THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

(I) PROPOSED ACQUISITIONS BY MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB" OR "COMPANY") OF THE EQUITY INTEREST IN THE ACQUIREE COMPANIES (AS DEFINED HEREIN) FROM THE VENDORS (AS DEFINED HEREIN) FOR A TOTAL INDICATIVE CONSIDERATION OF UP TO RM814,300,000 WHICH WILL BE SATISFIED VIA A COMBINATION OF CASH OF RM124,008,715 AND UP TO 445,349,217 NEW ORDINARY SHARES OF RM1.00 EACH IN MRCB ("MRCB SHARES" OR "SHARES") AT AN ISSUE PRICE OF RM1.55 PER MRCB SHARE, TOGETHER WITH UP TO 127,242,635 FREE DETACHABLE WARRANTS ON THE BASIS OF TWO (2) FREE DETACHABLE WARRANTS FOR EVERY SEVEN (7) MRCB SHARES ISSUED ("PROPOSED ACQUISITIONS");

(II) PROPOSED EXEMPTION TO NUSA GAPURNA DEVELOPMENT SDN BHD, THE EMPLOYEES PROVIDENT FUND BOARD AND GAPURNA SDN BHD AS WELL AS PERSONS ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR THE REMAINING MRCB SHARES NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED ACQUISITIONS ("PROPOSED EXEMPTION");

(III) PROPOSED FREE ISSUANCE OF UP TO 482,087,903 WARRANTS IN MRCB TO ALL ENTITLED SHAREHOLDERS OF OUR COMPANY ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY THREE (3) EXISTING MRCB SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED FREE WARRANTS");

(IV) PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF OUR COMPANY ("PROPOSED IASC"); AND

(V) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY ("PROPOSED AMENDMENTS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL (AS DEFINED HEREIN)) AND THE PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING IN RESPECT OF (I), (II) AND (III) ABOVE

Transaction Arranger

Astramina Advisory Sdn Bhd
(Company No. 810705-K)
(A licensed corporate finance advisory firm)

Main Adviser for Part A

RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

HWANGDBS INVESTMENT BANK BERHAD (14389-U)
(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 Thursday, 20 June 2013 at 11.30 a.m. or immediately following the conclusion of the 42nd Annual General Meeting of MRCB which will be held at the same place and on the same day at 10.00 a.m. or at any adjournment thereof, whichever is later, 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. 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 5 June 2013

DEFINITIONS

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

Acquiree Companies	:	NGD Subsidiaries, GHC and GGS, collectively
Act	:	Companies Act, 1965
Additional ESOS Options	:	The additional 25,000,000 ESOS options which may be granted to the eligible directors and employees of our Group prior to the Entitlement Date
AGM	:	Annual general meeting
Aggregate Audited Net PAT	:	The actual aggregate audited net PAT of GHC for the FYE 2013, FYE 2014 and FYE 2015
Aggregate Guaranteed Profit	:	The guarantee from GSB that the Aggregate Audited Net PAT of GHC shall collectively be no less than RM50,000,000
Astramina Advisory	:	Astramina Advisory Sdn Bhd (810705-K)
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Circular	:	This circular dated 5 June 2013 in relation to the Proposals
CMSA	:	Capital Markets and Services Act 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Completion Date	:	The business day falling 30 days after the relevant SSAs become unconditional in accordance with the provisions of the relevant SSAs, or such other date as may be agreed upon between the parties
Consideration Shares	:	The NGD Consideration Shares, the PKNS Consideration Shares, the GHC Consideration Shares and the GGS Consideration Shares, collectively
Consideration Warrants	:	The NGD Consideration Warrants, the PKNS Consideration Warrants, the GHC Consideration Warrants and the GGS Consideration Warrants, collectively
Datin Yasmin	:	Datin Yasmin binti Mohamed Ashraff
Datuk Mohamad Salim	:	Datuk Mohamad Salim bin Fateh Din
Deed Poll	:	The deed poll to be executed by our Company, constituting the Warrants
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Shareholders of MRCB whose name(s) appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	A date to be determined and announced later by your Board, on which shareholders of our Company must be registered in our Record of Depositors as at the close of business in order to be entitled to participate in the Proposed Free Warrants
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share

ESOS	:	Employee Share Option Scheme of MRCB
EY	:	Ernst & Young (AF: 0039)
Feasibility Reports	:	The reports on the market and feasibility studies for the Properties dated 28 March 2013 prepared by Khong & Jaafar
Free Warrants	:	Up to 482,087,903 free warrants to be issued pursuant to the Proposed Free Warrants
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year(s) ended/ending, as the case may be
Gapurna Builders	:	Gapurna Builders Sdn Bhd (502555-M)
Gapurna Land	:	Gapurna Land Sdn Bhd (787242-M)
GGS	:	Gapurna Global Solutions Sdn Bhd (842248-V)
GGS Consideration	:	The total purchase consideration of RM20,000,000 for the Proposed Acquisition of GGS, which will be satisfied via a combination of cash amounting to RM3,000,000 and the issuance of GGS Consideration Shares and the GGS Consideration Warrants to the GGS Vendors or their nominee(s)
GGS Consideration Shares	:	10,967,742 Consideration Shares to be issued at an issue price of RM1.55 per MRCB Share to the GGS Vendors and/or their nominee(s) pursuant to the Proposed Acquisition of GGS
GGS Consideration Warrants	:	3,133,641 Consideration Warrants to be issued to the GGS Vendors and/or their nominee(s) pursuant to the Proposed Acquisition of GGS on the basis of two (2) Consideration Warrants for every seven (7) GGS Consideration Shares issued
GGS SSA	:	Conditional share sale agreement dated 8 February 2013 entered into between MRCB and the GGS Vendors for the Proposed Acquisition of GGS
GGS Vendors	:	Mohd Imran and Hanif Ahmad, collectively
GHC	:	Gelanggang Harapan Construction Sdn Bhd (300947-T)
GHC Consideration	:	The total indicative purchase consideration of up to RM250,000,000 for the Proposed Acquisition of GHC, which is subject to adjustments (if applicable) in the manner described in Section 2.11.4(2) of Part A of this Circular and will be satisfied via a combination of cash amounting to RM38,000,000 and the issuance of GHC Consideration Shares and the GHC Consideration Warrants to the GHC Vendors or their nominee(s)
GHC Consideration Shares	:	Up to 136,774,194 Consideration Shares to be issued at an issue price of RM1.55 per MRCB Share to the GHC Vendors and/or their nominee(s) pursuant to the Proposed Acquisition of GHC
GHC Consideration Warrants	:	Up to 39,078,341 Consideration Warrants to be issued to the GHC Vendors and/or their nominee(s) pursuant to the Proposed Acquisition of GHC on the basis of two (2) Consideration Warrants for every seven (7) GHC Consideration Shares issued
GHC SSA	:	Conditional share sale agreement dated 8 February 2013 entered into between MRCB and the GHC Vendors for the Proposed Acquisition of GHC

GHC Valuation Report	:	The report on independent share valuation of GHC dated 19 April 2013 prepared by EY
GHC Vendors	:	Mohd Imran, Datuk Mohamad Salim and Datin Yasmin, collectively
Group	:	MRCB and its subsidiary companies, collectively
GSB	:	Gapurna Sdn Bhd (213716-K)
GTC	:	GTC Global Sdn Bhd (559823-P)
Hanif Ahmad	:	Hanif Ahmad bin Nisar Ahmad
HwangDBS or Independent Adviser	:	HwangDBS Investment Bank Berhad (14389-U)
IAL	:	Independent advice letter dated 5 June 2013 from HwangDBS to the non-interested shareholders of MRCB in relation to the Proposed Acquisitions and the Proposed Exemption
Interested Directors	:	Tan Sri Azlan Zainol and Datuk Shahril Ridza Ridzuan, collectively
Interested Major Shareholder	:	EPF
Khong & Jaafar	:	Khong & Jaafar Sdn Bhd (31218-T)
LAT	:	Loss after taxation
LATMI	:	Loss after taxation and non-controlling interest
LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	15 May 2013, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per share
M&A	:	Memorandum and Articles of Association
Mohd Imran	:	Mohd Imran bin Mohamad Salim
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Shares or Shares	:	Ordinary shares of RM1.00 each in MRCB
NA	:	Net assets
NGD	:	Nusa Gapurna Development Sdn Bhd (566521-X)
NGD Consideration	:	The total indicative purchase consideration of up to RM459,000,000 for the Proposed Acquisition of NGD Subsidiaries, which is subject to adjustments (if applicable) in the manner described in Section 2.11.3 and Section 2.11.4(1) of Part A of this Circular and will be satisfied via a combination of cash amounting to RM70,000,000 and the issuance of NGD Consideration Shares and the NGD Consideration Warrants to NGD or its nominee(s)

NGD Consideration Shares	:	Up to 250,967,742 Consideration Shares to be issued at an issue price of RM1.55 per MRCB Share to NGD and/or its nominee(s) pursuant to the Proposed Acquisition of NGD Subsidiaries
NGD Consideration Warrants	:	Up to 71,705,070 Consideration Warrants to be issued to NGD and/or its nominee(s) pursuant to the Proposed Acquisition of NGD Subsidiaries on the basis of two (2) Consideration Warrants for every seven (7) NGD Consideration Shares issued
NGD SSA	:	Conditional share sale agreement dated 8 February 2013 entered into between MRCB and NGD for the Proposed Acquisition of NGD Subsidiaries
NGD Subsidiaries	:	Gapurna Builders, Gapurna Land, Puncak Wangi and P.J Sentral, collectively
Nilaitera	:	Nilaitera Sdn. Bhd. (989543-D)
Option Assets	:	Comprises:- (i) the entire issued and paid-up share capital and other stocks and securities, including but not limited to preference shares, warrants or securities convertible into ordinary shares, of the subsidiaries of NGD, namely Nilaitera and Projekmaju; or (ii) the entire issued and paid-up ordinary share capital and other stocks and securities, including but not limited to preference shares, warrants or securities convertible into ordinary shares, of any other subsidiary companies incorporated or to be incorporated by NGD from time to time for the purpose of holding any land(s)/real property(ies) or carrying out property development or investment activities, within the meaning of Section 5 of the Act. For information purposes, Nilaitera and Projekmaju are currently dormant companies and were identified by NGD as the potential special purpose vehicle to hold the Targeted Lands (as defined in Section 2.3.1 of Part A of this Circular), further details of which are set out in Section 2.3.4 of Part A of this Circular
Option Period	:	A period of two (2) months commencing from the date of expiry of the Right of First Refusal Period
Option Price	:	Such sale and purchase consideration for such Optiou Assets derived from a computation of the various computation items set out in Section 2.13.2(a) of Part A of this Circular
PACs	:	Persons acting in concert, as defined under Sections 216(2) and 216(3) of the CMSA for purposes of the Code
PAT	:	Profit after taxation
PATMI	:	Profit after taxation and non-controlling interest
PBT	:	Profit before taxation
P.J Sentral	:	P.J Sentral Development Sdn Bhd (541142-D)
PKNS	:	PKNS Holdings Sdn Bhd (190684-D)

PKNS Consideration	:	The total indicative purchase consideration of up to RM85,300,000 for the Proposed Acquisition of 30% of P.J Sentral, which is subject to adjustments (if applicable) in the manner described in Section 2.12.4 of Part A of this Circular and will be satisfied via a combination of cash amounting to RM13,008,715 and the issuance of PKNS Consideration Shares and the PKNS Consideration Warrants to PKNS or its nominee(s)
PKNS Consideration Shares	:	Up to 46,639,539 Consideration Shares to be issued at an issue price of RM1.55 per MRCB Share to PKNS and/or its nominee(s) pursuant to the Proposed Acquisition of 30% of P.J Sentral
PKNS Consideration Warrants	:	Up to 13,325,583 Consideration Warrants to be issued to PKNS and/or its nominee(s) pursuant to the Proposed Acquisition of 30% of P.J Sentral on the basis of two (2) Consideration Warrants for every seven (7) PKNS Consideration Shares issued
PKNS SSA	:	Conditional share sale agreement to be entered into between MRCB and PKNS for the Proposed Acquisition of 30% of P.J Sentral
Profit Guarantee	:	The unconditional and irrevocable guarantee from GSB that the actual aggregate audited net PAT of GHC for the FYE 2013, FYE 2014 and FYE 2015 shall collectively be no less than the Aggregate Guaranteed Profit
Profit Guarantee Agreement	:	Profit guarantee agreement dated 8 February 2013 entered into between MRCB and GSB for the Profit Guarantee
Projekmaju	:	Projekmaju Sdn. Bhd. (989541-U)
Properties	:	The properties owned by the NGD Subsidiaries
Property Valuation Report(s)	:	The valuation reports of the Properties dated 11 March 2013 prepared by the Valuer
Proposals	:	The Proposed Acquisitions, the Proposed Exemption, the Proposed Free Warrants, the Proposed IASC and the Proposed Amendments, collectively
Proposed Acquisitions	:	The Proposed Acqnisition of NGD Subsidiaries, the Proposed Acquisition of 30% of P.J Sentral, the Proposed Acquisition of GHC and the Proposed Acquisition of GGS, collectively
Proposed Acquisition of 30% of P.J Sentral		Proposed acquisition by MRCB of 30% equity interest in P.J Sentral from PKNS for the PKNS Consideration upon the terms and subject to the conditions to be set out in the PKNS SSA. For the avoidance of doubt, the terms of the acquisition shall be the same as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries
Proposed Acquisition of NGD Subsidiaries	:	Proposed acquisitions by MRCB of the entire equity interest in Gapurna Builders, Gapurna Land and Puncak Wangi as well as 70% equity interest in P.J Sentral from NGD for the NGD Consideration upon the terms and subject to the conditions set out in the NGD SSA
Proposed Acquisition of GHC	:	Proposed acquisition by MRCB of the entire equity interest in GHC from the GHC Vendors for the GHC Consideration upon the terms and subject to the conditions set out in the GHC SSA
Proposed Acquisition of GGS	:	Proposed acquisition by MRCB of the entire equity interest in GGS from the GGS Vendors for the GGS Consideration upon the terms and subject to the conditions set out in the GGS SSA

Proposed Amendments	:	Proposed amendments to the M&A of the Company. For information purposes, the resolution for this proposal will be tabled during the AGM of our Company at 10.00 a.m. on Thursday, 20 June 2013. The notice to shareholders in relation to this resolution has been included in our Company's Notice of AGM dated 29 May 2013
Proposed Exemption	:	Proposed exemption to EPF, NGD and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions
Proposed Free Warrants	:	Proposed issuance of Free Warrants in MRCB to all Entitled Shareholders of our Company on the basis of one (1) Free Warrant for every three (3) existing MRCB Shares held at the Entitlement Date
Proposed IASC	:	Proposed increase in the authorised share capital of our Company. For information purposes, the resolution for this proposal will be tabled during the AGM of our Company at 10.00 a.m. on Thursday, 20 June 2013. The notice to shareholders in relation to this resolution has been included in our Company's Notice of AGM dated 29 May 2013
Puncak Wangi	:	Puncak Wangi Sdn Bhd (360905-H)
Purchase Consideration	:	The total indicative purchase consideration payable to the Vendors in respect of the Proposed Acquisitions amounting to up to RM814,300,000 which will be satisfied via a combination of cash of RM124,008,715 and the issuance of up to 445,349,217 Consideration Shares and up to 127,242,635 Consideration Warrants
PwC	:	PricewaterhouseCoopers (AF: 1146)
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
Right of First Refusal & Call Option Agreement	:	A right of first refusal and call option agreement dated 8 February 2013 entered into between MRCB and NGD whereby NGD has granted to us:- (i) the first right of refusal during the Right of First Refusal Period to match any offer from a third party to purchase any Option Assets; and (ii) the right to require NGD to sell or procure the sale of the Option Assets to us at the Option Price, exercisable at any time during the Option Period
Right of First Refusal Period	:	The period commencing from the Completion Date of the NGD SSA and ending on the corresponding date falling 3 years thereafter, or if on the 29th day of February, on the 1st day of March
RPS	:	Redeemable preference shares of RM1.00 each
SC	:	Securities Commission Malaysia
Sq. ft.	:	Square feet
SSAs	:	The NGD SSA, the GHC SSA and the GGS SSA, collectively
Supplemental GHC SSA	:	The supplemental agreement to the GHC SSA entered into between MRCB and the GHC Vendors to amend and vary certain clauses in the GHC SSA, which includes, amongst others, the amended terms as set out in Sections 2.11.10(a) and 2.11.10(b) of Part A of this Circular

Supplemental GGS SSA	:	The supplemental agreement to the GGS SSA entered into between MRCB and the GGS Vendors to amend and vary certain clauses in the GGS SSA, which includes, amongst others, the amended terms as set out in Sections 2.11.10(a) and 2.11.10(b) of Part A of this Circular
Supplemental NGD SSA	:	The supplemental agreement to the NGD SSA entered into between MRCB and NGD to amend and vary certain clauses in the NGD SSA, which includes, amongst others, the amended terms as set out in Sections 2.11.10(a) and 2.11.10(b) of Part A of this Circular
Supplemental SSAs	:	The Supplemental NGD SSA, the Supplemental GHC SSA and the Supplemental GGS SSA, collectively
Valuer or CH Williams	:	C H Williams Talhar & Wong Sdn Bhd (18149-U)
Vendors	:	NGD, PKNS, the GHC Vendors and the GGS Vendors, collectively
VWAMP	:	Volume weighted average market price
Warrants	:	The Consideration Warrants and the Free Warrants, collectively

Curreucy

RM and sen	:	Ringgit Malaysia and sen, respectively

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

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

Any reference in this Circular to any enactment is a reference to tbat enactment as for the time being amended or re-enacted. Any reference to time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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 enquiry, 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 our Group's plans and objectives will be achieved.

