

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**MALAYSIAN RESOURCES CORPORATION BERHAD**

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED PRIVATE PLACEMENT OF UP TO 493,019,758 NEW ORDINARY SHARES OF RM1.00 EACH IN MALAYSIAN RESOURCES CORPORATION BERHAD (“MRCB”), REPRESENTING UP TO TWENTY PERCENT (20%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF MRCB**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser**



**RHB Investment Bank Berhad**

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting (“**EGM**”) of MRCB which will be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 December 2015 at 10.00 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

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

This Circular is dated 4 December 2015

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## DEFINITIONS

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

Act	:	Companies Act, 1965
Board	:	Board of Directors of MRCB
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Circular	:	This circular dated 4 December 2015 in relation to the Proposed Private Placement
Deed Poll	:	Deed poll dated 22 August 2013 constituting the Warrants
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme of MRCB
ESOS Options	:	Options which were granted to the eligible employees and directors of our Group pursuant to the ESOS
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
GSB	:	Gapurna Sdn Bhd (213716-K)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	20 November 2015, being the latest practicable date prior to the printing of this Circular
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Group or Group	:	MRCB and its subsidiary companies, collectively
MRCB Shares or Shares	:	Ordinary shares of RM1.00 each in MRCB
NA	:	Net assets
Placement Shares	:	All or part of the 493,019,758 new MRCB Shares to be issued pursuant to the Proposed Private Placement
Proposed Private Placement	:	Proposed private placement of up to 493,019,758 new MRCB Shares, representing up to twenty percent (20%) of the issued and paid-up share capital of MRCB
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
RM and sen	:	Ringgit Malaysia and sen, respectively
VWAMP	:	Volume weighted average market price
Warrants	:	Warrants which were issued by our Company on 17 September 2013, 23 June 2014 and 13 January 2015 respectively, and constituted by the Deed Poll

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**DEFINITIONS (Cont'd)**

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

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

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

Any reference to dates and times in this Circular shall be references to Malaysian dates and times, unless otherwise stated.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by MRCB, such as in its quarterly results or annual reports, is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that MRCB’s and/or our Group’s plans and objectives will be achieved.

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**MALAYSIAN RESOURCES CORPORATION BERHAD**

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered office**

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

4 December 2015

**Board of Directors**

Tan Sri Azlan Zainol (*Non-Independent Non-Executive Chairman*)

Tan Sri Mohamad Salim Fateh Din (*Group Managing Director*)

Mohd Imran Tan Sri Mohamad Salim (*Executive Director*)

Datuk Shahril Ridza Ridzuan (*Non-Independent Non-Executive Director*)

Dato' Chong Pah Aung (*Independent Director*)

Jamaludin Zakaria (*Independent Director*)

Rohaya Mohammad Yusof (*Non-Independent Non-Executive Director*)

Chuah Mei Lin (*Independent Director*)

**To : Our shareholders**

Dear Sir/Madam,

**PROPOSED PRIVATE PLACEMENT**

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**1. INTRODUCTION**

On 16 November 2015, RHB Investment Bank had, on behalf of your Board, announced that our Company proposes to undertake the Proposed Private Placement.

On 3 December 2015, RHB Investment Bank had, on behalf of your Board, announced that Bursa Securities had vide its letter dated 2 December 2015, granted its approval for the listing of and quotation for up to 493,610,683 Placement Shares on the Main Market of Bursa Securities subject to the conditions as set out in Section 7 of this Circular.

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

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

## 2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

### 2.1 Placement size

The Proposed Private Placement will entail the issuance of up to 493,019,758 Placement Shares, representing up to twenty percent (20%) of the issued and paid-up share capital of MRCB.

The minimum and maximum number of Placement Shares to be issued under the Proposed Private Placement was arrived at in the following manner:-

	Minimum Scenario <sup>(1)</sup>	Maximum Scenario <sup>(2)</sup>
	No. of MRCB Shares	No. of MRCB Shares
Issued and paid-up share capital as at LPD	1,786,580,857	1,786,580,857
Assuming full exercise of the outstanding ESOS Options <sup>(3)</sup>	-	101,998,919
Assuming full exercise of the outstanding Warrants <sup>(4)</sup>	-	576,519,012
	1,786,580,857	2,465,098,788
To be issued pursuant to the Proposed Private Placement	<b>357,316,171</b>	<b>493,019,758</b>

**Notes:-**

<sup>(1)</sup> Assuming none of the outstanding ESOS Options and Warrants is exercised before the implementation of the Proposed Private Placement.

<sup>(2)</sup> Assuming all of the outstanding ESOS Options and Warrants are fully exercised before the implementation of the Proposed Private Placement.

<sup>(3)</sup> The holders of the ESOS Options have the right to subscribe for new MRCB Shares at an exercise price ranging between RM1.14 per Share and RM2.79 per Share.

<sup>(4)</sup> The Warrants entitle the registered holders to subscribe for one (1) new MRCB Share at the exercise price of RM2.30 per Share at any time until 16 September 2018, subject to the provisions of the Deed Poll.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the total issued and paid-up share capital of our Company immediately preceding the implementation of the Proposed Private Placement.

For information purposes, the maximum number of Placement Shares to be issued pursuant to the Proposed Private Placement has reduced from 493,610,683 Placement Shares (as announced on 16 November 2015) to 493,019,758 Placement Shares as at LPD. The reduction in the maximum number of Placement Shares is due to the reduction in the number of ESOS Options arising from the lapse of ESOS Options and/or non-acceptance of ESOS Options offered.

### 2.2 Placement arrangement

GSB, a major shareholder of our Company, had vide its letter to our Company dated 16 November 2015 undertaken that it will subscribe for 60,000,000 Placement Shares (“**Undertaking**”). It has further indicated its intention to subscribe for a further 60,000,000 Placement Shares, subject to, amongst others, the actual timing of implementation of the Proposed Private Placement, the actual issue price of the Placement Shares as well as its cashflows and/or availability of external financing at the point of implementation of the Proposed Private Placement by our Company (“**Intention**”).

Premised on the foregoing, the Placement Shares are proposed to be placed out to the following parties:-

- (i) GSB; and
- (ii) independent third party investor(s) to be identified at a later date.

The investor(s) shall be person(s) who qualify under Schedules 6 or 7 of the Capital Markets and Services Act, 2007.

The indicative allocations of the Placement Shares to the proposed placees are as follows:-

Proposed placees	Minimum Scenario <sup>(1)</sup>	Maximum Scenario <sup>(2)</sup>
	No. of Placement Shares	No. of Placement Shares
GSB	120,000,000 <sup>(3)</sup>	120,000,000 <sup>(3)</sup>
Independent third party investor(s) to be identified at a later date	237,316,171	373,019,758
<b>Total</b>	<b>357,316,171</b>	<b>493,019,758</b>

**Notes:-**

<sup>(1)</sup> Assuming none of the outstanding ESOS Options and Warrants is exercised before the implementation of the Proposed Private Placement.

<sup>(2)</sup> Assuming all of the outstanding ESOS Options and Warrants are fully exercised before the implementation of the Proposed Private Placement.

<sup>(3)</sup> Assuming GSB subscribes for 120,000,000 Placement Shares pursuant to the Undertaking and Intention.

In the event GSB does not subscribe for all or part of the 60,000,000 Placement Shares pursuant to its Intention, such number of Placement Shares shall be placed out to independent third party investor(s) and to be identified at a later date.

GSB has confirmed that it has sufficient financial resources to subscribe for 60,000,000 Placement Shares pursuant to its Undertaking and RHB Investment Bank has verified the sufficiency of financial resources of GSB for the subscription for 60,000,000 Placement Shares.

For the avoidance of doubt, the implementation of the placements to GSB and independent third party investor(s) to be identified at a later date is not inter-conditional upon each other.

In addition, GSB had vide its letter to our Company dated 16 November 2015, undertaken and confirmed that it and persons acting in concert (“PAC”) with it will not trigger an obligation to extend a mandatory general offer under the Malaysian Code on Take-Overs and Mergers 2010 (“Code”) as a consequence of its subscription for the Placement Shares. As at LPD, GSB holds 16.70% of the voting shares of our Company. Pursuant to Part III of the Code, a member of a group of PACs is under an obligation to make a mandatory offer where the group already holds more than 33% of the voting shares or the voting rights of a company and the said member acquires voting shares or voting rights of the company resulting in (a) him having more than 33% of the voting shares or voting rights of the company; or (b) him acquiring more than 2% of the voting shares or voting rights of the company in any six-month period (when the person already holds more than 33% but not more than 50% of the voting shares or voting rights of the company). The subscription by GSB for up to 120,000,000 Placement Shares will not give rise to any consequence of mandatory general offer obligation pursuant to the Code as the shareholding of GSB after the Proposed Private Placement will not result in it having more than 33% of the voting shares of our Company.

