

**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.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PRIVATISATION AGREEMENT ENTERED INTO BETWEEN RUKUN JUANG SDN BHD, A 85%-OWNED SUBSIDIARY OF MRCB LAND SDN BHD, WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF MRCB, THE GOVERNMENT OF MALAYSIA (AS REPRESENTED BY THE MINISTRY OF YOUTH AND SPORTS) AND SYARIKAT TANAH DAN HARTA SDN BHD 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**

**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 10.30 a.m. or immediately after the conclusion of the earlier EGM which will be held at 10.00 a.m. on the same day and at the same venue, whichever is later 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

---

## DEFINITIONS

---

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

Act	:	Companies Act, 1965
Approval	:	Means any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, permit, pass, license, approval, authority or exemption from, by or with any Government, quasi Government and/or other statutory authorities, departments, agencies or bodies or any other privatised corporation whose consents or approvals are necessary and/or required to provide the necessary services or amenities to the Project including approvals for the design, drawings, specifications, layout and building plans for the implementation of the Project, given in writing
Board	:	Board of Directors of MRCB
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Certificate of Practical Completion	:	A certificate of opinion by the Project Director that the construction works have reached practical completion in accordance with the detailed design specifications and provisions as set out in the Privatisation Agreement and have passed any inspection and/or test carried out by the Project Director
Circular	:	This circular dated 4 December 2015 in relation to the Proposed Privatisation
Contract Sum	:	The total contract sum of RM1,631,880,000 for the Proposed Privatisation
Design Guarantee Bond(s)	:	Irrevocable guarantee(s) issued or to be issued in favour of the Government by a bank or financial institution, amounting to RM12,480,336 for Project 1 (being 2.5% of the Project 1 Cost) and RM27,519,665 for Project 2 (being 2.5% of the Project 2 Cost), to ensure that RJSB takes full and unequivocal responsibility for the functional adequacy, structural integrity and safety of the design for the Project and warrants that the design concept for the Project shall be in accordance with the building industry standard as provided by the Board of Engineers Malaysia
EGM	:	Extraordinary general meeting
Exchange Lands	:	Collectively, Exchange Land 1, Exchange Land 2 and Exchange Land 3
Exchange Land 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
Exchange Land 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
Exchange Land 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
FLC	:	Federal Lands Commissioner
FYE	:	Financial year ended/ending, as the case may be

---

**DEFINITIONS (*Cont'd*)**

---

Government	: The Government of Malaysia, as represented by the Ministry of Youth and Sports
GST	: Goods and services tax
Hartanah	: Syarikat Tanah dan Harta Sdn Bhd (298678-H)
LPD	: 20 November 2015, being the latest practicable date prior to the printing of this Circular
Maintenance Bond(s)	: Irrevocable guarantee(s) issued or to be issued in favour of the Government by a bank or financial institution amounting to RM24,960,671 for Project 1 (being 5% of the Project 1 Cost) and RM55,039,330 for Project 2 (being 5% of the Project 2 Cost) to guarantee that RJSB shall make good any defects, imperfections, shrinkages or other faults (except for normal fair wear and tear) at its own cost and expense
MRCB or Company	: Malaysian Resources Corporation Berhad (7994-D)
MRCB Group or Group	: Collectively, MRCB and its subsidiaries
MRCB Shares or Shares	: Ordinary shares of RM1.00 each in MRCB
MRCBL	: MRCB Land Sdn Bhd (62218-D)
Parties	: Collectively, RJSB, the Government and Hartanah
PAT	: Profit after tax
Performance Bond(s)	: Irrevocable guarantee(s) issued or to be issued in favour of the Government by a bank or financial institution, amounting to RM24,960,671 for Project 1 (being 5% of the Project 1 Cost) and RM55,039,330 for Project 2 (being 5% of the Project 2 Cost) to guarantee the due performance of RJSB's obligations under the Privatisation Agreement
Privatisation Agreement	: The privatisation agreement dated 28 October 2015 entered into between RJSB, the Government and Hartanah for the Proposed Privatisation
Project	: Collectively, Project 1 and Project 2
Project Director	: The Secretary General of the Ministry of Youth and Sports or any person(s) (as may be authorised by the Government pursuant to the terms of the Privatisation Agreement) from time to time to carry out the obligations and functions as specified in the Privatisation Agreement and to ensure that the construction works comply with the Privatisation Agreement
Project Land	: Three (3) pieces of land identified as part of H.S. (D) 63195 PT 2875 measuring approximately 117.73 acres, part of GRN 41246 Lot 35323 measuring approximately 50.38 acres and part of GRN50029 Lot 38207 measuring approximately 2.59 acres, all in Mukim of Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan KL
Proposed Privatisation	: The proposed 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 in exchange for the Exchange Lands pursuant to the Privatisation Agreement
Rahim & Co or Expert	: Rahim & Co International Sdn Bhd (1126597-X)
Rasma Contractors	: Rasma Contractors Sdn Bhd (119317-W)

---

**DEFINITIONS (Cont'd)**

---

RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
RJSB	:	Rukun Juang Sdn Bhd (1101807-P)
Unconditional Date	:	The day upon which the last of the conditions precedent set out in the Privatisation Agreement have been fulfilled or waived in accordance with the terms of the Privatisation Agreement
Valuer or WTW	:	C H Williams Talhar & Wong Sdn Bhd (18149-U)
Valuation Report	:	The valuation report dated 29 October 2015 prepared by the Valuer to appraise the market value of the Exchange Lands

**Currency**

RM and sen	:	Ringgit Malaysia and sen, the legal tender of Malaysia
------------	---	--

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 a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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

Certain statements in this 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 plans and objectives will be achieved.

**(The rest of this page has been intentionally left blank)**

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>v</b>
 <b>LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED PRIVATISATION CONTAINING:-</b>	
1. INTRODUCTION .....	1
2. DETAILS OF THE PROPOSED PRIVATISATION .....	2
3. INFORMATION ON THE PARTIES .....	12
4. RATIONALE FOR THE PROPOSED PRIVATISATION.....	14
5. RISK FACTORS IN RELATION TO THE PROPOSED PRIVATISATION AND THE EXCHANGE LANDS .....	14
6. OVERVIEW AND PROSPECTS.....	16
7. EFFECTS OF THE PROPOSED PRIVATISATION .....	19
8. APPROVALS REQUIRED FOR THE PROPOSED PRIVATISATION .....	20
9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION .....	20
10. TENTATIVE TIMELINE FOR THE PROPOSED PRIVATISATION.....	22
11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM.....	22
12. DIRECTORS' RECOMMENDATION.....	22
13. ADVISERS.....	22
14. ESTIMATED TIMEFRAME FOR COMPLETION .....	22
15. EGM .....	23
16. FURTHER INFORMATION .....	23
 <b>APPENDICES</b>	
I. VALUATION CERTIFICATE	24
II. EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT	36
III. FURTHER INFORMATION	58
 <b>NOTICE OF EGM</b>	 <b>ENCLOSED</b>
<b>FORM OF PROXY</b>	<b>ENCLOSED</b>

---

## EXECUTIVE SUMMARY

---

This executive summary represents only a summary of the pertinent information on the Proposed Privatisation as set out in this Circular and you are advised to read and carefully consider the contents of this Circular before voting on the resolution pertaining to the Proposed Privatisation to be tabled at the forthcoming EGM. Unless otherwise stated, all abbreviations used herein are as defined in this Circular.

### 1. SUMMARY OF THE PROPOSED PRIVATISATION

On 28 October 2015, RHB Investment Bank had, on behalf of your Board, announced that RJSB, a 85%-owned subsidiary of MRCBL, which in turn is a wholly-owned subsidiary of our Company, had on the same day, entered into a Privatisation Agreement with the Government and Hartanah relating to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur for the Contract Sum.

The Contract Sum shall comprise the following:-

- (a) the sum of RM499,213,402 (inclusive of GST) being the provisional cost of Project 1 (“**Project 1 Cost**”);
- (b) the sum of RM1,100,786,598 (inclusive of GST) being the provisional cost of Project 2 (“**Project 2 Cost**”); and
- (c) the balance sum of RM31,880,000 to be paid to the Government in cash (“**Cash Payment Sum**”).

In consideration of RJSB agreeing to undertake the Proposed Privatisation, the Government will cause the FLC to transfer the following lands to Hartanah and will cause Hartanah to transfer the following lands to RJSB:-

- (a) Exchange Land 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;
- (b) Exchange Land 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
- (c) Exchange Land 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.

The Exchange Lands shall be transferred to RJSB free from encumbrances and on the following terms:-

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

The Proposed Privatisation will be carried out by RJSB at its own risk, cost and expense in two (2) phases as follows:-

- (a) the refurbishing, renovation and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre located at the National Sports Complex, Bukit Jalil together with the construction of the common infrastructures including boulevard, parking, steps and new signage and all other works as detailed in the Privatisation Agreement (“**Project 1**”); and
- (b) the upgrading of the National Stadium, developing, planning, designing, constructing, completing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, youth park together with the construction of the common infrastructures and all other works as detailed in the Privatisation Agreement (“**Project 2**”).

**2. BASIS AND JUSTIFICATION FOR THE CONTRACT SUM AND THE VALUE OF THE EXCHANGE LANDS**

The Project 1 Cost and Project 2 Cost were commercially negotiated based on the construction works required for Project 1 and Project 2 in accordance with the Government's approved designs, drawings, specifications, layout and building plans or amended plans relating to Project 1 and Project 2.

The Cash Payment Sum represents the differential sum between the agreed value of the Exchange Lands and the sum of the Project 1 Cost and Project 2 Cost.

The value of the Exchange Lands was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:-

- the strategic location and the inherent development potential of the Exchange Lands;
- the opportunity for our Company to undertake a mixed development on the Exchange Lands and the future prospects of such development;
- the market and feasibility study prepared by Rahim & Co; and
- the market value of the Exchange Lands as at 23 October 2015 of RM1,600,000,000 as appraised by the Valuer vide the Valuation Report.

The Contract Sum represents a premium of RM31,880,000 or 2.0% over the market value of the Exchange Lands.

**3. RATIONALE FOR THE PROPOSED PRIVATISATION**

The Proposed Privatisation will enable our Company to undertake, through RJSB, a large scale mixed development and construction project which showcases our engineering and construction expertise. The Proposed Privatisation which is expected to further enhance our Company's reputation and industry track record will also contribute to the project pipeline of our Group for the next five (5) years.

Through the Proposed Privatisation, our Company will gain ownership of land bank in Bukit Jalil in the form of the Exchange Lands. The Exchange Lands are located within close proximity of the Bukit Jalil National Sports Complex with convenient access to the Konsortium Expressway Shah Alam Selangor (KESAS) highway and the Maju Expressway (MEX) and various forms of public transportation such as the existing Bukit Jalil and Sri Petaling Light Rail Transit (LRT) stations and city bus service. Also within its immediate vicinity are facilities such as the International Medical University, the Bukit Jalil Golf & Country Resort and the Technology Park Malaysia. Securing such strategic land bank with development potential is in line with our Company's strategy of increasing its focus in the property development segment as its core business.

Notwithstanding the challenging outlook for the Malaysian property market, the strategically located Exchange Lands remains a potentially valuable addition to the land bank of our Group.

**4. RISK FACTORS**

The risk factors relating to the Proposed Privatisation include the following, which are further set out in Section 5 of this Circular.

- Non-completion of the Proposed Privatisation
- Business risk on construction
- Business risk on property development
- Compulsory acquisition
- Funding and interest rate risk

**5. EFFECTS OF THE PROPOSED PRIVATISATION**

We have set out below a summary of the financial effects arising from the Proposed Privatisation on our Company's issued and paid-up share capital, consolidated NA per share and gearing, consolidated EPS and shareholdings of the substantial shareholders of our Company, for your information:-

**Share capital and substantial shareholders' shareholding**

The Proposed Privatisation will not have any effect on the issued and paid-up share capital and substantial shareholdings of our Company as it does not involve an issuance of new MRCB Shares.

**Net assets ("NA") per share and gearing**

Based on the latest audited consolidated statement of financial position of our Company as at 31 December 2014 and on the assumption that the Proposed Privatisation was completed on 31 December 2014, the Proposed Privatisation is not expected to have any material effect on the consolidated NA per share of our Company.

The eventual impact on the gearing of our Company would depend on the manner in which our Company funds RJSB. Such funding shall either be via internally generated funds, bank borrowings and/or equity fund raising, the quantum of which cannot be determined at this juncture.

Under the requirements of FRS116 Property, Plant and Equipment, the transaction expenses may be fully capitalised as it relates to directly attributable costs that are incurred in relation to the Proposed Privatisation. For information purposes, the estimated expenses for the Proposed Privatisation amounts to approximately RM1.34 million and includes, amongst others, advisory fees, regulatory fees, printing and advertising costs and costs to convene the EGM in relation to the Proposed Privatisation.

Premised on the above, the pro forma effects of the Proposed Privatisation on the NA and gearing of the MRCB Group are as illustrated below:-

	(I) Audited as at 31 December 2014	(II) After (I) and the Proposed Privatisation
	RM('000)	RM('000)
Share capital	1,760,178	1,760,178
Share premium	323,986	323,986
Accumulated losses	(154,845)	(154,845)
Other reserves	55,937	55,937
Shareholder's equity/NA	1,985,256	1,985,256
No. of ordinary shares in issue ('000)	1,760,178	1,760,178
NA per ordinary share (RM)	1.13	1.13
Borrowings	3,690,702	4,139,994 <sup>(1)</sup>
Gearing (times)	1.86	2.09 <sup>(1)</sup>

Note:-

<sup>(1)</sup> Assuming that RJSB finances 90% of the Project 1 Cost via bank borrowings, whilst the remaining 10% is funded via advances and/or equity injection from its shareholders. The mode of funding for Project 2 has yet to be determined at this juncture and hence such effects have not been illustrated.

**Earnings and earnings per share ("EPS")**

The Proposed Privatisation is not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 December 2014 assuming that the Proposed Privatisation had been effected at the beginning of that financial year. However, the eventual impact on the earnings and EPS of our Company will depend on, amongst others, the potential finance costs incurred on bank borrowings which may be undertaken to fund RJSB and the actual cost of construction incurred by RJSB. The future development of the Exchange Lands is expected to contribute positively to the future earnings and EPS of our Company.





**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 PRIVATISATION**

---

**1. INTRODUCTION**

On 28 October 2015, RHB Investment Bank had, on behalf of your Board, announced that RJSB, a 85%-owned subsidiary of MRCBL, which in turn is a wholly-owned subsidiary of our Company, had on the same day, entered into a Privatisation Agreement with the Government and Hartanah relating to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur for the Contract Sum.

In consideration of RJSB agreeing to undertake the Proposed Privatisation, the Government will cause the FLC to transfer the Exchange Lands to Hartanah and will cause Hartanah to transfer the Exchange Lands to RJSB.

For information purposes, the remaining 15% equity interest in RJSB is being held by Rasma Contractors. For purposes of the Proposed Privatisation, MRCBL and Rasma Contractors will be entering into a shareholders' agreement to regulate the relationship between MRCBL and Rasma Contractors as shareholders of RJSB. Further details on Rasma Contractors are set out in Section 3.3 of this Circular.

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

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

## **2. DETAILS OF THE PROPOSED PRIVATISATION**

The Proposed Privatisation which will be undertaken for the Contract Sum, will be carried out by RJSB at its own risk, cost and expense in two (2) phases as follows:-

- (a) the refurbishing, renovation and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre located at the National Sports Complex, Bukit Jalil together with the construction of the common infrastructures including boulevard, parking, steps and new signage and all other works as detailed in the Privatisation Agreement (“**Project 1**”); and
- (b) the upgrading of the National Stadium, developing, planning, designing, constructing, completing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, youth park together with the construction of the common infrastructures and all other works as detailed in the Privatisation Agreement (“**Project 2**”).