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TABLE OF CONTENTS

Page

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:-

EXECUTIVE SUMMARY 1

1. INTRODUCTION 7

2. DETAILS OF THE PROPOSED ACQUISITIONS 10

3. DETAILS OF THE PROPOSED EXEMPTION 46

4. DETAILS OF THE PROPOSED FREE WARRANTS 47

5. DETAILS OF THE PROPOSED IASC 48

6. DETAILS OF THE PROPOSED AMENDMENTS 48

7. PUBLIC SHAREHOLDING SPREAD REQUIREMENT 49

8. RATIONALE FOR THE PROPOSALS 49

9. RISK FACTORS FOR THE PROPOSED ACQUISITIONS 51

10. OVERVIEW AND PROSPECTS 53

11. EFFECTS OF THE PROPOSALS 59

12. APPROVALS REQUIRED FOR THE PROPOSALS 69

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION 70

14. HISTORICAL SHARE PRICE 71

15. TENTATIVE TIMELINE FOR THE PROPOSALS 71

16. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM 72

17. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDER FOR THE PRECEDING 12 MONTHS 72

18. DIRECTORS' STATEMENT 73

19. STATEMENT BY THE AUDIT COMMITTEE 73

20. ADVISERS 73

21. ESTIMATED TIMEFRAME FOR COMPLETION 73

22. EGM 74

23. FURTHER INFORMATION 74

PART B

IAL TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND THE PROPOSED EXEMPTION

APPENDICES

I INFORMATION ON THE NGD SUBSIDIARIES 253

II INFORMATION ON GHC 273

III INFORMATION ON GGS 278

IV VALUATION CERTIFICATES FOR THE PROPERTIES 281

V AUDITED FINANCIAL STATEMENTS OF THE ACQUIREE COMPANIES FOR THE FYE 31 DECEMBER 2012 305

VI PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON 485

VII EXECUTIVE SUMMARY OF THE FEASIBILITY REPORTS 527

VIII SUMMARY VALUATION LETTER OF GHC 560

IX DIRECTORS' REPORT ON THE ACQUIREE COMPANIES 569

X SALIENT TERMS OF THE WARRANTS 576

XI FURTHER INFORMATION 578

NOTICE OF EGM ..... ENCLOSED

FORM OF PROXY ..... ENCLOSED

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS

EXECUTIVE SUMMARY FOR PART A OF THE CIRCULAR

This executive summary represents only a summary of the pertinent information on the Proposals as set out in Part A of this Circular and you are advised to read and carefully consider the contents of this Circular and the IAL as set out under Part B of this Circular before voting on the resolutions pertaining to the Proposals (save for the Proposed IASC and Proposed Amendments) to be tabled at the forthcoming EGM.

1. SUMMARY OF THE PROPOSALS

1.1 Proposed Acquisitions

RHB Investment Bank, on behalf of your Board, had on 8 February 2013 announced that our Company had entered into three (3) conditional share sale agreements with NGD, the GHC Vendors and the GGS Vendors for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

The purchase consideration will be satisfied via a combination of cash of RM111,000,000 and up to 398,709,678 MRCB Shares at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB Shares issued, upon the terms and subject to the conditions as set out in the respective SSAs.

Our Company had also entered into the following agreements:-

(i) a right of first refusal and call option agreement with NGD whereby NGD has granted to us:-

(a) the first right of refusal for a period of three (3) years following the Completion Date of the NGD SSA to match any offer from a third party to purchase any Option Assets; and

(b) the right to reqnire NGD to sell or procure the sale of the Option Assets to us at the Option Price, exercisable at any time during a period of two (2) months commencing from the date of expiry of the Right of First Refusal Period; and

(ii) a profit guarantee agreement with GSB wherein GSB unconditionally and irrevocably guarantees to us that the actual aggregate audited net PAT of GHC for the FYE 2013 (the period commencing from 1 January 2013 to 31 December 2013), FYE 2014 (the period commencing from 1 January 2014 to 31 December 2014) and FYE 2015 (the period commencing from 1 January 2015 to 31 December 2015) shall collectively be no less than RM50,000,000.

On 23 April 2013, RHB Investment Bank had on behalf of your Board, announced that we had, on 22 April 2013, notified NGD that your Board resolved that they are agreeable to acquire the remaining 30% equity interest not held by NGD in P.J Sentral, from PKNS, upon the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries. Subsequently, our Company has been informed by NGD that NGD had, on 23 April 2013, served a notice to PKNS pursuant to the terms of the shareholders' agreement between NGD, PKNS and P.J Sentral dated 3 September 2010 ("**Shareholders' Agreement**") to, *inter-alia*, request PKNS to participate in the sale of the entire issued and paid-up share capital in P.J Sentral to our Company for a total consideration of up to RM85,300,000. Notwithstanding that our Company has not entered into any formal agreement with PKNS as at LPD, our Company will be required to fulfil the obligation for the Proposed Acquisition of 30% of P.J Sentral, upon the acceptance of the same by PKNS.

Determination of the Purchase Consideration

The NGD Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the aggregate audited consolidated NA of the NGD Subsidiaries as at the FYE 31 December 2011 of RM249,948,225 (based on NGD's effective interest in the NGD Subsidiaries) and after adjusting for the capitalisation of approximately RM50 million of shareholders' and/or directors' and/or their related parties' advances into new convertible loan stocks or redeemable preference shares or other convertible securities (before the Completion Date) and the indicative open market value of the Properties amounting to RM417,500,000 (based on NGD's effective interest in the NGD Subsidiaries and net of deferred tax amounting to approximately RM19.4 million as agreed between us and NGD) as at the date of the NGD SSA.

The GHC Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the rationale for the Proposed Acquisition of GHC, the audited consolidated NA of GHC for the seven (7) months period ended 31 December 2011 amounting to RM14,618,772, the consideration adjustment as set out in Section 2.11.4(2) of Part A of this Circular, the Profit Guarantee as set out in Section 2.14 of Part A of this Circular as well as the independent share valuation of GHC undertaken by an independent valuer appointed by our Company, namely EY.

The GGS Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated PAT and NA of GGS as at the FYE 31 December 2011 of RM4,117,827 and RM47,656,864 respectively, as well as the existing long-term contracts of its subsidiary over a period of up to nineteen (19) years with a total contract value of RM245 million.

For information purposes, pursuant to the Drag Along provision in the Shareholders' Agreement, the PKNS Consideration shall be determined based on the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries.

Risk Factors

The risk factors relating to the Proposed Acquisitions include the following, which are further set out in Section 9 of Part A of this Circular.

- Non completion of the Proposed Acquisitions
- Recognition of goodwill
- Interest rate risk
- Business risk
- Competition risk
- Delay in completion of projects
- Cost of development and demand risks

Further details on the Proposed Acquisitions are set out in Section 2 of Part A of this Circular.

1.2 Proposed Exemption

Our Company is also proposing to undertake the proposed exemption to NGD, EPF and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions.

As at the LPD, EPF holds 42.16% of the voting shares in MRCB. EPF holds 40% equity interest in NGD while GSB holds the remaining 60% equity interest in NGD. Therefore, NGD, EPF and GSB are deemed PACs for the Proposed Exemption. It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs.

As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions, the collective shareholdings of EPF and GSB will increase by more than 2%, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them. Pursuant to Part III of the Code, a mandatory offer obligation will apply to all members of a group of PACs if any member of the group acquires voting shares or voting rights such that the collective acquisition of the group triggers a mandatory offer obligation.

Further details on the Proposed Exemption are set out in Section 3 of Part A of this Circular.

1.3 Proposed Free Warrants

Our Company is proposing to undertake a proposed issuance of up to 482,087,903 Free Warrants on the basis of one (1) Free Warrant for every three (3) existing MRCB Shares held by our Entitled Shareholders. The Entitlement Date will be determined and announced by your Board at a later date upon receipt of all approvals from relevant authorities and shareholders of our Company for the Proposed Free Warrants, but in any case shall be prior to the completion of the Proposed Acquisitions. As such, the Vendors will not be eligible for the Proposed Free Warrants.

Further details on the Proposed Free Warrants are set out in Section 4 of Part A of this Circular.

1.4 Proposed IASC and Proposed Amendments

As at LPD, the authorised share capital of our Company is RM2,000,000,000 comprising 2,000,000,000 MRCB Shares, of which 1,387,811,179 MRCB Shares have been issued and credited as fully paid-up.

Upon completion of the Proposed Acquisitions and the Proposed Free Warrants as well as full exercise of the Warrants in the manner set out in Section 11.1 of Part A of this Circular, our Company's issued and paid-up share capital will increase to RM2,493,880,325 comprising 2,493,880,325 MRCB Shares. As such, our Company proposes to increase our authorised share capital from RM2,000,000,000 to RM5,000,000,000 comprising 5,000,000,000 MRCB Shares to accommodate the issuance of the Consideration Shares and new MRCB Shares to be issued pursuant to the exercise of the Warrants.

The Proposed Amendments will entail amendments to the M&A of our Company in order to accommodate the implementation of the Proposed IASC.

Further details on the Proposed IASC and Proposed Amendments are set out in Sections 5 and 6 of Part A of this Circular respectively.

2. BASIS OF DETERMINING THE ISSUE PRICE OF THE CONSIDERATION SHARES AND CONSIDERATION WARRANTS

The issue price for the Consideration Shares of RM1.55 together with the Consideration Warrants (to be issued on the basis of two (2) Consideration Warrants for every seven (7) Consideration Shares issued) was determined on a willing buyer-willing seller basis and after taking into consideration, amongst others, the prevailing market conditions as well as the historical share price of MRCB, including the following:-

(i) the issue price represents a premium of approximately 25% over the last traded price of MRCB Shares up to and including 7 February 2013 of RM1.24, being the last market day prior to the date of execution of the SSAs;

(ii) the issue price represents a premium of approximately 21.1% and 9.2% to the five (5)-days and 30 days VWAMP of MRCB Shares up to and including 7 February 2013, being the last market day prior to the date of execution of the SSAs of RM1.28 and RM1.42 respectively; and

(iii) the range of closing prices of MRCB Shares for the past 52 weeks up to and including 7 February 2013, being the last market day prior to the date of execution of the SSAs of RM1.24 to RM2.24.

The exercise price of the Consideration Warrants of RM2.30 per new MRCB Share was determined after taking into consideration, amongst others, the prevailing market conditions as well as the historical share price of MRCB, including the highest closing price of MRCB Shares for the past 52 weeks up to and including 7 February 2013, being the last market day prior to the date of execution of the SSAs of RM2.24.

3. RATIONALE FOR THE PROPOSALS

A summary of the rationale for the Proposals is set out below:-

3.1 Proposed Acquisitions

The Proposed Acquisition of NGD Subsidiaries is aimed at expanding our Group's landbanks at strategic locations for future development. Currently, the undeveloped urban landbank of our Group stands at approximately 39.01 acres. The NGD Subsidiaries currently own approximately 32.74 acres of development land with an estimated gross development value of approximately RM5.86 billion, which are located at prime areas, mainly in Petaling Jaya, Selangor. The Proposed Acquisition of 30% of P.J Sentral will be undertaken pursuant to the Drag Along provision in the Shareholders' Agreement and it is the intention of your Board to fully control and consolidate the future earnings of P.J Sentral.

GHC, a construction company currently has an orderbook of approximately RM3.5 billion based on the estimated remaining value of GHC's orderbook for its on-going project as well as contracts secured as at 31 December 2012. The acquisition of GHC will enable MRCB to strengthen its construction orderbook.

The acquisition of GGS, whose subsidiary is a surveillance service provider, is expected to complement the existing integrated surveillance services and the investment properties division of our Group, which has been providing and maintaining in-house security surveillance systems for our investment properties. In addition, GTC has secured various contracts from 3rd parties amounting to approximately RM245 million which are expected to provide a continuous stream of income to us for a period of up to 19 years.

3.2 Proposed Exemption

The Proposed Exemption will allow EPF, NGD and GSB together with their PACs to be exempted from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions as they do not intend to undertake such offer.

3.3 Proposed Free Warrants

The Proposed Free Warrants is undertaken to reward the shareholders of our Company for their continuous support.

3.4 Proposed IASC and Proposed Amendments

The Proposed IASC and the consequential amendments to the relevant clauses in our Company's M&A is required to accommodate our Company's enlarged issued and paid-up capital pursuant to the Proposed Acquisitions and the Proposed Free Warrants.

4. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Exemption, the Proposed IASC and the Proposed Amendments will not have any effect on the issued and paid-up share capital, consolidated NA per Share and gearing, consolidated EPS and shareholdings of the substantial shareholders of our Company.

We have set out below a summary of the financial effects arising from the Proposed Acquisitions (including the Proposed Acquisition of 30% P.J Sentral) and the Proposed Free Warrants, based on Scenario B (as illustrated in Section 11 of Part A of this Circular), for your information:-

Share capital, NA per Share and gearing

	As at 31 December 2012*	After the Proposed Acquisitions		Assuming full exercise of the Warrants	
		Minimum Scenario	Maximum Scenario*	Minimum Scenario	Maximum Scenario*
Share Capital (RM'000)	1,387,811	1,833,160	1,886,315	2,423,007	2,493,880
NA per Share (RM)	1.02	1.16	1.17	1.44	1.45
Gearing (times)	2.34	1.59	1.53	0.97	0.94

Note:-

* *Assuming that all outstanding ESOS options as at LPD and the Additional ESOS Options are exercised prior to the Entitlement Date.*

Earnings and earnings per share

As the Proposed Acquisitions and the Proposed Free Warrants are expected to be completed in the third (3rd) quarter of 2013, the Proposed Acquisitions and the Proposed Free Warrants are not expected to have any material effect on the earnings of our Group for the FYE 31 December 2013.

For illustration purposes, assuming that the Proposed Acquisitions were completed on 1 January 2012, our proforma EPS would be as follows:-

	As at 31 December 2012	After the Proposed Acquisitions
	RM mil	RM mil
PATMI of MRCB for the FYE 31 December 2012	60.12	60.12
Add: Aggregate PATMI of the Acquiree Companies for the FYE 31 December 2012	-	1.12
Less: Estimated expenses	-	(8.0)
Proforma PATMI	60.12	53.24
Weighted average number of Shares (million)	1,386.7	1,832.1
Proforma EPS (sen)	**4.34**	**2.91**

The consolidated EPS of our Company is, however, expected to be diluted as a result of the new MRCB Shares to be issued upon exercise of the Warrants. Nevertheless, the eventual impact on our EPS will also depend on the future earnings generated by the Acquiree Companies as well as the level of returns generated by the utilisation of proceeds arising from the exercise of the Warrants.

Substantial shareholders' shareholdings

Upon the issuance of the Consideration Shares, GSB, Datuk Mohamad Salim and Datin Yasmin will emerge as new substantial shareholders in your Company. Upon completion of the Proposed Acquisitions, the shareholdings of EPF and GSB in your Company will be 37.39% and 16.27% respectively under the Minimum Scenario and 36.34% and 15.82% respectively under the Maximum Scenario.

Assuming that the Warrants are exercised in full, the shareholdings of EPF and GSB in your Company will be 37.52% and 15.83% respectively under tbe Minimum Scenario and 36.46% and 15.38% respectively under the Maximum Scenario.

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

5 June 2013

Board of Directors
Tan Sri Azlan Zainol *(Non-Independent Non-Executive Chairman)*
Datuk Shahril Ridza Ridzuan *(Non-Independent Non-Executive Director)*
Dato' Abdul Rahman Ahmad *(Independent Director)*
Dato' Ahmad Ibnihajar *(Independent Director)*
Che King Tow *(Independent Director)*
Dato' Chong Pah Aung *(Independent Director)*
Jamaludin Zakaria *(Independent Director)*

To : Our shareholders

Dear Sir/Madam,

I. PROPOSED ACQUISITIONS;
II. PROPOSED EXEMPTION;
III. PROPOSED FREE WARRANTS;
IV. PROPOSED IASC; AND
V. PROPOSED AMENDMENTS

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1. INTRODUCTION

RHB Investment Bank, on behalf of your Board, had on 8 February 2013 announced that we had entered into the following agreements in relation to the Proposed Acquisitions:-

(i) Conditional share sale agreement with NGD for the acquisitions of NGD's entire equity interest in Gapurna Builders, Gapurna Land and Puncak Wangi as well as NGD's 70% equity interest in P.J Sentral;

(ii) Conditional share sale agreement with Mohd Imran, Datuk Mohamad Salim and Datin Yasmin for the acquisition of their entire equity interest in GHC; and

(iii) Conditional share sale agreement with Mohd Imran and Hanif Ahmad for the acquisition of their entire equity interest in GGS,

for a total indicative consideration of up to RM729,000,000 which will be satisfied via a combination of cash of RM111,000,000 and the issuance of up to 398,709,678 MRCB Shares at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB Shares issued, upon the terms and subject to the conditions as set out in the respective SSAs.

Simultaneous with the execution of the SSAs, we had also entered into the following agreements:-

(iii) a right of first refusal and call option agreement with NGD whereby NGD has granted to us:-

(c) the first right of refusal for a period of three (3) years following the Completion Date of the NGD SSA to match any offer from a third party to purchase any Option Assets; and

(d) the right to require NGD to sell or procure the sale of the Option Assets to us at the Option Price, exercisable at any time during a period of two (2) months commencing from the date of expiry of the Right of First Refusal Period; and

(iv) a profit guarantee agreement with GSB wherein GSB unconditionally and irrevocably guarantees to us that the actual aggregate audited net PAT of GHC for the FYE 2013 (the period commencing from 1 January 2013 to 31 December 2013), FYE 2014 (the period commencing from 1 January 2014 to 31 December 2014) and FYE 2015 (the period commencing from 1 January 2015 to 31 December 2015) ("**Guaranteed Financial Years**") shall collectively be no less than RM50,000,000.

