB Land VIP Loyalty Programme which rewards MRCB Land customers with rebates on subsequent property purchases, exclusive invites to talks and events, retail promotions and other discounts.

At MRCB, we do our best to showcase best practices, increase brand awareness and quality. Our efforts in this direction are demonstrated by the awards we received in 2019:

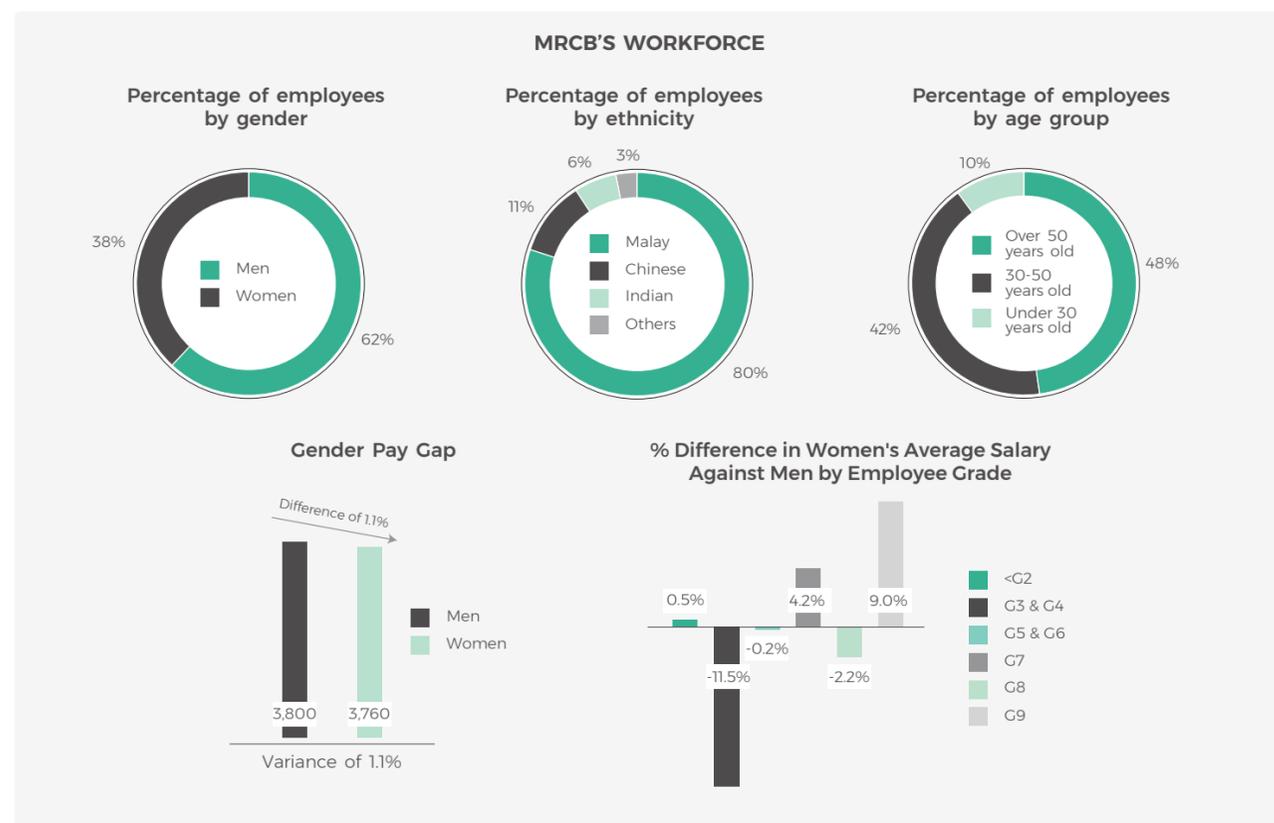
PROJECT	AWARDS WON
Penang Sentral	Starproperty.my Awards 2019 Excellence winner for the Just Walk Award (Best Integrated Development)
Sentral Suites	Strarproperty.my Awards 2019 Excellence winner for the Skyline Award (Best High Rise Residential Development)
MRCB	Strarproperty.my Awards 2019 The All-Star Award (Top Ranked Developer of the Year)
MRCB	Strarproperty.my Awards 2019 Reader's Choice Award
MRCB Land	PropertyGuru Asia Property Awards (Malaysia) 2019 Best Developer
MRCB Land	PropertyGuru Asia Property Awards (Malaysia) 2019 Special Recognition in CSR
MRCB Land	PropertyGuru Asia Property Awards (Malaysia) 2019 Special Recognition for Building Communities
TRIA Seputeh	PropertyGuru Asia Property Awards (Malaysia) 2019 Winner for the Best High End Condo/Apartments Development (Klang Valley)
9 Seputeh- VIVO	PropertyGuru Asia Property Awards (Malaysia) 2019 Winner for the Best Mixed-Use Development
Sentral Suites	PropertyGuru Asia Property Awards (Malaysia) 2019 Highly Commended for the Best High End Condo/Apartments Development (Klang Valley)
Kalista Park Homes	PropertyGuru Asia Property Awards (Malaysia) 2019 Highly Commended for the Best Landed Development (Klang Valley)
TRIA Seputeh	PropertyGuru Asia Property Awards (Malaysia) 2019 Highly Commended for the Best Landscape Architectural Design
MRCB Land	Property Insight Prestigious Developer Awards 2019 Top 10 Developers
Sentral Suites	Property Insight Prestigious Developer Awards 2019 Best Luxury High Rise Development
Penang Sentral	FIABCI Malaysia Property Award 2019 Winner for Purpose Built Category

SUSTAINABILITY STATEMENT

# SOCIAL RESPONSIBILITY

## Diversity & Equal Employment 405-1, 405-2, 406-1

At MRCB, we promote an inclusive environment at the workplace. Every employee is made aware of our corporate policy on diversity and inclusion as stated in MRCB's Employee Handbook. MRCB recognises the advantages in having a diverse workforce, as it strengthens our abilities and capacity as an organisation through the accumulation of different experiences. We protect the well-being of our employees and foster a work environment based on mutual respect. It is through the different perspectives of each individual in our dynamic workforce, that spurs creativity, allowing MRCB to pave the way to innovative solutions. The graphs below illustrate MRCB's employee distribution by gender and by age group. We also include the percentage of basic salary and remuneration of women to men.



As seen above, 48% of our workforce are in the 30-50 years old age category. We strive to retain experienced talents that can highly benefit the Group. Those below 30 years of age make up 42% of our workforce and we strive to support our young talent through equipping them with the relevant skillsets and expanding their knowledge in the industry. The breakdown of our workforce by ethnicity is as follows: Malay (80%); Chinese (11%); Indian (6%) and others (3%).

The variance in overall median remuneration between male and female employees, the gender pay gap, is only 1.1% for the Group.

Given the physically demanding nature of the work at the project sites, a majority of our employees are comprised of men (62%). However, to break this mould, we have invested in initiatives such as training to better equip women in the industry. This way, they are not limited to only certain kinds of jobs and are open to work in any of MRCB's operations. We have managed to increase our percentage of women in senior management positions slowly, which illustrates our efforts in supporting the women in our workforce. The national target by the Ministry of Human Resource is to have 30% of the Board of Directors to be women, and MRCB presently has 29%.

MRCB implements a number of initiatives targeted at addressing the challenges faced by women at the workplace, ensuring their success. Our efforts to encourage the participation and help support the professional development of women at the company is shown on page 141.



## EMPOWERING WOMEN IN THE WORKFORCE

### Mother's Room 01

Designated private rooms are provided at our headquarters for nursing mothers returning to work. The rooms are equipped with seating tables and electrical outlets for comfort.



### Staggered Work Hours 02

Employees are entitled to opt for flexible work hours to better fit their needs.



### Sexual Harassment Awareness Session 03

We conducted a session aimed at raising employee awareness and helping them have a better understanding of the context of Sexual Harassment in the workplace.



### Kid Care 04

MRCB set up a temporary child care centre due to the closing of over 1,400 schools nationwide due to the haze. Interactive activities were conducted for the children, helping parents unable to find alternative short-term placements for their children.

### Shortened Work Hours 05

Expecting mothers are entitled to opt for shortened work hours that allow them to attend to their health and well-being.