Project 1 and Project 2 will be carried out on the Project Land for the Contract Sum, which shall comprise the following:-

- (a) the sum of RM499,213,402 (inclusive of GST) being the provisional cost of Project 1 (“**Project 1 Cost**”);
- (b) the sum of RM1,100,786,598 (inclusive of GST) being the provisional cost of Project 2 (“**Project 2 Cost**”); and
- (c) the balance sum of RM31,880,000 to be paid to the Government in cash (“**Cash Payment Sum**”).

In consideration of RJSB agreeing to undertake the Proposed Privatisation, the Government will cause FLC to transfer the Exchange Lands to Hartanah and Hartanah shall transfer the Exchange Lands to RJSB free from encumbrances and on the following terms:-

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

### **2.1 Basis and justification for the Contract Sum and the value of the Exchange Lands**

The Project 1 Cost and Project 2 Cost were commercially negotiated based on the construction works required for Project 1 and Project 2 in accordance with the Government’s approved conceptual designs, drawings, specifications and layout plans relating to Project 1 and Project 2.

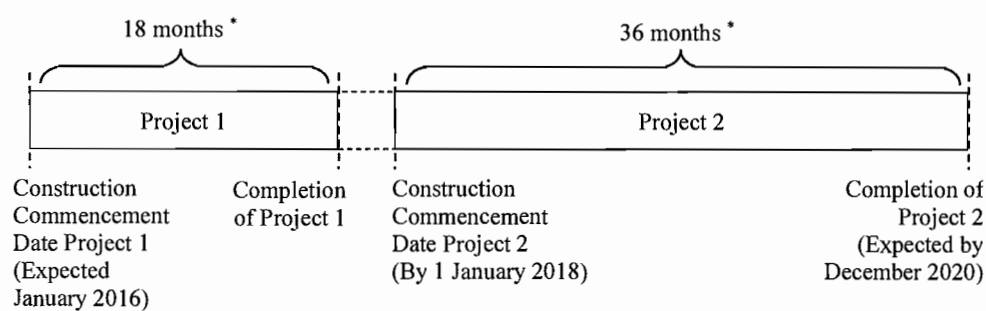
The Cash Payment Sum represents the differential sum between the agreed value of the Exchange Lands and the sum of the Project 1 Cost and Project 2 Cost.

The value of the Exchange Lands was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:-

- (a) the strategic location and the development potential of the Exchange Lands;
- (b) the opportunity for our Company to undertake a mixed development on the Exchange Lands and the future prospects of such development;
- (c) the market and feasibility study (“**Feasibility Report**”) prepared by Rahim & Co dated 15 October 2015 which included a property market assessment to determine a development strategy for the Exchange Lands, the summary of which is as set out in Section 6.4 of this Circular; and
- (d) the market value of the Exchange Lands as at 23 October 2015 of RM1,600,000,000 as appraised by the Valuer vide the Valuation Report.

The Contract Sum represents a premium of RM31,880,000 or 2.0% over the market value of the Exchange Lands. Nonetheless, the Board deems the Contract Sum to be reasonable after taking into consideration factors (a) to (c) above.

## 2.2 Construction of Project 1 and Project 2



\* Subject to extension in accordance with the terms of the Privatisation Agreement.

As illustrated above, the construction works for Project 1 is expected to span across 18 months commencing from the Construction Commencement Date Project 1 (as defined in Section 2.6.3 of this Circular) or any extended period thereof, whilst Project 2 construction works is expected to span across 36 months commencing from the Construction Commencement Date Project 2 (as defined in Section 2.6.3 of this Circular) or any extended period thereof. RJSB shall incur the Project 1 Cost and Project 2 Cost progressively over the construction period. The Cash Payment Sum is payable as a condition to Hartanah’s delivery to RJSB of the relevant transfer documents for Exchange Land 2 and Exchange Land 3 as more particularly described in the Privatisation Agreement. The Cash Payment Sum is expected to be paid after the handing over of Project 2 to the Government and prior to the transfer of Exchange Land 2 and Exchange Land 3 to RJSB.

The actual cost of Project 1 shall be determined based on (1) a schedule of agreed rates as set out in the Privatisation Agreement; or (2) as mutually agreed between the Parties if rates have not been provided for; or (3) as determined by the Government in its absolute discretion where the Parties fail to agree on the actual cost. Upon finalisation, the agreed rates in respect of Project 1 shall be deemed to supersede and replace the Project 1 Cost (“**Agreed Project 1 Cost**”).

The actual cost and scope of Project 2 shall be agreed between the Parties or failing which, it shall be determined by the Government (“**Agreed Project 2 Cost**”). Upon the determination of the Agreed Project 2 Cost, the Parties shall enter into a supplemental agreement (“**Supplemental Project 2 Agreement**”). As set out in Section 2.6.3 of the Circular, the Parties shall enter into the Supplemental Project 2 Agreement prior to the Construction Commencement Date Project 2. Our management expects the Supplemental Project 2 Agreement to be executed by the end of 2016.

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

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

### 2.3 Transfer of the Exchange Lands as consideration

In consideration of RJSB handing over Project 1 and submitting the Land Bond (as defined herein) (if applicable) to the Government, Hartanah shall effect the transfer of Exchange Land 1 to RJSB within 30 days from the date of the Certificate of Practical Completion for Project 1.

Should the Agreed Project 1 Cost be less than the agreed value of the Exchange Land 1, RJSB shall provide a bond to the Government for the sum equivalent to the difference between the Agreed Project 1 Cost and the agreed value of the Exchange Land 1 ("**Land Bond**"). The Land Bond shall be irrevocable and remain valid until the issuance of the Certificate of Practical Completion of Project 2 and the submission of the Maintenance Bond and the Design Guarantee Bond for Project 2 to the Government, following which the Land Bond shall be returned to RJSB for cancellation, subject to the terms of the Privatisation Agreement. For the avoidance of doubt, should the Agreed Project 1 Cost exceed the agreed value of the Exchange Land 1, RJSB shall not be required to provide the Land Bond.

In consideration of RJSB handing over Project 2 and payment of the Cash Payment Sum to the Government, Hartanah shall effect the transfer of Exchange Land 2 and Exchange Land 3 to RJSB within 30 days from the date of the Certificate of Practical Completion for Project 2.

Our management expects that the Certificate of Practical Completion for Project 1 shall be achieved by the end of June 2017 whereas the timeframe for the achievement of the Certificate of Practical Completion for Project 2 can only be determined upon execution of the Supplemental Project 2 Agreement.

Further information on the Exchange Lands are set out in Section 2.4 of this Circular.

### 2.4 Information on the Exchange Lands

The table below sets out further information on the Exchange Lands:-

<b>Registered owner(s)</b>	FLC/Ministry of Natural Resources and Environment ( <i>Kementerian Sumber Asli dan Alam Sekitar, formerly known as Kementerian Kemajuan Tanah dan Kemajuan Wilayah</i> )	FLC	FLC
<b>Type/Identification/ Postal Address</b>	Part of H.S.(D) 63195, PT 2875, Mukim Petaling, District Kuala Lumpur, Wilayah Persekutuan KL	Part of GRN 41246, Lot 35323, Mukim Petaling, District Kuala Lumpur, Wilayah Persekutuan KL	Part of GRN 50029, Lot 38207, Mukim Petaling, District Kuala Lumpur, Wilayah Persekutuan KL
<b>Land area</b>	28.13 acres/1,225,343 square feet (sq ft)	17.59 acres/766,220 sq ft	46.78 acres/2,037,737 sq ft

<b>Tenure</b>	Leasehold/99 years upon issuance of title	Leasehold/99 years upon issuance of title	Leasehold/99 years upon issuance of title
<b>Existing/Proposed use</b>	Government land/Building	Government land/Building	Government land/Building
<b>Encumbrance</b>	Nil	Nil	Nil
<b>Audited net book value</b>	Information on net book value is not available as the Exchange Lands are being held by the Government		
<b>Valuation/Date</b>	RM1,600,000,000/23 October 2015		
<b>Valuer</b>	WTW		
<b>Method(s) of valuation</b>	Residual and comparison methods		
<b>Development potential</b>	Mixed development comprising residential and commercial properties		
<b>Expected commencement/ completion date</b>	n.a.		
<b>Expected gross development value</b>	n.a.		
<b>Expected gross development cost</b>	n.a.		
<b>Expected profits to be derived</b>	n.a.		
<b>Stage of completion (%)</b>	n.a.		
<b>Source of funds for development</b>	n.a.		
<b>Relevant approvals obtained/date obtained</b>	n.a.		

*Note:-*

*n.a. Not available as at the date of this Circular as the development plans for the Exchange Lands have yet to be finalised at this juncture.*

The market value of the Exchange Lands was appraised by the Valuer vide the Valuation Report using the residual and comparison methods of valuation.

For information purposes, the residual method involves the consideration of the gross development value of the Exchange Lands and deducting therefrom the estimated costs of the development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the projects. For purposes of the residual value method, the Valuer has adopted the assumptions and components of the proposed development as set out in the Feasibility Report, which comprises serviced apartments, shop offices, office towers, apartments, small office/home office ("SOHO"), two (2) retail malls and a hotel. The proposed development is assumed to be launched in three (3) phases with a project horizon of approximately 16 years.

The comparison method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in locality, visibility/accessibility, size, tenure, title status, shape/terrain, site improvement, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

The market values of the Exchange Lands derived based on the residual method and comparison method are both RM1,600,000,000. The Valuer had concluded that the market value based on the residual method is a fair representation of the market value of the Exchange Lands in view that the Exchange Lands are proposed to be developed into a new township with a confirmed plot ratio. For information purposes, Dewan Bandaraya Kuala Lumpur had vide its letter dated 19 November 2015 informed RJSB that it has agreed in principle to a plot ratio of 1:6.5 for the Exchange Lands.

The valuation certificate for the Exchange Lands is as set out in Appendix I of this Circular.

The location map of the Project Lands and the Exchange Lands is as set out below:-



Source: Management of MRCB

## 2.5 Source of funding

As at the date of this Circular, RJSB intends to fund 90% of the Project 1 Cost via bank borrowings and the remaining 10% shall be funded via advances and/or equity injection from its shareholders. RJSB expects to fund the rest of its obligations under the Privatisation Agreement, including the Land Bond (if applicable), Design Guarantee Bond, Maintenance Bond and Performance Bond, via bank borrowings, bank guarantees and/or advances from its shareholders, the quantum of which cannot be determined at this juncture. The actual amount of funding required will only be determined closer to the date when such payments or obligations become due and is dependent on, amongst others, the ability of RJSB to procure bank borrowings at favourable rates.

Our Company expects to fund our future subscription of ordinary shares in RJSB to comply with the requirements of the Privatisation Agreement as well as our shareholders' advances to RJSB for purposes of the Project 1 Cost via internally generated funds. Any other future shareholders' advances to be provided to RJSB to finance its obligations under the Privatisation Agreement shall be funded via internally generated funds, bank borrowings and/or equity fund raising, the quantum of which cannot be determined at this juncture.

## 2.6 Other salient terms of the Privatisation Agreement

The other salient terms of the Privatisation Agreement includes, amongst others, the following:-

### 2.6.1 Conditions precedent ("CPs")

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

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

The Government may extend the CP Period provided that such extension shall not exceed one (1) month after the expiry of the CP Period.

Subject to the Government being satisfied that RJSB has fulfilled all the CPs, the Government shall issue a written notice to RJSB to confirm the same and the date of fulfilment of the CPs ("**Effective Date**") and such date shall be a date within the CP Period or any extended period in accordance with the terms of the Privatisation Agreement.

If the CPs are not fulfilled within the CP Period or any extended period, the Privatisation Agreement shall be null and void and neither party shall have any claim against the other.

### **2.6.2 Reduction in size of the Exchange Lands**

Should the actual size of the Exchange Lands to be transferred to RJSB be less than 92.50 acres, the Parties shall agree as follows:-

- (a) if the reduction in size is less than 4% of the 92.50 acres, or 3.70 acres, there will be no change to the Contract Sum; or
- (b) if the reduction in size is greater than 4% of the 92.50 acres, or 3.70 acres, the scope of works for Project 2 and the Project 2 Cost shall be reviewed and reduced in accordance with the terms of the Privatisation Agreement,

provided always that the size of the Exchange Lands to be transferred to RJSB shall be confirmed by the Parties prior to the determination of the Agreed Project 2 Cost.

For information purposes, the adjustment threshold of 4% of the 92.50 acres, or 3.70 acres, was commercially negotiated between the Parties, while the manner of adjustment i.e. the reduction of the scope of works for Project 2 and the Project 2 Cost, is determined by the Government.

### **2.6.3 Construction commencement date**

The Construction Commencement Date Project 1 shall be seven (7) days from the date the Approval of any component for Project 1 is obtained or the Effective Date, whichever is later, provided that RJSB has fulfilled, amongst others, the following conditions:-

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

The Construction Commencement Date Project 2 shall be no later than 1 January 2018 provided that RJSB has fulfilled, amongst others, the following conditions:-

- (a) physical possession of the Project Land has been delivered to RJSB;
- (b) all necessary approvals (including but not limited to development orders and building plans approval) for the Project 2 construction works shall have been obtained;
- (c) RJSB shall have submitted to the Government the Performance Bond for Project 2; and
- (d) the Parties shall have executed the Supplemental Project 2 Agreement.

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



#### **2.6.4 Obligations of RJSB**

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

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

#### **2.6.5 Design Guarantee Bond**

RJSB shall on or before the issuance of the respective Certificates of Practical Completion for Project 1 and Project 2, provide to the Government the Design Guarantee Bonds for Project 1 and Project 2, which shall be valid for a period of 60 months commencing from the dates of the Certificates of Practical Completion for Project 1 and Project 2 respectively.

#### **2.6.6 Maintenance Bond**

RJSB shall on or before the issuance of the respective Certificates of Practical Completion of Project 1 and Project 2, provide to the Government the Maintenance Bonds for Project 1 and Project 2 which shall be valid for a period of 24 months from the date of issuance of the respective Certificates of Practical Completion for Project 1 and Project 2, or up to the date of issuance of the certificate of making good the defects for Project 1 or Project 2 as the case may be, whichever is later.

#### **2.6.7 Performance Bond**

RJSB shall, before the Construction Commencement Date Project 1 and Construction Commencement Date Project 2 respectively, provide to the Government the Performance Bonds for Project 1 and Project 2.

RJSB shall ensure that the respective Performance Bonds for Project 1 and Project 2 remain valid until the date of issuance of the respective Certificates of Practical Completion for Project 1 and Project 2, and the submission of the respective Maintenance Bonds and Design Guarantee Bonds for Project 1 and Project 2 by RJSB to the Government, whereupon the Project 1 and Project 2 Performance Bonds shall be returned to RJSB.

#### **2.6.8 Termination by the Government**

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

- (i) fails to commence the construction works for the Project in accordance with the terms and conditions contained in the Privatisation Agreement;
- (ii) suspends or abandons the whole of the Project construction works or any part thereof for a continuous period of 30 days; or

- (iii) breaches any of its obligations or fails to comply with any other provisions of the Privatisation Agreement.

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

- (i) prior to Construction Commencement Date Project 1;
- (ii) during the construction period for Project 1;
- (iii) after the completion of Project 1; or
- (iv) during the construction period for Project 2.

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

- (a) the right to access the Project Land granted to RJSB shall expire.
- (b) the right of RJSB to develop the Project Land for Project 1 and/or Project 2 shall expire and the Government shall be entitled to appoint another party to carry out Project 1 and/or Project 2 as the case may be.
- (c) the Government shall be entitled to call on the bonds given (where applicable as at the date of termination) under the terms of the Privatisation Agreement.
- (d) RJSB shall, amongst others,:-
  - (i) at its own cost and expense vacate and remove from the Project Land all its equipment, machineries, materials thereon and its workmen, employees, servants, agents, contractors and subcontractors therefrom within 30 days from the date of the termination and hand over vacant possession of the Project Land together with any building or infrastructure erected thereon to the Government in a well-maintained condition, fair wear and tear excepted;
  - (ii) in the case of termination by the Government during the construction period for Project 1 or Project 2, cease all works immediately and terminate all third (3<sup>rd</sup>) party contracts entered into by RJSB in relation to the construction works, and
  - (iii) in the case of termination by the Government after the completion of Project 1 or during the construction period for Project 2, be entitled to deal with the Exchange Land 1.
- (e) RJSB shall not be entitled to any compensation or any other form of losses including loss of profits, damages, claims or whatsoever upon termination of the agreement, other than as set out in the Privatisation Agreement.