In addition to the above, the Company is also proposing to undertake the following proposals:-

(i) free issuance of up to 473,549,518 warrants in MRCB to all Entitled Shareholders on the basis of one (1) Free Warrant for every three (3) existing MRCB Shares held at the Entitlement Date;

(ii) exemption to EPF, NGD and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions;

(iii) increase in the authorised share capital of our Company; and

(iv) amendments to the M&A of our Company.

In view of the interests of the Interested Directors and the Interested Major Shareholder as set out in Section 16 of Part A of this Circular, the Proposed Acquisitions are deemed as related party transactions pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Accordingly, your Board had on 8 February 2013 appointed HwangDBS as the independent adviser to advise our non-interested directors and non-interested shareholders in respect of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). In addition, HwangDBS has also been appointed to act as the Independent Adviser to advise our non-interested directors and non-interested shareholders in relation to the Proposed Exemption.

For information purposes, our Company has also appointed Astramina Advisory, who is also the lead financial adviser for the GSB group of companies ("**GSB Group**"), as the Transaction Arranger for the Proposals. Astramina Advisory was first appointed by GSB Group as lead financial adviser for GSB in respect of the proposed divestment of certain assets and companies of GSB, including NGD and other companies related to GSB, and subsequently to assist the GSB Group in the structuring and presentation of preliminary proposals in relation to the Proposals for the consideration of your Board, prior to their appointment as Transaction Arranger. In view of their familiarity with the GSB Group (including the Vendors (save for PKNS), NGD Subsidiaries, GHC and GGS), Astramina Advisory has been tasked by our Company with ensuring an expeditious and accurate flow of information between the Vendors (save for PKNS) and our Company and arranging and coordinating the implementation of the Proposals so as to assist in the timely implementation of the Proposals. In this capacity, representatives of Astramina Advisory have been present at our Company's Board of Directors' meetings in relation to the Proposals to assist in ensuring a timely flow of issues highlighted by our Board to the Vendors (save for PKNS) and also to assist in resolving any transaction/implementation issues. Astramina Advisory will be present at the forthcoming EGM of our Company, together with our Company's Main Adviser, RHB Investment Bank, to address any queries on transaction issues that shareholders may have in relation to the Proposals.

On 4 April 2013, RHB Investment Bank had on behalf of your Board, announced that the Controller of Foreign Exchange of BNM had vide its letter dated 29 March 2013 approved the issuance of the Warrants to non-residents of Malaysia pursuant to the Proposed Acquisitions and the Proposed Free Warrants and any additional Warrants to be issued as a consequence of adjustments that may be made from time to time pursuant to the provisions of the Deed Poll.

On 23 April 2013, RHB Investment Bank had on behalf of your Board, announced that we had, on 22 April 2013, notified NGD that your Board resolved that they are agreeable to acquire the remaining equity interest not held by NGD in P.J Sentral, comprising 58,247,400 ordinary shares of RM1.00 each and 83,679 RPS representing 30% of the issued and paid-up capital of P.J Sentral held by PKNS, upon the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries.

Subsequently, our Company has been informed by NGD that NGD had, on 23 April 2013, served a notice to PKNS pursuant to the terms of the shareholders' agreement between NGD, PKNS and P.J Sentral dated 3 September 2010 ("**Shareholders' Agreement**") to, *inter-alia*, request PKNS to participate in the sale of the entire issued and paid-up share capital in P.J Sentral to our Company for a total consideration of up to RM85,300,000 ("**Drag Along Notice**").

In view of the additional number of Free Warrants which may be issued under the Proposed Free Warrants to cater for the Additional ESOS Options, RHB Investment Bank had on behalf of our Company submitted a supplemental application to BNM for the additional issuance of Free Warrants to non-residents of Malaysia pursuant to the Proposed Free Warrants and any additional Warrants to be issued as a consequence of adjustments that may be made from time to time pursuant to the provisions of the Deed Poll ("**Snpplemental BNM Application**").

On 23 May 2013, RHB Investment Bank had on behalf of your Board, announced that the Controller of Foreign Exchange of BNM had vide its letter dated 20 May 2013 indicated that it has taken note of the Supplemental BNM Application. Accordingly, the number of Free Warrants to be issued under the Proposed Free Warrants had been revised to up to 482,087,903 Free Warrants.

Our Company will be submitting another supplemental application to BNM at a later date to facilitate the issuance of the PKNS Considerations Warrants for the Proposed Acquisition of 30% of P.J Sentral.

On 3 June 2013, RHB Investment Bank had on behalf of your Board, announced that our Company had on even date, entered into the Supplemental SSAs with the Vendors (save for PKNS) to amend and vary certain clauses in tbe SSAs.

On 4 June 2013, RHB Investment Bank had on behalf of your Board, announced that Bursa Securities had vide its letter dated 4 June 2013, given its approval-in-principle for the following:-

(i) admission of the Warrants to the Official List of Bursa Securities;

(ii) listing of and quotation for:-

(a) up to 445,349,217 Consideration Shares together with up to 127,242,635 Consideration Warrants to be issued pursuant to the Proposed Acquisitions;

(b) up to 482,087,903 Free Warrants to be issued pursuant to the Proposed Free Warrants; and

(c) up to 609,330,538 MRCB Shares to be issued pursuant to the exercise of the Consideration Warrants and the Free Warrants.

on the Main Market of Bursa Securities subject to the conditions as set out in Section 12 of Part A of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS (SAVE FOR THE PROPOSED IASC AND PROPOSED AMENDMENTS) TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE IAL AS SET OUT UNDER PART B OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS (SAVE FOR THE PROPOSED IASC AND PROPOSED AMENDMENTS) TO BE TABLED AT THE FORTHCOMING EGM.

THE RESOLUTIONS IN RESPECT OF THE PROPOSED IASC AND PROPOSED AMENDMENTS WILL BE TABLED AT THE AGM OF OUR COMPANY.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Details of the Proposed Acquisition of NGD Subsidiaries

In accordance with the terms and conditions set out in the NGD SSA, NGD agrees to sell and we agree to purchase the NGD Subsidiaries (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title; and (ii) with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date for a total indicative consideration of up to RM459,000,000 which will be satisfied via a combination of cash amounting to RM70,000,000 and the issuance to NGD or its nominee(s) of up to 250,967,742 NGD Consideration Shares at an issue price of RM1.55 per NGD Consideration Share, together with up to 71,705,070 NGD Consideration Warrants on the basis of two (2) NGD Consideration Warrants for every seven (7) NGD Consideration Shares issued.

Pursuant to the Right of First Refusal & Call Option Agreement, NGD grants us the right of first refusal during the Right of First Refusal Period to match any offer from a third party to purchase any Option Assets and the right to require NGD to sell or procure the sale of the Option Assets to us at the Option Price during the Option Period. Further details on the right of first refusal and call option are set out in Section 2.13 of Part A of this Circular.

2.1.1 Basis and justification of arriving at the NGD Consideration

The NGD Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the aggregate audited consolidated NA of the NGD Subsidiaries as at the FYE 31 December 2011 of RM249,948,225 (based on NGD's effective interest in the NGD Subsidiaries) and after adjusting for the capitalisation of approximately RM50 million of shareholders' and/or directors' and/or their related parties' advances into new convertible loan stocks or redeemable preference shares or other convertible securities (before the Completion Date) and the indicative open market value of the Properties amounting to RM417,500,000 (based on NGD's effective interest in the NGD Subsidiaries and net of deferred tax amounting to approximately RM19.4 million as agreed between us and NGD) as at the date of the NGD SSA. For information purposes, P.J Sentral bad, on 5 July 2012 capitalised RM19,525,100 of advances from NGD into new RPS in P.J Sentral.

The valuations of the Properties were appraised by the Valuer using the residual and comparison methods of valuation.

For information purposes, the residual method involves the consideration of the gross development value of the projects 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 projects. The comparison method entails analyzing 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 abovementioned methods of valuation have been adopted by the Valuer in view of the following:-

(i) Residual method - As the main method of valuation since all of the Properties are vacant lands with development potential and can be developed in the immediate future. The type of development and the timing for the proposed development are also realistic and justifiable. In addition, all of the Properties have Development Order/ Planning Approval from the local authorities. In view of the availability of the approved layout plans coupled with details of the approved development, the Valuer had therefore valued the Properties based on the residual method; and

(ii) Comparison method - As a cross check method since there are available information for comparable land transactions located within the vicinity of the Properties. In adopting this method of valuation, the Valuer has made appropriate adjustments in order to derive the market value of the Properties.

The valuation certificates for the Properties are set out in Appendix IV of this Circular.

The details in arriving at the NGD Consideration of up to RM459,000,000 are set out below:-

Company	NGD's effective interest	Audited NA as at the FYE 31 December 2011	Net revaluation surplus	Deferred tax adjustment	Adjusted NA
	%	(RM)	(RM)	(RM)	(RM)
Gapurna Builders	100.0	23,930,794	29,100,000	(3,616,961)	49,413,833
Gapurna Land	100.0	46,834,644	73,374,491	(6,896,047)	113,313,088
Puncak Wangi	100.0	45,152,808	25,533,200	(4,197,123)	66,488,885
P.J Sentral	70.0	134,029,979	50,289,400	(4,726,412)	179,592,967
	Total	249,948,225	178,297,091	(19,436,543)	408,808,773
				Add: Capitalisation of advances[1]	50,000,000
					458,808,773
				NGD Consideration	459,000,000

Note:-

(1) *Subject to the actual advances from NGD and/or its directors and/or their related parties to the respective NGD Subsidiaries (which includes RM19,525,100 which has been capitalised into new RPS in P.J Sentral on 5 July 2012) as at the Completion Date.*

The estimated amount of RM50,000,000 was agreed upon between our Company and NGD to cater for the working capital requirements of the NGD Subsidiaries from the execution of the NGD SSA up to the Completion Date, in view of their impending/on-going property development projects. The capitalisation of such advances will enable the NGD Subsidiaries to further strengthen their respective financial positions without having to rely on external borrowings.

As at LPD, the NGD Subsidiaries do not have any immediate plans to redeem the RPS (in issue/to be issued) after the completion of the Proposed Acquisition of NGD Subsidiaries. However, the NGD Subsidiaries may redeem the RPS in the future depending on the earnings and cash flows generated from their respective property development projects. The salient terms of the RPS are set out in Section 4.2 of Appendix I of this Circular.

Upon the completion of the Proposed Acquisition of NGD Subsidiaries, the details and basis of adjustment to the NGD Consideration, if any, and the resultant NGD Consideration Shares together with the NGD Consideration Warrants issued arising from the consideration adjustment as set out in Section 2.11.3 and Section 2.11.4(1) of Part A of this Circular ("**NGD Consideration Adjustment**") will be announced subsequently.

2.1.2 Mode of settlement for the NGD Consideration

Subject to the NGD Consideration Adjustment as set out in Section 2.11.3 and Section 2.11.4(1) of Part A of this Circular, the NGD Consideration will be satisfied in the following manner:-

Mode of settlement	Date of settlement	Note	Consideration (RM'000)
Cash deposit	On the date of the NGD SSA (i.e. 8 February 2013)	(i)	10,000
Cash consideration	Within 30 days after the NGD SSA becomes unconditional, or such other date as may be agreed upon between the parties	(i)	60,000
NGD Consideration Shares with NGD Consideration Warrants	On Completion Date	(ii)	389,000
TOTAL			**459,000**

Notes:-

(i) Save for the retention sum paid and/or dealt with in a manner as may be directed by the Director-General of Inland Revenue or the Real Property Gains Tax Act, 1976, which shall be subject to a claim or refund from the Director-General of Inland Revenue, the cash deposit and cash consideration shall be refunded by NGD, in the manner as set out in Sections 2.11.6 and 2.11.12 of Part A of this Circular in the event any party terminates the NGD SSA in accordance with its terms.

(ii) To be satisfied via the issuance to NGD or its nominee(s) of 250,967,742 NGD Consideration Shares together with 71,705,070 NGD Consideration Warrants, subject to the NGD Consideration Adjustment.

The cash consideration, the NGD Consideration Shares and the NGD Consideration Warrants will be paid/issued to NGD and/or its nominee(s) in the following manner:-

				<----------Mode of settlement---------->			
NGD Subsidiaries	**Adjusted NA**	**Estimated advances (1)**	**NGD Consideration**	**Cash (2)**	**NGD Consideration Shares**		**No. of NGD Consideration Warrants**
	(RM)	**(RM)**	**(RM)**	**(RM)**	**(RM)**	**No.**	
Gapurna Builders	49,413,833	5,980,000	55,000,000	8,387,799	46,612,201	30,072,388	8,592,111
Gapurna Land	113,313,088	13,474,900	127,000,000	19,368,192	107,631,808	69,439,876	19,839,965
Puncak Wangi	66,488,885	11,020,000	78,000,000	11,895,425	66,104,575	42,648,113	12,185,175
P.J Sentral	179,592,967	19,525,100	199,000,000	30,348,584	168,651,416	108,807,365	31,087,819
TOTAL	**408,808,773**	**50,000,000**	**459,000,000**	**70,000,000**	**389,000,000**	**250,967,742**	**71,705,070**

Notes:-

(1) The allocation of estimated advances is only an estimate and is subject to the actual advances from NGD and/or its directors and/or their related parties to the respective NGD Subsidiaries as at the Completion Date.

(2) Inclusive of the cash deposit of RM10,000,000 which was paid to NGD upon execution of the NGD SSA.

The cash consideration, which represents approximately 15% of the NGD Consideration, was determined after taking into consideration the prevailing cash flow position, working capital requirements as well as gearing of our Group. The issuance of the NGD Consideration Shares will enable our Group to enhance our asset base without any immediate impact on the cash flow and gearing of our Group as opposed to being fully settled in cash or via bank borrowings. In addition, the issuance of NGD Consideration Warrants will enable our Group to raise additional proceeds for our working capital requirements and repayment of bank borrowings, in the event the NGD Consideration Warrants are exercised at a later date.

In accordance with the NGD SSA, NGD is entitled to appoint a nominee to receive and accept the NGD Consideration in place of NGD by giving to MRCB notice in writing of such nomination together with all particulars of the nominee. In this regard, it is the intention of NGD to nominate its shareholders, namely EPF and GSB to receive and accept the NGD Consideration according to their respective shareholdings in NGD as at the Completion Date. This will enable both EPF and GSB to consolidate their direct shareholdings in our Company.

2.1.3 Source of funding

As at LPD, our Company intends to fund the cash consideration via internally generated funds. However, this would depend on the actual cash flow position of our Company as at the Completion Date and in the event our Company has insufficient cash flows, we may procure bank borrowings to fund part of the cash consideration.

2.1.4 Brief information on the NGD Subsidiaries

(i) Gapurna Builders

Gapurna Builders (Company No.: 502555-M) was incorporated in Malaysia under the Act on 30 December 1999 as a private limited company. The principal activities of Gapurna Builders are acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure. Gapurna Builders is a wholly-owned subsidiary of NGD.

As at LPD, Gapurna Builders has an authorised share capital of RM10,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at LPD, the directors of Gapurna Builders are Saidatul Hishan binti Mohammad Salleh, Tan Sri Abdul Halim bin Ali and Dato' Saw Choo Boon.

(ii) Gapurna Land

Gapurna Land (Company No.: 787242-M) was incorporated in Malaysia under the Act on 3 September 2007 as a private limited company. The principal activities of Gapurna Land are acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure. Gapurna Land is a wholly-owned subsidiary of NGD.

As at LPD, Gapurna Land has an authorised sbare capital of RM10,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at LPD, the directors of Gapurna Land are Saidatul Hishan binti Mohammad Salleh, Tan Sri Abdul Halim bin Ali and Dato' Saw Choo Boon.

(iii) Puncak Wangi

Puncak Wangi (Company No.: 360905-H) was incorporated in Malaysia under the Act on 25 September 1995 as a private limited company. The principal activities of Puncak Wangi are acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure. Puncak Wangi is a wholly-owned subsidiary of NGD.

As at LPD, Puncak Wangi has an authorised share capital of RM10,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM200,000 comprising 200,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at LPD, the directors of Puncak Wangi are Saidatul Hishan binti Mohammad Salleh, Tan Sri Abdul Halim bin Ali and Dato' Saw Choo Boon.

(iv) P.J Sentral

P.J Sentral (Company No.: 541142-D) was incorporated in Malaysia under the Act on 7 March 2001 as a private limited company. The principal activities of P.J Sentral are dealing in land, properties and other development related activities.

As at LPD, P.J Sentral has an authorised share capital of RM502,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and 2,000,000 RPS of which RM194,436,930 comprising 194,158,000 ordinary shares of RM1.00 each and RM278,930 comprising 278,930 RPS have been issued and fully paid-up.

The shareholders of P.J Sentral as at LPD are NGD and PKNS with shareholdings of 70% and 30% respectively.

As at LPD, the directors of P.J Sentral are Tan Sri Abdul Halim bin Ali, Dato' Saw Choo Boon, Saidatul Hishan binti Mohammad Salleh, Mohamed Azmin bin Ali and Datin Paduka Norazlina binti Zakaria.

2.1.5 Brief information on NGD

NGD (Company No.: 566521-X) was incorporated in Malaysia under the Act on 10 December 2001 as a private limited company. The principal activities of NGD are investment holding and property development related activities.

As at LPD, NGD has an authorised share capital of RM505,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM319,425,940 comprising 319,425,940 ordinary shares of RM1.00 each have been issued and fully paid-up.

The substantial shareholders of NGD as at LPD are EPF and GSB with shareholdings of 40% and 60% respectively.

As at LPD, the directors of NGD are Tan Sri Abdul Halim bin Ali, Dato' Saw Choo Boon and Saidatul Hishan binti Mohammad Salleh.