Subject to, amongst others, the prevailing market conditions and investors' interest at the point of implementation, the Proposed Private Placement may be implemented in tranches within six (6) months from the date of the approval from Bursa Securities for the listing of and quotation for the Placement Shares, or any extended period as may be approved by Bursa Securities.

### 2.2.1 Information on GSB

GSB was incorporated in Malaysia under the Act on 12 March 1991 as a private limited company. GSB is principally an investment holding company with its subsidiaries involved in property investment and land banking, commercial property development, as well as building and construction.

As at LPD, GSB has authorised share capital of RM25,000,000 comprising 20,000,000 ordinary shares of RM1.00 each and 5,000,000 redeemable preference shares of RM1.00 each. Its issued and paid up share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each.

As at LPD, the shareholders and directors of GSB and their respective shareholdings are as set out below:-

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares held	%	No. of shares held	%
<b><u>Shareholders</u></b>					
Tan Sri Mohamad Salim Fateh Din (“ <b>Tan Sri Salim</b> ”)	Malaysian	8,925,000	89	1,075,000 <sup>(1)</sup>	11
Puan Sri Yasmin binti Mohamed Ashraff (“ <b>Puan Sri Yasmin</b> ”)	Malaysian	1,075,000	11	8,925,000 <sup>(2)</sup>	89
<b><u>Directors</u></b>					
Tan Sri Salim	Malaysian	8,925,000	89	1,075,000 <sup>(1)</sup>	11
Puan Sri Yasmin	Malaysian	1,075,000	11	8,925,000 <sup>(2)</sup>	89
Mohd Imran Tan Sri Mohamad Salim (“ <b>Mohd Imran</b> ”) <sup>(3)</sup>	Malaysian	-	-	-	-

**Notes:-**

<sup>(1)</sup> Deemed interested by virtue of his spouse, Puan Sri Yasmin's interest in GSB pursuant to Section 6A of the Act.

<sup>(2)</sup> Deemed interested by virtue of her spouse, Tan Sri Salim's interest in GSB pursuant to Section 6A of the Act.

<sup>(3)</sup> Mohd Imran is the son of Tan Sri Salim and Puan Sri Yasmin.

### 2.3 Basis of determining the issue price of the Placement Shares

The issue price(s) of the Placement Shares for each tranche of the Proposed Private Placement shall be determined at later date(s) after the receipt of all relevant approvals for the Proposed Private Placement. Should the Placement Shares be issued at a discount, such discount shall not exceed ten percent (10%) to the five (5)-day VWAMP of MRCB Shares immediately preceding the price-fixing date, which will be determined by your Board after the receipt of all relevant approvals for the Proposed Private Placement. In any case, the issue price(s) of the Placement Shares will not be lower than the par value of the MRCB Shares.

The five (5)-day VWAMP of MRCB Shares from 26 October 2015 up to 30 October 2015, being the latest practicable date prior to the date of the announcement of the Proposed Private Placement on 16 November 2015, was RM1.24. For illustration purposes, assuming that the Placement Shares are priced based on the five (5)-day VWAMP, the indicative issue price would be RM1.24 per Placement Share.

### 2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing MRCB Shares, save and except that the Placement Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment of the said Placement Shares.

### 2.5 Listing of and quotation for the Placement Shares

Bursa Securities had vide its letter dated 2 December 2015 granted its approval for the listing of and quotation for up to 493,610,683 Placement Shares on the Main Market of Bursa Securities.

### 2.6 Utilisation of proceeds

Based on the indicative issue price of RM1.24 per Placement Share, our Company is expected to raise gross proceeds of up to RM443.1 million and RM611.3 million under the Minimum Scenario and Maximum Scenario respectively upon completion of the Proposed Private Placement. The proceeds are expected to be utilised in the following manner:-

Details of utilisation	Note	Estimated timeframe for utilisation from the listing of each tranche of the Placement Shares	Minimum Scenario <sup>(1)</sup> RM('000)	Maximum Scenario <sup>(2)</sup> RM('000)
Property development activities	(i)	Within 24 months	278,800	371,500
Repayment of borrowings	(ii)	Within 12 months	65,000	85,000
General working capital	(iii)	Within 12 months	90,272	142,044
Estimated expenses in relation to the Proposed Private Placement	(iv)	Within 6 months	9,000	12,800
<b>Total estimated proceeds</b>			<b>443,072</b>	<b>611,344</b>

**Notes:-**

- (i) The breakdown of the amount allocated for property development activities are as follows:-

	<i>Note</i>	<i>Minimum Scenario</i> <i>RM('000)</i>	<i>Maximum Scenario</i> <i>RM('000)</i>
Acquisition of landbanks/ investment in companies that own landbanks	(a)	80,900	107,800
Property development projects/ expenditure	(b)	197,900	263,700
		<b>278,800</b>	<b>371,500</b>

**Notes:-**

- (a) The proceeds are intended to be utilised to support our Group's plans to replenish and expand our landbanks for future development. This may entail acquisitions of landbanks directly from third parties and/ or through privatisation contracts as well as acquisitions/ investments in companies that own landbank.

The proceeds allocated for such purpose will also be utilised to defray expenses directly attributable to such acquisitions/ investments, such as professional fees (i.e. legal fees, quantity surveyor fees, valuation fees, feasibility studies and consultant fees), stamp duties, conversion fees and other relevant duties and/or levies.

As at LPD, our Company had announced, amongst others, the following transactions:-

- (i) On 28 October 2015, our Company had announced that MRCB Land Sdn Bhd ("MRCBL"), a wholly-owned subsidiary of our Company, had entered into a joint venture agreement with Cyberview Sdn Bhd in relation to, inter-alia, the proposed subscription by MRCBL of 700,000 ordinary shares of RM1.00 each and 2,688,000 redeemable preference shares at par value of RM1.00 and premium of RM99.00 each, representing 70% equity interest in CSB Development Sdn Bhd being the joint venture company for the purpose of purchasing and subsequently carrying out the development of Cyberjaya City Centre, for a total subscription payment of RM269.5 million ("**Proposed Subscription**"); and
- (ii) On 28 October 2015, our Company had announced that Rukun Juang Sdn Bhd ("**RJSB**"), a 85%-owned subsidiary of MRCBL, had entered into a Privatisation Agreement with the Government of Malaysia, represented by the Ministry of Youth and Sports ("**Government**") and Syarikat Tanah dan Harta Sdn Bhd ("**Hartanah**") relating to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur for a total contract sum of RM1,631,880,000.00. In consideration of RJSB agreeing to the construction works, the Government will cause the Federal Lands Commissioner to transfer the following lands to Hartanah and will cause Hartanah to transfer the following lands to RJSB:-
- (1) One (1) piece of leasehold land held under part of H.S. (D) 63195 PT 2875, Mukim of Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan KL measuring approximately 28.13 acres, with an agreed value of RM496,268,000;
- (2) One (1) piece of leasehold land held under part of GRN 41246 Lot 35323, Mukim of Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan KL measuring approximately 17.59 acres, with an agreed value of RM310,321,868; and
- (3) One (1) piece of leasehold land held under part of GRN 50029 Lot 38207, Mukim of Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan KL measuring approximately 46.78 acres, with an agreed value of RM825,290,333 ("**Proposed Privatisation**").

Whilst our Company has not determined the actual mode of funding for the Proposed Subscription and the Proposed Privatisation, our Company may utilise the proceeds earmarked for acquisition of landbanks/ investment in companies that own landbanks to finance its obligations relating to these transactions. However, this will depend on the actual timing of funding required for the Proposed Subscription and Proposed Privatisation as well as the completion of the Proposed Private Placement.