### Pink October 06

We conducted a session aimed at supporting and increasing awareness about early detection and prevention of breast cancer amongst employees. The well-being of our staff is of the utmost importance.

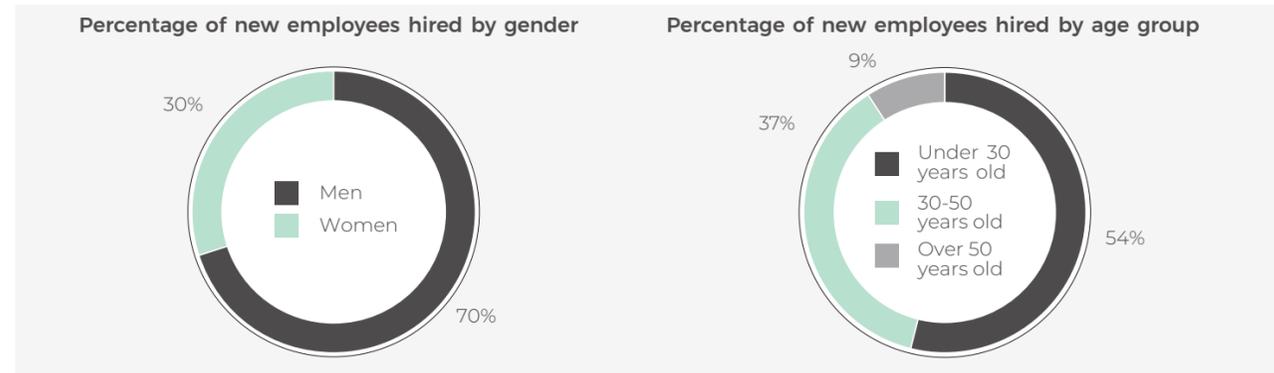
MRCB places importance on respecting people from all socio-cultural backgrounds and does not tolerate discrimination through unequal treatment or harassment, especially on the grounds of gender and ethnicity. In 2019, no incidents of discrimination or harassment were reported. Diversity in the workforce brings different perspectives, valuable experience and different skill-sets to the Group.

SUSTAINABILITY STATEMENT

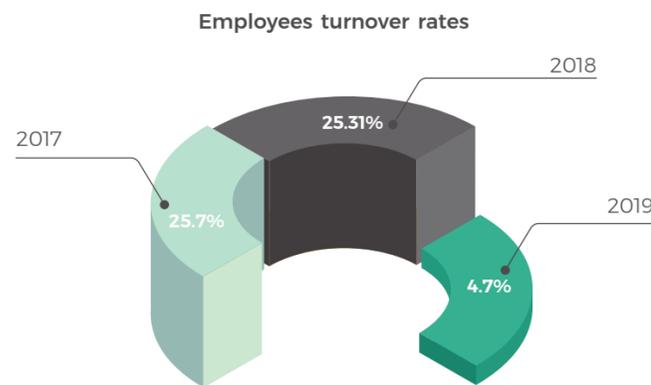
SOCIAL RESPONSIBILITY

The Group strives to hire and retain skilled talents as they are the main drivers of the company. The figures displayed below illustrate new employees hired and the turnover rate for this reporting period.

New Employees Hired



Employee Turnover



Despite the higher turnover rates that the construction and engineering industry generally faces, we have managed to decrease our turnover rate for this year compared to previous years retaining our valued talents.

Employee Engagement and Well-being 401-1 401-2 403-1, 404-1, 404-3

Recognising that MRCB's success is driven by a committed workforce, we strive to empower employees through a supportive corporate culture and comprehensive human capital management approach. We provide safe working conditions and protect employee rights across our businesses.

Programmes

To encourage employee well-being, employer-employee communication and team building, we organised several programmes in 2019. Some of the key programmes are listed in the table below.

List of Employee Engagement Programmes	
<ul style="list-style-type: none"> <li>HR2U Penang (LHDN &amp; Tabung Haji)</li> <li>Employee Focus Group</li> <li>Movie Day</li> <li>MRCB Merdeka Celebration &amp; Merdeka Theme Day</li> <li>Distribution of N95 Masks</li> <li>Treasure Hunt</li> </ul>	<ul style="list-style-type: none"> <li>Property Power Up Session 2019</li> <li>MRCB Counselling Services</li> <li>Medical and Insurance Roadshow</li> <li>Health Carnival - AIA Vitality Programme</li> <li>Perdana Fellows Alumni Association (PFAA) Networking Session with Group Managing Director &amp; Chief Corporate Officer</li> <li>Graduate Talks by Chief Corporate Officer</li> </ul>

Benefits

At MRCB we adopt best practices with respect to benefits and wellness including annual leave and benefits which differ depending on the position the employee holds within the organisation. From time-to-time we review our benefit packages to ensure they are well-suited for our employees and competitive. Below lists some of the benefits provided to MRCB's employees.

LEAVE	MEDICAL	OTHERS
<ul style="list-style-type: none"> <li>Annual Leave</li> <li>Sick leave</li> <li>Emergency Leave</li> <li>Compassionate Leave</li> <li>Exam Leave</li> <li>Marriage Leave</li> <li>Prolonged Illness</li> <li>Maternity Leave</li> <li>Paternity Leave</li> <li>Pilgrimage Leave</li> <li>Replacement Leave</li> </ul>	<ul style="list-style-type: none"> <li>Outpatient Treatment</li> <li>Hospitalisation</li> <li>Maternity Benefit</li> <li>Executive Health Screening</li> <li>Dental</li> </ul>	<ul style="list-style-type: none"> <li>Mileage Claims</li> <li>Hotel Accommodation &amp; Air Travel</li> <li>Transfer Allowance</li> <li>Mobile Phone Bill</li> <li>Parking Subsidy</li> <li>Broadband Subsidy</li> <li>Car Allowance and Petrol Card</li> <li>Professional Membership Fee</li> <li>Educational Assistance</li> </ul>

Career Development

Investing in our workforce is the cornerstone of our business philosophy and growth. MRCB strives to sharpen employees' knowledge with soft skills and leadership training, functional or technical training and E-Learning. Employees have embraced the concept of life-long learning and undergo relevant training based on findings/gaps derived from performance evaluations.

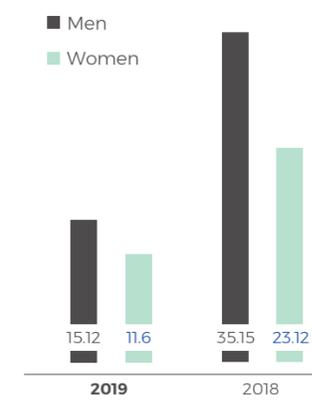
Training and Learning Opportunities

Investing in our workforce is the cornerstone of our business philosophy and growth. MRCB strives to sharpen employee knowledge with soft skill development, technical training and leadership training using different platforms including e-Learning. Our employees have embraced the concept of life-long learning and undergo relevant training based on findings derived from the performance evaluations of our programmes.

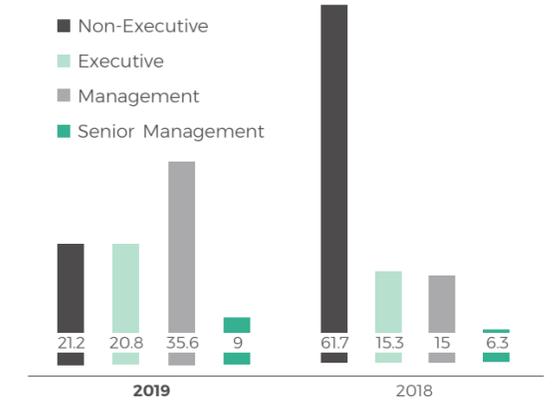
In 2019, we organised dedicated training sessions to enhance technical, analytical and soft skills development among employees. During the year MRCB employees underwent a total of 28,200 training hours which works out to an average of 13.8 training hours per employee. Average training hours by gender and employment category are illustrated in the graphs below. Technical training made up 92.2% of all our training.

The variation in training hours between 2018 and 2019 can be explained by the fact that in 2019, we had focussed our efforts primarily on reassessing our learning methodologies and conducting a skills gap analysis for the MRCB Group.