#### **2.6.9 Termination by RJSB**

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

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

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

- (a) the access right granted to RJSB to enter the Project Land shall expire.
- (b) the right of RJSB to develop the Project Land shall expire and the Government shall be entitled to appoint another party to carry out the Proposed Privatisation.
- (c) the Government shall return the bonds given (where applicable as at the date of termination) under the terms of the Privatisation Agreement less any amount called by the Government.
- (d) RJSB shall, amongst others:-
  - (i) in the case of termination during the construction period for Project 2, be entitled to deal with the Exchange Land 1;
  - (ii) cease all works immediately;
  - (iii) at its own cost and expense vacate and remove from the Project Land all its equipment, machineries, materials thereon and its workmen, employees, servants, agents, contractors and subcontractors within 30 days from the date of the termination notice and hand over vacant possession of the Project Land together with any building or infrastructure erected thereon to the Government in a well-maintained condition, fair wear and tear excepted; and
  - (iv) terminate all third party contracts entered into by RJSB in relation to the construction works.

#### **2.6.10 Shareholders and shareholding structure of RJSB**

In accordance with the terms of the Privatisation Agreement, the shareholding structure of RJSB as at the date of the Privatisation Agreement may not be changed until the issuance of the Certificate of Practical Completion for Project 2 without the prior approval of the Government and subject to the terms of the Privatisation Agreement.

#### **2.6.11 Non-disclosure**

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

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

### **2.7 Liabilities to be assumed by MRCB**

There is no liability, including any contingent liability and guarantee, to be assumed by our Company pursuant to the Proposed Privatisation.

## 2.8 Estimated financial commitments

Save for the future costs to be incurred for the development of the Exchange Lands, the quantum of which cannot be determined at this juncture, your Board does not foresee any additional financial commitment required for the Proposed Privatisation.

For information purposes, based on the Feasibility Report, the executive summary of which is set out in Appendix II of this Circular, the estimated gross development cost (“GDC”) of the proposed development on the Exchange Lands may be in the region of RM11.0 billion.

## 3. INFORMATION ON THE PARTIES

### 3.1 Information on RJSB

RJSB was incorporated in Malaysia under the Act on 17 July 2014 as a private limited company and a wholly-owned subsidiary of MRCBL, which in turn is a wholly-owned subsidiary of MRCB. As at LPD, RJSB has yet to commence business operations.

MRCBL and Rasma Contractors agree to fund RJSB for the purpose of carrying out the Proposed Privatisation. MRCBL and Rasma Contractors had on 13 October 2015 and 26 October 2015, subscribed for a total of 254,998 and 45,000 ordinary shares of RM1.00 each in RJSB (“**RJSB Shares**”) respectively, to achieve a shareholding proportion of 85% and 15% in RJSB.

As at LPD, the authorised share capital of RJSB is RM1,000,000 comprising 1,000,000 RJSB Shares and the issued and paid-up share capital of RJSB is RM300,000 comprising 300,000 RJSB Shares.

MRCBL and Rasma Contractors have agreed to proportionately increase their shareholdings in RJSB to achieve an issued and paid-up share capital of RJSB of no less than RM5,000,000 to comply with the requirements of the Privatisation Agreement. Pursuant to this, the eventual shareholdings of MRCBL and Rasma Contractors in RJSB shall be no less than 4,250,000 and 750,000 RJSB Shares to maintain their shareholding proportions of 85% and 15% respectively.

As at LPD, the shareholders of RJSB are as follows:-

	<----- Direct ----->		<----- Indirect ----->	
	No. of RJSB Shares	%	No. of RJSB Shares	%
MRCBL	255,000	85.0	-	-
Rasma Contractors	45,000	15.0	-	-
MRCB	-	-	255,000	85.0 <sup>(1)</sup>
Rasma Corporation Sdn Bhd	-	-	45,000	15.0 <sup>(2)</sup>
Employees Provident Fund Board	-	-	255,000	85.0 <sup>(3)</sup>
Gapurna Sdn Bhd	-	-	255,000	85.0 <sup>(3)</sup>
Tan Sri Mohd Salim Fateh Din	-	-	255,000	85.0 <sup>(3)</sup>
Able Diversified Sdn Bhd	-	-	45,000	15.0 <sup>(4)</sup>
Cita Jejaka Sdn Bhd	-	-	45,000	15.0 <sup>(4)</sup>
Domecom Sdn Bhd	-	-	45,000	15.0 <sup>(4)</sup>
Datuk Seri Utama Raja Nong Chik Dato' Raja Zainal Abidin	-	-	45,000	15.0 <sup>(5)</sup>
Datuk Seri Utama Nafesah Raja Nong Chik Abidin	-	-	45,000	15.0 <sup>(6)</sup>

#### Notes:-

<sup>(1)</sup> Deemed interested by virtue of its interest in MRCBL pursuant to Section 6A of the Act.

<sup>(2)</sup> Deemed interested by virtue of its interest in Rasma Contractors pursuant to Section 6A of the Act.

<sup>(3)</sup> Deemed interested by virtue of its/his interest in MRCB pursuant to Section 6A of the Act.

<sup>(4)</sup> Deemed interested by virtue of its interest in Rasma Corporation Sdn Bhd pursuant to Section 6A of the Act.

<sup>(5)</sup> Deemed interested by virtue of his interests in Cita Jejaka Sdn Bhd and Domecom Sdn Bhd pursuant to Section 6A of the Act.

<sup>(6)</sup> Deemed interested by virtue of her interest in Able Diversified Sdn Bhd and Cita Jejaka Sdn Bhd pursuant to Section 6A of the Act.

As at LPD, the directors of RJSB are Shireen Iqbal Mohamed Iqbal, Kwan Joon Hoe, Dato' Ishak Haji Mohamed and Raja Hamzah Abidin Raja Nong Chik. For information purposes, Shireen Iqbal Mohamed Iqbal, Kwan Joon Hoe and Dato' Ishak Haji Mohamed are representatives of MRCBL while Raja Hamzah Abidin Raja Nong Chik is the representative of Rasma Contractors.

The audited financial information of RJSB since incorporation up to 31 December 2014 ("FYE 31 December 2014") is as set out below:-

	FYE 31 December 2014 (RM)
Revenue	-
Loss before taxation	(3,754) <sup>(1)</sup>
Loss after taxation	(3,754)
Share capital	2
Shareholders' funds/Net liabilities	(3,754)
Net liabilities per share	(1,877)
Total borrowings	-
Loss per share	(1,877)
Gearing (times)	n.a

Notes:-

n.a Not applicable as RJSB did not have any borrowings as at 31 December 2014.

<sup>(1)</sup> Comprising operating expenses.

### 3.2 Information on Hartanah

Hartanah was incorporated in Malaysia under the Act as a private limited company wholly-owned by the Minister of Finance, a body corporate incorporated under the Minister of Finance (Incorporation) Act 1957 (Revised 1989) to facilitate dealings on land matters relating to privatisation projects with third parties.

### 3.3 Information on Rasma Contractors

Rasma Contractors was incorporated in Malaysia under the Act on 9 May 1984 as a private limited company under the name of Rajahal Bena Sdn Bhd. It assumed its present name on 5 October 1998. Its principal activity is investment holding.

As at LPD, the authorised share capital of Rasma Contractors is RM500,000 comprising 500,000 ordinary shares of RM1.00 each ("Rasma Contractors Shares") while the issued and paid-up capital of Rasma Contractors is RM250,000 comprising 250,000 Rasma Contractors Shares.

As at LPD, the substantial shareholders of Rasma Contractors are as follows:-

	<----- Direct ----->		<----- Indirect ----->	
	No. of Rasma Contractors Shares	%	No. of Rasma Contractors Shares	%
Rasma Corporation Sdn Bhd	250,000	100.0	-	-
Able Diversified Sdn Bhd	-	-	250,000	100.0 <sup>(1)</sup>
Cita Jejaka Sdn Bhd	-	-	250,000	100.0 <sup>(1)</sup>
Domecom Sdn Bhd	-	-	250,000	100.0 <sup>(1)</sup>
Datuk Seri Utama Raja Nong Chik Dato' Raja Zainal Abidin	-	-	250,000	100.0 <sup>(2)</sup>
Datuk Seri Utama Nafesah Raja Nong Chik Abidin	-	-	250,000	100.0 <sup>(3)</sup>

**Notes:-**

- <sup>(1)</sup> Deemed interested by virtue of its interest in Rasma Corporation Sdn Bhd pursuant to Section 6A of the Act.
- <sup>(2)</sup> Deemed interested by virtue of his interests in Cita Jejaka Sdn Bhd and Domecom Sdn Bhd pursuant to Section 6A of the Act.
- <sup>(3)</sup> Deemed interested by virtue of her interest in Able Diversified Sdn Bhd and Cita Jejaka Sdn Bhd pursuant to Section 6A of the Act.

As at LPD, the directors of Rasma Contractors are Datuk Seri Utama Raja Nong Chik Dato' Raja Zainal Abidin, Datin Seri Utama Nafesah Raja Nong Chik and Raja Hamzah Abidin Raja Nong Chik.

#### **4. RATIONALE FOR THE PROPOSED PRIVATISATION**

The Proposed Privatisation will enable our Company to undertake, through RJSB, a large scale mixed development and construction project which showcases our engineering and construction expertise. The Proposed Privatisation which is expected to further enhance our Company's reputation and industry track record will also contribute to the project pipeline of our Group for the next five (5) years.

Through the Proposed Privatisation, our Company will gain ownership of land bank in Bukit Jalil in the form of the Exchange Lands. The Exchange Lands are located within close proximity of the Bukit Jalil National Sports Complex with convenient access to the Konsortium Expressway Shah Alam Selangor (KESAS) highway and the Maju Expressway (MEX) and various forms of public transportation such as the existing Bukit Jalil and Sri Petaling Light Rail Transit (LRT) stations and city bus service. Also within its immediate vicinity are facilities such as the International Medical University, the Bukit Jalil Golf & Country Resort and the Technology Park Malaysia. Securing such strategic land bank with development potential is in line with our Company's strategy of increasing its focus in the property development segment as its core business.

Notwithstanding the challenging outlook for the Malaysian property market, the strategically located Exchange Lands remains a potentially valuable addition to the land bank of our Group.

#### **5. RISK FACTORS IN RELATION TO THE PROPOSED PRIVATISATION AND THE EXCHANGE LANDS**

Save as disclosed below, your Board is not aware of any other risk factor arising from the Proposed Privatisation which could materially adversely affect the financial position of our Company.

##### **5.1 Non-completion of the Proposed Privatisation**

There is a possibility that the Proposed Privatisation may not be completed due to failure in fulfilling one or more of the CPs as set out in the Privatisation Agreement within the stipulated timeframe. In addition, the Proposed Privatisation is conditional upon the approval from our shareholders, as disclosed in Section 8 of this Circular.

Nevertheless, our Company will take all reasonable steps to ensure that the CPs are met within the stipulated timeframe and that every effort is made to obtain all the necessary approvals in order to complete the Proposed Privatisation in a timely manner.

##### **5.2 Construction industry risk**

There are certain risks inherent in the construction of large scale projects such as shortages of construction materials (e.g. steel bars, cement and diesel) and skilled workers, unavailability and inefficiency of equipment, increase in prices of construction materials, labour disputes, the non-performance or unsatisfactory performance of contractors and subcontractors, adverse weather conditions, natural disasters, accidents, failure or postponement in the issuance or granting of licences, permits and approvals, and unforeseen engineering or environmental problems. Construction delays, loss of revenue and cost over-runs are likely to result from such events which could in turn adversely affect our Company's business, operations and financial performance.

Our Company will seek to mitigate these risks through, amongst others, close monitoring of the progress of our construction projects and endeavour to promptly rectify any setback in order to ensure our Company's performance is not materially and adversely affected.

Our Company has also established long-term relationships with subcontractors or suppliers and where necessary, our Company will make bulk purchase of building materials in order to reduce the risk of shortage and/or price fluctuation.

### **5.3 Property development industry risk**

The future development of the Exchange Lands will expose our Company to risks inherent in the property development industry of which our Company is already involved in. Such risks may include, adverse changes in real estate market prices, changes in demand for types of residential and commercial properties, competition from other property developers, changes in economic, social and political conditions, delay in completion of property development projects against scheduled completion, performance of third-party sub-contractors, labour and material supply shortages, fluctuations in the price of building materials and costs of labour, changes in Real Property Gains Tax ("RPGT"), property tax assessments and other statutory charges. Any adverse change in such conditions may have an adverse effect on our Company.

Nevertheless, our Company will take the necessary measures to mitigate the above risks such as conducting market intelligence surveys, monitoring and adjusting development and marketing strategies in response to changing economic conditions and market demand, conducting continuous reviews of its operations, closely monitoring the progress of its developments as well as leveraging on its experienced and capable management team.

### **5.4 Compulsory acquisition**

Pursuant to the Land Acquisition Act, 1960, the Government has the power to compulsorily acquire any land in Malaysia in accordance with the aforesaid act. In the event of any compulsory acquisition of land by the Government, the amount of compensation to be awarded shall be computed on the basis prescribed in the First Schedule of the Land Acquisition Act, 1960. At any point of time, the amount of such compensation may be less than the market price of the land.

In the event of any compulsory acquisition on lands held by our Company, our Company will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act, 1960 in relation to its rights to submit an objection in respect of the compensation, where necessary.

### **5.5 Funding and interest rate risk**

Our Company may seek external financing to fund the advances required to be extended to RJSB, if any. Our Company's ability to secure sufficient external financing and the cost of such financing are dependent on various factors, some of which may not be within the control of our Company including general economic and capital market conditions, changes in interest rates, credit availability from banks or other lenders, any restrictions imposed by the Government and the political/socio-economic climate of Malaysia.

There can be no assurance that sufficient financing on acceptable terms will be available to our Company. In addition, our Company could potentially be exposed to fluctuations in interest rates leading to higher borrowing costs which may adversely affect our Company's results of operations and financial performance in the future as well as its ability to service its future loan repayment obligations.

Nevertheless, our Company shall continuously monitor and review our debt obligations, gearing level, finance cost as well as cash flows in order to optimise our capital structure.

## **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**

In spite of the challenging economic and financial environment facing the country in the past months, property market managed to stay poised and posted a marginal softening in market activity in the first half (“H1”) of 2015. Both volume and value were down by 3.5% and 6.6% respectively against the corresponding period.

On the supply side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) saw a declining trend since H1 2012, with the exception of H1 2014. Similar downtrend was seen in demand side indicator. The amount of loan applications for purchase of residential property reduced by a further 24.3% (H1 2014: -3.1%) whilst the amount of loan approvals dwindled by 25.8% (H1 2014: 4.3%). On the same tone, loan applications and approvals for purchase of non-residential contracted by double-digit at 20.4% and 25.6% respectively. The downtrend indicators in market activity, loan applications and approvals for residential and non-residential purchase as well as reducing numbers of housing approvals were all pointing at market slowdown.

Market volume recorded at 186,661 transactions worth RM76.61 billion, down by 3.5% in volume and 6.6% in value against H1 2014. The residential sub-sector continued to lead the overall market, with 64.1% contribution in volume and 47.5% in value. However, the subsector recorded a slight downturn by 2.6% in volume and correspondingly down in value by 9.7%. Commercial and industrial sub-sectors recorded upward movements, up by 1.6% and 4.7% in volume.



The coming six months would remain challenging for the property market. As property market is not a sole master of its game, the interrelated factors namely economic, financial, business and consumers confidence at large would post an impact on its performance. Nevertheless, given the inelasticity feature of the property market, any changes in the affecting factors would not cause an immediate spin-off to the sector, unlike the stock market. This would allow for market readjustments to find its own pace.