*Any amount not utilised for the Proposed Subscription and the Proposed Privatisation will be utilised for future acquisitions of landbanks and acquisitions of/ investments in companies that own landbank which have not been identified as at LPD. Upon identification, such acquisitions/ investments may require approval from the shareholders of MRCB pursuant to Chapter 10 of the Listing Requirements. If shareholders' approval is required for such acquisitions/ investments, then the utilisation of the proceeds from the Proposed Private Placement to fund such acquisitions/ investments will only be utilised after approval from shareholders has been obtained for the acquisitions/ investments.*

- (b) *The proceeds are intended to be utilised to fund our Group's future property development projects/ expenditure. Such expenses will include, preliminary project costs (such as regulatory fees, consultant and professional fees), project management and administrative costs as well as consultant and professional fees but shall exclude land cost and any expenses directly attributable to land acquisitions. As at LPD, our Company has not identified any specific property development project which will be funded using the proceeds to be raised from the Proposed Private Placement.*

*For information purposes, any amounts not utilised for acquisition of landbanks/ investment in companies that own landbanks will be adjusted to/ from the gross proceeds allocated for property development projects/ expenditure and vice-versa.*

- (ii) *As at 30 September 2015, the total borrowings of MRCB Group amounted to approximately RM3.07 billion. Based on our Group's weighted average effective interest rate for long term borrowings of approximately 5.1% per annum for the financial year 2014, the repayment of such borrowings is expected to result in an annual gross interest savings of approximately RM3.32 million and RM4.34 million to our Company under the Minimum Scenario and Maximum Scenario respectively.*
- (iii) *Represents funds allocated for general working capital requirements, including day to day operations and operating expenses, such as sales and marketing expenses, payments to suppliers and contractors and general administrative expenses.*
- (iv) *The estimated expenses consist of professional fees, placement fees, fees payable to authorities and other miscellaneous expenses. Any variation in the actual amount of expenses will be adjusted to/from the gross proceeds allocated for general working capital.*
- <sup>(1)</sup> *Assuming none of the outstanding ESOS Options and Warrants is exercised before the implementation of the Proposed Private Placement.*
- <sup>(2)</sup> *Assuming all of the outstanding ESOS Options and Warrants are fully exercised before the implementation of the Proposed Private Placement.*

For information purposes, in the event the actual gross proceeds to be raised from the Proposed Private Placement is higher or lower than the estimated gross proceeds as set out in the table above, such variance shall be adjusted to/ from the gross proceeds allocated for property development activities i.e. properly development projects/ expenditure.

### **3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT**

The Proposed Private Placement will enable our Company to raise the necessary funds expeditiously to expand our landbanks when such opportunity arises and to carry out our property development activities, which in turn is expected to contribute positively to the future earnings of our Group. In addition, upon completion of the Proposed Private Placement, our Company will receive cash proceeds, which is intended to be used to, amongst others, pare down the borrowings of our Group. This will enable our Group to reduce our gearing and benefit from interest savings as detailed in Section 4.3 of this Circular. Further, GSB has provided its Undertaking and expressed its Intention to participate in the Proposed Private Placement to enable it to provide continued support to the business and prospects of our Company.

Your Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for MRCB Group premised on the following reasons:-

- (i) the Proposed Private Placement will enable our Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing;
- (ii) the Proposed Private Placement will strengthen the financial position and capital base of our Company and may potentially enhance the liquidity and marketability of MRCB Shares;

- (iii) the Proposed Private Placement allows our Company to raise funds expeditiously and cost effectively as compared to other fund raising exercises involving a pro-rata issuance of securities such as a rights issue;
- (iv) the issuance of shares under a rights issue exercise usually requires a higher discount to the prevailing market price as compared to an issuance of shares under a private placement exercise;
- (v) the Proposed Private Placement will further align the interests and commitment of GSB, as the major shareholder of MRCB, to enhance the financial performance of our Company which would ultimately benefit all shareholders of MRCB; and
- (vi) the Proposed Private Placement is also intended to increase MRCB's Bumiputera shareholdings to maintain its Bumiputera Controlled Public Listed Company status.

In addition to the above, your Board had decided on the private placement size of up to twenty (20%) of the issued and paid-up share capital of our Company after taking into consideration the prevailing market price of MRCB Shares and the requisite funds required by our Company to meet its objectives as set out in Section 2.6 of this Circular.

#### 4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

For illustration purposes, the effects of the Proposed Private Placement shall be based on the following scenarios:-

**Minimum Scenario** : Assuming none of the outstanding ESOS Options and Warrants is exercised before the implementation of the Proposed Private Placement

**Maximum Scenario** : Assuming all of the outstanding ESOS Options and Warrants are fully exercised before the implementation of the Proposed Private Placement

##### 4.1 Issued and paid-up share capital

The proforma effects of the Proposed Private Placement on the total issued and paid-up share capital of MRCB are set out below:-

	Minimum Scenario	Maximum Scenario
	No. of MRCB Shares	No. of MRCB Shares
Issued and paid-up share capital as at LPD	1,786,580,857	1,786,580,857
Upon full exercise of the outstanding ESOS Options	-	101,998,919
Upon full exercise of the outstanding Warrants	-	576,519,012
	1,786,580,857	2,465,098,788
To be issued pursuant to the Proposed Private Placement	357,316,171	493,019,758
<b>Enlarged issued and paid-up share capital</b>	<b>2,143,897,028</b>	<b>2,958,118,546</b>

#### 4.2

#### Substantial shareholders' shareholdings

Based on MRCB's Register of Substantial Shareholders as at LPD, the proforma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of MRCB are as follows:-

#### Minimum Scenario

Substantial shareholders	As at LPD		(1)		After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
EPF	685,457,897	38.37	-	-	685,457,897	31.97	-	-
GSB	298,322,581	16.70	-	-	418,322,581 (2)	19.51	-	-
Lembaga Tabung Haji ("LTH")	179,765,673	10.06	-	-	179,765,673	8.38	-	-
Tan Sri Salim	-	-	298,322,581 (1)	16.70	-	-	418,322,581 (1)	19.51

Notes:-

(1) Deemed interested by virtue of his substantial shareholding in GSB.

(2) Assuming GSB subscribes for 120,000,000 Placement Shares pursuant to the Undertaking and Intention.

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**Maximum Scenario**

Substantial shareholders	As at LPD		(I) Upon full exercise of the outstanding ESOS Options and Warrants				(II) After (I) and the Proposed Private Placement					
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
EPF	685,457,897	38.37	-	-	686,805,825 <sup>(2)</sup>	27.86	-	-	686,805,825	23.22	-	-
GSB	298,322,581	16.70	-	-	383,557,604 <sup>(3)</sup>	15.56	-	-	503,557,604 <sup>(5)</sup>	17.02	-	-
LTH	179,765,673	10.06	-	-	181,665,673 <sup>(4)</sup>	7.37	-	-	181,665,673	6.14	-	-
Tan Sri Salim	-	-	298,322,581 <sup>(1)</sup>	16.70	-	-	-	383,557,604 <sup>(1)</sup>	15.56	-	503,557,604 <sup>(1)</sup>	17.02

**Notes:-**

- <sup>(1)</sup> Deemed interested by virtue of his substantial shareholding in GSB.
- <sup>(2)</sup> Assuming EPF exercises all of the 1,347,928 Warrants held by it as at LPD.
- <sup>(3)</sup> Assuming GSB exercises all of the 85,235,023 Warrants held by it as at LPD.
- <sup>(4)</sup> Assuming LTH exercises all of the 1,900,000 Warrants held by it as at LPD.
- <sup>(5)</sup> Assuming GSB subscribes for 120,000,000 Placement Shares pursuant to the Undertaking and Intention.

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### 4.3 NA and gearing

Based on the audited consolidated statement of financial position of MRCB as at 31 December 2014 and the assumption that the Proposed Private Placement had been effected on that date, the proforma effects of the Proposed Private Placement on the NA and gearing of the MRCB Group are as follows:-

#### Minimum Scenario

	Audited as at 31 December 2014	(I) Subsequent events up to LPD <sup>^</sup>	(II) After (I) and the Proposed Private Placement
	RM('000)	RM('000)	RM('000)
Share capital	1,760,178	1,786,581	2,143,897
Share premium	323,986	327,946	404,945 <sup>(1)</sup>
Accumulated losses	(154,845)	(159,686)	(159,929) <sup>(2)</sup>
Other reserves	55,937	62,099	62,099
Shareholder's equity/NA	1,985,256	2,016,940	2,451,012
No. of ordinary shares in issue ('000)	1,760,178	1,786,581	2,143,897
NA per ordinary share (RM)	1.13	1.13	1.14
Borrowings	3,690,702	3,690,702	3,625,702 <sup>(3)</sup>
Gearing (times)	1.86	1.83	1.48

#### **Notes:-**

<sup>^</sup> After taking into consideration the following:-

(a) issuance of 26,402,558 MRCB Shares together with 7,543,588 Warrants pursuant to the settlement of the remaining purchase consideration for the acquisition of MRCB Builders Sdn Bhd (formerly known as Gelanggang Harapan Construction Sdn Bhd); and

(b) granting of ESOS Options to the eligible employees and directors of our Group pursuant to the ESOS.