Average training hours by gender



Average training hours by grade



SUSTAINABILITY STATEMENT

SOCIAL RESPONSIBILITY

Performance and Development Reviews

MRCB employee performance is regularly evaluated to identify strong performers and detect performance gaps in individuals. Performance reviews are conducted to assess goals achieved for the year by employees based on Key Performance Indicators (KPIs). We also identify and design plans to encourage employees who are not performing as well, to optimise their potential. This also allows MRCB to identify key factors that influence employee performance. Since 2017, 100% of our employees underwent performance appraisals.

Health and Safety

403-1, 403-2, 403-4, 403-5, 403-7, 403-8, 403-9, 403-10, 418-1

Our main business activities which involve engineering and construction may expose workers to various types of safety risks such as working at heights, falling objects, noise from construction activities, risk of electrocution from temporary wiring and operation of machinery and equipment. Therefore, in safeguarding the well-being of our workers at project sites, we have implemented an Occupational Health and Safety Management System, ISO 45001:2018, to guide practices towards ensuring safety and health at the workplace. We have also established an Environment, Safety and Health (ESH) Committee at MRCB headquarters which consists of management and employee representatives. The committee is responsible for:

- Promoting a positive and safe workplace culture
- Assisting in the development of safety and health rules and safe systems of work
- Reviewing the effectiveness of safety and health programmes
- Reviewing safety and health policies and making recommendations
- Carrying out studies on trends involving accidents, near-misses, dangerous occurrences and occupational poisoning or diseases
- Inspecting the workplace and recommending preventive and corrective measures

Quality, Environmental, Safety and Health (QESH) Policy

At MRCB, we have adopted the Quality, Environment, Safety and Health Management System and we operate in compliance with three management systems: ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. Stemming from these management systems, we have formulated our QESH Policy to guide the Group and its stakeholders to implement best safety practices which cover the following areas:

 Incident Prevention	 Communication
 Risk Management	 Contractor Management Emergency Preparedness
 Continuous Improvement	

Managing Safety and Health Risk at Workplace

MRCB provides a safe and healthy workplace to its employees and other relevant parties within its premises. We have established a standard operating procedure (SOP) for Hazard Identification, Risk and Opportunity Assessment and Determining Control (HIRADC) for our headquarters, and building and infrastructure projects.

HIRADC applies to all routine and non-routine activities and for all personnel having access to the workplace including sub-contractors and visitors. In addition, HIRADC is conducted if there are changes in the condition of activities, introduction of new materials and for new activities and modification works. In order to ensure our workplace is safe at all times, HIRADC analysis is conducted at least once annually at the headquarters, half yearly at project sites or as and when necessary.

We also have an emergency response plan for incidents such as people falling from heights, fires and explosions, landslides, chemical spillage, floods. For more serious emergency incidents such as fatalities, structure collapse or accidents involving transmission lines, an immediate a stop work order is required to prevent other workers from being in a dangerous situation that may lead to injury. Action plans and crisis reporting systems are clearly defined in the emergency response plan to guide our workers in managing emergency incidents.

Safety and Health Assessment System in Construction (SHASSIC)

MRCB has taken a step further to improve the safety and health culture at construction sites by adopting SHASSIC. SHASSIC is an independent method undertaken by CIDB (regulator of the construction industry in Malaysia) to assess and evaluate safety and health practices and the performance of contractors at construction sites. SHASSIC aims to establish a standard system on safety and health assessment in the construction industry to improve and take preventive and corrective actions on occupational safety and health (OSH) issues.

SHASSIC covers three (3) main components which are document checks (40%), site or workplace inspections (40%) and employee interviews (20%). SHASSIC marks from 85% to 100% signify that potential and significant workplace high risk/hazards are managed and documented. Scores of 70% to 84% mean that potential and significant workplace and high risk/hazards are managed and documented, however a few low risk work activities are neglected. Below is the list of MRCB project sites that achieved SHASSIC certification in 2019.

Project Sites	SHASSIC Star Ranking
MRT V210	84% ★★★★★
TNB Balai Islam	93% ★★★★★
Larkin Indoor Stadium	90% ★★★★★

Safety and Health Training

At MRCB, safety and health are of utmost importance. OSH training and development programmes are imperative to keep abreast with current relevant regulatory requirements and to equip employees and sub-contractors with skills necessary to carry out projects. We provide both internal and external training throughout the year to monitor employees and sub-contractors.

In 2019, a total of 1,391 people consisting employees, site workers and sub-contractors attended 66 training modules. The key training modules are listed below.



Safety and Health Incidents

Despite our best efforts to reduce injuries and accidents at project sites, we had a first aid case at TNB Balai Islam, two (2) near miss incidents at PJ Sentral Lot 12 and TNB Balai Islam, and two (2) minor injuries at DASH CB2, in 2019. Another health and safety issue that occurred was when we were issued a stop work order at PJ Sentral Lot 12 due to the detection of some mosquito larvae. These issues were quickly rectified, with work resuming quickly afterwards, and we have been closely monitoring our sites to prevent similar incidents from recurring.

Total Man hours	2017	2018	2019
22,458,249	15,541,038	5,892,946	
Type of Incident	2017	2018	2019
Fatality	0	2	0
Major Injury	2	0	0
Minor Injury	2	1	2
Fire	2	0	0
Ill Health	0	0	0
First-aid Cases	58	34	1
Near Miss	13	2	2
Property Damage	-	8	0



SUSTAINABILITY STATEMENT

SOCIAL RESPONSIBILITY

Health Safety Definitions

Major Injuries	Injuries causing incapacity for more than 4 days and/or any injury that requires hospitalisation.
Minor Injuries	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 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	Incident involving damage to properties estimated cost of up to RM500,000

We closely monitor construction activities and conduct regular committee meetings to provide updates on the safety and health conditions at our project sites.

Labour

MRCB ensures the proper management of foreign labour and adheres to relevant regulations. We engage manpower supply companies or sub-contractors when hiring foreign labour to work on our projects.

All hiring of foreign labour is done by appointing recruitment agencies via tender or invitation based on their past track records. We strictly adhere to the procedures involved in hiring foreign labour. Hiring of skilled foreign labour is via interviews and selection in the source country arranged by the sub-contractor. Upon arrival, foreign workers undergo a probationary period of six (6) months before we identify them as skilled labour.

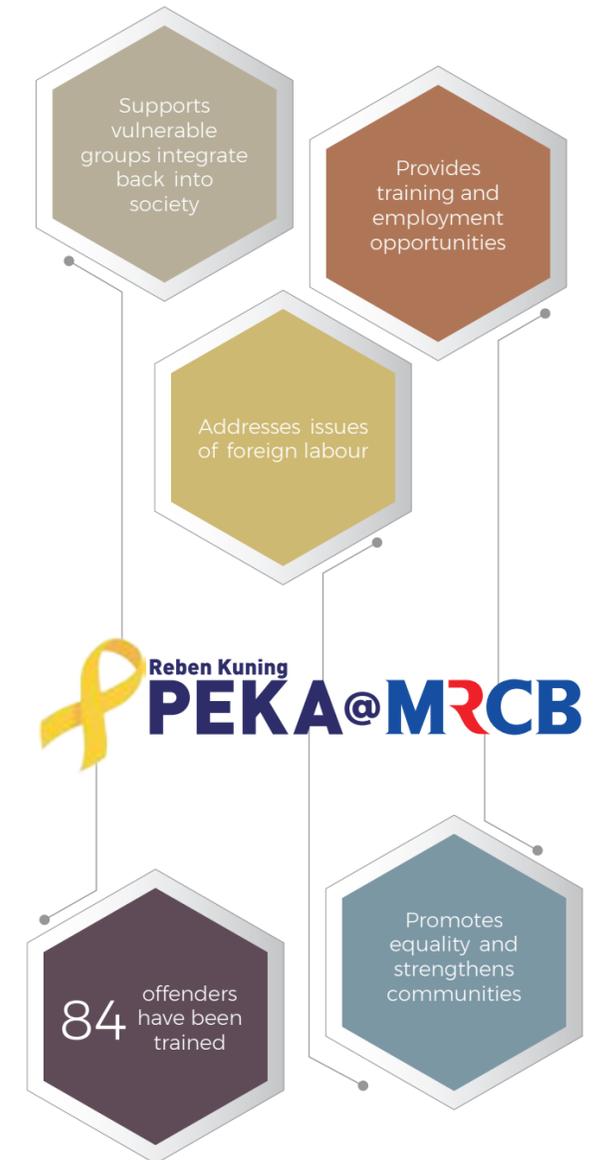
We manage our foreign labour responsibly and we provide adequate accommodation and healthy living conditions for them. At each of our project sites, we have Centralised Labour Quarters (CLQs) for accommodation and various welfare facilities for the foreign workers. These facilities include the management office building, guard house, water storage tank, central surau, as well as sports facilities for recreation. All our CLQs comply with the requirements for water supply and fire safety regulations as prescribed by the local authorities.