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2.1.6 Brief information on the Properties

Registered owner(s)	Gapurna Builders	Puncak Wangi	P.J Sentral
Type/ Identification	Land/ GRN 163848, Lot 50700, Town of Subang Jaya, District of Petaling, Selangor	Land/ HSD 277413, Lot PT 11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor	Land/ PN 71105, Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor
Land area (sq. ft.)	139,360	89,620	429,221
Tenure (years)	Freehold	Leasehold 99 years expiring on 10 November 2110	Leasehold 99 years expiring on 9 February 2108
Existing/ Proposed use	Vacant/ Commercial building	Vacant/ Commercial building	Vacant/ Commercial building
Valuation/ Date	RM57,000,000/ 23 January 2013	RM55,000,000/ 23 January 2013	RM265,000,000/ 23 January 2013
Valuer	CH Williams	CH Williams	CH Williams
Method(s) of valuation	Residual Method and Comparison Method	Residual Method and Comparison Method	Residual Method and Comparison Method
Expected commencement/ completion date	2013/ 2016	2013/ 2020	
Expected gross development value ("GDV") #	RM376,665,977	RM2,977,527,900	
Expected gross development cost ("GDC") #	RM304,488,990	RM2,454,336,921	

Registered owner(s)	Gapurna Land
Type/ Identification	Land/ (i) HSD 116980, PT 68, (ii) HSD 116981, PT 69, (iii) HSD 116982, PT 70, (iv) HSD 116983, PT 71 and (v) HSD 118035 PT 75, located in Section 98, Town of Kuala Lumpur, and (vi) HSD 116984, PT 8617, Mukim of Kuala Lumpur, all within District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Land area (sq. ft.)	768,080
Tenure (years)	(i), (ii), (iii), (iv) and (vi): Leasehold 99 years expiring 11 May 2109 (v): Leasehold 99 years expiring 11 May 2110
Existing/ Proposed use	Vacant/ Mixed development
Valuation/ Date	RM120,000,000/ 23 January 2013
Valner	CH Williams
Method(s) of valuation	Residual Method and Comparison Method
Expected commencement/ completion date	2013/ 2022
Expected GDV #	RM2,510,021,877
Expected GDC #	RM2,263,009,395

Note:-

\# *Extracted from the Property Valuation Reports which may be subject to further changes and does not represent the actual GDV that could be derived by MRCB upon completion of the Proposed Acquisitions.*

Further information on the NGD Subsidiaries, NGD and the Properties are set out in Appendix I of this Circular.

2.2 Details of the Proposed Acquisition of 30% of P.J Sentral

NGD has informed our Company that pursuant to the terms of the Shareholders' Agreement, NGD is entitled to compel PKNS to participate in the sale of shares in P.J Sentral to our Company pursuant to the drag along provision contained in the Shareholders' Agreement ("**Drag Along**"). In this regard, your Board had on 22 April 2013, notified NGD that your Board resolved that they are agreeable to acquire the remaining equity interest not held by NGD in P.J Sentral, comprising 58,247,400 ordinary shares of RM1.00 each and 83,679 RPS representing 30% of the issued and paid-up capital of P.J Sentral held by PKNS, upon the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries. Accordingly, NGD had, on 23 April 2013, served a notice to PKNS, in accordance with the terms of the Shareholders' Agreement, to, *inter-alia*, request PKNS to participate in the sale of the entire issued and paid-up share capital in P.J Sentral to our Company for a total consideration of up to RM85,300,000.

For information purposes, pursuant to the Drag Along provision in the Shareholders' Agreement, the PKNS Consideration shall be determined based on the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries. As at the date of this Circular, our Company has not entered into any agreement with PKNS for the Proposed Acquisition of 30% of P.J Sentral.

In accordance with the Drag Along Notice, the total indicative consideration of up to RM85,300,000 will be satisfied via a combination of cash amounting to RM13,008,715 and the issuance to PKNS or its nominee(s) of up to 46,639,539 PKNS Consideration Shares at an issue price of RM1.55 per PKNS Consideration Share, together with up to 13,325,583 PKNS Consideration Warrants on the basis of two (2) PKNS Consideration Warrants for every seven (7) PKNS Consideration Shares issued.

Our Company intends to seek your approval for the Proposed Acquisition of 30% of P.J Sentral at the forthcoming EGM in view of the serving of the Drag Along Notice by NGD on PKNS, which entitles NGD to compel PKNS to participate in the sale of shares in P.J Sentral. Notwithstanding that our Company has not entered into any formal agreement with PKNS, our Company will be required to fulfil the obligation for the Proposed Acquisition of 30% of P.J Sentral, upon the acceptance of the same by PKNS. By obtaining your approval at the forthcoming EGM, our Company will not have to convene a separate EGM at a later date upon execution of the PKNS SSA, which can be time consuming and costly.

The indicative salient terms of the PKNS SSA are set out in Section 2.12 of Part A of this Circular.

2.2.1 Basis and justification of arriving at the PKNS Consideration

The PKNS Consideration is based on the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries, which was arrived at after taking into consideration the aggregate audited consolidated NA of P.J Sentral as at the FYE 31 December 2011 of RM57,441,420 (based on PKNS' effective interest in P.J Sentral) and after adjusting for the capitalisation of approximately RM8.37 million advances from PKNS into RPS in P.J Sentral on 5 July 2012 and the indicative open market value of the property held by P.J Sentral amounting to RM79,500,000 (based on PKNS' effective interest in P.J Sentral and net of deferred tax amounting to approximately RM2.03 million as agreed between us and PKNS) as at the date of the Drag Along Notice.

The valuation of the property held by P.J Sentral was appraised by the Valuer using the residual and comparison methods of valuation. The elaboration on the valuation methods used and the reasons for adopting such methods have been disclosed in Section 2.1.1 of Part A of this Circular. The valuation certificate for the property held by P.J Sentral is set out in Appendix IV of this Circular.

The details in arriving at the PKNS Consideration of up to RM85,300,000 are set out below:-

Company	PKNS' effective interest	Audited NA as at the FYE 31 December 2011	Net revaluation surplus	Deferred tax adjustment	Adjusted NA
	%	(RM)	(RM)	(RM)	(RM)
P.J Sentral	30.0	57,441,420	21,552,600	(2,025,605)	76,968,415
			Add: Capitalisation of advances[(1)]		8,367,900
					85,336,315
			PKNS Consideration		85,300,000

Note:-

(1) *Being the advances from PKNS to P.J Sentral from 1 January 2012 up to LPD which has been capitalised into RPS in P.J Sentral on 5 July 2012. As at LPD, P.J Sentral does not have any immediate plans to redeem the RPS in issue after the completion of the Proposed Acquisition of 30% of P.J Sentral. However, P.J Sentral may redeem the RPS in the future depending on the earnings and cash flows generated from its property development projects. The salient terms of the RPS are set out in Section 4.2 of Appendix I of this Circular.*

Upon the completion of the Proposed Acquisition of 30% of P.J Sentral, the details and basis of adjustment to the PKNS Consideration, if any, and the resultant PKNS Consideration Shares together with the PKNS Consideration Warrants issued arising from the consideration adjustment as set out in Section 2.12.4 of Part A of this Circular ("**PKNS Consideration Adjustment**") will be announced subsequently.

2.2.2 Mode of settlement for the PKNS Consideration

Subject to the PKNS Consideration Adjustment as set out in Section 2.12.4 of Part A of this Circular, the PKNS Consideration will be satisfied in the following manner:-

Mode of settlement	Date of settlement	Note	Consideration (RM'000)
Cash deposit	On the date of the PKNS SSA	(i)	1,858
Cash consideration	Within 30 days after the PKNS SSA becomes unconditional, or such other date as may be agreed upon between the parties	(i)	11,150
PKNS Consideration Shares with PKNS Consideration Warrants	On Completion Date	(ii)	72,291
TOTAL			**85,300**

Notes:-

(i) *Save for the retention sum paid and/or dealt with in a manner as may be directed by the Director-General of Inland Revenue or the Real Property Gains Tax Act, 1976, which shall subject to a claim or refund from the Director-General of Inland Revenue, the cash deposit and cash consideration shall be refunded by PKNS, in the manner as set out in Sections 2.12.6 and 2.12.8 of Part A of this Circular in the event any party terminates the PKNS SSA in accordance with its terms.*

(ii) *To be satisfied via the issuance to PKNS or its nominee(s) of 46,639,539 PKNS Consideration Shares together with 13,325,583 PKNS Consideration Warrants, subject to the PKNS Consideration Adjustment.*

The PKNS Consideration shall be determined based on the same terms as those applicable for the acquisition by our Company of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries.

The cash consideration, which represents approximately 15% of the PKNS Consideration was determined after taking into consideration the prevailing cash flow position, working capital requirements as well as gearing of our Group. The issuance of the PKNS Consideration Shares will enable our Group to enhance our asset base without any immediate impact on the cash flow and gearing of our Group as opposed to being fully settled in cash or via bank borrowings. In addition, the issuance of PKNS Consideration Warrants will enable our Group to raise additional proceeds for our working capital requirements and for the repayment of bank borrowings, in the event the PKNS Consideration Warrants are exercised at a later date.

2.2.3 Source of funding

As at LPD, our Company intends to fund the cash consideration via internally generated funds. However, this would depend on the actual cash flow position of our Company as at the Completion Date and in the event our Company has insufficient casb flows, we may procure bank borrowings to fund part of the cash consideration.

2.2.4 Brief information on P.J Sentral

Brief information on P.J Sentral is set out in Section 2.1.4(iv) of Part A of this Circular.

2.2.5 Brief information on PKNS

PKNS (Company No.: 190684-D) was incorporated in Malaysia under the Act on 11 December 1989 as a private limited company. The principal activities of PKNS are construction, property development and investment holding. PKNS is a wholly-owned subsidiary of Perbadanan Kemajuan Negeri Selangor.

As at LPD, PKNS has an authorised share capital of RM20,015,000 comprising 20,000,000 ordinary shares of RM1.00 each and 150,000 redeemable preference shares of RM0.10 each. Its issued and paid-up share capital is RM266,426.80 comprising 264,144 ordinary shares of RM1.00 each and 22,828 redeemable preference shares of RM0.10.

As at LPD, the directors of PKNS are Datin Paduka Norazlina Binti Zakaria and Noraida Binti Mohd Yusof.

Further information on P.J Sentral, PKNS and the property held by P.J Sentral are set out in Appendix I of this Circular.

2.3 Details of the Proposed Acquisition of GHC

In accordance with the terms and conditions set out in the GHC SSA, the GHC Vendors agree to sell and we agree to purchase the entire equity interest in GHC (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title; and (ii) with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date for a total indicative consideration of up to RM250,000,000 which will be satisfied via a combination of cash amounting to RM38,000,000 and the issuance to the GHC Vendors or their nominee(s) of up to 136,774,194 GHC Consideration Shares at an issue price of RM1.55 per GHC Consideration Share, together with up to 39,078,341 GHC Consideration Warrants on the basis of two (2) GHC Consideration Warrants for every seven (7) GHC Consideration Shares issued.

Simultaneous with the execution of the GHC SSA, GSB has executed the Profit Guarantee Agreement, wherein GSB unconditionally and irrevocably guarantees to us that the actual aggregate audited net PAT of GHC for the Guaranteed Financial Years shall collectively be no less than the Aggregate Guaranteed Profit. Further details on the Profit Guarantee are set out in Section 2.14 of Part A of this Circular.

The Aggregate Guaranteed Profit was commercially negotiated and was arrived at after considering the historical aggregate net PAT of GHC for the FYE 31 May 2010, FYE 31 May 2011, 7 month FPE 31 December 2011 and FYE 31 December 2012 of approximately RM21.8 million as well as the average EBITDA of GHC for the historical five (5) years and ten (10) years projections of RM45.3 million as set out in the Summary Valuation Letter of GHC. The Summary Valuation Letter of GHC is set out in Appendix VIII of this Circular.

2.3.1 Basis and justification of arriving at the GHC Consideration

The GHC Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the rationale for the Proposed Acquisition of GHC, the audited consolidated NA of GHC for the seven (7) months period ended 31 December 2011 amounting to RM14,618,772, the consideration adjustment as set out in Section 2.11.4(2) of Part A of this Circular ("**GHC Consideration Adjustment**"), the Profit Guarantee as set out in Section 2.14 of Part A of this Circular as well as the independent share valuation of GHC undertaken by an independent valuer appointed by our Company, namely EY.

The GHC Consideration was arrived at on the basis that a valid approval in principle is issued for the grant of the project on the lands/real property(ies) as set out in Section 2.3.4 of Part A of this Circular ("**Targeted Lands**") to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and GHC is accordingly appointed as the main contractor in respect of the construction and development of the Targeted Lands.

In the event that a valid approval in principle has not been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and GHC is accordingly not appointed as the main contractor in respect of the construction and development of the Targeted Lands, the GHC Consideration will be adjusted based on the value of the construction contract attributable to such of the Targeted Lands for which approval in principle has been issued/granted. The value of such corresponding adjustment of the pre-adjustment GHC Consideration shall be mutually agreed upon by the parties but shall not in any event result in a downward adjustment of more than RM70,000,000. For information purposes, the adjustment amount of RM70,000,000 was derived by our Company after taking into consideration the discounted cash flows of the project values of the Targeted Lands. Any downward adjustment to the final purchase consideration will be settled via a corresponding downward adjustment to the number of GHC Consideration Shares and GHC Consideration Warrants to be issued. Further details on the GHC Consideration Adjustment are set out in Section 2.11.4(2) of Part A of this Circular.

The fair market value of GHC as appraised by EY, which ranges between RM260,000,000 and RM310,000,000, was derived using the discounted cash flow method on the following project values:-

(i) the estimated remaining value of GHC's orderbook for its on-going project as well as contracts secured by GHC as main contractor as at 31 December 2012 amounting to approximately RM3.549 billion; and

(ii) the estimated value of the construction contracts to be awarded by NGD and/or its subsidiaries to GHC as main contractor in respect of the prospective projects to be undertaken on the Targeted Lands amounting to approximately RM4.342 billion.

The GHC Consideration, which represents a discount to the range of fair market value as appraised by EY, was commercially negotiated between our Company and the GHC Vendors.

Your Board is of the opinion that the Profit Guarantee is reasonable after considering the following:-

(i) historical aggregate net PAT of GHC for the FYE 31 May 2010, FYE 31 May 2011, 7 month FPE 31 December 2011 and FYE 31 December 2012 of approximately RM21.8 million as well as the average EBITDA of GHC for the historical five (5) years and ten (10) years projections of RM45.3 million as set out in the Summary Valuation Letter of GHC;

(ii) the remaining value of GHC's orderbook for its on-going project as well as contracts secured by GHC as at 31 December 2012 amounting to approximately RM3.549 billion;

(iii) the projected net PAT of GHC as set out in the GHC Valuation Report for the FYE 2013, the FYE 2014 and the FYE 2015 amounting to approximately RM28.38 million, RM74.80 million and RM89.13 million respectively; and

(iv) the future prospects of GHC after considering the positive outlook of the construction sector as further set out in Section 10.2 of Part A of this Circular.

For information purposes, our Company is entitled to legal recourse against GSB in the manner set out in Section 2.14(d) of Part A of this Circular in the event that the Aggregate Guaranteed Profit is not achieved under the Profit Guarantee although no collateral security has been pledged in favour of our Company for the purpose of securing any Shortfall under the Profit Guarantee. For the avoidance of doubt, in the event of an aggregate loss in GHC during the Guaranteed Financial Years, GSB shall pay MRCB an amount not exceeding RM50,000,000, being the guarantee sum under the terms of the Profit Guarantee Agreement.

Upon the completion of the Proposed Acquisition of GHC, the details and basis of adjustment to the GHC Consideration, if any, and the resultant GHC Consideration Shares together with the GHC Consideration Warrants issued arising from the GHC Consideration Adjustment will be announced subsequently.

2.3.2 Mode of settlement for the GHC Consideration

Subject to the GHC Consideration Adjustment as set out in Section 2.11.4(2) of Part A of this Circular, the GHC Consideration will be satisfied in the following manner:-

Mode of settlement	Date of settlement	Note	Consideration (RM'000)
Cash consideration	Within 30 days after the GHC SSA becomes unconditional, or such other date as may be agreed upon between the parties	(i)	38,000
GHC Consideration Shares with GHC Consideration Warrants	On Completion Date	(ii)	212,000
TOTAL			**250,000**

Notes:-

(i) The cash consideration shall be refunded by the GHC Vendors, in the manner as set out in Section 2.11.12 of Part A of this Circular in the event any party terminates the GHC SSA in accordance with its terms.

(ii) To be satisfied via the issuance to the GHC Vendors or their nominee(s) of 136,774,194 GHC Consideration Shares together with 39,078,341 GHC Consideration Warrants, subject to the GHC Consideration Adjustment.

The cash consideration, the GHC Consideration Shares and the GHC Consideration Warrants will be paid/issued to the GHC Vendors or their nominee(s) in the following manner:-

GHC Vendors	Shareholdings in GHC		<----------Mode of settlement---------->			
	No. of shares held	%	Cash	GHC Consideration Shares		No. of GHC Consideration Warrants
			(RM)	(RM)	No.	
Mohd Imran	1,425,000	95.0	36,100,000	201,400,000	129,935,484	37,124,424
Datuk Mohamed Salim	45,000	3.0	1,140,000	6,360,000	4,103,226	1,172,350
Datin Yasmin	30,000	2.0	760,000	4,240,000	2,735,484	781,567
TOTAL	**1,500,000**	**100.0**	**38,000,000**	**212,000,000**	**136,774,194**	**39,078,341**

The cash consideration, which represents approximately 15% of the GHC Consideration was determined after taking into consideration the prevailing cash flow position, working capital requirements as well as gearing of our Group. The issuance of the GHC Consideration Shares will enable our Group to enhance our asset base without any immediate impact on the cash flow and gearing of our Group as opposed to being fully settled in cash or via bank borrowings. In addition, the issuance of GHC Consideration Warrants will enable our Group to raise additional proceeds for our working capital requirements and for the repayment of bank borrowings, in the event the GHC Consideration Warrants are exercised at a later date.