<sup>(1)</sup> Based on an indicative issue price of RM1.24 per Placement Share and after netting of estimated expenses of approximately RM8.76 million in relation to the Proposed Private Placement. For information purposes, expenses which are directly attributable to the issuance of the Placement Shares such as placement fees and fees payable to regulatory authorities are deducted against share premium whilst the remaining expenses are expensed off.

<sup>(2)</sup> After netting of estimated expenses of approximately RM0.24 million in relation to the Proposed Private Placement.

<sup>(3)</sup> After the repayment of borrowings amounting to RM65.00 million using the proceeds raised from the Proposed Private Placement, as set out in Section 2.6 of this Circular.

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### Maximum Scenario

	Audited as at 31 December 2014	(I) Subsequent events up to LPD <sup>^</sup>	(II) After (I) and the full exercise of outstanding ESOS Options and Warrants	(III) After (II) and the Proposed Private Placement
	RM('000)	RM('000)	RM('000)	RM('000)
Share capital	1,760,178	1,786,581	2,465,098	2,958,118
Share premium	323,986	327,946	1,148,441	1,254,192 <sup>(1)</sup>
Accumulated losses	(154,845)	(159,686)	(159,420)	(159,646) <sup>(2)</sup>
Other reserves	55,937	62,099	27,417	27,417
Shareholder's equity/NA	1,985,256	2,016,940	3,481,536	4,080,081
No. of ordinary shares in issue ( '000)	1,760,178	1,786,581	2,465,098	2,958,118
NA per ordinary share (RM)	1.13	1.13	1.41	1.38
Borrowings	3,690,702	3,690,702	3,690,702	3,605,702 <sup>(3)</sup>
Gearing (times)	1.86	1.83	1.06	0.88

**Notes:-**

<sup>^</sup> After taking into consideration the following:-

(a) issuance of 26,402,558 MRCB Shares together with 7,543,588 Warrants pursuant to the settlement of the remaining purchase consideration for the acquisition of MRCB Builders Sdn Bhd (formerly known as Gelanggang Harapan Construction Sdn Bhd); and

(b) granting of ESOS Options to the eligible employees and directors of our Group pursuant to the ESOS.

<sup>(1)</sup> Based on an indicative issue price of RM1.24 per Placement Share and after netting of estimated expenses of approximately RM12.57 million in relation to the Proposed Private Placement. For information purposes, expenses which are directly attributable to the issuance of the Placement Shares such as placement fees and fees payable to regulatory authorities are deducted against share premium whilst the remaining expenses are expensed off.

<sup>(2)</sup> After netting of estimated expenses of approximately RM0.23 million in relation to the Proposed Private Placement.

<sup>(3)</sup> After the repayment of borrowings amounting to RM85.00 million using the proceeds raised from the Proposed Private Placement, as set out in Section 2.6 of this Circular.

#### **4.4 Earnings and EPS**

As the Proposed Private Placement is expected to be completed in the second quarter of 2016, the Proposed Private Placement is not expected to have any effect on the earnings of our Group for the FYE 31 December 2015.

For illustration purposes, assuming that the Proposed Private Placement was completed on 1 January 2014, our proforma EPS (prior to the utilisation of the placement proceeds for property development activities and general working capital) would be as follows:-

	After the Proposed Private Placement	
	Minimum Scenario	Maximum Scenario
	RM('000)	RM('000)
Profit after tax and non-controlling interest ("PATANCI") for the FYE 31 December 2014	152,634	152,634
Less: Estimated expenses in relation to the Proposed Private Placement <sup>(1)</sup>	(243)	(226)
Add: Interest saving upon repayment of borrowings	3,315	4,335
Proforma PATANCI as at 31 December 2014	155,706	156,743
Weighted average ordinary shares in issue as at 31 December 2014 ('000)	1,708,565	1,708,565
Adjusted weighted average ordinary shares in issue as at 31 December 2014 ('000) <sup>(2)</sup>	2,065,881	2,201,585
EPS for FYE 31 December 2014 (sen) <sup>(3)</sup>	8.93	8.93
<b>Proforma EPS for FYE 31 December 2014 (sen) <sup>(4)</sup></b>	<b>7.54</b>	<b>7.12</b>

**Notes:-**

<sup>(1)</sup> Represents the portion of the total estimated expenses which is charged to the income statement of our Company whilst the remaining balance is deducted against share premium of our Company.

<sup>(2)</sup> Derived based on the weighted average ordinary shares in issue of our Company as at 31 December 2014 and adding 357.316 million Placement Shares and 493.020 million Placement Shares under the Minimum Scenario and Maximum Scenario respectively, on the assumption that the Placement Shares had been issued on 1 January 2014.

<sup>(3)</sup> Computed based on the PATANCI for the FYE 31 December 2014 divided by the weighted average ordinary shares in issue of our Company as at 31 December 2014.

<sup>(4)</sup> Computed based on the proforma PATANCI for the FYE 31 December 2014 divided by the adjusted weighted average ordinary shares in issue of our Company as at 31 December 2014.

Based on the illustration above, our EPS for the FYE 31 December 2014 would decline from 8.93 sen to 7.54 sen and 7.12 sen under the Minimum Scenario and Maximum Scenario respectively.

The Proposed Private Placement is expected to contribute positively to the future earnings of our Group from FYE 31 December 2016 onwards as a result of the utilisation of the placement proceeds for acquisition of landbanks and property development activities as well as the part repayment of bank borrowings. However, the EPS of our Group will correspondingly reduce as a result of the increase in our Company's total issued and paid-up share capital.

#### 4.5 Convertible securities

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

The Proposed Private Placement will not give rise to any adjustment to the exercise price and/or the number of outstanding ESOS Options and Warrants pursuant to the provisions of the bye-laws and Deed Poll, respectively.

#### 4.6 Public shareholding spread

The proforma effects of the Proposed Private Placement on the public shareholding spread of MRCB are as follows:-

Particulars	As at LPD		Minimum Scenario		Maximum Scenario	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Issued and paid-up share capital of MRCB	1,786,580,857	100.00	1,786,580,857	83.33	2,465,098,788 <sup>(2)</sup>	83.33
Add: New MRCB Shares to be issued	-	-	357,316,171	16.67	493,019,758	16.67
<u>Less:</u>						
Directors of the applicant and its subsidiaries	1,786,580,857	100.00	2,143,897,028	100.00	2,958,118,546	100.00
Substantial shareholders of the applicant (except where such shareholder may be included as "public")	650,000	0.04	650,000	0.03	650,000	0.02
Associates of directors or substantial shareholders of the applicant	983,780,478	55.06	1,103,780,478 <sup>(1)</sup>	51.48	1,190,363,429 <sup>(1)(3)</sup>	40.24
Shareholders holding less than 100 shares	159,284	0.01	159,284	0.01	159,284	0.01
<b>Public shareholdings</b>	<b>801,991,095</b>	<b>44.89</b>	<b>1,039,307,266</b>	<b>48.48</b>	<b>1,766,945,833</b>	<b>59.73</b>

Notes:-

<sup>(1)</sup> Assuming GSB subscribes for 120,000,000 Placement Shares pursuant to the Undertaking and Intention.

<sup>(2)</sup> Assuming all of the outstanding ESOS Options and Warrants are fully exercised before the implementation of the Proposed Private Placement.

<sup>(3)</sup> Assuming EPF and GSB exercises all of the 1,347,928 Warrants and 85,235,023 Warrants respectively held by them as at LPD.