MRCB launched the PEKA@MRCB Programme to help provide jobs to selected offenders

A large part of sustainability is ensuring the inclusivity of society and all its members, however, this can be challenging for inmates and troubled youth who are often excluded from our communities. The PEKA@MRCB Programme is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department and Malaysian Resources Corporation Berhad (MRCB). It aims at helping those who deserve a second chance to be reintegrated into society. Introduced by the Ministry of Youth and Sports (KBS), the project was launched in August 2019 to provide these side-lined groups a chance at employment and education opportunities to enable them to be self-sufficient, while also regaining trust and contributing to society. This allows the targeted group to return and serve society without being held back due to their past offenses and mistakes, preventing them from reoffending. MRCB embarked on this initiative, seeing that it will create a positive impact for the youth, the company, as well as society. In addition to helping youth and past-offenders, the programme also helps address our own need for skilled workers.

We are committed to creating positive change where possible and believe that this initiative will have a rippling effect throughout the industry and nation. MRCB was the first to embark on this programme by offering employment opportunities to 84 inmates since the programme was introduced. Candidates are selected through a comprehensive evaluation process before proceeding to receive training. Training is provided so that they become well equipped to work at the construction project sites doing various tasks including welding, machine maintenance and repair of mechanical equipment. MRCB recognises the potential that such a programme holds and is enthusiastic to continue to help youth and past offenders to change their life for the better, while addressing certain social and economic challenges faced by the country. It is our hope that through our adoption, other companies are encouraged to do the same, helping the nation move forward.



SUSTAINABILITY STATEMENT

# ENRICHING THE COMMUNITY

MRCB is constantly finding ways to contribute and improve the socioeconomic status of the community. We identify areas of disparity where the Group can help alleviate and enrich the community.

## Community Contributions 413-1

Yayasan MRCB is MRCB's Foundation established to pursue and provide opportunities in education and financial assistance for the underprivileged. Founded in 2015, Yayasan MRCB has organised programmes for underprivileged children by providing them with study material, tuition classes and a year-long free meal scheme. Other CSR programmes include assisting the Orang Asli community, hosting empowerment programmes for youth with physical limitations and sponsoring a halfway home for patients with prolonged illnesses and their care givers. Below lists Yayasan MRCB's contributions to various beneficiaries such as schools, hospitals, and other organisations, to support programmes and initiatives that improve their well-being.

Donations/Programmes	Beneficiaries	Donated Amount
<b>Donation of reading materials and calculators to 6 schools (600 students)</b>	SMK Bangsar Integrase SMK Petaling SMK Bukit Bandaraya SMK (P) Methodist SMK Seri Pantai SMK La Salle Brickfields	60,000
<b>Donation of tables and chairs (60 sets)</b>	SMK Bandar Tasik Kesuma	34,140
<b>Renovation of school library</b>	SK Lubok Kelubi	
<b>Donation of 40 sets of tables and chairs and renovation of Orang Kurang Upaya (disabled) toilet facility</b>	SK Dusun Tua	
<b>Renovation of Orang Kurang Upaya (disabled) toilet facility</b>	SK Bandar Rinching	
<b>MRCB Staff Children - 19 pax High Achievers Awards</b>	MRCB STAFF	7,800
<b>Donation to SK Ewa, Langkawi</b>	SK Ewa, Langkawi	20,000
<b>Donation to SK Penghulu Ahmad</b>	SK Penghulu Ahmad	20,000
<b>Donation to SMK Ayer Hangat</b>	SMK Ayer Hangat	30,000
<b>Donation to 100 Asnaf from Langkawi</b>	100 Asnaf	20,000
<b>6-months tuition class for 7 adopted schools from the month of March to September</b> 611 students	SK Pengkalan Jaya, Butterworth SK Kuala Perai, Butterworth SK Iskandar Perdana, Bandar Seri Iskandar, Perak SK La Salle, Brickfields, KL SJK (T) Vivekananda, Brickfields KL SK Seri Bonus, Semarak KL SK Seksyen 7 Kota Damansara KL	60,000
<b>2 DAYS UPSR Clinics for 7 adopted schools</b> Subjects: BM, English, Mathematics and Science	SK Pengkalan Jaya, Butterworth SK Kuala Perai, Butterworth SK Iskandar Perdana, Bandar Seri Iskandar, Perak SJK (T) Vivekananda, Brickfields KL SK La Salle, Brickfields, KL SK Seri Bonus, Semarak KL SK Seksyen 7 Kota Damansara KL	30,136

Donations/Programmes	Beneficiaries	Donated Amount
<b>Sponsorship for one-year lunch for B40 category students from the month of June 2019 to June 2020</b>	SK Pengkalan Jaya, Butterworth SK Kuala Perai, Butterworth SK Iskandar Perdana, Bandar Seri Iskandar, Perak SK La Salle, Brickfields, KL SJK (T) Vivekananda, Brickfields, KL SK Seri Bonus, Semarak KL SK Seksyen 7 Kota Damansara, KL SK Setia Budi, Batu Pahat, Johor SMK La Salle, Brickfields, KL SK Padang Tembak 1, Semarak KL SMK Jalan Bukit Kajang, KL SMK Bandar Baru Sungai Buloh, KL	230,400
<b>Donation of 7 braille units and facility repair</b>	SK Pendidikan Khas Jalan Batu	40,000
<b>Build and upgrade football field and donation for facility repair</b>	SK Temonyong	50,000
<b>Science workshop for 24 pax</b>	Orang Asli children	15,000
<b>Community Engagement programme for Orang Asli community</b>	Kampung Pos Kemar, Perak	13,000
<b>Funding of halfway homes for poor patients from Hospital Kuala Lumpur- one house for a year</b>	Hospital Kuala Lumpur	9,000
<b>Empowerment programme for Youth with disabilities from Cheshire Home Selangor</b>	Youth with disabilities	60,000
<b>TOTAL</b>		<b>699,476</b>



Yayasan MRCB donated RM20,000 to 100 asnaf.



Yayasan MRCB sponsors lunch for one year to B40 students.