#### Residential sector overview:-

There were 119,604 transactions worth RM36.38 billion recorded in the review period, declined by 2.6% in volume and 9.7% in value. Performance by states was generally on a low tone. Major states namely Johor and Pulau Pinang recorded marked declines in market activity. Wilayah Persekutuan Kuala Lumpur and Selangor were on similar trend but the magnitude was minimal. Selangor, Johor and Perak remained the leading contributors to the sub-sector.

The primary market recorded a slowdown in new launches with 27,231 units as major states namely Wilayah Persekutuan Kuala Lumpur, Selangor and Johor saw a substantial cutbacks in their new launches. The numbers were down by 12.8% against H1 2014 on account of the mixed sentiments amongst the developers with regards to pre- and post-GST implementation. Sales performance was at 31.4%, as cautious sentiments amongst house-buyers lingered on.

The residential overhang continued to reduce to 10,473 units worth RM4.77 billion, down by 8.9% in volume though up by 19.6% in value. On similar trend, the unsold not constructed shrank to 9,902 units, down by 30.9%. However, the unsold under construction stepped up to 67,126 units, up by 32.7%. By state, Johor led with the highest overhang units, accounting for 23.3% of the national total. Although the overhang units were gradually reducing, the increasing numbers of unsold under construction in the state should trigger concern. The state held more than one third of the national total in the unsold category, which mainly made up of service apartments.

The Malaysian House Price Index ("MHPI") continued its moderating trend. As at Q2 2015, the Malaysian All House Price Index stood at 220.2 points (at base year 2000), up by 5.9% on annual basis. The rate of increase for MHPI has decelerated since Q4 2013, similar to the moderating trend for terraced and high-rise houses. This indicated impact of the cooling measures implemented since end-2010.

#### Commercial sector overview:-

The commercial sub-sector recorded a marginal increase in activity as the business confidence as well as consumers sentiments took a dip in Q2 2015. There were 17,794 transactions worth RM14.49 billion recorded, up by 1.6% in volume whereas value declined by 10.7%. Selangor led market activity, with 23.6% share, followed by Johor and Wilayah Persekutuan Kuala Lumpur, each with 13.4% and 11.6% share respectively.

Shop transactions dominated 56.6% of the commercial property transactions and 55.3% of the total value. The market activity improved by 4.9% in volume and 12.4% in value to record 10,075 transactions worth RM8.01 billion. Johor and Selangor propelled the market with 19.3% and 16.3% market share respectively.

The shop overhang situation recorded sideways trend as the volume increased by a slight 2.2% to 4,915 units worth RM1.90 billion. However, the unsold under construction saw similar upward pattern as the residential sub-sector, recording an upturn of 28.9% (9,201 units) whilst the unsold not constructed almost double to 2,244 units. This could have resulted from the downward pressure on the business confidence as well as the limbo state of the economy. Generally, prices of shops were stable.

*(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance Malaysia)*

### 6.3 Overview and outlook of the Malaysian construction sector

Growth in the construction sector improved to 9.9% in the third quarter of 2015 (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)*

### 6.4 Summary of the Feasibility Report prepared by Rahim & Co

The Exchange Lands are sited within the Bukit Jalil area and located opposite the Bukit Jalil National Sports Complex. The Exchange Lands are currently surrounded by matured developments. Approximately 6 km away is the township of Seri Kembangan which comprises a mix of residential and commercial developments and amenities including hypermarkets e.g. Giant and shopping malls e.g. the Mines Shopping Mall.

The Exchange Lands have good connectivity to roads and strategic access to major highways such as MEX, KESAS and the Kuala Lumpur-Seremban Highway and are also located near LRT stations, the nearest being the Sri Petaling Station and Bukit Jalil Station. The proposed mass rapid transit (“MRT”) line 2 is also expected to have a station close to the Exchange Lands, located in Sungai Besi. In addition, the surrounding area is well serviced by public transportation such as buses, taxis and trains. The Exchange Lands itself is currently serviced by the RapidKL bus service.

The proposed development on the Exchange Lands is envisaged as an integrated development comprising commercial and residential properties, including serviced apartments, shop offices, office towers, apartments, SOHO, two (2) retail malls and a hotel. The proposed development is assumed to be launched in three (3) phases with a project horizon of 16 years.

The proposed development has the potential to position itself against mixed development projects such as Empire City, Pantai Sentral Park and Bangsar South, due to the following:-

- i) strategic location within an established community i.e. Overseas Union Garden, Kuchai Lama, Bandar Kinrara, Sungai Besi and Seri Kembangan; and
- ii) located adjacent to the existing LRT stations namely Sri Petaling and Bukit Jalil, and close to the proposed MRT line 2 station in Sungai Besi. The area is also well serviced by public transportation such as the RapidKL bus service.

Based on the proposed selling price and cost assumptions adopted in the Feasibility Report, the project may generate a GDV of RM14.61 billion.

In conclusion, based on Rahim & Co’s analysis of the Exchange Lands, assessment of the proposed development and also population growth of the area, the future development on the Exchange Lands is expected to be well received by the market.

Please refer to Appendix II for the executive summary of Rahim & Co’s Feasibility Report.

### 6.5 Prospects of the Exchange Lands

As set out in the Feasibility Report, Rahim & Co has envisaged that the Exchange Lands be developed into an integrated development comprising commercial and residential properties, including serviced apartments, shop offices, office towers, apartments, SOHO, two (2) retail malls and a hotel, with a project horizon of 16 years.

The Exchange Lands' strategic location and connectivity to major roads and public transportation enables the proposed development to position itself against other prominent mixed development projects such as Empire City, Pantai Sentral Park and Bangsar South.

Based on the proposed selling price and cost assumptions adopted in the Feasibility Report, the project may generate a GDV of RM14.61 billion, with a corresponding estimated GDC of approximately RM11.14 billion.

In view of the above and subject to prevailing market conditions, our Company expects to undertake an integrated commercial development on the Exchange Lands in the future. However details of such development plans for the Exchange Lands have yet to be finalised at this juncture. Nevertheless, any future development of the Exchange Lands is expected to contribute positively to our Group's earnings and financial position in the future.

## 7. EFFECTS OF THE PROPOSED PRIVATISATION

The pro forma financial effects of the Proposed Privatisation on our Company's issued and paid-up share capital, consolidated NA per share and gearing, consolidated EPS and shareholdings of the substantial shareholders of our Company are set out below:-

### 7.1 Share capital and substantial shareholders' shareholding

The Proposed Privatisation will not have any effect on the issued and paid-up share capital and substantial shareholdings of our Company as it does not involve an issuance of new MRCB Shares.

### 7.2 Net assets ("NA") per share and gearing

Based on the latest audited consolidated statement of financial position of our Company as at 31 December 2014 and on the assumption that the Proposed Privatisation was completed on 31 December 2014, the Proposed Privatisation is not expected to have any material effect on the consolidated NA per share of our Company.

The eventual impact on the gearing of our Company would depend on the manner in which our Company funds RJSB. Such funding shall either be via internally generated funds, bank borrowings and/or equity fund raising, the quantum of which cannot be determined at this juncture.

Under the requirements of FRS116 Property, Plant and Equipment, the transaction expenses may be fully capitalised as it relates to directly attributable costs that are incurred in relation to the Proposed Privatisation. For information purposes, the estimated expenses for the Proposed Privatisation amounts to approximately RM1.34 million and includes, amongst others, advisory fees, regulatory fees, printing and advertising costs and costs to convene the EGM in relation to the Proposed Privatisation.

Premised on the above, the pro forma effects of the Proposed Privatisation on the NA and gearing of the MRCB Group are as illustrated below:-

	(I) Audited as at 31 December 2014	(II) After (I) and the Proposed Privatisation
	RM('000)	RM('000)
Share capital	1,760,178	1,760,178
Share premium	323,986	323,986
Accumulated losses	(154,845)	(154,845)
Other reserves	55,937	55,937
Shareholder's equity/NA	1,985,256	1,985,256
No. of ordinary shares in issue ('000)	1,760,178	1,760,178
NA per ordinary share (RM)	1.13	1.13
Borrowings	3,690,702	4,139,994 <sup>(1)</sup>
Gearing (times)	1.86	2.09 <sup>(1)</sup>

Note:-

<sup>(1)</sup> Assuming that RJSB finances 90% of the Project 1 Cost via bank borrowings, whilst the remaining 10% is funded via advances and/or equity injection from its shareholders. The mode of funding for Project 2 has yet to be determined at this juncture and hence such effects have not been illustrated.

### 7.3 Earnings and earnings per share (“EPS”)

The Proposed Privatisation is not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 December 2014 assuming that the Proposed Privatisation had been effected at the beginning of that financial year. However, the eventual impact on the earnings and EPS of our Company will depend on, amongst others, the potential finance costs incurred on bank borrowings which may be undertaken to fund RJSB and the actual cost of construction incurred by RJSB. The future development of the Exchange Lands is expected to contribute positively to the future earnings and EPS of our Company.

## 8. APPROVALS REQUIRED FOR THE PROPOSED PRIVATISATION

The Proposed Privatisation is subject to and conditional upon approvals/consents being obtained from the following:-

- (i) our shareholders at an EGM to be convened; and
- (ii) the approval of any other relevant authority, if required.

The Proposed Privatisation is not conditional upon any corporate proposal of our Company.

## 9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Privatisation and the corporate exercises disclosed below, there is no other corporate exercise which has been announced on Bursa Securities and 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 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, 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 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 at par value 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 quarter of 2016.

- (v) 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.

- (vi) Proposed private placement of up to 493,610,683 new ordinary shares of RM1.00 each in MRCB, representing up to 20% of the issued and paid up share capital of MRCB

On 16 November 2015, our Company had announced that it is proposing to undertake a private placement of up to 493,610,683 new ordinary shares of RM1.00 each in our Company, representing up to 20% of the issued and paid up share capital of our Company.

The proposal is expected to be completed by the second quarter of 2016.

#### 10. TENTATIVE TIMELINE FOR THE PROPOSED PRIVATISATION

Barring any unforeseen circumstances and subject to the approvals (as set out in Section 8 of this Circular) being obtained, the tentative timeline in relation to the Proposed Privatisation is as follows:-

Month	Events
End December 2015	EGM to approve the Proposed Privatisation
End December 2015	Privatisation Agreement becomes unconditional

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

None of the directors and major shareholders of our Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Privatisation.

#### 12. DIRECTORS' RECOMMENDATION

Your Board, after having considered all aspects of the Proposed Privatisation and after careful deliberation, is of the opinion that the Proposed Privatisation is in the best interests of our Company. Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Privatisation to be tabled at the forthcoming EGM.

The view of your Board was arrived at after having considered, *inter-alia*, the terms and conditions of the Privatisation Agreement, the rationale for the Proposed Privatisation and prospects of the Exchange Lands, the Feasibility Report and the market valuation of the Exchange Lands.

#### 13. ADVISERS

RHB Investment Bank was appointed as the Principal Adviser for the Proposed Privatisation on 22 October 2015.

WTW was appointed as the Valuer for the Exchange Lands on 17 August 2015.

Rahim & Co was appointed to prepare the Feasibility Report on 17 August 2015.

#### 14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, Project 1 is expected to be completed by June 2017 whilst Project 2 is expected to be completed by the end of 2020.

**15. EGM**

The EGM, 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 10.30 a.m. or immediately after the conclusion of the earlier EGM which will be held at 10.00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Privatisation.

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 stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM, should you subsequently wish to do so.

**16. FURTHER INFORMATION**

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

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

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

## VALUATION CERTIFICATE

## C H Williams Talhar &amp; Wong

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Juruukur Berkenanun  
Chartered SurveyorsPerunding Harta Antarabangsa  
International Property Consultants

30-01, 30<sup>th</sup> Floor  
Menara Multi-Purpose  
@ CapSquare  
8 Jalan Munshi Abdullah  
P O Box 12157  
50100 Kuala Lumpur  
Malaysia  
T : 03-2616 8888  
F : 03-2616 8899  
E : kualalumpur@wtw.com.my  
Website: www.wtw.com.my

## Report and Valuation

Our Ref : WTW/01/V/001165/15/PZT

29 October 2015

## PRIVATE &amp; CONFIDENTIAL

## Board of Directors

Malaysian Resources Corporation Berhad

Level 33A, Menara NU2,

No. 203, Jalan Tun Sambanthan,

Kuala Lumpur Sentral, 50470 Kuala Lumpur

Dear Sirs,

## CERTIFICATE OF VALUATION

PARCEL 1 (PLOT F &amp; G) LOCATED ON PART OF PT 2875,

PARCEL 2 (PLOT I) LOCATED ON PART OF LOT 35323 AND PARCEL 3 (LOT 38207)

MUKIM PETALING, DISTRICT OF KUALA LUMPUR

FEDERAL TERRITORY OF KUALA LUMPUR

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

Mohd Talhar A Rahman  
FRICS, FRISM, MSISV, MPEPS  
Foo Gee Jen  
B Surv., MRICS, FRISM, MPEPS  
Danny S K Yeo  
Dip in Val, MRICS, FRISM, MPEPS  
Dato' Md Baharuddin Mustafa  
B Surv., MRICS, FRISM, MMIM, MPEPS  
Tony Lee Eng Kow  
B.Sc., MRICS, FRISM, MPEPS  
Aziah Mohd Yusoff  
MBA, BLE, FRICS, FRISM, MPEPS  
Heng Kiang Hai  
MBA, B Surv., MRICS, FRISM, MPEPS  
Tan Ka Leong  
B Surv., FRISM, MPEPS  
Peh Seng Yee  
MBA, B Surv., MRICS, FRISM, MPEPS  
Ainuddin Jalaini Bin Ismail  
B.Sc., MRICS, MRISAI  
Lim Chai Yin  
B.Sc., MRISM, MPEPS  
Muhd Kamal Mohamed  
MBA, B.Sc., MRICS, MRISM, MPEPS

## Consultants

Abdul Halim Othman  
P'ng Soo Theng  
Goh Tian Sui  
Tew You Kian

We refer to your instructions to carry out a formal valuation on the above-mentioned property in providing our opinion of the Market Value of the property for inclusion in the Circular to the Shareholders of Malaysian Resources Corporation Berhad dated 4 December 2015 in relation to the proposed privatisation agreement entered into between Rukun Juang Sdn Bhd ("RJSB"), an 85%-owned subsidiary of MRCB Land Sdn Bhd ("MRCBL"), which in turn is a wholly-owned subsidiary of MRCB and the Government of Malaysia, represented by the Ministry Of Youth And Sports ("Government") and Syarikat Tanah Dan Harta Sdn Bhd ("Hartanah") ("Privatisation Agreement") relating to the refurbishment of facilities located at the national sports complex in Bukit Jalil, Kuala Lumpur for a total contract sum of RM1,631,880,000 ("Contract Sum") ("Proposed Privatisation").

Having inspected the property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the market value of the subject property as at 23 October 2015 **BASED ON THE BASIS / ASSUMPTIONS AND PROVISIO AS STATED IN DETAIL UNDER TERMS OF REFERENCE HEREIN** and free from all encumbrances is **RM1,600,000,000/- (Ringgit Malaysia : One Billion And Six Hundred Million Only)**.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Kuala Lumpur Petaling Jaya Penang Johor Bahru Kuantan Malacca Ipoh Alor Star Kota Bharu Butterworth Batu Pahat Kuala Terengganu Seremban  
Kota Kinabalu Sandakan Tawau Lahad Datu Labuan Keningau Kuching Miri Sibul Bintulu Brunei

Established since 1960



V(1)0010



**VALUATION CERTIFICATE (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 2

**TERMS OF REFERENCE**

As instructed, the valuation is carried out based on the following BASIS/ASSUMPTIONS:-

**1. THE LAND AREA OF THE SUBJECT PROPERTY ARE AS FOLLOWS:**

Lot Nos.	Land Area
Parcel 1 (Plot F & G) – Part of PT 2875	1,225,343 sq. ft / 28.13 acres
Parcel 2 (Plot I) – Part of Lot 35323	766,220 sq. ft / 17.59 acres
Parcel 3 (Lot 38207)	2,037,737 sq. ft / 46.78 acres
<b>Total</b>	<b>4,029,300 Sq. ft / 92.50 acres</b>

- 2. A MARKETABLE AND REGISTRABLE INDIVIDUAL TITLE WITH “BUILDING” CATEGORY OF LAND USE FOR COMMERCIAL DEVELOPMENT USE WITH A 99-YEAR LEASE IS ISSUED.**
- 3. THE SUBJECT PROPERTY HAS A PLOT RATIO OF 1:6.5;**
- 4. THE PROPOSED DEVELOPMENT HAS NO LOW COST COMPONENTS;**
- 5. THE SUBJECT PROPERTY IS A VACANT LAND WITH VACANT POSSESSION. NO VALUE IS ATTRIBUTED TO ALL SITE IMPROVEMENTS INCLUDING THE BUILDINGS/STRUCTURES ERECTED ON SITE.**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS/ASSUMPTION(S) WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID/INCORRECT.

“IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED.”

*(This paragraph is required in accordance with Standard 12 of the Malaysian Valuation Standards)*

## VALUATION CERTIFICATE (Cont'd)

**C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 3

**PROPERTY IDENTIFICATION**

The property : Three (3) parcels of commercial development land  
 Location : Within the locality of Stadium Bukit Jalil, 57000 Kuala Lumpur

Title Nos. / Lot Nos. / Plot Nos. / Land Area under Valuation.	Title Nos.	Lot Nos.	Plot Nos.	Land Area under Valuation
	HSD 63195	Part of PT 2875	Parcel 1 (Plot F & G)	1,225,343 sq. ft / 28.13 acres
	GRN 41246	Part of Lot 35323	Parcel 2 (Plot I)	766,220 sq. ft / 17.59 acres
	GRN 50029	Lot 38207	Parcel 3	2,037,737 sq. ft / 46.78 acres
<b>Total</b>				<b>4,029,300 sq. ft / 92.50 acres</b>

Tenure of Parent Title : Term In Perpetuity  
 Tenure of the Subject Property : Leasehold 99 years upon issuance of title  
 Registered Owner : Lot 38207 & 35323  
 PESURUHJAYA TANAH PERSEKUTUAN  
PT 2875  
 PESURUHJAYA TANAH PERSEKUTUAN KEMENTERIAN KEMAJUAN TANAH DAN KEMAJUAN WILAYAH  
 Category of Land Use : Assumed Building Use

**Note:-**

Based on the extract of Privatisation Agreement and the Bursa announcement made dated 28 October 2015 by Malaysian Resources Cooperation Berhad, we are made known that the total land area of the subject property is 92.50 acres.

In consideration of Rukun Juang Sdn Bhd (Subsidiary of MRCB Land Sdn Bhd) agreeing to undertake the Proposed Privatisation, Rukun Juang Sdn Bhd at their own risk, cost and expense carry out the two projects as follows:-

Projects	Remarks	Duration
Project 1	Refurbishing, renovation and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre located at the National Sports Complex, Bukit Jalil together with the construction of the common infrastructures including boulevard, parking, steps and new signage and all other works as detailed in the Privatisation Agreement	18 months from construction commencement date
Project 2	Upgrading of the National Stadium, developing, planning, designing, constructing, completing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, youth park together with the construction of the common infrastructures	36 months from construction commencement date

**VALUATION CERTIFICATE (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 4

**PROPERTY IDENTIFICATION (Cont'd)**

Parcel 1 (Plot F & G) shall be handed over as an exchange land after project 1 has been delivered whilst parcel 2 (Plot I) and Parcel 3 (Lot 38207) shall be handed over as an exchange land after project 2 has been delivered.

The Government will cause Federal Land Commission to transfer the subject property to Rukun Juang Sdn Bhd (Subsidiary of MRCB Land Sdn Bhd) on the following terms:-

- (a) under registry title;
- (b) as is where is basis;
- (b) leasehold period of 99 years; and
- (d) subject to the "building" category of land use and any express conditions and restriction in interest as may be imposed by the relevant authorities.

**GENERAL DESCRIPTION**

The subject property comprises three (3) parcels of vacant commercial land identified as Parcel 1 (Plot F & G) located on part of PT 2875, Parcel 2 (Plot I) and Parcel 3 (Lot 38207), located within the locality of Stadium Bukit Jalil, Kuala Lumpur.

i) **Parcel 1 (Plot F & G) - Part of PT 2875**

The subject plot has combined land area of 1,225,343 square feet / 28.13 acres and is near rectangular in shape. At the time of inspection, we noted that there was a pond located at the south-eastern boundary of Plot F and north-western boundary of Plot G.

We also noted that Plot G was currently designated as Bukit Komanwel Park and a few buildings / structures meant for the park i.e shed/hut, toilet and refused chamber were erected on site. However, for the purpose of our valuation, we have not ascribed any value for the above mentioned buildings/structures.

The boundaries are not demarcated with any form of fencing and the subject lot is generally covered with light undergrowth and trees.

## VALUATION CERTIFICATE (Cont'd)

**C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 5

**GENERAL DESCRIPTION** (Cont'd)ii) Parcel 2 (Plot I) - Part of Lot 35323

The subject plot has a land area of 766,220 sq. ft / 17.59 acres and is near triangular in shape.

We noted that a river runs from its northern boundary towards its south-western boundary estimated to have an area of 29,002 square metres and a car dealer premises was erected on the south-western portion along Jalan Cagar Merah. The buildings are temporary in nature and generally constructed of metal structure. However, for the purpose of our valuation, we have not ascribed any value for the above mentioned buildings/structures

The boundaries are not demarcated with any form of fencings and the subject lot is generally covered with light undergrowth and trees.

iii) Parcel 3 (Lot 38207)

The subject plot has a land area of 2,037,737 sq. ft / 46.78 acres and is near rectangular in shape.

At the time of inspection, we noted that a driving range, basketball courts and a few other buildings / structures were erected on the site. However, for the purpose of our valuation, we have not ascribed any value for the above mentioned buildings/structures.

The boundaries are not demarcated with any form of fencings and the subject lot is generally covered with light undergrowth and trees.

**Planning Provision**

The subject property is designated as public open space as per the Draft Kuala Lumpur City Local Plan 2020 and our verbal enquiries with the Dewan Bandaraya Kuala Lumpur planning department.

**As instructed, the valuation is carried out based on the following BASIS/ASSUMPTIONS:-**

**A MARKETABLE AND REGISTRABLE INDIVIDUAL TITLE WITH "BUILDING" CATEGORY OF LAND USE FOR COMMERCIAL DEVELOPMENT USE WITH A 99-YEAR LEASE IS ISSUED;**

**THE SUBJECT PROPERTY HAS A PLOT RATIO OF 1:6.5;**

**THE PROPOSED DEVELOPMENT HAS NO LOW COST COMPONENTS.**

The City Planning Department of Dewan Bandaraya Kuala Lumpur has agreed in principle to grant a plot ratio of 1 to 6.5 subject to the compliance of the planning technical requirements. It will be converted to commercial title. Thus low cost component is not required.

## VALUATION CERTIFICATE (Cont'd)

**C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 6

**GENERAL DESCRIPTION** (Cont'd)Proposed Development

We have made reference to the Market and Feasibility Study for the subject property carried out by Rahim and Co. Research Sdn Bhd dated 15 October 2015 and the information provided by the client. We are of the opinion that the proposed development is reasonable even though it consist of residential component such as apartments and condominiums. The development will be under the commercial title. It will be divided into three (3) phases. Details of the proposed development are summarised as follows:-

Phase	Area (Acre)	Product Size (Acre)	Development Components	Type	Total GFA Exclusive of Carpark (sq ft)	Total NFA (sq ft)	No. of Car Park
1	28.14	10.41	Serviced Apartment 1 (700 sf to 1,000sf)	1+1 BR	540,000	378,000	1,987
				2 BR	425,000	297,500	
				3BR	571,429	400,000	
			SOHO (700 sf to 850 sf)	1BR	560,000	420,000	1,105
				1+1 BR	566,667	425,000	
			Retail Mall 1	Retail Mall 1	346,154	225,000	340
		7.00	Green Park				
		6.73	Serviced Apartment 2 (1,100 sf to 1,500 sf)	2 BR	1,257,143	880,000	3,927
				2+1 BR	1,300,000	910,000	
				3 BR	1,285,714	900,000	
		3.00	Retail Mall 2	Retail Mall	692,308	450,000	824
		1	5-Star Hotel (450 rooms)	Standard Room	138,462	90,000	557
				Deluxe Room	138,462	90,000	
				Executive Suite	38,769	25,200	
				Family Suite	12,308	8,000	
				F&B	13,846	9,000	
				Ballroom	76,923	50,000	
				Meeting Room	6,154	4,000	
2	17.59	17.59	Office	10-storey Office Block	2,133,333	1,600,000	5,871
				20-storey Office Block	1,600,000	1,200,000	
				30-storey Office Block	1,200,000	900,000	

**VALUATION CERTIFICATE (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 7

**GENERAL DESCRIPTION (Cont'd)**

Phase	Area (Acre)	Product Size (Acre)	Development Components	Type	Total GFA Exclusive of Carpark (sq ft)	Total NFA (sq ft)	No. of Car Park
3	46.78	1.05	Apartment 5 (low rise) (1,200 sf to 2,400 sf)	1,200 sf	179,200	134,400	308
				2,400 sf	89,600	67,200	
		37.73	Apartment 1 (900 sf)	2 BR	2,828,571	1,980,000	15,796
			Apartment 2 (1,100 sf)	2+1BR	2,922,857	2,046,000	
			Apartment 3 (1,200 sf)	3BR	2,948,571	2,064,000	
			Apartment 4 (1,400 sf to 1,500 sf)	4BR	2,400,000	1,680,000	
				4+1BR	428,571	300,000	
		4.00	Shop office (7,512 sf)	4-storey shop	1,201,920	901,440	1,683
		4.00	Show Gallery (9,600 sf)	4-Storey Show Gallery	219,429	153,600	308

**METHOD OF VALUATION**

The subject property is valued using the Residual Method. In the Residual Method, consideration is given to the gross development value of the project and deducting therefrom the estimated costs of development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the project.

As a check, we have adopted the Comparison Method. The Comparison Method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in locality, visibility/ exposure, size, tenure, shape/ terrain, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

**VALUATION CERTIFICATE (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 8

**VALUE CONSIDERATION****Residual Method**

As the proposed commercial project is considered a mega project, hence, based on the feasibility study prepared by Rahim & Co Research Sdn Bhd and our investigation, the proposed development will be divided into three (3) phases with a total development period of 15.5 years.

Parameters adopted in the valuation are as follows:-

- (a) Gross Development Value (GDV)
- (b) Gross Development Cost (GDC)

These parameters are further elaborated as follows:

**Gross Development Value (GDV)**

We have adopted the total Gross Development Value (GDV) at RM14,510,822,245/- as tabulated as below:-

Usage	Proposed Selling Price (RM psf)	Justification
Serviced Apartment / SOHO	RM700 psf to RM900 psf	Based on our analysis of the transacted prices of serviced apartment/SOHO within a larger vicinity, the adjusted values range from RM724 to RM977 per square foot
Apartment/ Condominium/ Premium Condominium	RM650 psf to RM 950 psf	Based on our analysis of the transacted prices of condominium/premium condominium within Klang Valley, the adjusted values range from RM757 to RM855 per square foot.  We have made an upward adjustment for the premium condominium (low rise) in view of its exclusive features compared to other normal condominiums.
Shop Office	RM800 psf	Based on our analysis of the transacted prices and developer's selling price of shop offices within a larger vicinity, the adjusted values range from RM768 to RM912 per square foot
Retail Mall/Shopping Mall	RM1,000 psf to RM1,100 psf	Based on our analysis of the transacted prices of retail mall/shopping mall within a larger vicinity, the adjusted values range from RM841 to RM1,598 per square foot

**VALUATION CERTIFICATE (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 9

**VALUE CONSIDERATION (Cont'd)**

Usage	Proposed Selling Price (RM psf)	Justification
Hotel	RM 800,000/- per room	Based on our analysis of the transacted prices of hotel within a larger vicinity, the adjusted prices range from RM760,189 per room to RM924,379 per room.  The proposed hotel is to be developed into a 5-star category. For the purpose of this valuation, we have adopted the selling price of RM800,000/- per room.
Offices	RM750 psf to RM 800 psf	Based on our analysis of the transacted prices of offices within a larger vicinity, the adjusted values range from RM723 to RM1,009 per square foot
Show Gallery	RM800 psf	There is a dearth of transaction recorded for the show gallery, however due to its similarity with the shop offices, we have adopted the selling price as per the shop office.  Based on our analysis of the transacted prices of shop offices within Klang Valley, the adjusted values range from RM768 to RM912 per square foot.



## VALUATION CERTIFICATE (Cont'd)

## C H Williams Talhar &amp; Wong



C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 10

**VALUE CONSIDERATION (Cont'd)***(b) Gross Development Cost (GDC)*

The total Gross Development Cost (GDC) is estimated at RM11,237,999,152/-.

Based on the Market and Feasibility Study for Parcel 1 (Plot F & G), Parcel 2 (Plot I & Lot 38207) located within Bukit Jalil National Sports Complex prepared by Rahim & Co Research Sdn Bhd dated 15 October 2015 and JUBM Langdon Seah Construction Cost Handbook Malaysia 2015 as well as our investigation, the total Gross Development Cost (GDC) inclusive of developer's profit is estimated at RM11,237,999,152/- based on the following material parameters:-

Items	Rate Adopted	Justification
Earthwork and Site Clearance	RM300,000 per acre	The cost is estimated on the cost for the earthwork and site clearance of the subject property. The cost adopted is in line with the industry standard.
Building Cost	Serviced Apartment	RM200 psf
	SOHO	RM220 psf
	Retail Mall 1	RM300 psf
	Retail Mall 2	RM340 psf
	5-star Hotel	RM550 psf
	Offices	RM220 psf
	Premium Condominium (Low Rise)	RM250 psf
	Condominium	RM200 psf
	Shop Offices	RM180 psf
	Show Gallery	RM180 psf
	Car Park	RM120 psf
Infrastructure Works	RM600,000 per acre	The cost is estimated based on our survey and enquiries with developers. The cost adopted is in line with the industry standard.
Finance Cost	8.00%	The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.85% per annum plus security margin of 1.00% to 2.50% per annum. The cost adopted is in line with the industry standard.
Professional Fees	7.00% of total estimated cost of construction	The rate which is adopted at 7.00% is line with the industry standard.
Developer's Profit and Risk	15% of GDV	Our surveys and enquiries with developers revealed that the rate of return of about 15% to 20% of Gross Development Value (GDV) is required for a developer to commit to a project development.
Development Period	15.5 years	Estimation of development period is 15.5 years in line with the feasibility study prepared by Rahim and Co Research Sdn Bhd. The delivery of Parcel 1 (Plot F & G) after a period of 18 months and delivery of Parcel 2 (Plot I) & Parcel 3 (Lot 38207) after a period of 36 months are reflected in the development period.
PV Rate	8.00% per annum	In tandem with finance rate based on our enquiries with financial institutions.

The market value of the subject property is derived at RM1,600,000,000/-.

## VALUATION CERTIFICATE (Cont'd)

**C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 11

**VALUE CONSIDERATION (Cont'd)**Comparison Method

Under the Comparison method, the sale evidences have been analysed and adjusted for the location, visibility / accessibility, shape, size, tenure, planning approval, plot ratio, category of land use, transfer of land and other relevant characteristics to arrive at the market value.