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

## 5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of MRCB Shares traded on the Main Market of Bursa Securities for the past twelve (12) months from December 2014 to November 2015 are as follows:-

	<u>High</u> (RM)	<u>Low</u> (RM)
<b><u>2014</u></b>		
December	1.45	1.05
<b><u>2015</u></b>		
January	1.41	1.06
February	1.46	1.32
March	1.40	1.19
April	1.39	1.23
May	1.37	1.22
June	1.29	1.18
July	1.23	1.08
August	1.10	0.80
September	1.22	0.82
October	1.28	1.13
November	1.52	1.25
Last transacted market price of MRCB Shares on 13 November 2015 (being the last full trading day prior to the announcement of the Proposed Private Placement on 16 November 2015)		1.43
Last transacted market price of MRCB Shares as at LPD		1.35

(Source: Bloomberg)

## 6. OVERVIEW AND PROSPECTS

### 6.1. Overview and outlook of the Malaysian economy

The Malaysian economy recorded a growth of 4.7% in the third quarter of 2015 (Second quarter (“2Q”) 2015: 4.9%), supported mainly by private sector demand. On the supply side, all economic sectors continued to expand during the quarter. On a quarter-on quarter seasonally-adjusted basis, the economy grew by 0.7% (2Q 2015: 1.1%).

The private sector continued to be the key driver of growth during the quarter. Private investment grew by 5.5% (2Q 2015: 3.9%), driven by capital spending in the manufacturing and services sectors. Private consumption expanded at a more moderate rate of 4.1% (2Q 2015: 6.4%) as households continued to adjust to the implementation of the Goods and Services Tax (GST). Public investment turned around to record a positive growth due to the improvement in spending on fixed assets by both the Federal Government and public enterprises. Meanwhile, public consumption growth moderated to 3.5% (2Q 2015: 6.8%) following the slower growth in both emoluments and supplies and services expenditure.

On the supply side, all economic sectors continued to expand during the quarter. Growth was led by the construction and manufacturing sectors. Construction sector growth improved due mainly to a faster expansion in the civil engineering and specialised construction activities sub-sectors. Similarly, the manufacturing sector registered higher growth, supported in particular by an improvement in the export oriented industries. The services sector registered lower growth due to a moderation in household spending and slower capital market activity. The mining and agriculture sectors expanded at a slower pace due to a moderation in crude oil and palm oil production, respectively.

While downside risks to growth remain, the Malaysian economy is expected to expand within the region of 4.5 – 5.5% this year and 4 – 5% in 2016. As a result of structural adjustments that have been steadily undertaken over the years, the economy is now supported by diversified sources of growth. With the external sector performance expected to be modest, domestic demand will continue to be the main driver of growth, supported mainly by the private sector activity. In addition, the flexible exchange rate, deep and more mature financial markets and solid financial institutions will support this trend and ensure that shocks such as volatile capital flows are well intermediated, therefore minimising spillovers to the real economy.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2015, Bank Negara Malaysia)*

## **6.2. Overview and outlook of the Malaysian property market and construction sector**

The residential subsector's construction activity during the first six (6) months of 2015 expanded moderately by 9.8% (January – June 2014: 22.1%) partly due to the decline in new housing approvals which decreased by 32.9% to 66,770 units (January – June 2014: 37.3%; 99,461 units), reflecting cautious sentiment among housing developers amid a challenging environment. However, the moderation was cushioned by the steady growth in incoming supply at 13.8% (January – June 2014: 10.3%). During the first six (6) months of the year, the Klang Valley continued to dominate the incoming supply, accounting for 29% of the total supply (January – June 2014: 28.9%). Housing starts rebounded by 38% to 100,712 units (January – June 2014: -1.8%; 72,935 units), supported by service apartments as well as condominiums/apartments which accounted for 28.3% (28,541 units) and 22.5% (22,673 units), respectively, of the total starts. The take-up rate for residential units increased to 31.4% to 8,542 units in the first half of 2015 (January – June 2014: 23.8%; 11,588 units).

The total value of property transaction declined by 6.6% to RM76.6 billion, while volume contracted by 3.5% to 186,661 transactions during the first six months of 2015 (January – June 2014: 19.3%; RM82 billion; 3.3%; 193,403 transactions). The Government initiatives to curb speculative activity, including the real property gains tax as well as macroprudential measures to promote responsible lending, have seen some moderation in the residential property market. The volume of residential property transactions, which accounted for 64% of total property transactions, contracted by 2.6% to 119,604 transactions (January – June 2014: 2.3%; 122,830 transactions), while the value dropped by 9.7% to RM36.4 billion (January – June 2014: 19.4%; RM40.3 billion).

In the non-residential subsector, construction activity during the first six (6) months of 2015 grew by 14.5% (January – June 2014: 14.2%) as reflected in the expansion of incoming supply, particularly in the shop, shopping complex and industrial segments at 27.8%, 11.3% and 9.6%, respectively (January – June 2014: 8.7%, 20%, 0.2%). The purpose-built office (“PBO”) segment registered a significant increase in construction starts to 215,916 square metres (“sm”) despite the contraction in incoming supply by 7.5% in the first half of 2015 (January – June 2014: 7,764 sm; -16.4%). The shop overhang increased by 2.2% to 4,915 units with a total value of RM1.9 billion during the period (January – June 2014: 9%, 4,810 units; RM1.5 billion). However, the demand for commercial buildings remained stable with the average occupancy rate of office and retail space at 84.2% and 81.6% respectively, reflecting sustained demand, particularly for commercial space located in prime areas. As at end-June 2015, the existing stock of PBO and shopping complexes stood at 19.8 million sm and 13.2 million sm, respectively (end-June 2014: 19.1 million sm; 12.4 million sm).

The non-residential subsector construction activity is expected to expand in 2016 led by ongoing construction of commercial buildings. Growth in the residential subsector construction activity is expected to be supported by ongoing Government initiatives to provide affordable housing.

*(Source: Chapter 3, Economic Performance and Prospects, Economic Report 2015/2016, Ministry of Finance Malaysia)*

Growth in the construction sector improved to 9.9% in the third quarter (2Q 2015: 5.6%), mainly on account of faster expansion in the civil engineering and specialised construction activities sub-sectors. In the civil engineering sub-sector, the faster growth was driven by petrochemical and transport-related projects, while higher activity for earthworks, land clearing and land reclamation underpinned the growth in the specialised construction activities sub-sector. In the non-residential sub-sector, growth was sustained by large ongoing industrial and commercial projects, while construction in the high-end housing segments in the Klang Valley and Johor supported growth in the residential sub-sector.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2015, Bank Negara Malaysia)*

### **6.3. Prospects of MRCB**

MRCB Group has the unique position of being the pioneer of Transport Oriented Development with the development of the largest transportation hub, Stesen Sentral Kuala Lumpur, alongside luxury residences, corporate office towers, five-star hotels and a retail mall in the Kuala Lumpur Sentral Central Business District. Building on the success of Kuala Lumpur Sentral Central Business District, our Group plans to emulate similar developments across the country and continue with systematic developments centered around transportation hubs. The development of PJ Sentral and Penang Sentral are on-going whilst preparations are under way for the development of Kwasa Sentral. The PJ Sentral development located at Section 52, Petaling Jaya seeks to establish a new vision for the urban regeneration of Petaling Jaya. The Penang Sentral development is expected to incorporate urban development with a transport terminal and “Park n Ride” facilities located at Seberang Perai. The Kwasa Sentral development is intended to be a commercial and residential hub with accessibility to two (2) proposed mass rapid transit (“MRT”) stations, i.e. Kwasa Sentral and Kwasa Damansara MRT stations. Further, on 28 October 2015, our Company announced the proposed joint venture with Cyberview Sdn Bhd to undertake the mixed development of land located at Cyberjaya and the proposed privatisation of land located at Bukit Jalil.

Despite the challenging conditions for the property market, our Group recorded revenue contribution from the property development and investment segment amounting to RM567.0 million for the nine (9) months FPE 30 September 2015. Our Group will continue to offer a diverse range of developments that address the needs of the market. As an urban property developer, our Group’s continued success will be bolstered by a healthy reserve of landbanks. The proceeds from the Proposed Private Placement will, *inter alia*, be utilised for the purchase and development of prime lands which is expected to contribute positively to the future financial performance of our Group.

Notwithstanding the above, our Group is also actively involved in engineering, construction & environment (E&C) activities, which are expected to provide our Group with a stable stream of recurring income. Our involvement in such activities is evident by our Company’s recent announcements relating to our appointment as management contractor for Kwasa Utama Sdn Bhd (*formerly known as Kwasa Development (1) Sdn Bhd*) in connection with the development and construction of the Kwasa Utama commercial development (which is expected to comprise seven (7) separate development plots consisting of eight (8) office towers, one (1) block of hotel, one (1) block of auditorium and one (1) facility block) as well as proposed refurbishment and upgrading of facilities at the National Sports Complex in Bukit Jalil.