SUSTAINABILITY STATEMENT

# ENVIRONMENTAL STEWARDSHIP

## Sustainable Construction 302-1, 302-3, 303-5, 305-1

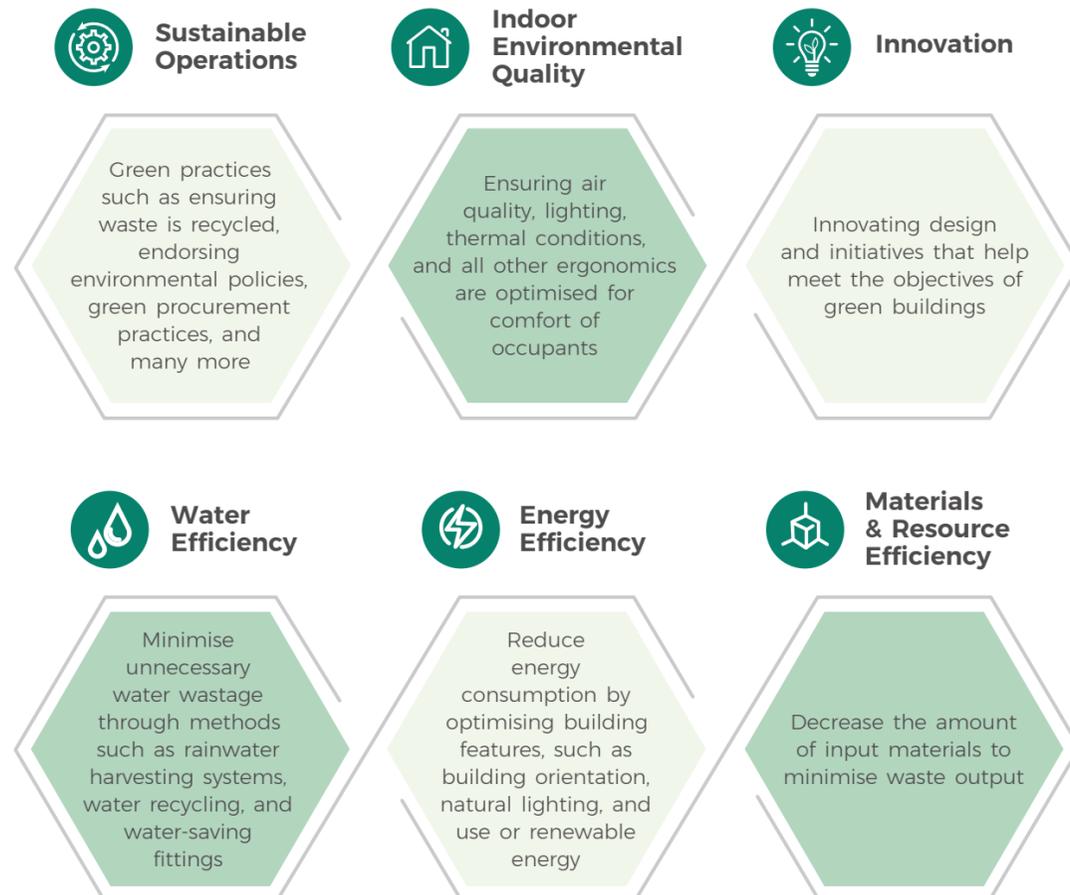
Rapid urbanisation has spurred a rise in commercial and residential development that can result in an adverse impact on the environment, especially if it is carried out irresponsibly. The environmental footprint of our projects as well as the long-term environmental performance of buildings and infrastructure developed by us are our main concerns regarding environmental impact. The impacts of climate change have presented new sets of challenges for the property and construction sector. There is now an increasing need to consider designing buildings that are both low carbon and resilient to the future climate. Therefore, at MRCB, we strive to integrate green practices from the design to delivery stages of our projects.

### Green Buildings

Our built environment is responsible for a large amount of energy and water use and emission of greenhouse gases. However, the use of green buildings has led to increased resource efficiency with a multitude of benefits to owners and occupants as well as the environment. In constructing sustainably, MRCB adopts Green Building Certification criteria for projects that require the construction of green buildings. The four (4) green building rating systems adopted are:

- Malaysia's Green Building Index (GBI);
- Malaysia's Green Real Estate (GreenRE);
- Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCrest);
- US Green Building Council's Leadership in Energy and Environmental Design (LEED);

Listed below are the main criteria assessed in order to achieve green building certification:



A Green Building Coordinator is assigned within thirty (30) days after a contract is awarded and he or she is then responsible for actively monitoring the project. The coordinator conducts periodic site visits, facilitates fortnightly Green Building coordination meetings and prepares Green Building monthly progress reports.

Sentral Suites is a residential building that is aimed to be eligible for MyCrest One Star and GreenRE Silver for green building accreditation. MRCB takes its role in responsible construction seriously and therefore, strives towards ensuring building designs and construction are done through green practices. Our project Sentral Suites, managed to achieve this through meeting the following criteria for green building design.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

List of completed Projects with LEED, GBI and other Green Building Rating Tools:

Development/Building	Sustainability Accreditation	Building Management System (BMS)	MDL programme	Installation of Solar PV*
<b>MENARA CIMB</b>	GBI NRNC CVA CERTIFIED	√	X	X
<b>SENTRAL RESIDENCES</b>	GBI RNC CVA GOLD	X	X	X
<b>MENARA SHELL (348 SENTRAL)</b>	GBI NRNC DA SILVER <b>AND</b> LEED ID+C Commercial Interior GOLD	√	√	X
<b>348 SENTRAL (MENARA SHELL &amp; ASCOTT SENTRAL)</b>	LEED BD+C CS PLATINUM	√	√	X
<b>Q SENTRAL</b>	GBI NRNC DA GOLD	√	√	√ Solar PV panel (total 120kWp)

Development/Building	Sustainability Accreditation	Building Management System (BMS)	MDL Programme	Installation of Solar PV*
<b>PLATINUM SENTRAL (LOT E)</b>	GBI NRNC DA CERTIFIED <b>AND</b> BCA Green Mark PLATINUM	√	√	√ Solar PV panel (23 x 2.304 kWp)
<b>PJ SENTRAL - CELCOM TOWER (LOT 8)</b>	GBI NRNC DA CERTIFIED <b>AND</b> LEED BD+C CS GOLD	√	√	X
<b>PJ SENTRAL - MBSB CORPORATE HQ</b>	GBI NRNC DA CERTIFIED <b>AND</b> LEED BD+C CS GOLD	√	X	X
<b>MENARA JLAND</b>	GBI NRNC DA GOLD	√	√	X
<b>ST REGIS KUALA LUMPUR</b>	GBI NRNC DA CERTIFIED	√	X	X
<b>THE DESA DESARU (HARDROCK HOTEL)</b>	GBI NRNC RESORT DA CERTIFIED <b>AND</b> LEED BD+C NC SILVER	√	√	X
<b>DESARU CONFERENCE CENTRE</b>	GBI NRNC RESORT DA CERTIFIED <b>AND</b> LEED BD+C NC SILVER	√	√	X
<b>WESTIN DESARU RESORT (WESTIN HOTEL)</b>	GBI NRNC RESORT DA CERTIFIED <b>AND</b> LEED BD+C NC SILVER	√	√	X
<b>9 SEPUTEH SOHO</b>	GBI RNC DA CERTIFIED	X	X	X
<b>VIVO RESIDENCES (9 SEPUTEH)</b>	GBI RNC DA CERTIFIED	X	X	X
<b>MENARA MRCB</b>	GBI NRNC DA GOLD	√	√	X

\* Specifications and features are determined by the client

List of Ongoing Projects with LEED, GBI AND other Green Building Rating Tools:

Projects	Sustainability Accreditation	Building Management System (BMS)	MDL Programme	Installation of PV*
<b>PJ SENTRAL - MYIPO CORPORATE HQ</b>	GBI NRNC DA CERTIFIED	√	√	X
<b>SENTRAL SUITES (LOT 349)</b>	MyCREST ONE STAR <b>AND</b> GreenRE BRONZE	X	X	X

Notes:

BD+C	Building Design & Construction
DA	Design Assessment
NRNC	Non-Residential New Construction
RNC	Residential New Construction
CVA	Certification and Verification Assessment
GBI	Green Building Index (Malaysia) For details on assessment criteria and rating scale: <a href="https://new.greenbuildingindex.org/how/assessment">https://new.greenbuildingindex.org/how/assessment</a>
GreenRE	A green rating tool set up to promote sustainability in the property industry (Malaysia) For details on assessment criteria and rating scale: <a href="https://greenre.org/index.html">https://greenre.org/index.html</a>
LEED	Leadership in Energy and Environmental Design (United States) For details on assessment criteria and rating scale: <a href="https://www.usgbc.org/leed">https://www.usgbc.org/leed</a>
MyCrest	Malaysian Carbon Reduction and Environmental Sustainability Tool (Malaysia) For details on assessment criteria and rating scale: <a href="http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest">http://www.cidb.gov.my/index.php/en/bidang-utama/pembinaan-mampan/mycrest</a>

MDL - Maximum Demand Limiting is a strategy for reducing a building's demand for utilities, e.g., electricity in BMS system. It is a control strategy designed to prevent the demand kW of a facility from going over a predetermined threshold by altering the operation of equipment in a facility

\* Specifications and features are determined by the client

Green Infrastructure

We also strive to embed sustainability considerations into our infrastructure design. The Construction Industry Development Board (CIDB) of Malaysia has conferred the design phase of the LRT3 project with a 5-Star Sustainable INFRASTAR certification (the first project in Malaysia to achieve this highest level of certification). Sustainable INFRASTAR is an objective and evidence-based evaluation system which assesses infrastructure projects on key sustainability factors such as land use, impact of equipment use, resource and waste management at construction sites.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

Materials 301-2

Sustainable construction materials require minimal use of natural resources and have greater reusability, which in turn is cost-effective and improves overall operational efficiency. We monitor the amount of building materials used in every project to maintain sustainable sourcing and building costs. With each project, we ensure a balance of innovative construction practices without affecting the quality and durability of building materials.