In accordance with the GHC SSA, the GHC Vendors are entitled to appoint a nominee to receive and accept the GHC Consideration in place of the GHC Vendors by giving to MRCB notice in writing of such nomination together with all particulars of the nominee. In this regard, it is the intention of the GHC Vendors to nominate GSB to receive and accept the GHC Consideration. This will enable GSB to consolidate its direct shareholdings in our Company.

2.3.3 Source of funding

As at LPD, our Company intends to fund the cash consideration via internally generated funds. However, this would depend on the actual cash flow position of our Company as at the Completion Date and in the event our Company has insufficient cash flows, we may procure bank borrowings to fund part of the cash consideration.

2.3.4 Brief information on GHC

GHC (Company No.: 300947-T) was incorporated in Malaysia under the Act on 18 May 1994 as a private limited company. GHC is principally involved in construction of properties.

As at LPD, GHC has an authorised share capital of RM5,000,000 comprising 5,000,000 ordinary sbares of RM1.00 each of which RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at LPD, the directors of GHC are Mohd Imran and Datuk Dell Akbar bin Hyder Khan.

Brief details of the on-going project and contracts secured by GHC as at 31 December 2012 as well as details on the Targeted Lands are set out below:-

On-going projects

Project name/ Location	**Giant Kangar/ Mukim Utan Aji**	**Giant Setapak/ Setapak**
Type of construction	Design and build	
Project owner	GCH Retail (M) Sdn Bhd ("GCH Retail")	
Contract value (RM million)	25.4	55.0

Project name/ Location	**Giant Kampar/ Kampar**	**SCOPE/ Teknologi Park Malaysia ("TPM")**
Type of construction	Design and build	Commercial development
Project owner	GCH Retail	Gapurna Retail Sdn Bhd
Contract value (RM million)	50.7	78.4

Secured projects

Project name/ Location	**Lot 8/ Petaling Jaya**	**Lot 12/ Petaling Jaya**
Type of construction	Commercial development	Commercial development
Project owner	Puncak Wangi	P.J Sentral
Contract value (RM million)	218.3	1,349.2

Project name/ Location	**9 Seputeh/ Old Klang Road**	**Suria Subang/ Subang**
Type of construction	Commercial development	Commercial development
Project owner	Gapurna Land	Gapurna Builders
Contract value (RM million)	1,457.9 and 115.0 (for infrastructure)	199.2

Targeted Lands

	Targeted Lands		
	1st Targeted Land	**2nd Targeted Land**	**3rd Targeted Land**
Registered owner/Proprietor	Pesurohjaya Tanah Persekutuan, Persekutuan Tanah Melayu	Federal Lands Commissioners, Federation of Malaya	Commissioner of Lands Federation of Malaya
Title No.	GRN 19550	GRN 19551	PN 6483
Lot.No.	Lot 1 Section 26	Lot 2 Section 26	Lot 2 Section 27
Town	Petaling Jaya	Petaling Jaya	Petaling Jaya
District	Petaling Jaya	Petaling Jaya	Petaling Jaya
State	Selangor Darul Ehsan	Selangor Darul Ehsan	Selangor Darul Ehsan
Tenure	Freehold	Freehold	Leasehold 99 years expiring on 25 May 2070
Area endorsed on the title	20,695.0543 square metres (222,760 square feet)	96,520.4059 square metres (1,038,971 square feet)	31,562.0318 square metres (339,742 square feet)
Category of use	Nil	Nil	Bangunan
Development potential	Office, mall, retail, hotel, serviced apartment, medical facilities, mosque, parking and infrastructure services area		Shopping complex, shop/office, serviced apartment
Estimated construction value (including relocation cost)	RM3,778.7 million		RM563 million

As at LPD, save for the 3rd Targeted Land, the approval in principle has not been issued for the Targeted Lands.

Further details on the construction projects of GHC are set out in Section 11 of Appendix II of this Circular. For information purposes, GHC has been/will be appointed as the main contractor by the NGD Subsidiaries and/or any subsidiary companies incorporated or to be incorporated by NGD from time to time for the purpose of holding any land(s)/real property(ies) or carrying out property development or investment activities.

2.3.5 Brief information on the GHC Vendors

(i) Mohd Imran

Mohd Imran is the son of Datuk Mohamad Salim and Datin Yasmin. Mohd Imran, aged 31 has undertaken various managerial positions ranging from Chief Operating Officer (former) to Non-Executive Director of GTC. From 2007 onwards, he served as a board member of GSB, a holding company with interests in, amongst others, commercial property development, project management, construction and building, car park management services and information and communications technology ("**ICT**"). Mohd Imran also sits on the board of GHC, a construction company and GTC, a company specialising in closed-circuit television security surveillance system implementation. He holds a Degree in Electrical and Electronics from University of Manchester Institute of Science and Technology, UK and Masters in Commerce from Deakin University, Australia. He was recently appointed as Group Chief Operating Officer of MRCB.

(ii) Datnk Mohamad Salim

Datuk Mohamad Salim is the spouse of Datin Yasmin and father of Mohd Imran. Aged 56, he graduated from Tunku Abdul Rahman College with a General Certificate of Education (O Level)/ Higher School Certificate. Between 1985 to 1990, he had ventured into business by establishing set ups to manage and trade in oil and petroleum products. Subsequently in 1991 onwards, he diversified his interests into land trading initially and subsequently, into commercial property development, property, project and building management, construction, ICT and investment holdings (both locally and overseas).

Datuk Mohamad Salim is the Managing Director of GSB and sits on all the boards of the Gapurna group of companies undertaking the above businesses. He also sits on the boards of three (3) subsidiaries in MRCB Group.

He is also the Chairman of GCH Retail (Malaysia) Sdn Bhd, the flagship company that undertakes Giant supermarkets and hypermarkets and retail outlets under the brand of Giant in Malaysia. GCH Retail (Malaysia) Sdn Bhd is owned by Dairy Farm, a Hong Kong based group which is a subsidiary of the global Jardine Matheson Group. Despite his heavy commitment, he still makes time to serve as member of the Malaysian Communications & Multimedia Commission ("**MCMC**").

Datuk Mohamad Salim was appointed a Commission Member of MCMC for a two (2) year term with effect from 1 December, 2012. In addition, he sits on the Audit and Disciplinary Committees of MCMC. He also sits on the board of British American Tobacco (Malaysia) Berhad, a public company listed on the Bursa Securities as its chairman and is a member of its Audit and Remuneration Committee.

(iii) Datin Yasmin

Datin Yasmin is the spouse of Datuk Mohamad Salim and mother of Mohd Imran. Datin Yasmin, aged 57, assisted her father in running and managing his oil and gas interests.

Together with Datuk Mohamad Salim, they co-founded GSB, the holding company of the Gapurna group of companies. Currently, Datin Yasmin sits on the board of GSB in addition to being on the boards of several subsidiaries in the Gapurna group of companies.

Over the years, the exposure to the various aspects of managing and leading corporations have enhanced her leadership and managerial skills which she displayed in assisting her husband to run the companies under her care.

She is also active in several social activities and is a trustee on the board of Yayasan Gapurna.

Further information on GHC are set out in Appendix II of this Circular.

2.4 Details of the Proposed Acquisition of GGS

In accordance with the terms and conditions set out in the GGS SSA, the GGS Vendors agree to sell and we agree to purchase the entire equity interest in GGS (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title; and (ii) with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date for a total consideration of RM20,000,000 which will be satisfied via a combination of cash amounting to RM3,000,000 and the issuance to the GGS Vendors or their nominee(s) of 10,967,742 GGS Consideration Shares at an issue price of RM1.55 per GGS Consideration Share, together with 3,133,641 GGS Consideration Warrants on the basis of two (2) GGS Consideration Warrants for every seven (7) GGS Consideration Shares issued.

2.4.1 Basis and justification of arriving at the GGS Consideration

The GGS Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated PAT and NA of GGS as at the FYE 31 December 2011 of RM4,117,827 and RM47,656,864 respectively, as well as the existing long-term contracts of its subsidiary over a period of up to nineteen (19) years with a total contract value of RM245 million.

The commercially negotiated GGS Consideration represents a price-to-earnings ratio ("**PER**") and price-to-book ratio ("**PBR**") of approximately 4.86 times and 0.42 times based on the audited PAT and NA of GGS for the FYE 31 December 2011 respectively.

In determining the reasonableness of the GGS Consideration, our Company has considered the PER and PBR of listed companies on Bursa Securities which are involved in security and surveillance related businesses as set out below:-.

Comparable Companies	FYE	PER (times)	PBR (times)
INIX Technologies Holdings Berhad	31 July 2012	16.23	2.54
Industronics Berhad	31 December 2011	16.25	1.08
IQ Group Holdings Berhad	31 March 2012	3.99*	0.30*
Metronic Global Berhad	31 December 2011	n.a	1.28
Simple Average		**16.24**	**1.63**

(Source: Bloomberg as at7 February 2013 and the latest available financial statements of the respective companies).

Notes:-

* *Deemed as an outlier and has been excluded from the computation of simple average.*

n.a. *Not applicable as the company registered losses based on its latest audited financial statements.*

In view of the above, the implied PER and PBR of GGS derived based on the audited PAT and NA of GGS for FYE 31 December:-

(i) falls within the range of PERs of between 3.99 times and 16.25 times and falls below the average PER of 16.24 times; and

(ii) the PBR of 0.42 times falls within the range of PBRs of between 0.30 times and 2.54 times as well as the average PBR of 1.63 times.

2.4.2 Mode of settlement for the GGS Consideration

The GGS Consideration will be satisfied in the following manner:-

Mode of settlement	Date of settlement	Note	Consideration (RM'000)
Cash consideration	Within 30 days after the GGS SSA becomes unconditional, or such other date as may be agreed upon between the parties	(i)	3,000
GGS Consideration Shares with GGS Consideration Warrants	On Completion Date	(ii)	17,000
TOTAL			**20,000**

Notes:-

(i) The cash consideration shall be refunded by the GGS Vendors, in the manner as set out in Section 2.11.12 of Part A of this Circular in the event any party terminates the GGS SSA in accordance with its terms.

(ii) To be satisfied via the issuance to the GGS Vendors and/or their nominee(s) of 10,967,742 GGS Consideration Shares together with 3,133,641 GGS Consideration Warrants.

The cash consideration, the GGS Consideration Shares and the GGS Consideration Warrants will be paid/issued to the GGS Vendors and/or their nominee(s) in the following manner:-

GGS Vendors	Shareholdings in GGS		<----------Mode of settlement---------->			
	No. of shares held	%	Cash	GGS Consideration Shares		No. of GGS Consideration Warrants
			(RM)	(RM)	No.	
Hanif Ahmad						
- Ordinary shares	98	98.0	1,999	11,326	7,307	2,088
Mohd Imran						
- Ordinary shares	2	2.0	2,998,001	16,988,674	10,960,435	3,131,553
- RPS	147,000	100.0				
TOTAL			**3,000,000**	**17,000,000**	**10,967,742**	**3,133,641**

The cash consideration, which represents 15% of the GGS Consideration was determined after taking into consideration the prevailing cash flow position, working capital requirements as well as gearing of our Group. The issuance of the GGS Consideration Shares will enable our Group to enhance our asset base without any immediate impact on the cash flow and gearing of our Group as opposed to being fully settled in cash or via bank borrowings. In addition, the issuance of GGS Consideration Warrants will enable our Group to raise additional proceeds for our working capital requirements and for the repayment of bank borrowings, in the event the GGS Consideration Warrants are exercised at a later date.

In accordance with the GGS SSA, the GGS Vendors are entitled to appoint a nominee to receive and accept the GGS Consideration in place of the GGS Vendors by giving to MRCB notice in writing of such nomination together with all particulars of the nominee. In this regard, it is the intention of the GGS Vendors to nominate GSB to receive and accept the GGS Consideration. This will enable GSB to consolidate its direct shareholdings in our Company.

2.4.3 Source of funding

As at LPD, our Company intends to fund the cash consideration via internally generated funds. However, this would depend on the actual cash flow position of our Company as at the Completion Date and in the event our Company has insufficient cash flows, we may procure bank borrowings to fund part of the cash consideration.

2.4.4 Brief information on GGS

GGS (Company No.: 842248-V) was incorporated in Malaysia under the Act on 23 December 2008 as a private limited company. Its principal activities are in property and investment holding.

As at LPD, GGS has an authorised share capital of RM1,000,000 comprising 500,000 ordinary shares of RM1.00 each and 500,000 RPS of which RM147,100 comprising of 100 ordinary shares of RM1.00 each and RM147,000 comprising 147,000 RPS have been issued and fully paid-up.

The shareholders and directors of GGS as at LPD are Hanif Ahmad and Mohd Imran with shareholdings of 98% and 2% respectively.

2.4.5 Brief information on the GGS Vendors

(i) Hanif Ahmad

Hanif Ahmad is the cousin of Mohd Imran and is the nephew of Datuk Mohamad Salim and Datin Yasmin. Hanif Ahmad, aged 36, joined Malaysia Airlines Berhad as a junior officer in 1995 and worked his way up to be a Senior Officer of the Customer Service Department. He was appointed a director of GGS since 1 November, 2010.

During his service with Malaysia Airlines Berhad, he attended numerous courses and seminars for his self-improvement and following his directorship with GGS, he has been exposed to the various aspects of management and leadership skills.

(ii) Mohd Imran

Mohd Imran is the cousin of Hanif Alnnad and is the son of Datuk Mohamad Salim and Datin Yasmin.

The profile of Mohd Imran is set out in Section 2.3.5 of Part A of this Circular.

Further information on GGS are set out in Appendix III of this Circular.

2.5 Basis and justification of determining the issue price of the Consideration Shares and Consideration Warrants and the exercise price of the Consideration Warrants

The issue price for the Consideration Shares of RM1.55 together with the Consideration Warrants (to be issued on the basis of two (2) Consideration Warrants for every seven (7) Consideration Shares issued) was determined on a willing buyer-willing seller basis and after taking into consideration, amongst others, the prevailing market conditions as well as the historical share price of MRCB, including the following:-

(i) the issue price represents a premium of approximately 25% over the last traded price of MRCB Shares up to and including 7 February 2013 of RM1.24, being the last market day prior to the date of execution of the SSAs;

(ii) the issue price represents a premium of approximately 21.1% and 9.2% to the five (5)-days and 30 days VWAMP of MRCB Shares up to and including 7 February 2013, being the last market day prior to the date of execution of the SSAs of RM1.28 and RM1.42 respectively; and

(iii) the range of closing prices of MRCB Shares for the past 52 weeks up to and including 7 February 2013, being the last market day prior to the date of execution of the SSAs of RM1.24 to RM2.24.

In determining the reasonableness of the issue price for the Consideration Shares, premised on the above bases, we have also considered the PER and PBR of comparable peers within the construction and property development industry which are listed on Bursa Securities with a market capitalisation in excess of RM2 billion as at 7 February 2013, being the last market day prior to the date of execution of the SSAs, details of which are set out below:-

Comparable Peers	FYE	Market Capitalisation as at 7 February 2013* RM'million	PER (times)	PBR (times)
UEM Land Holdings Berhad	31 December 2011	8,784	28.19	1.81
SP Setia Berhad	31 October 2012	5,971	15.17	1.55
Sunway Berhad	31 December 2011	3,063	8.23	1.03
IJM Land Berhad	31 March 2012	2,890	14.93	0.65
Simple average			16.63	1.26
MRCB		2,151	35.71	1.52

(Source: Bloomberg as at 7 February 2013 and the latest audited consolidated financial statements of the respective companies).

Note:-

* *Derived based on the closing market prices of the respective companies on 7 February 2013, being the last trading date prior to the Announcement, multiplied by the respective companies' weighted number of shares in issue as at their respective financial year end.*

Based on the above, the implied PER and PBR for our Group, based on the issue price for the Consideration Shares of RM1.55 is higher than the PER of all of our Group's comparable peers and falls within the range of PBRs of our Group's comparable peers. In view of this, the issue price for the Consideration Shares is deemed reasonable.

The exercise price of the Consideration Warrants of RM2.30 per new MRCB Share was determined after taking into consideration, amongst others, the prevailing market conditions as well as the historical share price of MRCB, including the highest closing price of MRCB Shares for the past 52 weeks up to and including 7 February 2013, being the last market day prior to the date of execution of the SSAs of RM2.24. The exercise price, which has been rounded up from the highest closing price of MRCB Shares for the past 52 weeks up to and including 7 February 2013, represents a premium of approximately 79.7% and 2.7% over the five (5)-days VWAMP and highest closing price of MRCB Shares of RM1.28 and RM2.24 respectively.

Whilst the Consideration Warrants are issued free to the Vendors, your Board has taken into consideration the potential proceeds which will accrue to our Company, arising from the exercise of the Consideration Warrants in the future, further details of which are set out in Section 2.10 of Part A of this Circular.

For information purposes, the Financial Reporting Standard ("**FRS**") 3 (revised): Business Combinations ("**FRS 3 (revised)**") requires the recognition of the fair value of the Consideration Shares and Consideration Warrants based on the traded price of the Consideration Shares and Consideration Warrants as at the Completion Date, illustrations of which are set out in Section 11.2 of Part A of this Circular.

2.6 Ranking of the Consideration Shares and the new MRCB Shares to be issued upon exercise of the Consideration Warrants

The Consideration Shares and new MRCB Shares to be issued upon exercise of the Consideration Warrants shall upon allotment and issue, rank *pari passu* in all respects with each other and with the then existing MRCB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment of the Consideration Shares or such uew MRCB Shares to be issued pursuant to the exercise of the Consideration Warrants.

The principal terms of the Consideration Warrants are set out in Appendix X of this Circular.