## **7. APPROVALS REQUIRED FOR THE PROPOSED PRIVATE PLACEMENT**

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

- (i) our non-interested shareholders at the forthcoming EGM;
- (ii) Bursa Securities for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, which was obtained vide its letter dated 2 December 2015, subject to, amongst others, the following conditions:-

	<b>Condition</b>	<b>Status of compliance</b>
1.	MRCB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	Noted.
2.	MRCB and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied.
3.	MRCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and	To be complied.
4.	MRCB is required to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders in general meeting approving the Proposed Private Placement	To be complied.

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

The Proposed Private Placement is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

## 8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

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

- (i) Proposed subscription of new ordinary shares of RM1.00 each representing a 70% equity interest in Kwasa Sentral Sdn Bhd (formerly known as Kwasa Development (2) Sdn Bhd ("**KSSB**"))

On 30 June 2014, our Company had announced the receipt of a letter of award from Kwasa Land Sdn Bhd ("**Kwasa Land**") for the development of 64.07 acres of land identified to be the town centre of the proposed Kwasa Damansara Township ("**Project MX-1**").

Subsequently, our Company had, on 14 August 2014, entered into a shareholders' agreement with Kwasa Land and KSSB in relation to, *inter alia*, the proposed subscription of new ordinary shares of RM1.00 each representing a 70% equity interests in KSSB, a special purpose vehicle incorporated to undertake Project MX-1, for a subscription payment of approximately RM816.6 million.

The proposal was approved by our Company's shareholders at the EGM held on 12 February 2015 and is expected to be completed by the first (1<sup>st</sup>) half of 2016.

- (ii) Proposed acquisition by Legasi Azam Sdn Bhd ("**LASB**") of a parcel of land with development potential from the Government of the Federal Republic of Germany ("**Government of Germany**")

On 7 April 2015, our Company had announced that LASB, a wholly-owned subsidiary of MRCBL, which in turn is a wholly-owned subsidiary of MRCB, had entered into a sale and purchase agreement with the Government of Germany for the acquisition of a parcel of land together with buildings erected thereon held under Geran 34211, Lot 94, Seksyen 58, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a total cash consideration of RM259,155,708.

The proposal was subsequently completed on 23 November 2015.

- (iii) Proposed disposal by MRCB of Sooka Sentral to Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd (formerly known as KL Cardiac And Vascular Centre Sdn Bhd)

On 24 August 2015, our Company had announced that it had on 5 August 2015, entered into a sale and purchase agreement with Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd (formerly known as KL Cardiac And Vascular Centre Sdn Bhd) for the sale of Sooka Sentral for a total consideration of RM90.8 million. Sooka Sentral consists of a five (5)-storey commercial building and one (1) level of car park located on 5,662 square meters of land.

The proposal is expected to be completed by the first (1<sup>st</sup>) quarter of 2016.

- (iv) Proposed subscription of new ordinary shares and redeemable preferences shares, representing 70% equity interest in a joint venture company

On 28 October 2015, our Company had announced that MRCBL had entered into a joint venture agreement with Cyberview Sdn Bhd in relation to, *inter-alia*, the proposed subscription by MRCBL of 700,000 ordinary shares of RM1.00 each and 2,688,000 redeemable preference shares at par value of RM1.00 and premium of RM99.00 each, representing 70% equity interest in CSB Development Sdn Bhd being the joint venture company for the purpose of purchasing and subsequently carrying out the development of Cyberjaya City Centre, for a total subscription payment of RM269.5 million.

The proposal is expected to be completed by the fourth (4<sup>th</sup>) quarter of 2016.

- (v) Proposed privatisation agreement entered into between RJSB, the Government of Malaysia, represented by the Ministry of Youth and Sports (“**Government**”) and Syarikat Tanah dan Harta Sdn Bhd (“**Hartanah**”) (“**Privatisation Agreement**”)

On 28 October 2015, our Company had announced that RJSB, a 85%-owned subsidiary of MRCBL, had entered into a Privatisation Agreement relating to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur for a total contract sum of RM1,631,880,000.00.

The proposal is expected to be completed by end-2020.

- (vi) Management contract between Kwasa Utama Sdn Bhd (formerly known as Kwasa Development (1) Sdn Bhd) (“**KUSB**”) and MRCB for the appointment of MRCB as the Management Contractor in connection with the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as plot C8 (part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan for a provisional total contract sum of RM3,145,493,294

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

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

## 9. TENTATIVE TIMELINE FOR THE IMPLEMENTATION OF THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement is expected to be implemented within six (6) months from the date of the approval from Bursa Securities for the listing of and quotation for the Placement Shares, or any extended period as may be approved by Bursa Securities, and may be implemented in tranches subject to, amongst others, the prevailing market conditions.

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Private Placement is expected to be completed by the second quarter of 2016.

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

Save as disclosed below, none of the directors and/or major shareholders of MRCB and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Private Placement.

### 11.1 Interested directors

Tan Sri Salim and Mohd Imran, being the Group Managing Director and Executive Director of our Company respectively, are also the directors of GSB, the proposed placee. In addition, Tan Sri Salim is also the major shareholder of GSB.

Hence, Tan Sri Salim and Mohd Imran (collectively referred to as the “**Interested Directors**”) are deemed interested in the Proposed Private Placement.

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Private Placement. They will also abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

The Interested Directors will also ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

The direct and indirect equity interests of the Interested Directors in MRCB as at LPD are as set out below:-

Interested Directors	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Tan Sri Salim	-	-	298,322,581 <sup>(1)</sup>	16.70
Mohd Imran	-	-	-	-

*Note:-*

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholding in GSB.

### 11.2 Interested major shareholder

GSB, which is a proposed placee, is a major shareholder of MRCB.

Hence, GSB (“**Interested Major Shareholder**”) is deemed interested in the Proposed Private Placement.

The Interested Major Shareholder will abstain from voting in respect of its direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

The Interested Major Shareholder will also ensure that persons connected to it will abstain from voting in respect of its direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

The direct and indirect equity interests of the Interested Major Shareholder in MRCB as at LPD are as set out below:-

Interested Major Shareholder	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
GSB	298,322,581	16.70	-	-

## 12. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Board (save for the Interested Directors), after having considered all aspects including but not limited to the utilisation of proceeds, the rationale and effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of MRCB.

Accordingly, your Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

## 13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 December 2015 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed Private Placement.

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

## 14. FURTHER INFORMATION

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

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

**TAN SRI AZLAN ZAINOL**  
*Non-Independent Non-Executive Chairman*

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

All information relating to GSB has been extracted from information provided by the directors/management of GSB. Therefore, the sole responsibility of your Board is restricted to ensure that such information is accurately reproduced in this Circular.

**2. CONSENTS**

RHB Investment Bank, being the Principal Adviser and Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form, manner and context in which they appear in this Circular.

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

EPF is a common shareholder of MRCB and RHB Capital Berhad (being the holding company of RHB Investment Bank) ("**RHB Capital**"). Nevertheless, EPF is not involved in the day-to-day operations of RHB Investment Bank.

In addition, Tan Sri Azlan Zainol is the Non-Independent Non-Executive Chairman of MRCB and a Non-Independent Non-Executive Director of RHB Capital. Nevertheless, in view of his role as a non-executive director, he is not involved in the day-to-day operations of RHB Capital.

Haji Md Ja'far Abdul Carrim, a member of the board of directors of EPF, is also the Non-Independent Non-Executive Chairman and a Non-Independent Non-Executive Director of RHB Islamic Bank Berhad and RHB Insurance Berhad respectively, which are also subsidiaries of RHB Capital. Nevertheless, he does not hold any directorships in either RHB Capital or RHB Investment Bank.

As at LPD, RHB Investment Bank and its related companies (collectively referred to as "**RHB Banking Group**") have extended various credit facilities amounting to approximately RM1,600.80 million (with an amount of approximately RM726.10 million outstanding) to our Group. Such credit facilities represent approximately 0.73% of the audited total assets of RHB Banking Group as at 31 December 2014 of RM219,354.44 million.