Project Sites	Material	% of Material with Recycled Content
SENTRAL SUITES - LOT 349	AAC Blocks	30
	Concrete	
	Ceiling Panels	
	Steel Bar	
WESTIN DESARU RESORT (WESTIN HOTEL)	Steel Bar	13
	Ceiling System	
	Floor Tiles	
	Cement	
DESARU CONFERENCE CENTER	Floor Tiles	11
	Steel Bar	
	Cement	
MENARA JLAND	Concrete	10
	Steel Bar	
	BRC	
	Cement	

In addition, with the implementation of Building Information Modelling (BIM) software for clash detection, we are able to resolve constructability issues and coordinate across all disciplines before construction begins, thereby reducing overall construction costs in a project.

The implementation of IBS at project sites uses criteria from CIDB IBS in order to meet the CIDB IBS assessment score of related projects. The objective of the CIDB IBS assessment is to provide a systematic and structured assessment system to measure the use of IBS in a consistent manner. CIDB is driving the adoption of IBS via private sector projects and are targeting for new developmental projects within Klang Valley worth RM50 million and above to achieve a minimum IBS Score of 50. In 2019, our Sentral Suites and PRIMA Brickfields Projects were assessed and the scores are as shown below:

<b>SENTRAL SUITES PROJECT</b> <b>(CIDB IBS SCORE: 50)</b>
<b>PRIMA BRICKFIELDS</b> <b>(CIDB IBS SCORE: 70)</b>

For details of CIDB IBS assessment criteria and rating refer to: <http://www.cidb.gov.my/images/content/pdf/cis/CIS18.pdf>

Other initiatives to minimise the use of materials is the reduction in the use of timber formwork in favour of system formwork which reduces construction time, the need for materials on site and cost.

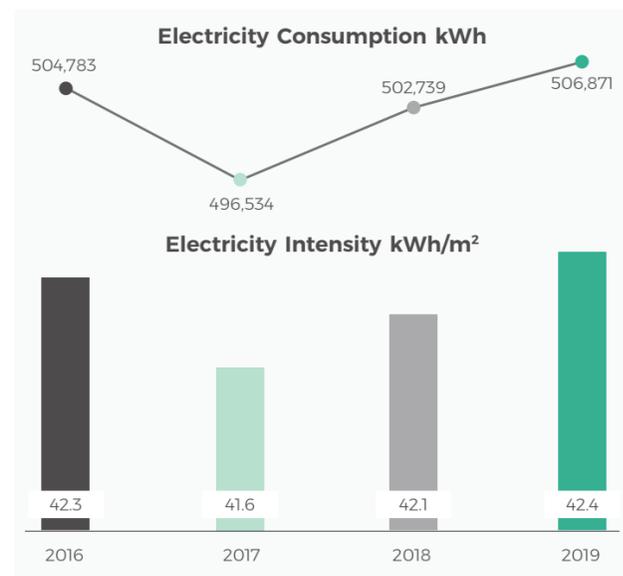
Energy & Water Consumption

In line with constructing sustainably, proper resource management is essential to MRCB's operations. We have 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. We learned that the complex nature of our business presents some challenges in compiling and normalising certain environmental data sets. For example, energy and water consumption tend to vary depending on the nature, number and scale of projects during the year. Projects at the beginning and end stages of work tend to be less energy intensive compared to other phases of construction where more energy is required.

Moving forward, we intend to implement a more comprehensive system of collecting data in our operations. 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.

Furthermore, where applicable, we try to use energy intensity instead of total energy consumption when tracking and representing consumption data, for a more realistic analysis of our year on year performance.

Since 2016, MRCB's HQ office has managed to maintain its energy use relatively steady and will continue to identify areas in which it can decrease its consumption. The energy use intensity for MRCB'S HQ office since 2016 is presented in the graph below.



The tables below show the energy and water consumption of all our operating Divisions and key MRCB departments.

MRCB's Energy Consumption (kWh)

Area of operation	2017	2018	2019
MRCB Headquarters	496,534	502,739	506,871
Property Development	20,998,573	18,320,486	231,563
Engineering, Construction & Environment	1,184,048	1,180,693	2,314,099
Facilities Management & Parking	11,338,442	14,286,552	12,906,952
Infrastructure & Concessions	1,764,682	-	-
<b>TOTAL</b>	<b>35,782,279</b>	<b>34,290,470</b>	<b>15,959,485</b>

MRCB has been able to progressively decrease its electricity consumption throughout the years, despite the number of projects that it undertakes. We aspire to maintain this trend. Water consumption and billing at MRCB's Headquarters is part of the monthly rental and therefore, difficult to track as it is a fixed payment. We will continue to identify areas in which we can improve our performance on water consumption to avoid unnecessary wastage.

In 2019, the sharp decline in energy and water consumption for Property Development was due to a majority of projects being completed in prior years, while new projects in 2019 were at the early stages where energy and water usage were less intensive.

MRCB's Water Consumption (m³)

Area of operation	2017	2018	2019
Property Development	80,110	227,604	18,379
Engineering, Construction & Environment	216,655	55,289	72,208
Facilities Management	-	342,202	295,206
<b>TOTAL</b>	<b>296,765</b>	<b>625,095</b>	<b>385,793</b>

Climate Change

Extreme and unpredictable weather conditions, floods, droughts, and rising sea levels are among the major climate change challenges that businesses today will have to face. We recognise the impacts that Climate Change has on our business operations as well as stakeholders and our preliminary analysis of both positive and negative impacts on MRCB's operations:

- Increase in 'green' consumers and changing market expectations. There is increasingly more demand for low carbon solutions. This will have implications for the design, construction, maintenance and facilities management of both existing and new business premises. Designing buildings that are both low carbon and resilient to the future climate presents a significant challenge for MRCB. At the same time, this will create new business opportunities, for example where the private sector is able to provide the knowledge, skills and technologies required to help society adapt to such changes. Examples include MRCB's proposed expansion into waste-to-energy solutions.
- Business logistics (supply chains, utilities and transport arrangements) can be disrupted by extreme weather events. This is likely to affect businesses across all sectors to some extent, threatening business continuity. MRCB's businesses that rely heavily on utilities, the transport network or those with inflexible supply networks will be particularly vulnerable.
- People are affected by the weather. Heat has physiological effects; inclement weather can affect concentration and weather patterns influence behaviour and lifestyles. MRCB's workers are exposed to the impacts of heat stress in warmer conditions.
- MRCB's finances could be affected by climate change through the cost of damage, disruption and loss of sales driven by all of the above. Apart from exposure of our current assets to extreme weather events such as floods, there will also be other financial impacts on our business, for example, as investors increasingly take future climate risks into account, access to finance may become a problem if banks start to refuse credit to companies that are not managing climate risk properly. Bank Negara, the Central Bank of Malaysia has formed a Joint Committee on Climate Change (JC3) and are urging local banks to combat climate change with the adoption of responsible lending policies.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

We have embarked on the following initiatives to address the risks and opportunities of climate change:

1. Reviewing a suitable methodology to measure carbon footprint and establish a baseline target for carbon reduction.
2. Embedding low carbon and sustainability considerations in the design and construction of buildings and infrastructure. MRCB adopts green building criteria across a number of tools such as GBI, GreenRe, MyCrest and LEED (See MRCB's Green Buildings and Infrastructure on pages 150 and 153 respectively).
3. Identified the renewable energy segment, and waste-to-energy in particular, as a future market. Malaysia produced 47,218 tonnes of waste in 2019 going to 165 landfills, of which only 8 being sanitary landfills, to store the waste produced nationwide. Malaysia's carbon dioxide (CO<sub>2</sub>) emissions was also recorded at 250.3 million tonnes in 2018, the bulk of which came from electricity production, vehicles and waste. With space for landfills growing increasingly scarce, particularly in urban areas, and waste per capita forecasted to increase in line with the nation's population growth, there is an urgent need to move towards more sustainable waste management solutions and clean energy production in Malaysia to reduce the impact on the environment and general well-being of the population.
4. One of MRCB's key innovation is MBS, which allows for projects utilising this technology to be constructed mainly offsite. This reduces construction costs by 10% – 30% through less material wastage and improves resource efficiency (lower fuel usage) at construction sites, which in turn leads to reduced carbon emissions. (Read more on MBS on pages 12 – 15).
5. MBS, which is sustainable and environmentally friendly, also reduces the impact of harsh weather conditions on workers as up to 90% of works can be done offsite in a controlled environment, resulting in higher productivity, lower defects and lower wastage.