2.7 Listing of the Consideration Shares and the Consideration Warrants as well as the new MRCB Shares to be issued pnrsuant to the exercise of the Consideration Warrants

Approval has been obtained from Bursa Securities vide its letter dated 4 June 2013 for the admission of the Consideration Warrants on the Official List of Bursa Securities as well as the listiug of and quotation for the Consideration Shares, the Consideration Warrants and new MRCB Shares to be issued pursuant to the exercise of the Consideration Warrants on the Main Market of Bursa Securities.

2.8 Liabilities to be assumed by MRCB

Save for the bank borrowings which may be obtained to fund the cash consideration as stated in Sections 2.1.3, 2.2.3, 2.3.3 and 2.4.3 above, as well as such other amount which may be required to replace any guarantee provided by the Vendors to the financiers/creditors of the Acquiree Companies upon completion of the Proposed Acquisitions, if applicable, there is no liability, contingent liability or guarantee to be assumed by us pursuant to the Proposed Acquisitions.

2.9 Estimated financial commitments

Save for the development costs for the development of the landbanks acquired through the NGD Subsidiaries, GHC's construction costs for its construction projects as well as GGS and its subsidiary's project costs for the setting up of security surveillance systems, your Board does not foresee other financial commitments required to put the assets acquired on-stream. The costs to be incurred may be funded by our Group through borrowings and/or internally generated funds after taking into consideratiou our Group's future gearing level and its working capital requirements.

The actual costs to be incurred by our Group will depend on, amongst others, the type of developments to be undertaken on the said landbanks as well as the nature and/or extent of our construction and security surveillance activities. Whilst the development orders for certain landbanks have been obtained, our Group may alter such approved development orders as we deem fit.

2.10 Utilisation of proceeds raised pursuant to the exercise of the Consideration Warrants

The Consideration Warrants will not raise any immediate proceeds upon their issuance as the Consideration Warrants will be issued free to the Vendors or their nominee(s) pursuant to the Proposed Acquisitions.

The proceeds arising from the exercise of the Consideration Warrants in the future, the quantum of which is dependent upon the actual number of Consideration Warrants exercised, shall be utilised to finance the working capital requirements and for the repayment of bank borrowings of our Group, which stood at approximately RM3.24 billion as at LPD. Depending on the actual quantum of proceeds to be received from the exercise of the Consideration Warrants and the amount to be utilised for repayment of bank borrowings, our Group will enjoy interest savings arising from the repayment of such bank borrowings.

As each Consideration Warrant entitles the registered holder to subscribe for one (1) new MRCB Share, a total of 127,242,635 MRCB Shares will be issued in the event all of the 127,242,635 Consideration Warrants are fully exercised.

Based on the issuance of up to 127,242,635 Consideration Warrants and the exercise price of the Consideration Warrants of RM2.30 per new MRCB Share, our Company is expected to raise up to approximately RM292.7 million from the full exercise of the Consideration Warrants.

Our Company will utilise the proceeds raised from the exercise of the Consideration Warrants at the appropriate time depending on, *inter-alia,* the cash flow position as well as the funding requirements of our Group. The proceeds are intended to be fully utilised within three (3) years from the expiration of the exercise period of the Consideration Warrants.

The proceeds from the exercise of the Consideration Warrants will be placed in deposits with financial institutions and/or short-term money market instrument(s) in the event that the proceeds are not immediately utilised by our Company.

2.11 Salient terms of the SSAs

2.11.1 Proposed Acquisitions

Our Company proposes to acquire –

(a) the entire equity interest of Gapurna Builders, Gapurna Land and Puncak Wangi and 70% of equity interest of P.J Sentral respectively from NGD;

(b) the entire equity interest of GHC from the GHC Vendors; and

(c) the entire equity interest of GGS from the GGS Vendors,

for an aggregate indicative sale and purchase consideration of RM729,000,000 ("**Pre-Adjustment Purchase Consideration**"), computed on the basis of the latest available audited accounts of the Acquiree Companies upon the terms and subject to the conditions set out in the respective SSAs.

2.11.2 Manner of payment of the Pre-Adjustment Purchase Consideration

(a) Subject to the completion adjustment provided for under the terms of the SSAs, the purchase consideration shall be satisfied by us in the following manner:

(i) Upon the execution of SSAs, our Company shall pay a sum of RM10,000,000 as deposit and part payment of the aggregate purchase consideration to our Company's solicitors as stakeholders to hold and deal with in accordance with the terms of the respective SSAs ("**Deposit**").

(ii) On or before the Completion Date, or such later date as the parties may mutually agree, our Company shall pay a total fixed sum of RM101,000,000 payable in cash, to the relevant Vendors ("**Consideration Cash**").

For information purpose, the Consideration Cash shall be paid by our Company to the relevant Vendors within 30 days after the SSAs become unconditional.

(iii) On the Completion Date, our Company shall issue 398,709,678 Consideration Shares, together with 113,917,052 Consideration Warrants, amounting to the remainder of the aggregate purchase consideration, to the relevant Vendors, which is subject to the completion adjustment in accordance with the terms of the respective SSAs.

2.11.3 Basis of purchase consideration

(a) The parties acknowledge and covenant that the purchase consideration has been arrived at on the basis that the NGD Subsidiaries are or shall as at the Completion Date be free of any claims, debts or liabilities relating to loans or advances extended to the NGD Subsidiaries by their respective directors and/or NGD and their related parties and persons connected with them ("**Related Party Advances**"), which amount (for the purposes of determination of the Pre-Adjustment Purchase Consideration as at the date of the NGD SSA) to an aggregate sum of RM50,000,000.

(b) Accordingly, NGD undertakes and covenants to at its own cost and expense procure that the NGD Subsidiaries shall capitalise the Related Party Advances into new convertible loan stocks or redeemable preference shares or other convertible securities to be issued by the relevant NGD Subsidiaries at an issue price of RM1.00 each ("**Capitalisation Securities**") on or before the Completion Date ("**Proposed Capitalisation**").

(c) In the event that any of the NGD Subsidiaries shall not capitalise the Related Party Advances or any part thereof into new Capitalisation Securities by the Completion Date or shall be unable to furnish sufficient documentary proof of such capitalisation, the parties agree that the number of NGD Consideration Shares and the NGD Consideration Warrants to be issued by our Company to NGD towards satisfaction of the NGD Consideration shall be adjusted downwards accordingly.

(d) The Capitalisation Securities shall form and constitute part of the sale shares to be disposed of by NGD and to be purchased by our Company on completion as contemplated under the terms of the NGD SSA.

2.11.4 Completion adjustment

(1) <u>In respect of the NGD SSA:-</u>

(a) In the event that the open market value of the lands/assets/real properties/buildings held by the NGD Subsidiaries shall be varied/adjusted pursuant to comments provided by any regulatory authorities in respect of the Property Valuation Reports, the aggregate nominal value of the NGD Consideration Shares together with the NGD Consideration Warrants to be allotted and issued by our Company to NGD shall be adjusted upwards or downwards accordingly, and the total sale and purchase consideration payable by our Company following the NGD Consideration Adjustment shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (a) provided always that the NGD Consideration Adjustment pursuant to this provision shall amount to a sum of more than 1% of the pre-adjustment NGD Consideration.

(b) If the NGD Consideration Adjustment pursuant to the provisions this paragraph 2.11.4(1) in respect of the NGD SSA shall amount to a sum equivalent to or less than 1% of the pre-adjustment NGD Consideration, the parties agree that no completion adjustment under the provisions of paragraph (a) above shall take place notwithstanding that the valuation of the open market value of the Property held by the relevant NGD Subsidiaries shall be varied/adjusted pursuant to the Property Valuation Reports.

(c) If the NGD Consideration Adjustment pursuant to the provisions of this paragraph 2.11.4(1) shall amount to an upward adjustment of more than 5% of the pre-adjustment NGD Consideration, our Company shall be entitled to give notice to NGD immediately terminating the NGD SSA.

(d) If the NGD Consideration Adjustment pursuant to the provisions of this paragraph 2.11.4(1) shall amount to a downward adjustment of more than 5% of the pre-adjustment NGD Consideration, NGD shall be entitled to give notice to us immediately terminating the NGD SSA.

(2) In respect of the GHC SSA:-

(a) The parties acknowledge and agree that the pre-adjustment purchase consideration has been arrived at on the basis that a valid approval in principle is issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and GHC is appointed as the main contractor in respect of the construction and development of the Targeted Lands.

(b) In the event that a valid approval in principle has not been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and GHC is accordingly not appointed as the main contractor in respect of the construction and development of the Targeted Lands and therefore does not enjoy a corresponding economic/financial benefit from such construction and development, the parties agree, covenant and undertake that, for the purposes of expediency, the parties shall proceed with the completion of the sale and purchase of the sale shares as contemplated under the provisions of the GHC SSA subject to a corresponding adjustment of the pre-adjustment GHC Consideration based on the value of the construction contract attributable to such of the Targeted Lands for which approval in principle has been issued/granted. The value of such corresponding adjustment of the pre-adjustment GHC Consideration shall be mutually agreed upon by the parties but shall not in any event result in a downwards adjustment of more than RM70,000,000.

(c) In the event that subsequent to the aforesaid downwards adjustment and at any time within a period of three (3) years after the Completion Date, valid approval(s) in principle is/are issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and GHC is appointed as the main contractor in respect of the construction and development of the Targeted Lands (collectively, the "**Land Grant Condition**"), MRCB shall pay to the GHC Vendors the GHC Consideration Adjustment or such applicable part thereof as and when the Land Grant Condition is fulfilled in respect of such of the Targeted Lands for which the Land Grant Condition has been fulfilled, via the issuance of new MRCB Shares at an issue price of RM1.55 per MRCB Share.

(d) The parties further agree that GHC Vendors shall procure that GHC shall be appointed as the main contractor in respect of the construction and development of the Targeted Lands. The construction contract shall be awarded to GHC at the cost price of the construction for the development on each of the Targeted Lands plus an amount equivalent to an additional 10% of the said cost price.

2.11.5 Conditions precedent

The Proposed Acquisitions is conditional upon the following conditions precedent being obtained/fulfilled within a period of nine (9) months after the date of the SSAs, or such later date as the parties may mutually agree (**"Cut-Off Date"**):-

(a) the approval of the shareholders of our Company at an EGM to be convened for the Proposed Acquisitions (including issuance of the Consideration Shares together with the Consideration Warrants as part payment of the Purchase Consideration), the Proposed Exemption, the Proposed IASC and the Proposed Amendments in accordance with the terms and conditions of the SSAs;

(b) any outstanding development orders in respect of on-going developments of the relevant Acquiree Companies having been obtained/issued;

(c) the approval or consent of the financiers of the relevant Acquiree Companies, for, *inter-alia*, the sale and transfer of the sale shares in favour of our Company or its nominee(s), upon the terms and subject to the conditions of the SSAs, where required;

(d) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with the relevant Acquiree Companies, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;

(e) the approval or consent of Bursa Securities for the listing of and quotation for the Consideration Shares, the Consideration Warrants and the new MRCB Shares arising from the exercise of the Consideration Warrants, where required;

(f) our Company's confirmation in writing on its satisfaction on the matters set out in the disclosure letter(s) furnished by the relevant Vendors disclosing as at the date of the SSAs any exclusions or exceptions to and any inconsistencies with the Vendors' respective warranties set out in the relevant SSAs (**"Vendor's Disclosure Letter");**

(g) the Vendors' confirmation in writing on their satisfaction on the matters set out in the disclosure letter(s) furnished by our Company disclosing as at the date of the SSAs any exclusions or exceptions to and any inconsistencies with our warranties set out in the relevant SSAs (**"MRCB's Disclosure Letter"**);

(h) the approval of the SC in respect of the Proposed Exemption; and

(i) all conditions precedent applicable in connection with the other transactions comprised in the Proposed Acquisitions having been fulfilled or obtained in accordance with the terms and conditions of the relevant SSAs.

2.11.6 Termination in the event any Conditions Precedent is not fulfilled

If:–

(a) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; or

(b) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have not been obtained or fulfilled; or

(c) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to the terms and conditions which are not acceptable to the affected party being terms and conditions which affect the affected party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons,

then any party shall be entitled to terminate the SSAs by giving a notice of termination to that effect to the other party, whereupon the Vendors shall return, refund and repay to our Company any and all moneys (including the Deposit but excluding a sum equivalent to 2% of the Purchase Consideration to be paid to the Director-General of Inland Revenue pursuant to Section 21B of the Real Property Gains Tax Act, 1976 ("**Retention Sum**") which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by it towards account of the Purchase Consideration free of interest and use its best endeavours to obtain a refund in favour of our Company of the Retention Sum from the Director-General of Inland Revenue and the parties shall not have any further rights under the SSAs except in respect of –

(a) any obligations under the SSAs which is expressed to apply after the termination of the SSAs; and

(b) any rights and obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.

2.11.7 Due diligence exercises

(a) Our Company shall, forthwith after the execution of the SSAs, carry out and complete a due diligence exercise on each of the Acquiree Companies ("**Due Diligence (Acquiree Companies)**"), at its own costs and expenses, within a period of 75 days from the date of the SSAs or such other period as may be agreed upon by the parties ("**Due Diligence Period**").

(b) The Vendors shall, forthwith after the execution of the SSAs, carry out and complete a due diligence exercise on our Group ("**Due Diligence (MRCB)**"), at their own costs and expenses, within the Due Diligence Period.

(c) Should the Due Diligence (Acquiree Companies) or the Due Diligence (MRCB) yield findings that certain events or circumstances are present which would materially and adversely affect the aggregate net asset value of the relevant Acquiree Companies or our Group ("**Unsatisfactory Matter(s)**"), we or our solicitors or the Vendors or their solicitors, as the case may be, shall notify the Vendors or us, as the case may be, in writing of the Unsatisfactory Matter(s) within seven (7) business days after the expiry of the Due Diligence Period.

(d) The Vendors or us, as the case may be, shall then have 30 business days from the date of receipt of the notification by the Vendors or their solicitors or us or our solicitors, as the case may be, or such other period as the parties may mutually agree in writing ("**Cure Period**"), to remedy the Unsatisfactory Matter(s) which are capable of being remedied or to fulfil certain obligations and if the Cure Period expires after the Cut-Off Date, the Cut-Off Date shall be deemed to have been extended for a further period up to the expiry of the Cure Period.

(e) In the event that:–

(i) any Unsatisfactory Matter(s) in respect of the Due Diligence (Acquiree Companies) is/are unable to be cured, remedied or resolved within the Cure Period to the reasonable satisfaction of our Company; and

(ii) such Unsatisfactory Matter(s) constitutes a breach of the Vendors' warranties by the relevant Vendors under the relevant SSAs,

we may elect within 21 days following the expiry of the Cure Period to:

(iii) require that the parties enter into bona fide negotiations with a view to agreeing on an appropriate downward adjustment of the Purchase Consideration which appropriately reflects any potential diminution in the value of the sale shares, in which event the parties shall exercise their best endeavours to agree on such appropriate downward adjustment within 21 business days following the receipt of our notice in writing; or

(iv) terminate the SSAs by giving a notice of termination to that effect to the relevant Vendors in accordance with the terms of the relevant SSAs, in which event the remedy period of 30 days as prescribed under the relevant SSAs shall not apply.

(f) In the event that:–

(i) any Unsatisfactory Matter(s) in respect of the Due Diligence (MRCB) is/are unable to be cured, remedied or resolved within the Cure Period to the reasonable satisfaction of the Vendors; and

(ii) such Unsatisfactory Matter(s) constitutes a breach of our warranties by us as set out in the relevant SSAs,

the Vendors may elect within 21 days following the expiry of the Cure Period to:-

(iii) require that the parties enter into bona fide negotiations with a view to agreeing on an appropriate downward adjustment of the issue price of the Consideration Shares which appropriately reflects any potential diminution in our market value, in which event the parties shall exercise their best endeavours to agree on such appropriate downward adjustment within 21 business days following the receipt of the Vendors' notice in writing; or

(iv) terminate the SSAs by giving a notice of termination to that effect to us in accordance with the terms of the relevant SSAs, in which event the remedy period of 30 days as prescribed under the relevant SSAs shall not apply.

(g) In the event that the parties are unable to determine or shall dispute (1) the value or effect of any Unsatisfactory Matter(s) on the net asset value position of a party or (2) whether any Unsatisfactory Matter(s) constitutes a breach of our warranties by us or the Vendors' warranties by the Vendors as set out in the relevant SSAs or (3) whether such Unsatisfactory Matter(s) has been properly cured, remedied or resolved within the Cure Period or (4) the quantum of the appropriate downward adjustment referred to above (whichever is applicable), then either party may refer such dispute, controversy or claim to be settled by arbitration at the at the Kuala Lumpur Regional Centre for Arbitration (KLRCA) to be heard by a single arbitrator in accordance with the Kuala Lumpur Regional Centre for Arbitration Fast Track Rules. The proceedings and any decision and arbitral award of the arbitration shall be final and binding on the parties. In the event that such dispute, controversy or claim is referred to arbitration, the termination rights of the parties as stipulated above shall be suspended until such time as the arbitral award of the arbitration is issued.

For information purposes, the Due Diligence Period for both the Acquiree Companies and our Company have expired on 24 April 2013 and under the SSAs, both parties have seven (7) business days after the expiry of the Due Diligence Period to notify either party of any Unsatisfactory Matter ("**Notification Period**"). Subsequently, the parties had, via exchange of letters dated 3 May 2013 and 6 May 2013, mutually agreed that the Notification Period, which expired on 6 May 2013, be extended up to 20 May 2013 and neither party has received any notification on any Unsatisfactory Matter.

2.11.8 Drag-along and tag-along rights in relation to P.J Sentral

(a) NGD and we acknowledge and confirm that, under the terms of the Shareholders' Agreement entered into between NGD and PKNS in respect of P.J Sentral dated 3 September 2010, NGD is:-

(i) entitled to compel PKNS to participate in the sale of all the shares in P.J Sentral to our Company ("**Drag Along**"); and

(ii) obliged to procure that PKNS shall have the same option to sell its shares in P.J Sentral at the same time and on conditions no less favourable than those offered to NGD if there is no invitation from PKNS to purchase the 70% of the equity interest held by NGD in P.J Sentral after PKNS receives a notice of NGD's intention to sell its 70% of the equity interest held in P.J Sentral ("**Tag Along**"),

upon receiving an offer to purchase the 70% of the equity interest of P.J Sentral from our Company.