The above credit facilities are provided by RHB Banking Group in the ordinary course of business and RHB Investment Bank does not receive or derive any financial interest or benefit from the Proposed Private Placement, save for the professional fees and placement fees relating to its role as Principal Adviser and Placement Agent for the Proposed Private Placement.

Notwithstanding the aforesaid, RHB Investment Bank confirms that there is no existing conflict of interest and is not aware of any circumstance which would or is likely to give rise to a possible conflict of interest situation by virtue of RHB Investment Bank's appointment as the Principal Adviser and Placement Agent for the Proposed Private Placement.

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**FURTHER INFORMATION (Cont'd)**


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

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

	<b>RM('000)</b>
Authorised capital expenditure not contracted for: - property, plant and equipment	31,593

**4.2 Contingent liabilities**

Save as disclosed below, as at LPD, your Board is not aware of any contingent liability which upon becoming enforceable may have a material and adverse impact on the financial position of our Group:-

	<b>RM('000)</b>
Unsecured corporate guarantees given to financial institutions for trade and performance guarantees extended to third parties	136,631
Disputed claims from sub-contractor arising from business transactions <sup>(1)</sup>	4,681

*Note:-*

<sup>(1)</sup> *The disputed claims from sub-contractors arising from business transactions have not been provided for in the financial statements as your Board, based on legal advice, is of the opinion that the above claims are not likely to succeed and thus would not have a material effect on the financial position of the business of our Group and of our Company.*

**5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, our Group is not involved in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position of our Group and, to the best of your Board's knowledge and belief, your Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of our Group.

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

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

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**FURTHER INFORMATION (Cont'd)**


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MPD alleged that the conditions precedent to the SSA have not been fulfilled and demanded the refund of deposit of RM6,000,000.00, together with interest and costs. Summary judgement was entered against the 1st, 3rd, 6th and 7th Defendants on 18 November 2005. The appeal of the Defendants against the summary judgment was allowed on 16 August 2006. On 16 March 2008, Judgement in Default was entered against the Defendants. The Defendants filed an appeal but the appeal was dismissed by the High Court on 10 August 2009. Defendants filed appeal at the Court of Appeal and were allowed on 12 October 2011. As at LPD, the Court has yet to fix a date for the case management.

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

**(ii) Kuala Lumpur High Court, Civil Suit No. 22-NCC-629-10/2013  
MRCB Engineering Sdn Bhd (“MESB”) v Pacific Insurance Bhd (“PIB”)**

MESB, a subsidiary of MRCB, filed a writ of summon on 29 October 2013 against PIB claiming losses of RM14,433,224.14 arising from the rejection of PIB in respect of MESB’s insurance claims for losses suffered due to fire at Lot 348, Kuala Lumpur Sentral, Kuala Lumpur, together with exemplary and aggravated damages. PIB filed defence on 18 December 2013. Hearing proceeded on 24 and 25 March 2014 and closed on 22 May 2014. Written submission was filed on 3 July 2014.

The High Court had on 26 June 2015 allowed MESB’s claim with costs of RM45,000. As at LPD, the parties have submitted all relevant documents for assessment of damages and the Court has yet to fix a date for decision on quantification of damages.

**(iii) Kuala Lumpur High Court, Civil Suit No. 22-NCC-311-08/2014  
HT Maltech Consultants v MRCB, Malaysian Resources Development Sdn Bhd (“MRDSB”), Perbadanan Kemajuan Negeri Perak (“PKNP”) & 5 others**

HT Maltech Consultants (“HMC”) sued MRCB, MRDSB and all defendants alleging unlawful and fraudulent conspiracy to cheat and defraud HMC from recovering the amounts due to HMC based on a court judgement obtained by HMC against a company previously owned by the 2nd and 3rd defendants, namely Kejuruteraan Dan Pembinaan Seri Lumut Sdn Bhd (“KPSL”). HMC is seeking for a court declaration that disposal of the entire KPSL shares was fraudulent and the defendants be made liable to satisfy the judgement obtained by HMC. HMC also sought for a special damages amounting to RM32,418,055.80, general damages, interest, costs and other court relief. Summons was received by the defendants on 22 September 2014 and court appearance was entered on 23 September 2014. Defence was filed on 20 October 2014. A Case Management was fixed on 5 November 2014.

The 1st and 2nd defendant filed a striking out proceeding on 4 November 2014. During the hearing, the High Court dismissed the striking out application with costs of RM2,000. An appeal to the striking out application was filed and the court did not grant it as the judge was of the opinion that it was not a plain and obvious case to strike out. The High Court fixed trial dates on 20 and 21 May, 25 and 26 June and 31 July 2015.

The High Court had on 31 July 2015 dismissed HMC’s claim and instructed HMC to pay each defendant RM50,000 in costs with interest to accrue at a rate of 5% per annum from 31 July 2015 until the date of full payment to the respective defendants.

On 18 August 2015, the defendants extracted the sealed judgement from the High Court and served it on HMC on 20 August 2015.

The last day for HMC to file its notice of appeal against the High Court’s decision fell on 30 August 2015. To date, no notice of appeal has been filed by HMC.

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**FURTHER INFORMATION (Cont'd)**


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- (iv) **In the matter of adjudication between Bisraya Construction-MRCB Engineering Consortium (“BCME”), an unincorporated joint venture between Bisraya Construction Sdn Bhd and MESB against UDA Holdings Berhad (“UDA”) under the Construction Industry Payment & Adjudication Act 2010 (“CIPAA”)**

BCME filed an adjudication claim dated 20 August 2014 against UDA as a result of non-payment under the construction contract dated 24 February 2009.

The works were practically completed on 24 November 2011 whereby the Superintending Officer issued a Certificate of Practical Completion (CPC) with a contractual defects liability period of 33 months.

The dispute arose as to the extension of time and variation orders which led BCME to seek a sum of RM10,777,673.41 from UDA, as a sum rightfully due to BCME under the construction contract.

The High Court had on 31 October 2014 dismissed UDA’s application on challenging BCME’s position to bring this claim under CIPAA but UDA filed Notice of Appeal on 19 November 2014. The Court of Appeal had on 13 July 2015 upheld the High Court’s decision and BCME was in the position/legal right to bring a claim under CIPAA.

Pursuant to the Adjudication Decision dated 27 January 2015, the adjudicator has concluded that –

- (a) UDA shall pay to BCME the principal sum of RM7,410,248.03 as the adjudicated sum;
- (b) UDA shall pay BCME RM61,413.75 as the party and party costs;
- (c) UDA shall bear in full the cost of this adjudication decision of RM98,674.27; and
- (d) BCME is entitled to recover any sum it had previously paid to the Kuala Lumpur Regional Centre for Arbitration as security for fee.

UDA had on 24 February 2015 paid the adjudicated sum and adjudication cost to BCME.

- (v) **In the matter of adjudication between MRCB and Jabatan Kerja Raya Malaysia (“JKR”)**

MRCB brought an adjudication claim on 15 August 2014 under the CIPAA against JKR for RM22,273,167.17, being the disputed amount.

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

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

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

The adjudicator had on 20 November 2014 made his decision against JKR and instructed them to pay MRCB the adjudicated amount of RM9,252,363.17. The adjudicator further held that JKR shall bear the full costs of the adjudication amounting to RM102,250.

MRCB had on 15 May 2015 issued a notice of arbitration and claimed for the balance amount under the construction contract, amounting to approximately RM21 million from JKR, being payment for variation works, loss and expense for work done under the construction contract.

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**FURTHER INFORMATION (Cont'd)**


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MRCB had on 3 September 2015 filed the Points of Claim whilst JKR had on 30 October 2015 filed the Points of Defence. As at LPD, MRCB is examining the Points of Defence. The next session for the arbitration meeting is fixed on 26 February 2016.

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

(vi) **Ipoh High Court, Civil Suit No.22NCVC-115-10/2014  
Amir Azman & Abdul Halim v MRCB**

Amir Azman bin Yusuf and Abdul Halim bin Ali (collectively, as the “**Plaintiffs**”) were formerly employed by MRCB as General Manager and Manager, Construction, respectively, of its subsidiary, Seri Iskandar Development Corporation Sdn Bhd. The Plaintiffs had by way of Writ of Summons and a Statement of Claim dated 9 May 2014 (Summons No. A52-22-05/2014 – Amir Azman) and dated 22 May 2014 (Summons No. A52-27-05/2014 – Abdul Halim) respectively, initiated separate claims against MRCB for the gratuity benefit as provided under MRCB’s employment handbook. The Plaintiffs each, have claimed for damages in the sum of RM271,596.50 and RM122,137.75, respectively, exemplary damages, general damages as well as interest on the sum thereon and costs.