We have adopted Parcel 1 (Plot F & G) as the base Lot for this valuation.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement Dated 11 May 2015	Bursa Announcement Dated 14 August 2014	Bursa Announcement Dated 5 June 2013
Lot No, Town, District and State	Lot 72241, PT 194, PT 193 & PT 215, Bandar Petaling Jaya, and PT252 Mukim of Damansara, District of Petaling, Selangor	Part of Parent Lot No. 3636, Mukim of Sungai Buloh, District of Petaling, Selangor	Lot 212 and Lot 213, Both within Bandar Damansara, District of Petaling, Selangor
Location	Located next to Western Digital in Sungai Wey Free Trade Zone	Plot MX-1, located within Kwasa Damansara Development, Along Jalan Sungai Buloh, 47800 Petaling Jaya, Selangor	Lot 212 and 213, located along Persiaran Tropicana, 47400 Petaling Jaya, Selangor
Type	Commercial land	Commercial land	Commercial land
Tenure	Leasehold 99 years expiring on 12 August 2106	Leasehold 99 years	Leasehold 99 years expiring on 25 October 2090
Land Area (sq metres)	68,780.09	259,282.30	25,948
Land Area (sq feet)	740,342	2,790,889	279,302
Land Area (acres)	17.00	64.07	6.412
Plot Ratio	1:4	1:4	1:4
Date	11 May 2015	14 August 2014	05 June 2013
Consideration	RM286,000,000/-	RM1,166,500,000/-	RM116,123,925/-
Vendor	Kelana Resort Sdn Bhd	Kwasa Land Sdn Bhd	Tropicana Golf & Country Resort Berhad
Purchaser	Sunway Dimension Stones Sdn Bhd	Malaysian Resources Sdn Bhd	Mayfair Ventures Sdn Bhd
Analysis (RM per sq metre)	RM4,158/-	RM4,499/-	RM4,475/-
Analysis (RM per sq foot)	RM386/-	RM418/-	RM416/-
Adjustment	Adjustment is made on Location – General, Location – MRT Station, Shape, Size, Tenure, Plot Ratio and Transfer of Land		
Adjusted Value (RM per sq. metre)	RM4,886/-	RM5,624/-	RM4,923/-
Adjusted Value (RM per sq. foot)	RM454/-	RM522/-	RM457/-

The adjusted land values range from RM454 per square foot to RM522 per square foot.

We have adopted Comparable 1 as the best comparable due to its similar characteristic in terms of tenure as compared to the subject property and is the latest transaction.

**VALUATION CERTIFICATE (Cont'd)****C H Williams Talhar & Wong**

C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001165/15/PZT

Page 12

**VALUE CONSIDERATION (Cont'd)****Comparison Method (Cont'd)**

Having regard to the foregoing, we have adopted the base value of RM450 per square foot for Parcel 1 (Plot F & G). We have further adjusted the market value for size and transfer of land factors for Parcel 2 and Parcel 3 (Plot I & Lot 38207) and we derived to RM380 per square foot for Parcel 2 and Parcel 3 (Plot I & Lot 38207).

The market value of the subject property is derived at RM1,600,000,000/-.

**Reconciliation of Value**

The market value for the subject property derived from both Residual Method and Comparison Method are shown as follows:-

Residual Method	-	RM1,600,000,000/-
Comparison Method	-	RM1,600,000,000/-

We have adopted the market value derived from Residual Method as a fair representation of the market value of the subject property in view of the fact that the subject property is a proposed new township with a confirmed plot ratio.

**VALUATION**

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 23 October 2015 **BASED ON THE BASIS/ASSUMPTIONS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE** and free from all encumbrances is **RM1,600,000,000/- (Ringgit Malaysia: One Billion And Six Hundred Million Only).**

Yours faithfully  
for and on behalf of  
**C H Williams Talhar & Wong Sdn Bhd**

 A handwritten signature in black ink, appearing to read 'Sr Heng Kiang Hai'.
   
**Sr HENG KIANG HAI**

MBA (Real Estate), B.Surv (Hons) Prop.Mgt,  
MRICS, FRISM, MPEPS, MMIPPM  
Registered Valuer (V-486)

## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT



Our Ref: 30VM5515012

15 October 2015

**Malaysian Resources Corporation Berhad**

Level 30, Menara Allianz Sentral,  
No. 203, Jalan Tun Sambanthan,  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur

Dear Sirs,

**MARKET AND FEASIBILITY STUDY ("STUDY") FOR EXCHANGE LAND 1 (PLOT F & G),  
EXCHANGE LAND 2 (PLOT I) AND EXCHANGE LAND 3 (LOT 38207) (COLLECTIVELY  
KNOWN AS EXCHANGE LANDS) LOCATED WITHIN BUKIT JALIL ("SUBJECT SITE")**

We refer to your instructions to conduct a Study for the above mentioned Exchange Lands. The Study focuses on the property market assessment and determined the best development strategy for the Exchange Lands.

This Market and Feasibility Study Certificate has been prepared for inclusion in the circular to the shareholders of MRCB dated 4 December 2015.

A summary of the Study is set out in the ensuing section.

Rahim & Co Research Sdn Bhd  
(200137-X)

Level 17 Menara Liberty  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

T | +(603) 2691 9922

F | +(603) 2691 9992

E | research@rahim-co.com

Kuala Lumpur. Alor Setar. Cheras. Ipoh.  
Johor Bahru. Kemaman. Klang. Kota Bharu.  
Kota Kinabalu. Kuala Terengganu. Kuantan.  
Kuching. Malacca. Penang. Petaling Jaya.  
Seremban. Sungai Petani. Temerloh

[www.rahim-co.com](http://www.rahim-co.com)



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



## 1.0 SITE ANALYSIS

### 1.1 Site Location

The Subject Site comprises 3 Exchange Lands, i.e. Exchange Land 1 (Plot F & G), Exchange Land 2 (Plot I) and Exchange Land 3 (Lot 38207). In total, the three parcels of land are approximately 92.50 acres. Generally, the Subject Site is located within Bukit Jalil, Kuala Lumpur within very close proximity to Bukit Jalil National Sports Complex.

Exchange Land 1 (Plot F & G) is situated on the western part of the Subject Site with a lake located in between the two plots. Both plots are fronting Jalan Barat and MEX Highway where MEX Highway is an elevated highway which runs along the same alignment as Jalan Barat. Exchange Land 2 (Plot I) fronts onto Jalan Merah Cagar and KESAS Highway. It is separated from Plot F and G by LRT rail alignment and Sungai Kuyoh. Lot 38207 is located on the eastern portion of the Subject Site and separated from Plot F, G & I by Jalan Merah Cagar. Lot 38207 enjoys frontage onto KESAS Highway. The National Hockey Stadium is situated next to its western boundary.

### 1.2 Site Description

In total, the Subject Site is approximately 92.50 acres in size, being a freehold land located in Bukit Jalil and falls under the jurisdiction of Dewan Bandaraya Kuala Lumpur (DBKL). All three exchange lands are irregular in shape and generally lie on higher ground than the main road level with the highest point being at southern part of Plot G. Plot I is generally flat in terrain and lies at about the same level with Jalan Merah Cagar. Details of the land title are as follows:

Highlights	
<b>Locality</b>	Bukit Jalil (Mukim Petaling, Kuala Lumpur)
<b>Local Authority Jurisdiction</b>	Dewan Bandaraya Kuala Lumpur (DBKL)
<b>Land Size</b>	Plot F & G : 28.13 acres
(Parcel 1 : Plot F&G)	Plot I : 17.59 acres
(Parcel 2 : Plot I & Lot 38207)	<u>Lot 38207: 46.78 acres</u>
	<b><u>TOTAL : 92.50 acres</u></b>
<b>Lot No</b>	Plot F : part of PT 2875
(Parcel 1 : Plot F&G)	Plot G : part of PT 2875
(Parcel 2 : Plot I & Lot 38207)	Plot I : part of Lot 35323
	Lot 38207 : Lot 38207
<b>Express Condition</b>	Nil
<b>Category of Land Use</b>	"Tidak Dinyatakan" / Nil
<b>Restriction in Interest</b>	Not stated
<b>Current Usage</b>	Plot F & G : Commonwealth Hill (Recreational Park)
	Plot I: Bukit Jalil Auto City
	Lot 38207: Extreme Sports Park (also site for the formerly proposed Motor Sports Training Centre)

## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



### 1.3 Site Linkages

The Subject Site is sited within Bukit Jalil area and situated directly opposite and partly next to Bukit Jalil National Sports Complex. The subject site is surrounded by matured developments. Seri Kembangan is a short distance away which is about 6km from subject site. Seri Kembangan comprises mix developments of residential and commercial use which has amenities including hypermarket like Giant and shopping mall like The Mines Shopping Mall.

The distances to other major centres within the immediate vicinity and beyond are tabulated below:

Destination	Distance (km)	Time (mins)
Seri Kembangan	6	12
Bandar Baru Bangi	17	22
Putrajaya	26	29
Cyberjaya	24	27
Puchong	14	17
Petaling Jaya	17	32
Kuala Lumpur City Centre	16	27
Cheras	10	18
Subang Jaya	16	20
Shah Alam	25	27
Klang	33	36

### 1.4 Site Accessibility & Public Transport Facilities

Road and rail connection to the Subject Site is good. The Subject Site is situated in a strategic location which is connected to major highways such as Maju Expressway (MEX), Lebuhraya Shah Alam (KESAS) and Lebuhraya Kuala Lumpur-Seremban.

The Subject Site is located close to two LRT stations, namely Sri Petaling Station and Bukit Jalil Station. There will be an MRT rail alignment under the proposed MRT Line 2, in which the nearest station would be located in Sungai Besi, within close driving distance.

The Subject Site has considerable access to public transport such as buses, taxis and trains facilities. The subject area is currently serviced by Rapid KL Bus Services.

### 1.5 Planning Investigation

The Subject Site falls under the jurisdiction of Kuala Lumpur City Council (DBKL). Based on our verbal enquiries, the Subject Site is zoned as Public Open Space under the Kuala Lumpur Draft Local Plan 2020. However, the land use may be changed to commercial use with a plot ratio of 1:4 to 1:6, which is comparable to neighbouring developments. This would be subject to approval by the relevant authorities.

---

**EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT *(Cont'd)***

---



We have been informed by the Company that an approved plot ratio of 1:6.5 will be obtained from DBKL. Thus for the purpose of this exercise, we have run a feasibility study based on plot ratio of 1:6.5 for the client's consideration.

(The rest of this page is intentionally left blank)

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

2.0 PROPERTY MARKET & COMPETITORS ANALYSIS

2.1 Market Summary

The proposed selling prices for the development components were based on comparative figures derived from competitors' analysis. For condominium components, we have focused on the competitors located in Bukit Jalil.

a) Condominium & Serviced Apartments

Selected existing comparable condominium and serviced apartment transactions in the vicinity are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling Price (RM psf)
Savanna 2 Lowrise Condominium	Bukit Jalil (opposite Bukit Jalil Country Golf Club)	1,605-2,079	717 -798
KM1 West	Bukit Jalil	1,335-1,508	660-667
The Park Sky Residence	Bukit Jalil	868-1,565	775-800
Kiara Residence 1	Bukit Jalil	1,050-1,454	502-552
KM 1 East	Bukit Jalil	1,878-2,346	939-960
The Treez	Bukit Jalil	1,409-4,647	633-741





## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

Upcoming supply of selected comparable condominiums and serviced apartments within the vicinity are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling price (RM psf)	Launched	Expected Completion
Parkhill Residence	Bukit Jalil (opposite Bukit Jalil National Sports Complex)	1,100-1,300	560	2015	Q2 2019
Twin Arkz	Bukit Jalil (opposite Jalil Link)	1,025-1,521	565-605	2013	August 2017
The Link 2	Bukit Jalil (opposite Bukit Jalil Recreation Park)	667-1,216	648-985	2014	February 2018
The Rainz	Bukit Jalil (opposite KESAS Highway)	1,513-1,930	630-810	2014	March 2018
KM 1 East	Bukit Jalil (facing Bukit Jalil Gold & Country Resort)	1,878-2,021	961-1,196	2014	January 2016
Denai Sutera	Bukit Jalil (opposite Bukit Jalil Highway)	1,130-1,496	405-640	2014	August 2017
The Park Sky Residence	Bukit Jalil (opposite Bukit Jalil Highway)	868-1,565	775-800	2015	Q2 2019

- We have conducted a pricing analysis on existing and upcoming supply of condominium within the immediate vicinity which includes surroundings in Bukit Jalil.
- From our observation, the price benchmark in the area is RM405-RM1,196 psf for existing developments.
- The latest launched units are The Park Sky Residences and Parkhill Residence (2015) which are priced above RM775 psf and RM560 psf respectively. Other developments were launched in 2013 and 2014.



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

## b) Purpose Built Office

Existing purpose built offices within the studied suburban centre:

Building Name	Location	NLA (sf)	Average Rental Rates (RM psf)	Occupancy Rates
Menara Glomac @Glomac Damansara	Damansara	280,000sf	RM5.50psf	90%
Surian Tower	Mutiara Damansara	280,000sf	RM5.00psf	100%
Menara UAC	Mutiara Damansara	141,341sf	RM5.00psf	100%
Menara Mudahjaya	Mutiara Damansara	200,000sf	RM5.00psf	100%
Plaza 33 hyperoffice	Petaling Jaya	500,000sf	RM5.00psf	90%
1 First Avenue	Bandar Utama	630,000sf	RM6.00psf	95%
PJ exchange (PJX)	Petaling Jaya	300,000sf	RM5.50psf	95%
UOA 1 Damansara	Damansara height	190,922sf	RM5.00psf	100%
Wisma UOA Damansara	Damansara Height	296850sf	RM5.50psf	100%
HP Tower	Damansara Height	348,322sf	RM5.00psf	97%
Menara Millenium	Damansara Height	562,540sf	RM5.75psf	100%

- As there were limited supply of good offerings of Purpose Built Offices within the studied area, thus we have studied purpose built offices in other suburban centres i.e. Petaling Jaya North (Kota Damansara, Bandar Utama and etc.) as well as Petaling Jaya.
- Existing purpose built offices within the suburban centres have recorded excellent occupancy rates at 90% to 100%.
- The rental rates are in the range of RM5.00 to RM6.00 psf.



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

Purpose built office transactions in Klang Valley from 2011 to 2015.

Year	Buildings	Location	Net Lettable Area (sf)	Consideration(RMpsf)
2011	Menara Multi-Purpose	Jalan Munshi Abdullah	541,424	693
2011	Pavilion Tower	Bukit Bintang	167,407	738
2011	Menara Prudential	Jalan Sultan Ismail	78,300	962
2011	Bangkok Bank @ Berjaya Corporate Suites	Jalan Sultan Ismail	105,950	952
2012	Tower 8 Horizon Ph2	Bangsar South	N/A	938
2012	Menara Tun Razak	Jalan Tun Razak	311,530	1,160
2012	Wisma UEP (ARREIT)	Subang	90,541	442
2013	East Wing of The Icon	Jalan Tun Razak	278,182	844
2013	Petronas Twin Towers	KLCC	296,876	2,052
2013	Menara 3 Petronas	KLCC	812,806	1,588
2013	Menara Exxon Mobil	KLCC	379,934	1,147
2013	Menara PMI	Jalan Changkat Ceylon	104,011	577
2013	Menara 238 (formerly Menara Marinara)	Jalan Tun Razak	460,000	420
2013	Menara PJD	Jalan Tun Razak	796,355 (GFA)	531
2013	The Horizon Phase 1, Tower 1	Bangsar South	61,700	1,175
2013	The Horizon Phase 1, Tower 3	Bangsar South	180,973	1,190
2013	The Horizon Phase 1, Tower 7	Bangsar South	71,552	894
2014	Platinum Sentral	KL Sentral	450,000	1,667
2014	ING Tower (19 office parcels + 190 car park bays)	Jalan Ampang	160,413	825
2014	Menara CIMB	KL Sentral	605,000	1,091
2015	Integra	KLCC	760,715	1,393

- Purpose built offices transacted in year 2014 and 2015 were sold within the range between RM825psf to RM1,667psf.
- The latest transacted purpose built office within Klang Valley is Integra building which was transacted at RM1,393psf.