(b) Other than expressly disclosed therein, NGD agrees and covenants that it shall not, without our prior written consent, accede or give effect to any agreement, arrangement or undertaking obligation with PKNS or any other party relating to the interpretation or implementation of any Drag-Along or Tag-Along rights under the terms of the Shareholders' Agreement.

(c) NGD represents, confirms and warrants that other than the Tag Along and Drag Along and other pre-emption rights granted under the terms of the Shareholders' Agreement, there are no rights of pre-emption or any other similar rights over any of the shares of any of the NGD Subsidiaries in favour of any third party, whether conferred by the M&A of any NGD Subsidiaries or by virtue of any other document, covenant or undertaking.

2.11.9 Integration committee

(a) An integration committee will be established following the execution of the SSAs to facilitate the completion of the Proposals and post-completion arrangements relating to the completion of the Proposed Acquisitions.

(b) The integration committee shall consist of a maximum of five (5) committee members, of which up to three (3) may be nominated by us and of which up to two (2) may be nominated by the respective shareholders of the Acquiree Companies in such form and with such decision-making procedures as may be agreed by the parties. The integration committee shall be chaired by Datuk Shahril Ridza Ridzuan.

(c) The primary terms of reference of the integration committee shall be as follows:-

(i) to undertake to address and produce plans for the integration of human resources, corporate assets and resources as well process integration for the our Group and the Acquiree Companies; and

(ii) to assist, coordinate and/or resolve any issues arising during the Proposed Acquisitions.

The decisions of the integration committee shall consist only of recommendations to our Board and the respective boards of director of the Vendors.

(d) The integration committee shall be disbanded upon completion of the Proposed Acquisitions in accordance with the terms of the respective SSAs.

2.11.10 Manner of completion of the Proposed Acquisitions

(a) The parties agree that the Proposed Acquisitions shall be completed only if all conditions precedent in respect of the Proposed Acquisitions are fulfilled and to the greatest extent possible, completion of the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral pursuant to the terms and conditions of the SSAs shall take place concurrently with the completion of the other Proposed Acquisitions pursuant to the terms of the other relevant definitive agreements. It is contemplated by the parties that the completion of the sale and purchase of the shares of P.J Sentral need not necessarily occur simultaneously with the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral. The parties further agree that they may complete the sale and purchase of the shares of P.J Sentral at the same time or after the completion of the Proposed Acquisition of GHC, Proposed Acquisition of GGS and the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral.

(b) The parties agree that although the Proposed Acquisition of 30% of P.J Sentral shall be conditional upon the completion of the Proposed Acquisitions (including the proposed acquisition of 70% equity interest in P.J Sentral), the Proposed Acquisitions (including the proposed acquisition of 70% equity interest in P.J Sentral) shall not in any way be conditional upon the completion of the Proposed Acquisition of 30% of P.J Sentral. Further, notwithstanding the subsequent execution of a conditional share sale agreement between MRCB and PKNS in respect of the Proposed Acquisition of 30% of P.J Sentral, for the purposes of expediency, the completion of the Proposed Acquisition of 30% of P.J Sentral upon the terms of such conditional share sale agreement need not occur simultaneously with the completion of the Proposed Acquisitions on the terms and conditions set out in the SSAs (including but not limited to completion under the SSAs) and such completion of the Proposed Acquisition of 30% of P.J Sentral may take place separately and independently.

(c) Following the signing of the SSAs, the parties shall through the integration committee as referred to in paragraph 2.11.9 above evaluate the strategic fit of GGS and its subsidiary, namely GTC, into the enlarged Group following the completion of the Proposed Acquisitions. All such evaluative discussions shall be carried out on a good faith basis and any decision shall be subject to the parties' mutual agreement. Notwithstanding paragraphs 2.11.10(a) and 2.11.10(b) above, the Proposed Acquisition of NGD and the Proposed Acquisition of GHC may, if the parties mutually agree, be completed independently from the Proposed Acquisition of GGS.

For information purposes, the integration committee had, after due deliberation, decided to proceed with the completion of the Proposed Acquisition of GGS and not to complete the Proposed Acquisition of NGD Subsidiaries and the Proposed Acquisition of GHC independently from the Proposed Acquisition of GGS.

(d) For the avoidance of doubt, the completion of the Proposed Acquisitions shall not be conditional upon the implementation of the Proposed Free Warrants and *vice versa*.

(e) The Proposed Free Warrants is not conditional upon the Proposed Acquisitions.

2.11.11 Real Property Gains Tax

The relevant Vendors are responsible for paying and settling all real property gains tax (if any) payable on the disposal of the sale shares held in the relevant Acquiree Companies by the relevant Vendors and the deemed disposal of the real property assets of the relevant Acquiree Companies pursuant to the respective SSAs as may be assessed by the Director-General of Inland Revenue under the provisions of the Real Property Gains Tax Act 1976.

2.11.12 Termination of the SSAs

(a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to completion as contemplated under the SSAs, the other party commits any continuing or material breach of any of its obligations under the SSAs which is incapable of remedy or if capable of remedy, is not remedied within 30 days of it being given notice so to do, or inter-alia, a winding up or insolvency events occurs.

(b) If the SSAs are terminated by the Vendors and the Vendors elect not to pursue the remedy of specific performance as set out in Section 2.11.13 of Part A of this Circular, the Vendors shall, within 14 days after the notice of termination, return, refund and repay to us any and all moneys (including the Deposit and the Consideration Cash but excluding the Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the Purchase Consideration, free of interest, return or surrender for cancellation any Consideration Shares and the Consideration Warrants received by them and use best endeavours to obtain a refund in favour of our Company of the Retention Sum from the Director-General of Inland Revenue and we shall, within 14 days after receipt of the notice of termination, return to the Vendors all documents, if any, delivered to them or their agents, advisors, representatives, accountants or solicitors by or on behalf of the relevant Acquiree Companies or the Vendors. The Vendors shall, in exchange for the performance of such obligation by our Company, return to us all documents, if any, delivered to them by or on behalf of our Company.

(c) If the SSAs are terminated by us and we elect not to pursue the remedy of specific performance as set out in Section 2.11.13 of Part A of this Circular, the Vendors shall, within 14 days after their receipt of notice of termination, return to us all documents, if any, delivered to any of them by or on behalf of our Company, procure the relevant Acquiree Companies to return to us all such documents, if any, and return, refund and repay to us any and all moneys (including the Deposit and the Consideration Cash but excluding the Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the Purchase Consideration, free of interest, return or surrender for cancellation any Consideration Shares and the Consideration Warrants received by them and use best endeavours to obtain a refund in favour of our Company of the Retention Sum from the Director-General of Inland Revenue. We shall, in exchange for the performance by the Vendors of such obligations, within 14 days after the notice of termination, return all documents, if any, delivered to them by or on behalf of the relevant Acquiree Companies or the Vendors.

2.11.13 Specific performance

Notwithstanding the provisions of Section 2.11.12 of Part A of this Circular, the parties shall be at the liberty to take such action in law as may be necessary to compel the defaulting party by way of specific performance to complete the transaction contemplated in the respective SSAs (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions contained in the respective SSAs) or to claim damages for the breach of the defaulting party.

2.12 Salient terms of the PKNS SSA

2.12.1 Proposed Acquisition of 30% of P.J Sentral

(a) PKNS is the registered owner of 58,247,400 ordinary shares of RM1.00 each in the capital of P.J Sentral and 83,679 redeemable preference shares of RM1.00 each in the capital of P.J Sentral respectively, representing 30% of the total issued and paid-up share capital of P.J Sentral (collectively, the "**P.J Sentral Sale Shares**").

(h) Pursuant to the terms of the Shareholders' Agreement, NGD shall be entitled to compel PKNS to participate in the sale of the entire equity interest of P.J Sentral to a third party provided that NGD has served a notice on PKNS and has stated that the third party wishes to purchase the entire equity interest of P.J Sentral and the terms concerning timing, mode of payment and price payable for the entire equity interest of P.J Sentral for and to all of the parties are identical and comply with the terms of the Shareholders Agreement.

(c) By a notice dated 22 April 2013 from NGD to PKNS, NGD has compelled PKNS to participate in the sale of shares in P.J Sentral by selling the PKNS Sale Shares to our Company.

(d) Pursuant thereto, PKNS and our Company have agreed to enter into and execute the PKNS SSA for the sale by PKNS and the purchase by MRCB of the PKNS Sale Shares for a sale and purchase consideration of RM85,300,000 ("**Pre-Adjustment PKNS Consideration**"), computed on the basis of the latest available audited accounts of P.J Sentral upon the terms and subject to the conditions set out in the PKNS SSA.

2.12.2 Manner of payment of the Pre-Adjustment PKNS Consideration

Subject to the completion adjustment provided for under the terms of the PKNS SSA, the purchase consideration shall be satisfied by us in the following manner:

(a) Upon the execution of the PKNS SSA, our Company shall pay a sum of RM1,858,388 as deposit and part payment of the Pre-Adjustment PKNS Consideration to our Company's solicitors as stakeholders to hold and deal with in accordance with the terms of the PKNS SSA ("**PKNS Deposit**").

(b) On or before the completion date as prescribed in the PKNS SSA (being a business day falling 30 days after all the conditions precedent set out in paragraph 2.12.5 having been fulfilled and/or obtained, or such other date as may be agreed upon between the parties upon which the completion of the sale and purchase of the PKNS Sale Shares as contemplated under the PKNS SSA is to take place) ("**PKNS Completion Date**"), our Company shall pay a total fixed sum of RM11,150,327 payable in cash, to PKNS ("**PKNS Cash Consideration**").

(c) On the PKNS Completion Date, our Company shall issue 46,639,539 PKNS Consideration Shares, together with 13,325,583 PKNS Consideration Warrants, amounting to the remainder of the Pre-Adjustment PKNS Consideration, to PKNS, which is subject to the completion adjustment in accordance with the terms of the PKNS SSA.

2.12.3 Real Property Gains Tax

PKNS is responsible for paying and settling all real property gains tax (if any) payable on the disposal of the PKNS Sale Shares held in P.J Sentral by PKNS and the deemed disposal of the real property assets of P.J Sentral pursuant to the PKNS SSA as may be assessed by the Director-General of Inland Revenue under the provisions of the Real Property Gains Tax Act 1976.

2.12.4 Completion adjustment

(a) In the event that the open market value of the lands/assets/real properties/buildings held by P.J Sentral shall be varied/adjusted pursuant to comments provided by any regulatory authorities in respect of the Property Valuation Reports, the aggregate nominal value of the PKNS Consideration Shares together with the PKNS Consideration Warrants to be allotted and issued by our Company to PKNS shall be adjusted upwards or downwards accordingly ("**PKNS Consideration Adjustment**"), and the total sale and purchase consideration payable by our Company following the PKNS Consideration Adjustment shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (a) provided always that the PKNS Consideration Adjustment pursuant to this provision shall amount to a sum of more than 1% of the Pre-Adjustment PKNS Consideration.

(b) If the PKNS Consideration Adjustment pursuant to the provisions this paragraph (b) in respect of the PKNS SSA shall amount to a sum equivalent to or less than 1% of the Pre-Adjustment PKNS Consideration, the parties agree that no completion adjustment under the provisions of paragraph (a) above shall take place notwithstanding that the valuation of the open market value of the Property held by P.J Sentral shall be varied/adjusted pursuant to the Property Valuation Reports.

(c) If the PKNS Consideration Adjustment pursuant to the provisions of this paragraph (c) shall amount to an upward adjustment of more than 5% of the Pre-Adjustment PKNS Consideration, our Company shall be entitled to give notice to PKNS immediately terminating the PKNS SSA.

(d) If the PKNS Consideration Adjustment pursuant to the provisions of this paragraph (d) shall amonnt to a downward adjustment of more than 5% of the Pre-Adjustment PKNS Consideration, PKNS shall be entitled to give notice to us immediately terminating the PKNS SSA.

2.12.5 PKNS Conditions Precedent

The Proposed Acqnisition of 30% of P.J Sentral is conditional upon the following conditions precedent ("**PKNS Conditions Precedent**") being obtained/fulfilled within a period of nine (9) months after the date of the PKNS SSA, or such later date as the parties may mutually agree ("**PKNS Cut-Off Date**"):

(a) the approval of the shareholders of our Company at an EGM to be convened for the Proposed Acquisition of 30% of P.J Sentral (including issuance of the PKNS Consideration Shares together with the PKNS Consideration Warrants as part payment of the PKNS Consideration);

(b) the approval or consent of the financiers of P.J Sentral, for, *inter-alia*, the sale and transfer of the PKNS Sale Shares in favonr of our Company or its nominee(s), upon the terms and subject to the conditions of the PKNS SSA, where required;

(c) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with P.J Sentral, where required, in each case to the extent that at the PKNS Completion Date the same remain to be completed or performed or remain in force;

(d) the approval or consent of Bursa Securities for the listing of and quotation for the PKNS Consideration Shares, the PKNS Consideration Warrants and the new MRCB Shares arising from the exercise of the PKNS Consideration Warrants, where required;

(e) approval or consent of the financier of PKNS for the release/discharge of any of the shares held by PKNS in P.J Sentral which have been pledged; and

(f) all conditions precedent applicable in connection with the Proposed Acquisitions as set out in the respective SSAs having been fulfilled or obtained in accordance with the terms and conditions of the relevant SSAs (where applicable).

2.12.6 Termination in the event any PKNS Conditions Precedent is not fulfilled

If:–

(a) at any time prior to the expiry of the PKNS Cut-Off Date, any of the PKNS Conditions Precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; or

(b) on the expiry of the PKNS Cut-Off Date, any of the PKNS Conditions Precedent shall have not been obtained or fulfilled; or

(c) at any time prior to the expiry of the PKNS Cut-Off Date, any of the PKNS Conditions Precedent shall have been granted subject to the terms and conditions which are not acceptable to the affected party being terms aud conditions which affect the affected party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons,

then either party shall be entitled to terminate the PKNS SSA by giving a notice of termination to that effect to the other party, whereupon PKNS shall return, refund and repay to our Company any and all moneys (including the PKNS Deposit but excluding a sum equivalent to 2% of the PKNS Consideration to be paid to the Director-General of Inland Revenue pursuant to Section 21B of the Real Property Gains Tax Act, 1976 ("**PKNS Retention Snm**") which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by it towards account of the PKNS Consideration free of interest and use its best endeavours to obtain a refund in favour of our Company of the PKNS Retention Sum from the Director-General of Inland Revenue and the parties shall not have any further rights under the PKNS SSA except in respect of –

(a) any obligations under the PKNS SSA which is expressed to apply after the termination of the SSAs; and

(b) any rights and obligations which have accrued in respect of any breach of any of the provisions of the PKNS SSA to either party prior to such termination.

2.12.7 Manner of completion of the Proposed Acquisition of 30% of P.J Sentral

(a) The parties agree that the completion of the sale and purchase of the PKNS Sale Shares pursuant to the terms and conditions set out in the PKNS SSA is subject to the completion of the Proposed Acquisitions as contemplated under the respective SSAs.

(b) For the avoidance of doubt, the completion of the Proposed Acquisitions as contemplated under the respective SSAs shall not be conditional upon the completion of the sale and purchase of the PKNS Sale Shares under the terms of the PKNS SSA.

(c) The parties agree that the completion of the sale and purchase of the PKNS Sale Shares pursuant to the terms and conditions of the PKNS SSA shall to the greatest extent possible take place concurrently with the completion of the Proposed Acquisitions as contemplated under the respective SSAs.

2.12.8 Termination of the PKNS SSA

(a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to completion as contemplated under the PKNS SSA, the other party commits any continuing or material breach of any of its obligations under the PKNS SSA which is incapable of remedy or if capable of remedy, is not remedied within 30 days of it being given notice so to do, or inter-alia, a winding up or insolvency events occurs.

(b) If the PKNS SSA is terminated by PKNS and PKNS elects not to pursue the remedy of specific performance as set out in paragraph 2.12.9 below, PKNS shall, within 14 days after the notice of termiuation, return, refund and repay to us any and all moneys (including the PKNS Deposit and the PKNS Cash Consideration but excluding the PKNS Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the PKNS Consideration, free of interest, return or surrender for cancellation any PKNS Consideration Shares and the PKNS Consideration Warrants received by them and use best endeavours to obtain a refund in favour of our Company of the PKNS Retentiou Sum from the Director-General of Inland Revenue and we shall, within 14 days after receipt of the notice of termination, return to PKNS all documents, if any, delivered to it or its agents, advisors, representatives, accountants or solicitors by or on behalf of P.J Sentral or PKNS. PKNS shall, in exchange for the performance of such obligation by our Compauy, return to us all documents, if any, delivered to them by or on behalf of our Company.

(c) If the PKNS SSA is terminated by us and we elect not to pursue the remedy of specific performance as set out in paragraph 2.12.9 below, PKNS shall, within 14 days after its receipt of notice of termination, return to us all documents, if any, delivered to any of them by or on behalf of our Company, procure P.J Sentral to return to us all such documents, if any, and return, refund and repay to us any and all moneys (including the PKNS Deposit and the PKNS Cash Consideration but excluding the PKNS Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the PKNS Consideration, free of interest, return or surrender for cancellation any PKNS Consideration Shares and the PKNS Consideration Warrants received by it and use best endeavours to obtain a refund in favour of our Company of the PKNS Retention Sum from the Director-General of Inland Revenue. We shall, in exchange for the performance by PKNS of such obligations, within 14 days after the notice of termination, return all documents, if any, delivered to it by or on behalf of P.J Sentral or PKNS.