MRCB filed its defence and counter-claim/s-Set off on 3 July 2014 and 18 July 2014 respectively, for both the suits. MRCB had, *inter alia*, raised a common defence that MRCB had rejected the Plaintiffs’ respective claims for gratuity given the fact that (i) the Plaintiffs have tendered their resignation to avoid disciplinary action, including dismissal from service; and (ii) there was the loss and damages caused and/or contributed by the Plaintiffs as a result of their respective breach of contractual duty of care and/or tortious duty of care. MRCB counterclaimed a sum of RM10,770,294.47 and RM10,767,627.47 against the Plaintiffs, being loss and damages as a result of the Plaintiffs’ respective breach of contractual duty of care and tortious duty of care.

The Plaintiffs in the suits had subsequently filed their respective reply to MRCB’s defence and counterclaim on 17 July 2014 and 6 August 2014.

By a “Perintah Penyatuan” dated 7 August 2014, the Sessions Court at Ipoh allowed MRCB’s application to consolidate the 2 separate suits.

The matter has been concluded via a consent order dated 8 June 2015 whereby both parties agreed to withdraw their respective claims and counter claim with no order as to costs and without liberty to file afresh.

(vii) (i) **Kuala Lumpur High Court, Civil Suit No. 22NCVC-17-01/2015  
59Inc Sdn Bhd (“59Inc”) v Penghuni-penghuni tanah yang dipegang di bawah H.S(D) 118118, PT9311, H.S(D) 118119, PT9312 and H.S(D) 118120, PT 9313, all in Kuala Lumpur (“Suit 17”)**

(ii) **Kuala Lumpur High Court, Suit No. 22NCVC-73-02/2015  
Siti Ariaht bte Yunus & 95 yang lain (“Plaintiffs Suit 73”) v S&S Quest Resource Sdn Bhd (“QRSB”), Pengarah, Pejabat Tanah dan Galian Wilayah Persekutuan, Kuala Lumpur (“PTG”) and 59Inc (“Suit 73”)**

In respect of Suit 17:

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

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**FURTHER INFORMATION (Cont'd)**

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The Defendants Suit 17 had on 19 March 2015 filed their defences. 59Inc had on 3 April 2015 replied to the Defendants Suit 17's defences.

In respect of Suit 73:

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

59Inc had on 30 March 2015 filed its defence and counter claim against the Plaintiffs Suit 73.

Suit 17 and Suit 73 were consolidated through the Order of Court dated 10 April 2015 since both suits relate to the Subject Lands and have similar cause of action and issues to be tried.

59Inc and PTG filed the application to the Court to strike out the Plaintiffs Suit 73's claim on the basis that the Plaintiffs Suit 73 have no *locus standi* to institute the action and further that the Plaintiffs Suit 73 have no rights or interest with regards to the Subject Lands. The Court had on 19 June 2015 dismissed the striking out application.

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

The Court had on 6 November 2015 dismissed the application for the Order 14A Proceedings with no order as to costs and further fixed the matter for trial on 7 March 2016 to 11 March 2016.

The directors of 59Inc are of the opinion that 59Inc has reasonable grounds of success in its claim against the illegal squatters.

## 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470, Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) the memorandum and articles of association of our Company;
- (ii) audited consolidated financial statements of our Group for the past two (2) FYE 31 December 2013 to 2014 and the latest unaudited consolidated financial statements for the nine (9) months FPE 30 September 2015;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 5 above.



## MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM”) of Malaysian Resources Corporation Berhad (“MRCB” or “Company”) will be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 December 2015 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, to pass with or without any modification the following ordinary resolution:-

#### ORDINARY RESOLUTION 1

**PROPOSED PRIVATE PLACEMENT OF UP TO 493,019,758 NEW ORDINARY SHARES OF RM1.00 EACH IN MRCB (“MRCB SHARES”) (“PLACEMENT SHARES”), REPRESENTING UP TO TWENTY PERCENT (20%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF MRCB (“PROPOSED PRIVATE PLACEMENT”)**

“**THAT**, subject to the approval of all relevant authorities and/or parties being obtained (if required), approval be and is hereby given to the Board of Directors of MRCB (“**Board**”) to allot and issue up to 493,019,758 Placement Shares, representing up to twenty percent (20%) of the issued and paid-up share capital of MRCB;

**THAT** specific approval is given for the allotment and issuance of up to 120,000,000 Placement Shares to Gapurna Sdn Bhd (“**GSB**”) pursuant to its letter to the Company dated 16 November 2015 in relation to its undertaking that it will subscribe for 60,000,000 Placement Shares and its intention to subscribe for a further 60,000,000 Placement Shares, subject to, amongst others, the actual timing of implementation of the Proposed Private Placement, the actual issue price of the Placement Shares as well as its cashflows and/or availability of external financing at the point of implementation of the Proposed Private Placement by the Company (“**Intention**”). In the event GSB does not subscribe for all or part of the 60,000,000 Placement Shares pursuant to its Intention, such number of Placement Shares shall be placed out to independent third party investor(s);

**THAT** approval is given for the allotment and issuance of up to 373,019,758 Placement Shares and any other Placement Shares not subscribed by GSB to third party investor(s) to be identified at a later date;

**THAT** the Proposed Private Placement may be implemented in tranches and at issue price(s) for each tranche to be determined at later date(s) after the receipt of all relevant approvals for the Proposed Private Placement. Should the Placement Shares be issued at a discount, such discount shall not exceed ten percent (10%) to the five (5)-day volume weighted average market price of MRCB Shares immediately preceding the price-fixing date, provided that in any case, the issue price(s) of the Placement Shares will not be lower than the par value of the MRCB Shares;

**THAT** the Board be and is hereby authorised to utilise the proceeds from the Proposed Private Placement for such purposes and in such manner as set out in Section 2.6 of the circular to shareholders of the Company dated 4 December 2015 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient subject (where required) to the approval of the relevant authorities and in the best interest of the Company;

**THAT** such Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing MRCB Shares, save and except that the Placement Shares shall not be entitled to any dividend, rights, allotments and/or other distribution that may be declared, made or paid prior to the date of allotment of the said Placement Shares;

**THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Private Placement;

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement.”

**BY ORDER OF THE BOARD**

**Mohd Noor Rahim Yahaya**  
**MAICSA 0866820**  
Company Secretary

Kuala Lumpur  
4 December 2015

**Notes: -**

1. *Only members whose names appear in the Record of Depositors on 14 December 2015 (“General Meeting Record of Depositors”) shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.*
2. *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.*
4. *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.*
6. *The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.*

# MRCB

**MALAYSIAN RESOURCES CORPORATION BERHAD**  
(Company No. 7994-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

## PROXY FORM

(Please see the notes below before completing the form)

CDS Account No.	
No. of Ordinary share(s) held	

\*I/We (FULL NAME IN CAPITAL LETTERS) \_\_\_\_\_

\*NRIC No./ Passport No./ Company No. \_\_\_\_\_

of (FULL ADDRESS) \_\_\_\_\_

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

*First Proxy*

Full Name of Proxy in capital letters	Proportion of shareholdings	
	Number of shares	Percentage (%)
NRIC Number		

\*and/or failing \*him/her

*Second Proxy*

Full Name of Proxy in capital letters	Proportion of shareholdings	
	Number of shares	Percentage (%)
NRIC Number		

or failing \*him/her the Chairman of the Meeting as \*my/our proxies to attend and vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be held on Monday, 21 December 2015 at 10.00 a.m. or at any adjournment thereof.

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

ORDINARY RESOLUTION 1	FOR	AGAINST
PROPOSED PRIVATE PLACEMENT		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\_\_\_\_\_  
Signature of Shareholders

\* *DELETE IF NOT APPLICABLE.*

### Notes:-

- Only members whose names appear in the Record of Depositors on 14 December 2015 (“General Meeting Record of Depositors”) shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.
- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
- The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.



Fold this flap for sealing

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Then fold here

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AFFIX  
STAMP

To: **SYMPHONY SHARE REGISTRARS SDN BHD**  
Level 6, Symphony House,  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
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