Carbon Dioxide (CO<sub>2</sub>) Emissions

For 2017 and 2018, MRCB did not keep track of all its Greenhouse Gas (GHG) emissions at offices and project sites. The figures reflected in these two (2) years display the amount of fuel (combination of petrol and diesel) consumed and carbon dioxide emitted by MRCB's registered company vehicles. For 2019, we have expanded the scope of our GHG emissions and included fuel consumption at all our project sites and this is reflected in the significant increase in the amount of carbon emissions reported.

Fuel Consumption & CO <sub>2</sub> Emissions	2017	2018	2019
Volume (L)	418,682	422,955	898,763
CO <sub>2</sub> Produced (kg/L)	976,159	986,910	2,097,083

We are still the midst of identifying the most appropriate method for quantifying and monitoring our GHG emissions intensity.

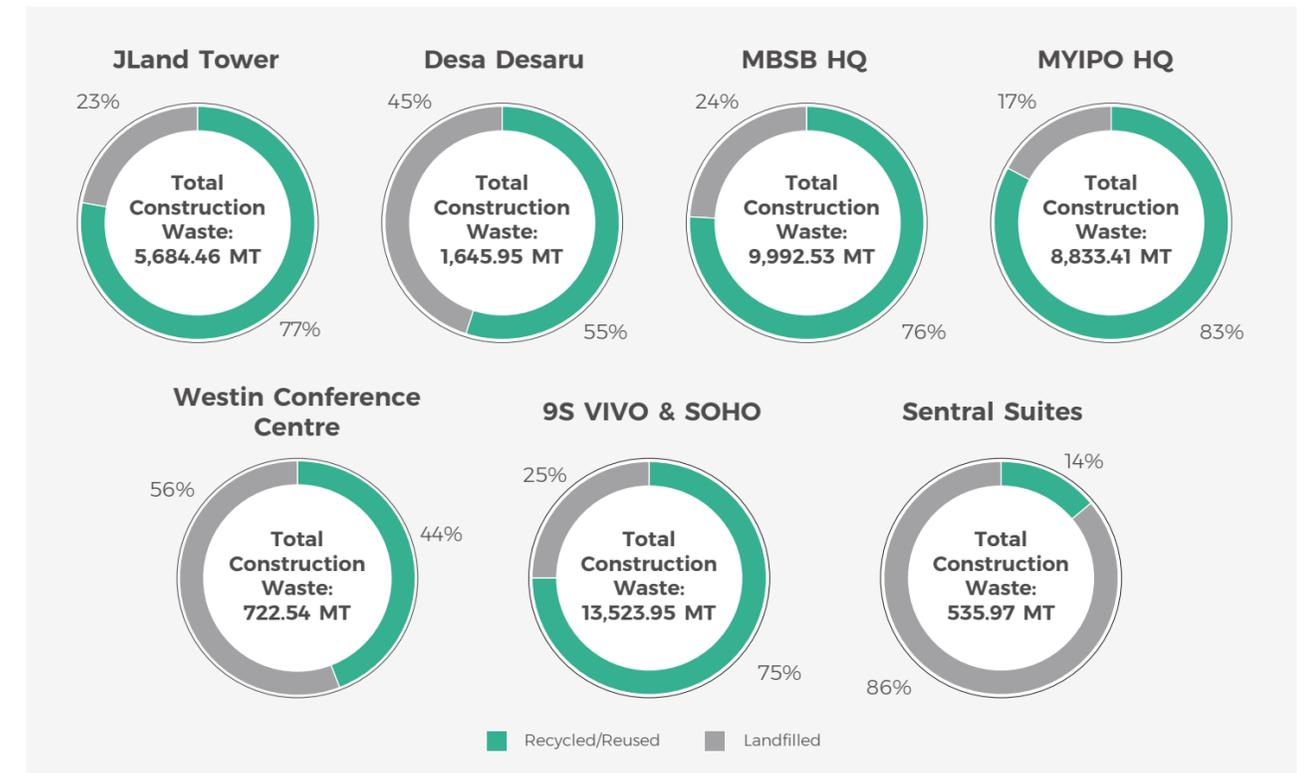
Waste 306-1, 306-2

MRCB's business operations generate solid waste mainly from construction activities. Construction waste is inert in that it is not reactive and will not decompose. Therefore, its generation requires large areas for land disposal. To address this issue, MRCB minimises the generation of construction waste wherever possible.

At our project sites, we practice the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste. With this, we managed to reduce substantial amount of waste sent to the inert waste landfill. To facilitate waste segregation at project sites, we provide several bin types for different wastes such as scrap metal, timber, concrete and recyclable waste comprising paper, plastics and glass.

Scrap metal, timber and recyclable waste are sent for recycling to help in reducing the use of virgin resources in the future. On the other hand, concrete waste is being reused as crusher run for access roads and to cover potholes within project sites, in order to minimise potential hazards and accidents. In cases where concrete waste is not suitable for reuse, it is sent to a licensed landfill for disposal. We also ensure wooden pallets that come with the bricks are properly stored at sites before returning them to suppliers for reuse. The total amount of construction waste generated for this year is 40,805.06 MT, compared to last year with 10,555 MT of waste generated. The increase is due to the progress made at our active projects.

Construction Waste Generated Landfilled and Recycled



Other than construction waste, our projects generate scheduled waste which is managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Scheduled waste generated is properly stored and labelled at our project sites and disposed when it reaches a certain quantity or duration. We only appoint contractors who are licensed by the Department of Environment (DOE) to collect and transport the scheduled waste for treatment prior to disposal.

Moving forward, we plan to strengthen our waste tracking and monitoring for all project sites, for more comprehensive reporting in the next few years. We also believe a proper tracking system will ease our journey towards waste minimisation.

Conclusion

MRCB is dedicated to incorporating sustainability throughout its value chain. As we progress through our sustainability journey, we continuously seek to identify areas for improvement in our operations to address the gaps in our performance.

This year we have achieved several feats including the development of our MBS that will spearhead sustainable construction by reducing defects and the waste of materials, time, and error. We aspire to set the standard in the industry though this innovation, while mitigating negative impacts to the environment in the construction sector. In addition to this, MRCB has embarked on the PEKA@MRCB Programme, that helped vulnerable groups at a second chance to earn a living and contribute positively to society, while addressing the nation's socio-economic problems regarding unskilled foreign labour. It is evident that MRCB has taken strides in incorporating more elements of sustainability into its operations where possible.

We recognise that the benefits and need for sustainability out-weighs short-term profit and, therefore, will continue to evaluate our environmental and social impacts alongside our economic performance. Throughout this process, MRCB will continue to strengthen its relationship with stakeholders through active engagement to gauge their expectations of the business. Through these efforts we hope to promote the sustainable growth of our business and ensure its long-term success.

## SHAREHOLDERS' INFORMATION

**ANALYSIS OF SHAREHOLDINGS**

AS AT 8 MAY 2020

Total number of issued shares : 4,412,046,269  
 Class of Shares : Ordinary Shares  
 No. of Shareholders : 38,783  
 Voting Rights : One vote for every Share

**DISTRIBUTION OF SHARES**

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	4,178	10.77	151,357	0.00
100 to 1,000	7,921	20.43	4,522,138	0.10
1,001 to 10,000	16,936	43.67	79,906,656	1.81
10,001 to 100,000	8,312	21.43	273,341,548	6.20
100,001 to less than 5% of issued shares	1,432	3.69	1,300,868,020	29.48
5% and above of issued shares	4	0.01	2,753,256,550	62.41
<b>Total</b>	<b>38,783</b>	<b>100.00</b>	<b>4,412,046,269</b>	<b>100.00</b>

**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	468,200	0.01
3. Rohaya Mohammad Yusof	Director	0	0.00
4. Dato' Mohamad Nasir Ab Latif	Director	0	0.00
5. Jamaludin Zakaria	Director	0	0.00
6. Hasman Yusri Yusoff	Director	0	0.00
7. To' Puan Janet Looi Lai Heng	Director	0	0.00