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

## c) Shop Offices

Transactions of Selected Comparable Shop Offices are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling price (RM psf)
Aked Esplanad	Bukit Jalil	3,600 - 5,760	764
The Earth	Bukit Jalil	6,720 – 9,000	759
The Link	Bukit Jalil	4,950 – 6,600	867
OUG Parklane	OUG	2,558 – 7,832	893
Tiara Mutiara 1	OUG	4,097	727
The Link 2	Bukit Jalil	7,992-11,988	720
Bukit Jalil City Signature Shopoffice	Bukit Jalil	5,040 – 9,240	882-912

- There are 3 development schemes in Bukit Jalil which comprise shop offices, namely Aked Esplanade, The Earth and The Link. Other existing shop offices within 3km radius are OUG Parklane, Tiara Mutiara 1 and Sri Petaling.
- 3 storey shop offices are selling between RM2,600,000 to RM4,400,000 whilst 4 storey shop offices are transacted between RM4,300,000 to RM5,100,000.
- Selling price per square foot for existing shop offices ranges between RM481psf to RM867psf.
- Upcoming 3 storey shop offices are selling between RM2,800,000 to RM6,300,000 whilst 4 storey shop offices are transacted at RM5,755,518 (The Link 2). The selling price per square foot for upcoming shop offices ranges between RM720psf to RM912psf.



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

**d) Retail/Shopping Complex**

Retail/Shopping Complex transactions in Klang Valley from 2010 to 2015 are as follows:

Building Name	Location	NFA/ NLA (sq. ft.)	Transaction/ Revaluation Year	Transacted Price (RM)	Value psf(RM psf)
Starhill Gallery	Bukit Bintang	297,354	2010	629,000,000	2,115
Lot 10 Shopping Centre	Bukit Bintang	256,811	2010	401,000,000	1,561
Sunway Pyramid	Bandar Sunway	1,685,568	2010	2,132,025,000	1,265
Pavilion Mall	Bukit Bintang	1,335,119	2011	3,190,300,000	2,390
Midvalley Megamall	Midvalley City	1,718,951	2014R	3,610,000,000	2,100
Part of Sg Wang Plaza	Bukit Bintang	450,470	2014R	824,000,000	1,829
The Gardens Mall	Midvalley City	817,053	2014R	1,280,000,000	1,567
The Mines	Mines Resort City	719,563	2014R	680,000,000	945
Festival Mall	Setapak	487,342	2014	349,000,000	716
Tropicana City Mall	Petaling Jaya	448,248	2015	440,503,299	983
USJ Mall	Subang	420,920	2015	488,000,000	1,159

- From the year 2010 to 2015, the market value for retail mall ranges from RM945 to RM2,390psf. There are few revaluations carried out in 2014 such as The Gardens Mall, Midvalley Megamall, Sg. Wang Plaza and The Mines with each saw a capital appreciation of 10%, 5%, 14% and 28% respectively.
- The market value for tier 1 ranges from RM2,100 to RM2,390psf. Pavilion Mall was transacted at RM2,390psf and Starhill Gallery at RM2,115psf in 2010 while Midvalley Megamall was valued at RM2,100psf in 2014.
- Tier 2 shopping malls ranges from RM1,265 to RM1,829psf: Sg. Wang Plaza reached RM1,829psf, The Gardens Mall at RM1,567psf, Lot 10 Shopping Centre at RM1,561psf and Sunway Pyramid at RM1,265psf.
- CapitaMalls Malaysia Trust (CMMT) has recently entered into a Sale and Purchase Agreement to acquire Tropicana City Mall and office tower for a total consideration of RM540 million (RM983psf).



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

Upcoming supply of selected comparable retail mall within the vicinity are as follows:

Building Name	Location	NFA/ NLA (sq. ft.)	Completion Year
Pavilion Bukit Jalil	Bukit Jalil	1,320,000	2019
Paradigm KL	OUG	1,500,000	2018

- There are 2 upcoming retail malls within the immediate study area with a total net lettable area of 2.82 million sf. The nearest upcoming retail malls will be Pavilion Bukit Jalil and Paradigm KL of which, the development has not been launched yet. Both developments are expected to be completed by 2018 and 2019 respectively.
- The market believes that both retail malls will receive good response following the success of their previous retail malls i.e. Pavilion Kuala Lumpur and Paradigm Mall Kelana Jaya.



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

## e) Hotel

## Transactions of hotels in Klang Valley

Hotel Name	Location	Star Rating	No. of Rooms	Transaction / Revaluation Year	Market Value (RM mil)	Value per room
Mandarin Oriental Kuala Lumpur	Persiaran Petronas	5	643	2004 T	600	933,126
The Westin	Jalan Bukit Bintang	5	452	2007 T	455	1,006,637
Renaissance Kuala Lumpur	Jalan Sultan Ismail	5	910	2012 R	663	728,226
Sunway Resort Hotel & Spa	Bdr Sunway	5	442	2014 R	530	1,199,095
JW Marriot	Jalan Bukit Bintang	5	516	2014 R	383	742,248
Ritz Carlton Hotel	Jalan Imbi	5	251	2014 R	310	1,235,060
Double Tree Hotel by Hilton	Jalan Tun Razak	5	540	2015 T	388	718,519

T : Transaction  
R : Revaluation

- Mandarin Oriental was transacted in year 2004 at a value of RM933,126 per room, followed by The Westin in year 2007 at a value of more than RM1 million per room. The market was jolted with this new benchmark rate.
- Subsequently in year 2014, the revaluation of Ritz Carlton was recorded at RM1.24 million per room. The average value per room for 5 star hotel is approximately RM850,000 to RM900,000.
- 5-star hotel room prices have been hovering around RM1.0 million to 1.24 million per room. Latest transaction (Double Tree) only recorded RM718,000 per room. New concerns are reflective of market sentiment.



EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

Occupancy Rates of Existing Hotels in the vicinity (Seri Kembangan, Bandar Utama and Mutiara Damansara) in year 2015

Hotel Name	Location	No. of Rooms	Star Rating	Occupancy Rates
The Royale Chulan (Damansara)	Mutiara Damansara	380	5	60%
The Royale Bintang (The Curve)	Mutiara Damansara	145	4	86%
One World Hotel	Bandar Utama	438	5	70%
Palace of The Golden Horses	Seri Kembangan	350	5	75%
Mines Wellness Hotel	Seri Kembangan	147	5	80%

- There are only 2 hotels within the immediate vicinity of the Subject Site, concentrated in Seri Kembangan which are Palace of The Golden Horses and Mines Wellness Hotel. Both hotels are 5 star rated. The Mines Wellness Hotel achieved a high occupancy rate of 80% in 2015.
- We have also studied hotels in the selected suburban centres i.e. Bandar Utama and Mutiara Damansara. The Royale Bintang (The Curve) (4 star) achieved high occupancy rate at 86% in year 2015.
- The occupancy rate of The Royale Chulan (Damansara)(5 star) in year 2015 is slightly lower at 60%.

Upcoming Supply

Name	Location	Star Rating	No. of room	Exp. Completion
Bukit Jalil City	Bukit Jalil	Information not made available		
Paradigm KL	OUG			

- There will be 2 hotels within the area fortifying the potential of the locality becoming a new and significant suburban centre outside of Kuala Lumpur.
- This is likened to PJ North being a suburban centre to the west of Kuala Lumpur city centre where Bukit Jalil could potentially be the suburban centre to the south of Kuala Lumpur city centre.





## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



### 3.0 STRATEGIC EVALUATION

#### 3.1 SWOT Analysis

##### Strength

###### Location advantages

Bukit Jalil has been earmarked as one of the international zones in Kuala Lumpur Structure Plan 2020 and will be developed as a high end residential area. It is strategically located close to KL city centre and surrounded by well-established neighbourhoods e.g. Puchong, OUG, Sg. Besi, Seri Kembangan etc. High visual exposure from KESAS Highway (Plot I & Lot 38207), MEX Highway (Plot F & G) and main arterial roads within Bukit Jalil provides good visibility which is especially beneficial for commercial products.

###### Site advantages

A lake is sited between Plot F & G and Sg Kuyoh next to Plot I, providing natural settings for both sites. Part of the Commonwealth Hill Park within Plot G can be maintained and may serve as a development catalyst with its existing greenery. Higher terrain in Plot G & Lot 38207 is an advantage in development design, higher platform provides better view.

###### Product advantages

Self-sustained development with residential, commercial, retail & entertainment offered. Bukit Jalil City and Paradigm OUG are developments that introduce a new concept and well planned development into the market. The commercial component, office block in Plot I, will able to attract Small to Medium Enterprises (SME) & Multinational Corporations (MNC) from technology industry as the Subject Site is located close to Technology Park Malaysia. Natural and high platform park is a great destination for short retreats.

MRCB's reputation in property development industry with successful historical projects i.e. KL Sentral, 9 Seputeh etc. is a pulling factor to create strong interest among buyers.

##### Weakness

The traffic congestion in Bukit Jalil is well known at both major access i.e. KESAS and Bukit Jalil Highway entering Bukit Jalil area. Traffic worsens especially when there is an event at Bukit Jalil National Sports Complex. The Ampang LRT line extension and upgrading of Bukit Jalil Highway is expected to reduce the traffic problems. However, solution to disperse the traffic flow should also be considered for the development.

The Subject Site comprises 3 Exchange Lands which are not contiguous and are separated either by lake, LRT alignment, river or main arterial road. Connectivity between parcels needs to be created particularly on Parcel G where the main retail mall and hotel are located. Currently, there is no direct accessibility from KESAS or KL-Seremban Highway. Limited accessibility to the development may bring hassle to the ingress and egress to the site.

---

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)

---

**Opportunity****Market**

Property market of Bukit Jalil and its surrounding including OUG & Puchong have been very active since the announcement of the Ampang LRT line extension in year 2012. Many high rise residence have been developed such as The Treez, KM 1 and others. And now, the locals will see another 2 big players i.e. WCT and Malton entering the market with integrated development concepts. Acceptance of local market on higher pricing level showed good demand proven with good take up rate of The Park Residence in Bukit Jalil City.

**Amenities & Facilities**

The Subject Site is located next to the nation's premier sports hub, Bukit Jalil National Sports Complex and near to Asian Football Confederation (AFC); education – SJK (C) Lai Meng, SMK Bukit Jalil, SK Bukit Jalil, Bukit Jalil Sports School, International Medical University (IMU), Asia Pacific University (APU, formerly known as APIIT), Technology Park Malaysia College (TPM College) and Financial Training & Management Services Global (FTMS); and recreation – Bukit Jalil Golf & Country Club, Bukit Jalil Recreational Park, The Mines Resort & Golf Club, Kinrara Golf Club and Ayer Hitam Forest Reserve.

**Accessibility & Linkages** – It has multiple highway access like KESAS Highway, Bukit Jalil Highway, Kuala Lumpur –Seremban Highway and MEX Highway. It also has 2 existing LRT stations (Sri Petaling & Bukit Jalil). Stage 1 of the extension of Ampang LRT line until Putra Heights and connects the area to Kelana Jaya Line with the first 4 stations are expected to start operations in October 2015. The entire line is scheduled for operations in March 2016.

**Timing**

Property market is expected to soften in 2015 & 2016 and is believed to pick up in 2017, this will benefit the development as it is expected to commence in 2017. LRT extension line will be ready for operations in Q1 2016, daily ridership is expected to double up from existing 200,000 passengers. This will also benefit the proposed development as to tap demand from passer-by commuters.

**Threats**

Preparation to counter the controversial issue of changing the usage of Commonwealth Hill Park to commercial development. Competition with 2 major developments i.e. Bukit Jalil City and Paradigm OUG as both developments are expected to be completed earlier before the subject site which might cause the project to lose out on some potential buyers.

Other external factors such as weakening of the Malaysian currency, the uncertainty of Malaysian economy and also property market create some concerns to the investment community and in the general Malaysian market at the moment.

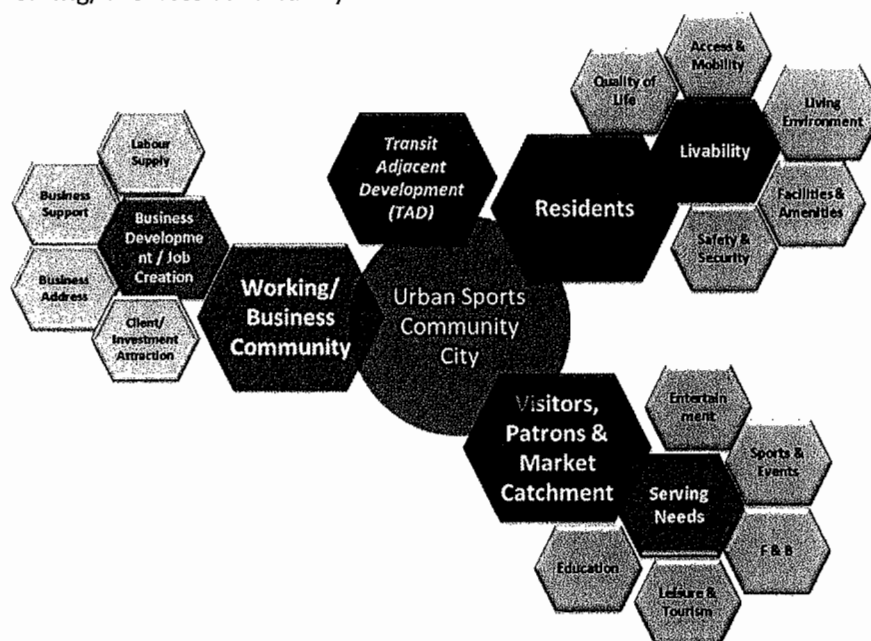
## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



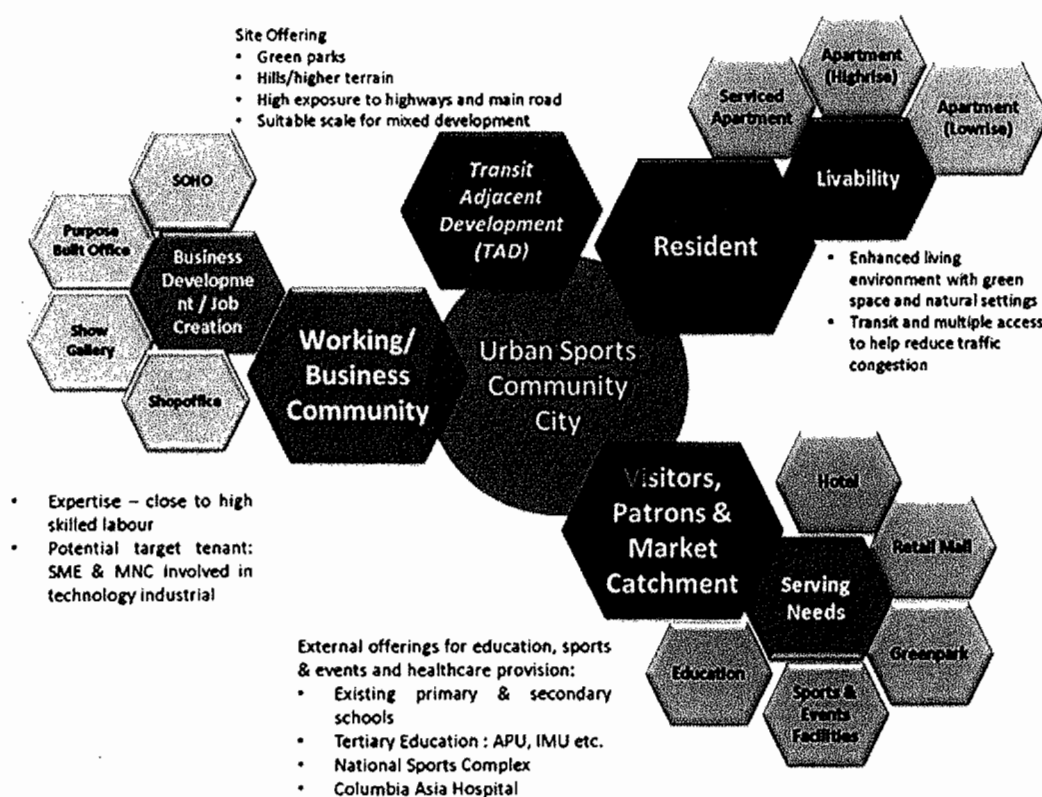
## 3.2 Development Concept

The key elements of the Proposed Development will be serviced apartment, shop offices, offices tower, apartment, retail mall and hotel.

The 3 key target population groups will be Visitors, patrons & market catchment, Working/business community and Resident.



## 3.3 Development Approach



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



## 3.4 Development Formulation &amp; Components

With the market prospect of the Subject Site, we have arrived with the proposed development content as follows:

Plot	Component	Type	Product Built-up Area	No. of Units	GFA (sf)	NLA (sf)
F & G	Serviced Apartment 1	1+1 BR	700	540		378,000
		2 BR	850	350		297,500
		3 BR	1,000	400		400,000
	(Excl. parking)			1,290	1,536,429	1,075,500
	SOHO	1BR	700	600		420,000
		1+1 BR	850	500		425,000
	(Excl. parking)			1,100	1,126,667	845,000
	Retail Mall 1	Retail Mall 1	225,000	1		225,000
	(Excl. parking)			1	346,154	225,000
	Greenpark					
	Serviced Apartment 2	2 BR	1,100	800		880,000
		2+1 BR	1,300	702		912,600
		3 BR	1,500	596		894,000
	(Excl. parking)			2,098	3,838,000	2,686,600
	Retail Mall 2	Retail Mall 2	450,000	1		450,000
	(Excl. parking)			1	692,308	450,000
	4-5 Star Hotel	Standard Room	450	200		90,000
		Deluxe Room	450	200		90,000
		Executive Suite	600	42		25,200
		Family Suite	1000	8		8,000
	(Excl. parking)			450	424,923	276,200
<b>Subtotal</b>	<b>(Excl. parking)</b>			<b>4,940</b>	<b>7,964,480</b>	<b>5,558,300</b>
I	Office	10 sty office block	80,000	20		1,600,000
		20 sty office block	200,000	6		1,200,000
		30 sty office block	450,000	2		900,000
	(Excl. parking)			28	4,933,333	3,700,000
<b>Subtotal</b>	<b>(Excl. parking)</b>			<b>28</b>	<b>4,933,333</b>	<b>3,700,000</b>
38207	Apartment 5 (low rise)	Apartment 5 (low rise)	1,200	112		134,400
			2,400	28		67,200
	(Excl. parking)			140	268,800	201,600
	Apartment 1	2 BR	900	2,200		1,980,000
	Apartment 2	2+1 BR	1,100	1,860		2,046,000
	Apartment 3	3 BR	1,200	1,720		2,064,000
	Apartment 4	4 BR	1,400	1,200		1,680,000
		4+1 BR	1,500	200		300,000
	(Excl. parking)			7,180	11,528,571	8,070,000
	Shopoffice	4 sty shopoffice	7,512	120		901,440
	(Excl. parking)			120	1,201,920	901,440
	Show Gallery	4 sty showgallery	9,600			153,600
	(Excl. parking)			16	219,429	153,600
<b>Subtotal</b>	<b>(Excl. parking)</b>			<b>7,456</b>	<b>13,218,720</b>	<b>9,326,640</b>
<b>TOTAL</b>				<b>12,424</b>	<b>26,116,533</b>	<b>18,584,940</b>

## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



## 4.0 FEASIBILITY STUDY

### 4.1 Cost Assumptions

We have made references to the parameter and development cost adopted for another development by the Client in Klang Valley as well as JUBM and Langdon Seah Construction Cost Handbook 2015.

The land cost adopted is RM1.63 billion (RM405 psf) which is the acquired land cost by MRCB.

Item	Cost Assumption/ Parameter
Preliminaries	0.5% of infrastructure, landscaping and construction cost
Earthworks	RM300,000 per acre
Statutory contribution	
a) Electricity supply (TNB)	0.65% of GDV
b) Sewerage (IWK)	1.00% of GDV
c) Water supply (JBA/SYABAS)	0.3% of GDV
d) DID	0.4% of construction cost
e) Development charges & submissions fees	2.00% of construction cost
Subdivision, survey fees, issuance of titles	2.5% of construction cost
Infrastructure & open space	RM600,000 per acre
Building cost	
a) Serviced Apartment & Apartment	RM200 psf on GFA
b) SOHO	RM220 psf on GFA
c) Retail Mall 1	RM300 psf on GFA
d) Retail Mall 2	RM340 psf on GFA
e) Hotel	RM550 psf on GFA
f) Office	RM220 psf on GFA
g) Apartment (low rise)	RM250 psf on GFA
h) Shopoffice	RM180 psf on GFA
i) Show gallery	RM180 psf on GFA
j) Car Park	RM120 psf on GFA
Construction of ancillary buildings	0.1% of GDV
Management fees (PMC)	2% of construction cost
Professional fees	10% of construction cost
Marketing, advertising & legal expenses	3% of GDV
Contingency	3% of earthworks, infrastructure and construction cost
Land cost	RM405 psf

According to JUBM and Langdon Seah Construction Cost Handbook 2015, the construction cost of a 5 star hotel is approximately RM750 psf. Looking at the economy of scale, the optimal cost for the hotel component should be at RM600 to RM650 psf. However, for the hotel component to be feasible, the construction cost needs to be at RM550 psf. Thus, we have adopted this cost in our feasibility study. The quality and finishing of the hotel component should be on par with this cost level.

## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



## 4.2 Revenue Assumptions

Based on the result from competitors' analysis and consideration on the location, phasing plan and proposed components, the proposed selling prices for the proposed development are as follows:

Phase	Year	Plot	Development Component	Total NLA (sf)	Proposed Selling Price (RM/psf)
1	2018-2023	F & G	Serviced Apartment 1	1,075,500	800-900
			SOHO	845,000	850-900
			Retail Mall 1	225,000	1,000
			Serviced Apartment 2	2,686,600	700-800
			Retail Mall 2	450,000	1,100
			4-5 Star Hotel	276,200	RM800,000 per room
			Greenpark	-	-
2	2021-2024	I	10 sty office block	1,600,000	850
			20 sty office block	1,200,000	800
			30 sty office block	900,000	750
3	2023-2031	38207	Apartment 1	2,017,500	650-800
			Apartment 2	2,017,500	650-800
			Apartment 3	2,017,500	650-800
			Apartment 4	2,017,500	650-800
			Apartment 5 (low rise)	201,600	900-950
			Shopoffice	901,440	800
			Show Gallery	153,600	800

## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



### 4.3 Financial Result

Premised on the revenue and costs shown in Sections 4.1 and 4.2 above, the returns from the Proposed Development are as follows:

Financial Result	
TOTAL GDV	RM14.61 billion
Total Construction Cost	RM9.26 billion
Land Cost	RM1.63 billion
Finance Cost (Interest rate @ 8.00%)	RM252.56 million
TOTAL GDC	RM11.14 billion
Gross Development Profit (GDP)	RM3.47 billion
Return on Value (ROV)	23.73%
Return on Cost (ROC)	31.12%
Net Present Value (NPV) (Discount rate @ 7.00%)	RM897.22 million
IRR	12.57%

With reference made to recommended selling prices presented in the previous sections, the estimated GDV (Gross Development Value) for the proposed development is RM14.61 billion against an estimated GDC (Gross Development Cost) of RM11.14 billion.

This amounts to a Return on Investment (over GDC) of 31.12% and Return on Investment (over GDV) of 23.73%.

The proposed development is expected generate an Internal Rate of return (IRR) of 12.57%.

## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



## 5.0 RECOMMENDATION &amp; CONCLUSION

## Proposed Development

Plot	Component	Type	Product Built-up Area	No. of Units	GFA (sf)	NLA (sf)
F & G	Serviced Apartment 1	1+1 BR	700	540		378,000
		2 BR	850	350		297,500
		3 BR	1,000	400		400,000
	(Excl. parking)			1,290	1,536,429	1,075,500
	SOHO	1BR	700	600		420,000
		1+1 BR	850	500		425,000
	(Excl. parking)			1,100	1,126,667	845,000
	Retail Mall 1	Retail Mall 1	225,000	1		225,000
	(Excl. parking)			1	346,154	225,000
	Greenpark					
	Serviced Apartment 2	2 BR	1,100	800		880,000
		2+1 BR	1,300	702		910,000
		3 BR	1,500	596		900,000
	(Excl. parking)			2,098	3,838,000	2,686,600
	Retail Mall 2	Retail Mall 2	450,000	1		450,000
	(Excl. parking)			1	692,308	450,000
	4-5 Star Hotel	Standard Room	450	200		90,000
		Deluxe Room	450	200		90,000
		Executive Suite	600	42		25,200
		Family Suite	1000	8		8,000
	(Excl. parking)			450	424,923	276,200
	<b>Subtotal</b>	<b>(Excl. parking)</b>		<b>4,942</b>	<b>7,964,480</b>	<b>5,558,300</b>
I	Office	10 sty office block	80,000	20		1,600,000
		20 sty office block	200,000	6		1,200,000
		30 sty office block	450,000	2		900,000
	(Excl. parking)			28	4,933,333	3,700,000
	<b>Subtotal</b>	<b>(Excl. parking)</b>		<b>28</b>	<b>4,933,333</b>	<b>3,700,000</b>
38207	Apartment 5 (low rise)	Apartment 5 (low rise)	1,200	112		134,400
			2,400	28		67,200
	(Excl. parking)			140	268,800	201,600
	Apartment 1	2 BR	900	2,200		1,980,000
	Apartment 2	2+1 BR	1,100	1,860		2,046,000
	Apartment 3	3 BR	1,200	1,720		2,064,000
	Apartment 4	4 BR	1,400	1,200		1,680,000
		4+1 BR	1,500	200		300,000
	(Excl. parking)			7,180	11,528,571	8,070,000
	Shopoffice	4 sty shopoffice	7,512	120		901,440
	(Excl. parking)			120	1,201,920	901,440
	Show Gallery	4 sty showgallery	9,600			153,600
	(Excl. parking)			16	219,429	153,600
	<b>Subtotal</b>	<b>(Excl. parking)</b>		<b>7,456</b>	<b>13,218,720</b>	<b>9,326,640</b>
<b>TOTAL</b>				<b>12,424</b>	<b>26,116,533</b>	<b>18,584,940</b>



## EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT (Cont'd)



The proposed development will be an integrated development comprising commercial and residential properties. The entire proposed development will be launched in 3 phases with an entire project horizon of 16 years.

From our point of view, the proposed development has the potential to position itself against Empire City, Pantai Sentral Park and Bangsar South. This is due to the advantage of:

- i) Strategic location within an established community i.e. OUG, Kuchai, Bandar Kinrara, Sg. Besi and Seri Kembangan.
- ii) Adjacent to the existing LRT stations i.e. Sri Petaling & Bukit Jalil Station of the future primary mode of public transportation connecting both western part of Klang Valley (Kelana Jaya line) and Kuala Lumpur city centre (Ampang line).

Based on the proposed selling price and the cost assumption adopted, the project will generate a GDV of RM14.61 billion and a GDC of RM11.14 billion which results in a GDP of RM3.47 billion. The proposed development is expecting 23.73% ROI (over GDV) and 31.12% ROI (over GDC).

Based on our analysis of the subject site, assessment of the proposed development and also population growth of the area, we believe that the proposed development will be well received by the market. Furthermore, the good sales rate of The Park Sky Residence within Bukit Jalil City has proven the acceptance of new pricing level and increasing upmarket nature of the subject locality.

The area is experiencing a transformation similar to PJ North as a suburban centre outside Kuala Lumpur city centre, both of similar distance from Kuala Lumpur city centre. Bukit Jalil also has the same strong fundamentals i.e. accessibility to several highways, rapid population growth, transport facilities and mobility.

In conclusion, we opine that the overall Proposed Development is viable at the current recommended price levels and relevant financial assumption made.

Yours sincerely,

**RAHIM & CO RESEARCH SDN BHD**

**Sr. SULAIMAN AKHMADY MOHD SAHEH**, ICVS MRISM MPEPS MMIPPM  
Director, Research & Strategic Planning

---

**FURTHER INFORMATION**


---

**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.

Information relating to Rasma Contractors, Hartanah, the Government and the Exchange Lands have been obtained from publicly available documents (where applicable) and other information/documents provided by such parties/companies and their directors/management. The sole responsibility of your Board has been to ensure that the information in relation to such parties/companies have been accurately reproduced.

**2. CONSENTS**

RHB Investment Bank, WTW and Rahim & Co have given and have not subsequently withdrawn their written consents to the inclusion in this Circular of their names and reports (where applicable) and all references thereto in the form and context in which they appear in the Circular.

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

The Employees Provident Fund Board ("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 a 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 Privatisation, save for the professional fees as the Principal Adviser for the Proposed Privatisation.

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 for the Proposed Privatisation.

**FURTHER INFORMATION (Cont'd)****3.2 WTW**

WTW is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Valuer.

**3.3 Rahim & Co**

Rahim & Co is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Expert.

**4. 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 Company or our subsidiaries which upon becoming enforceable may have a material impact on the financial position of our Group:-

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

**5. 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 impact on the financial position of our Group:-

	RM('000)
Unsecured corporate guarantees given to financial institutions for trade and performance guarantees extended to third parties	136,631
Disputed claims from sub-contractors 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.

**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 office hours from Mondays to Fridays (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) the audited financial statements of our Group for the past two (2) FYE 31 December 2013 to 2014;
- (iii) the latest unaudited financial statements of our Group for the nine (9)-month financial period ended 30 September 2015;

---

**FURTHER INFORMATION (*Cont'd*)**

---

- (iv) the Valuation Report, together with the valuation certificate as set out in Appendix I to this Circular;
- (v) the Feasibility Report, together with the executive summary of the Feasibility Report as set out in Appendix II to this Circular; and
- (vi) the letters of consent referred to in Section 2 above.

(The rest of this page has been intentionally left blank)



**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 10.30 a.m. or immediately after the conclusion of the earlier EGM which will be held at 10.00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following ordinary resolution:-

**ORDINARY RESOLUTION 1**

**PRIVATISATION AGREEMENT ENTERED INTO BETWEEN RUKUN JUANG SDN BHD (“RJSB”), A 85%-OWNED SUBSIDIARY OF MRCB LAND SDN BHD (“MRCBL”), WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF MRCB, THE GOVERNMENT OF MALAYSIA (AS REPRESENTED BY THE MINISTRY OF YOUTH AND SPORTS) AND SYARIKAT TANAH DAN HARTA SDN BHD 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 (“PROPOSED PRIVATISATION”)**

“THAT, subject to and conditional upon the approvals of all relevant regulatory authorities or parties being obtained (if required), approval be and is hereby given for RJSB, a 85%-owned subsidiary of MRCBL, which in turn is a wholly-owned subsidiary of the Company, to undertake 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, in accordance with the terms and conditions as stipulated in the Privatisation Agreement dated 28 October 2015 entered into between RJSB, the Government of Malaysia (as represented by the Ministry of Youth and Sports) and Syarikat Tanah dan Harta Sdn Bhd, which shall be satisfied via the exchange of three (3) pieces of leasehold land with a total land size of 92.50 acres (subject to adjustments in accordance with the provisions of the Privatisation Agreement, including those disclosed in Sections 2.2 and 2.6.2 of the circular to shareholders dated 4 December 2015 in relation to the Proposed Privatisation) identified as follows:-

- (i) 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;
- (ii) Part of GRN 41246 Lot 35323, Mukim of Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan KL measuring approximately 17.59 acres; and
- (iii) Part of GRN 50029 Lot 38207, Mukim of Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan KL measuring approximately 46.78 acres.

**AND THAT** the Board of Directors of the Company (“Board”) be and is hereby authorised to give full effect to the Proposed Privatisation with full powers to assent to any terms, conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or parties or as the Board may deem necessary and/or expedient in the best interest of the Company and to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents as may be necessary and/or expedient in the best interests of the Company.”

**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	NRIC Number	Proportion of shareholdings	
		Number of shares	Percentage (%)

\*and/or failing him/her

*Second Proxy*

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

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 10.30 a.m. or immediately after the conclusion of the earlier EGM which will be held at 10.00 a.m. on the same day and at the same venue, whichever is later 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.

No.	ORDINARY RESOLUTION 1	FOR	AGAINST
1.	Proposed Privatisation		

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

Signature of Shareholder \_\_\_\_\_

\* *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

Then fold here

AFFIX  
STAMP

To: **SYMPHONY SHARE REGISTRARS SDN BHD**  
Level 6, Symphony House,  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

1st fold here