\* Held through Edenview Projects Sdn Bhd

**SUBSTANTIAL SHAREHOLDERS (5 % AND ABOVE)**

Name of Substantial Shareholders	No. of Shares	%
1. Employees Provident Fund Board	1,581,541,326	35.85
2. Gapurna Sdn Bhd	685,143,852	15.53
3. Lembaga Tabung Haji	260,195,546	5.90
4. Kumpulan Wang Persaraan (Diperbadankan)	226,375,826	5.13

**TOP 30 LARGEST SHAREHOLDERS**

AS AT 8 MAY 2020

No.	Name of Shareholders	No. of Shares	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,581,541,326	35.85
2.	Gapurna Sdn Bhd	685,143,852	15.53
3.	Lembaga Tabung Haji	252,974,446	5.73
4.	Kumpulan Wang Persaraan (Diperbadankan)	173,116,326	3.92
5.	Maybank Nominees (Tempatan) Sdn Bhd Bank Kerjasama Rakyat (M) Berhad (412803)	154,000,000	3.49
6.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	48,692,200	1.10
7.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	39,555,100	0.90
8.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	38,999,801	0.88
9.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-Dali) (419455)	37,912,700	0.86
10.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	33,859,700	0.77
11.	Hong Leong Assurance Berhad As Beneficial Owner (Life PAR)	28,618,400	0.65
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund	25,000,000	0.57
13.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank I)	22,064,900	0.50
14.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West Clt OD67)	21,363,100	0.48
15.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	20,604,500	0.47
16.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	20,141,300	0.46
17.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	18,813,200	0.43
18.	Cartaban Nominees (Tempatan) Sdn Bhd PBTB for Takafulink Dana Ekuiti	18,241,700	0.41
19.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Principal EQITS)	17,962,800	0.41

## SHAREHOLDERS' INFORMATION

## TOP 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
20.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	16,222,000	0.37
21.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Norges Bank (FI 17)	15,440,300	0.35
22.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Dali Equity Fund	14,113,700	0.32
23.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	12,999,068	0.29
24.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	12,652,300	0.29
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	10,867,799	0.25
26.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Dana Unggul	10,436,500	0.24
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	9,258,883	0.21
28.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	8,770,400	0.20
29.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J724 for SPDR S&P Emerging Markets ETF	8,444,800	0.19
30.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	8,423,700	0.19
<b>Total</b>		<b>3,366,234,801</b>	<b>76.31</b>

## ANALYSIS OF WARRANT B HOLDINGS

AS AT 8 MAY 2020

Number of Outstanding Warrants	: 438,518,157
Exercise Price of Warrants	: RM1.25
Exercise Period of Warrants	: 30 October 2017 – 29 October 2027
Voting Rights at Meeting of Warrant Holders	: One vote per Warrant B

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders		No. of Warrants	
		%		%
Less than 100	716	8.03	28,341	0.01
100 to 1,000	3,594	40.30	1,800,731	0.41
1,001 to 10,000	2,931	32.86	11,217,096	2.56
10,001 to 100,000	1,363	15.28	53,130,481	12.12
100,001 to less than 5% of issued warrants	313	3.51	147,140,619	33.55
5% and above of issued warrants	2	0.02	225,200,889	51.35
<b>Total</b>	<b>8,919</b>	<b>100.00</b>	<b>438,518,157</b>	<b>100.00</b>

## 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	0	0.00
3. Rohaya Mohammad Yusof	Director	0	0.00
4. Dato' Mohamad Nasir Ab Latif	Director	0	0.00
5. Jamaludin Zakaria	Director	0	0.00
6. Hasman Yusri Yusoff	Director	0	0.00
7. To' Puan Janet Looi Lai Heng	Director	0	0.00

\* Held through Edenview Projects Sdn Bhd

## SUBSTANTIAL WARRANT HOLDERS (5% AND ABOVE)

Name of Substantial Warrant Holders	No. of Warrants	%
1. Employees Provident Fund Board	153,891,740	35.09
2. Gapurna Sdn Bhd	71,309,149	16.26

## SHAREHOLDERS' INFORMATION

## TOP 30 LARGEST WARRANT B HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	153,891,740	35.09
2.	Gapurna Sdn Bhd	71,309,149	16.26
3.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (Maybank 1)	19,781,400	4.51
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun (CEB)	7,600,000	1.73
5.	Oh Kim Sun	5,000,000	1.4
6.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	3,624,441	0.83
7.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiang Chiin Yew	2,800,000	0.64
8.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	2,674,660	0.61
9.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	2,634,201	0.60
10.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Anitha Binti Mohamed Haniffa	2,000,000	0.46
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Sze Hsien @ Chee Ah Kow	1,573,200	0.36
12.	Gurmit Singh A/L Shamir Singh	1,500,000	0.34
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yung Soon (471299)	1,500,000	0.34
14.	Teh Chin Ching	1,425,200	0.33
15.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	1,414,761	0.32
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities for Supang Luyang	1,414,481	0.32
17.	Lim Meow See	1,300,100	0.30
18.	Chua Wei Kok	1,300,001	0.30
19.	Yuen Ah Len	1,300,000	0.30
20.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	1,193,840	0.27

No.	Name of Warrant Holders	No. of Warrants	%
21.	Citigroup Nominees (Asing) Sdn Bhd Citigroup Global Markets Limited	1,190,000	0.27
22.	Mohammad Subhi Bin Purnomo	1,150,000	0.26
23.	Tan Kong Heng	1,139,300	0.26
24.	Chee Sze Hsien @ Chee Ah Kow	1,000,000	0.23
25.	Lau Sie Chew	1,000,000	0.23
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siva Shankar A/L Sindambaram	1,100,000	0.23
27.	Pang Mei Fung	960,100	0.22
28.	In Fwn Sin	955,000	0.22
29.	Ng Kwee Kuan	850,000	0.19
30.	Fong Yew Kong	804,301	0.18
<b>TOTAL</b>		<b>295,285,875</b>	<b>67.34</b>

SHAREHOLDERS' INFORMATION

## PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2019

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2019 (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	25,082	1982	Leasehold 66 years expiring on 2.2.2044	34	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	64,580	1992	Leasehold 99 years expiring on 15.9.2092	20	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	513,206	1999	Freehold	-	Yes
Industrial land	Plot No. 143 & 145, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	18,210	6,269	1997	Freehold	-	Nil
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	868	1999	Freehold	20	Nil

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2019 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
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	158	2005	Leasehold 99 years expiring on 18.3.2102	17	Nil
Land for proposed development	Lot 20006, Seksyen 72, Bandar Kuala Lumpur, Kuala Lumpur, Wilayah Persekutuan.	1,533	3,345	2019	Freehold	-	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, PT 5001-5736, PT 5739, 5743, PT 5745, 5747, KM 36, Jalan Ipoh Lumut, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	232,123	46,699	2001, 2002, 2009, 2010, 2019	Leasehold 99 years expiring between 13.3.2100 to 22.12.2118	-	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	2,336	2008	Freehold	12	Nil
Ascott Sentral - 21 storey block of service residence apartments	Geran 40094, Lot 348, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	23,121	76,037	2007	Freehold	6	Yes
Celcom Axiata Corporate office	HSD 277413, Lot PT11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	8,336	397,209	2013	Leasehold 99 years expiring on 10.11.2110	2	Yes

SHAREHOLDERS' INFORMATION

PROPERTIES OF THE GROUP

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2019 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed development	GRN 163848, Lot 50700, Town of Subang Jaya, District of Petaling, Selangor Darul Ehsan.	12,947	60,187	2013	Freehold	-	Yes
Land for proposed mixed development	Lot 20031 & Lot 481117, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	18,993	42,068	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	261,309	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	47,817	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 Pulai, 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	831	2014	Freehold	6	Nil

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2019 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed development of service apartment	PT 712 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.	72,511	289,389	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

SHAREHOLDERS' INFORMATION

PROPERTIES OF THE GROUP

Description/Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2019 (RM'000)	Year of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Penang Sentral Transportation terminal	PT 770, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.	19,559	210,691	2013/2014	Freehold	2	Yes
Land for proposed future development	H.S.(D) 315671, PT 50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan.	260,213	1,025,769	2017	Leasehold 99 years expiring on 12.5.2115	-	Nil
Land for proposed mixed development	H.S.(D) 39260, PT 184, Seksyen 48, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	20,492	362,903	2018	Leasehold 99 years expiring on 26.5.2080	-	Yes
Land for proposed mixed development	PN 49755, Lot 20000 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.

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