2.12.9 Specific performance

Notwithstanding the provisions of paragraph 2.12.8, the parties shall be at the liberty to take such action in law as may be necessary to compel the defaulting party by way of specific performauce to complete the transaction contemplated iu the PKNS SSA (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions contained in the PKNS SSA) or to claim damages for the breach of the defaulting party.

2.13 Salient terms of the Right of First Refusal & Call Option Agreement

2.13.1 Right of First Refusal

(a) NGD grants to our Company a right of first refusal to purchase any of the Option Assets upon the same terms and conditions any offer from a third party to purchase any Option Assets received by NGD at any time during the Right of First Refusal Period ("**Third Party Offer**").

(b) In the event NGD, Nilaitera, Projekmaju or other subsidiaries of NGD from time to time or to be incorporated by NGD from time to time for the purpose of holding any land(s)/real property(ies) or carrying out property development or investment activities, within the meaning of Section 5 of the Act ("**Other NGD Subsidiaries**") receives a Third Party Offer, NGD shall promptly (but in any event within 7 business days following its receipt of such Third Party Offer) disclose in writing all terms and conditions relating to the Third Party Offer to our Company, which disclosure shall be accompanied by a copy of all documentation evidencing such terms and conditions ("**Offer Disclosure**").

(c) We shall have the right to match the Third Party Offer for the purchase of the relevant Option Assets. Such right must be exercised within two (2) months from the date of our receipt of the Offer Disclosure, by us delivering to NGD a notification stating that we wish to accept the terms and conditions of the Third Party Offer.

(d) In the event that such right to match is exercised, NGD or the Other NGD Subsidiaries shall be obliged to give effect to the disposal of the relevant Option Assets to us upon the same terms and conditions as the Third Party Offer.

(e) In the event we fail to deliver to NGD a notification stating that we wish to exercise our right to match the Third Party Offer as set out in Section 2.13.1(b) above, then it shall be deemed that we are not desirous of matching the Third Party Offer and NGD shall be entitled to accept the offer and to sell the relevant Option Assets which are the subject-matter of the Offer Disclosure for sale to the relevant third party who has issued the Third Party Offer.

(f) For the purposes of this paragraph 2.13.1, a Third Party Offer must be an offer other than an offer made by any person connected with a director and/or shareholder of NGD. For the purpose of this paragraph 2.13.1, "person connected with a director and/or shareholder" shall have the meaning given in relation to persons connected with a director or shareholder as defined in paragraph 1.01 of the Listing Requirements.

2.13.2 Grant and exercise of call option

(a) Immediately upon expiry of the Right of First Refusal Period, NGD shall automatically grant us the right ("**Call Option**"), exercisable at any time during the Option Period, to require NGD to sell to us any Option Assets at such sale and purchase consideration derived from a computation of the various computation items set out below:-

Item	Computation Items
1.	Net asset values of the subsidiaries of NGD (comprising paid-up capital, share premium and reserves)*
	Add:
2.	The capitalised amount of all the loans or advances extended to the subsidiaries by NGD

3. The fair value adjustment arising from changes to the open market value of the real properties of the subsidiaries of NGD (if any), based on the open market value of the real properties of the subsidiaries as at the date of the option notice arising from the valuation report(s)

4. Sub-total [(2) + (3)]

Less:

5. Agreed provision for deferred tax liabilities

6. **Option price for shares [(1) + (4) – (5)]**

Note:-

* *As per the latest available audited accounts/management accounts or figures verified by an independent financial due diligence team to be appointed by MRCB (if applicable) as at the completion date for the transaction.*

(b) The Call Option shall be exercisable in respect of any Option Assets at any time during the Option Period by us serving an option notice ("**Option Notice**") to NGD that we are exercising the Call Option.

(c) The Call Option shall be exercisable once only provided always that we must pursuant to such exercise acquire the entire equity interest of an Other NGD Subsidiary held by NGD and not merely a part of the equity interest held by NGD in such Other NGD Subsidiary.

(d) The Option Price payable for the Option Assets or any part thereof shall be satisfied by us in the following manner:

(i) a fixed sum payable in cash of such amount as may be determined by us ("**Cash Portion**") which shall not be less than 2% of the Option Price shall be paid by us to NGD or its nominee(s) (if applicable) together with the Option Notice.

(ii) on or before the option transaction completion date (being a business days falling two (2) months after the date upon which the sale and purchase of any Option Assets following exercise of the Call Option by us becomes unconditional), we shall allot an equivalent value of new MRCB Shares in the capital of MRCB, all credited as fully paid-up, at an issue price for such new MRCB Shares based on any appropriate methodology of valuation of MRCB Shares which may be agreed upon by the parties ("**Share Portion**"), amounting to the whole (if there is no Cash Portion) or remainder of the Option Price to NGD or its nominee(s) (if applicable).

(e) The new MRCB Shares issued towards satisfaction of the Share Portion shall be issued and credited as fully paid-up and will, upon allotment and issue rank equally in all respects with each other and with the then existing MRCB Shares save and except that the holders of such new MRCB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment of such new MRCB Shares.

(f) The parties shall complete the sale of the Option Assets in accordance with the provisions of the relevant share sale agreement(s) to be executed by the parties ("**Definitive SSAs**") on or before the completion date as prescribed under the Right of First Refusal & Call Option Agreement.

(g) The Call Option if left unexercised in respect of any of the Option Assets shall terminate on the date falling immediately after the Option Period. Following the termination of the Call Option, neither party shall have any further obligation under the Right of First Refusal & Call Option Agreement to the other party, except in respect of:-

(i) any obligation under the Right of First Refusal & Call Option Agreement which is expressly to apply after the termination of the Right of First Refusal & Call Option Agreement; and

(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the Right of First Refusal & Call Option Agreement to either party prior to such termination.

2.13.3 Definitive SSAs

(a) Upon our exercising of the right of first refusal/right to match pursuant to paragraph 2.13.1 above or exercising the Call Option in accordance with the provisions of paragraph 2.13.2 above, the parties shall use their respective best endeavours to enter into the Definitive SSAs in respect of the relevant assets within a period of not more than 60 days following the date of the relevant Option Notice or notification pursuant to paragraph 2.13.1(c) above, which shall set out such conditions precedent to the completion of the relevant transaction as may be appropriate in the circumstances.

(b) In the event that the parties are unable to enter into a Definitive SSA within the stipulated 60 day period or such further period as may be mutually agreed upon, MRCB shall be deemed not to have exercised its right of first refusal/right to match or Call Option, as the case may be, and shall no longer have any right to exercise such right of first refusal/right to match or Call Option in respect of the same transaction.

(c) The rights and obligations of the parties in respect of:-

(i) the acquisition by MRCB of the relevant Option Assets pursuant to the exercise of the right of first refusal/right to match pursuant to the provisions of paragraph 2.13.1 above; and

(ii) the sale and purchase of the Option Assets following issuance of the Option Notice by MRCB to NGD pursuant to the provisions of paragraph 2.13.2 above,

will be conditional upon the various applicable conditions precedent to be set out in the relevant Definitive SSAs being obtained/fulfilled within a period of six (6) months commencing from the date of the Option Notice, or notification by us delivered to NGD stating that we wish to accept the terms and conditions of the Third Party Offer, as may be applicable, or such later date as the parties may mutually agree on ("**Transaction CP Period**").

2.13.4 Termination if the SSAs are not completed or is terminated

In the event that the SSAs are not completed and/or such agreement is terminated for any reason whatsoever in accordance with its terms, the Right of First Refusal & Call Option Agreement shall automatically terminate and all the provisions of the Right of First Refusal & Call Option Agreement shall cease to have any further force or effect, other than confidentiality clause, which shall survive termination, and without prejudice to any accrued rights or obligations of any party under the Right of First Refusal & Call Option Agreement.

2.13.5 Pre-completion obligations

Except so far as may be necessary to give effect to the Right of First Refusal & Call Option Agreement or as expressly provided in the Right of First Refusal & Call Option Agreement, following the exercise of the right of first refusal/right to match or issuance of the Option Notice by us to NGD to require NGD to sell to us the relevant shares comprised in the Option Assets, NGD shall not and shall procure that the Other NGD Subsidiaries (which shares are the subject of the right of first refusal/right to match or issuance of the Option Notice) shall not, prior to the expiry of the Option Period, except with our prior written consent:-

(a) pass any resolution by its members or the Other NGD Subsidiaries' members in general meeting which contradicts any terms and conditions of the Right of First Refusal & Call Option Agreement;

(b) attempt to do or permit any of the matters set out in any of the foregoing paragraph of this paragraph 2.13.5; or

(c) in the case of NGD, directly own any land or interest in land other than through an Other NGD Subsidiary.

2.14 Salient terms of the Profit Guarantee Agreement

(a) GSB guarantees to MRCB that the actual aggregate audited net PAT of GHC for the FYE 2013 (the period commencing from 1 January 2013 to 31 December 2013), the FYE 2014 (the period commencing from 1 January 2014 to 31 December 2014) and the FYE 2015 (the period commencing from 1 January 2015 to 31 December 2015) of GHC for the Guaranteed Financial Years shall be collectively not less than the aggregate audited net PAT of RM50,000,000 of GHC to be achieved at any time during the period of the Guaranteed Financial Years, comprising of the following:-

(i) the audited net PAT of GHC for FYE 2013 shall not be less than RM15,000,000;

(ii) the audited net PAT of GHC for FYE 2014 shall not be less than RM15,000,000; and

(iii) the audited net PAT of GHC for FYE 2015 shall not be less than RM20,000,000.

(b) For the avoidance of doubt, in the event that:-

(i) the audited net PAT of GHC for FYE 2013 exceeds RM15,000,000 ("**FYE 2013 Surplus**"); or

(ii) the audited net PAT of GHC for FYE 2014 exceeds RM15,000,000 ("**FYE 2014 Surplus**"); or

(iii) the audited net PAT of GHC for FYE 2015 exceeds RM20,000,000 ("**FYE 2015 Surplus**"),

the parties agree that such FYE 2013 Surplus, FYE 2014 Surplus and FYE 2015 Surplus (unless earlier terminated pursuant to the terms of the Profit Guarantee Agreement) shall be aggregated and taken into account for the purpose of calculating the Aggregate Audited Net PAT and the parties further expressly agree that no claim shall be made against GSB for a shortfall of the audited net PAT of GHC for any specific financial year and a claim can only be made for a shortfall in the Aggregate Guaranteed Profit in accordance with the terms of the Profit Guarantee Agreement.

For information purposes and for the avoidance of doubt, in the event of an aggregate loss in GHC during the Guaranteed Financial Years, GSB shall pay MRCB an amount not exceeding RM50,000,000, being the guarantee sum under the terms of the Profit Guarantee Agreement.

(c) The respective PAT/LAT of GHC for the Guaranteed Financial Years shall be determined:-

(i) in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in Malaysia;

(ii) with proper provisions having been made for all liabilities and losses;

(iii) after including all expenses incurred in connection with the relevant proposals as set out in the SSAs;

(iv) excluding profits and losses of capital nature or which are not in the ordinary course of business made on realization of shares, intellectual property, goodwill or real property, and profits and losses attributable to businesses, if any, acquired after the execution of the Profit Guarantee Agreement; and

(v) after including any financial grants, rebates and/or tax incentives received from the relevant authorities.

(d) In the event that the Aggregate Audited Net PAT is less than the Aggregate Guaranteed Profit ("**Shortfall**"), GSB agrees, undertakes and covenants with MRCB that the Shortfall shall constitute a debt due and owing by GSB to MRCB which shall be payable within 30 days from the date of receipt of a demand from MRCB. GSB shall further pay to MRCB within 30 days from the date of receipt of demand from MRCB all fees, costs, expenses, charges, disbursements and legal fees which MRCB may incur in enforcing or seeking to obtain payment of all or any part of the Shortfall Debt owing to MRCB and in the enforcement of the same against GSB.

(e) It is hereby agreed that:-

(i) at any time in the preceding financial year or financial years prior to FYE 2015, the Aggregate Guaranteed Profit is achieved; or

(ii) in the event that by FYE 2015, the Aggregate Guaranteed Profit is achieved,

whichever is the earlier, the Profit Guarantee Agreement shall be at an end and terminate, and GSB shall not be liable to MRCB for any Shortfall or any claims under the Profit Guarantee Agreement whatsoever.

3. DETAILS OF THE PROPOSED EXEMPTION

As at LPD, EPF holds 42.16% of the voting shares of our Company. EPF is also a 40% shareholder of NGD whilst GSB holds the remaining stake of 60% in NGD. In this regard, EPF, NGD and GSB shall be deemed as PACs in accordance with Sections 216(2) and 216(3) of the CMSA.

It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs. In this regard, upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and after the issuance of the Consideration Shares, EPF, NGD and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and the Maximum Scenario respectively, as illustrated in Scenario A of Section 11.4 of Part A of this Circular.

Pursuant to Part III of the Code, a mandatory offer obligation will apply to all members of a group of PACs if any member of the group acquires voting shares or voting rights such that the collective acquisition of the group triggers a mandatory offer obligation. As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions, the collective shareholdings of EPF and GSB as well as their PACs will increase by more than 2%, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them.

In view of the above, EPF, NGD and GSB as well as their PACs intend to seek an exemption from the SC under paragraph 16.1 of Practice Note 9 of the Code from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by EPF, NGD and GSB as well as their PACs upon completion of the Proposed Acquisitions. Hong Leong Investment Bank Berhad, being the adviser to EPF, shall be submitting the exemption application to SC after your approval for the Proposed Exemption at the EGM to be convened. The Proposed Exemption does not include an exemption in respect of any exercise of the Consideration Warrants in the future which may potentially give rise to an obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them.

4. DETAILS OF THE PROPOSED FREE WARRANTS

4.1 Basis and number of Free Warrants

The Proposed Free Warrants will entail the issuance of up to 482,087,903 Free Warrants on the basis of one (1) Free Warrant for every three (3) existing MRCB Shares held by our Entitled Shareholders. The Proposed Free Warrants will not be implemented on a staggered basis.

Any fractional entitlement arising from the Proposed Free Warrants shall be dealt with in such manner and on such terms and conditions as your Board at its absolute discretion deems fit or expedient and in the best interest of our Company.

The Entitlement Date will be determined and announced by your Board at a later date upon receipt of all approvals from relevant authorities and shareholders of our Company for the Proposed Free Warrants, but in any case shall be prior to the completion of the Proposed Acquisitions. As such, the Vendors will not be eligible for the Proposed Free Warrants.

The maximum number of Free Warrants to be issued pursuant to the Proposed Free Warrants was arrived at after taking into consideration the following:-

(i) our existing issued and paid-up share capital as at LPD of 1,387,811,179 MRCB Shares;

(ii) assuming that all of the 33,452,529 outstanding options under the ESOS as at LPD (which includes the 5,297,353 ESOS options which has lapsed as at LPD and are assumed to be reissued) are exercised prior to the Entitlement Date; and

(iii) assuming that all of the Additional ESOS Options are granted and exercised prior to the Entitlement Date.

The actual number of Free Warrants to be issued pursuant to the Proposed Free Warrants would depend on the issued and paid-up share capital of MRCB on the Entitlement Date.

4.2 Basis of determining the issne price and exercise price of the Free Warrants

The Free Warrants will be issued at free to our Entitled Shareholders whose names appear in the Record of Depositors at the close of business on the Entitlement Date.

The exercise price of the Free Warrants has been fixed at RM2.30 per new MRCB Share, being the same exercise price for the Consideration Warrants. The basis of determining the exercise price is set out in Section 2.5 of Part A of this Circular.

4.3 Ranking of the MRCB Shares to be issned upon exercise of the Free Warrants

The new MRCB Shares to be issued upon exercise of the Free Warrants shall upon allotment and issue, rank *pari passu* in all respects with each other and with the then existing MRCB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment of the new MRCB Shares to be issued pursuant to the exercise of the Free Warrants.

The principal terms of the Free Warrants are set out in Appendix X of this Circular.

4.4 Listing of the Free Warrants as well as the new MRCB Shares to be issued pursuant to the exercise of the Free Warrants

Approval has been obtained from Bursa Securities vide its letter dated 4 June 2013 for the admission of the Free Warrants on the Official List of Bursa Securities as well as the listing of and quotation for the Free Warrants and new MRCB Shares to be issued pursuant to the exercise of the Free Warrants on the Main Market of Bursa Securities.

4.5 Utilisatiou of proceeds raised pursuant to the exercise of the Free Warrants

The Free Warrants will not raise any immediate proceeds upon their issuance as the Free Warrants will be issued free to our Entitled Shareholders.

The proceeds arising from the exercise of the Free Warrants in the future, the quantum of which is dependent upon the actual number of Free Warrants exercised, shall be utilised to finance the working capital requirements and for the repayment of bank borrowings of our Group, which stood at approximately RM3.24 billion as at LPD. Depending on the actual quantum of proceeds to be received from the exercise of the Free Warrants and the amount to be utilised for repayment of bank borrowings, our Group will enjoy interest savings arising from the repayment of such bank borrowings.

As each Free Warrant entitles the registered holder to subscribe for one (1) new MRCB Share, a total of 482,087,903 Free Warrants will be issued in the event all of the 482,087,903 Free Warrants are fully exercised.

Based on the issuance of up to 482,087,903 Free Warrants and the exercise price of the Free Warrants of RM2.30 per new MRCB Share, our Company is expected to raise up to approximately RM1.11 billion from the full exercise of the Free Warrants.

Our Company will utilise the proceeds raised from the exercise of the Free Warrants at the appropriate time depending on, *inter-alia,* the cash flow position as well as the funding requirements of our Group. The proceeds are intended to be fully utilised within three (3) years from the expiration of the exercise period of the Free Warrants.

The proceeds from the exercise of the Free Warrants will be placed in deposits with financial institutions and/or short-term money market instrument(s) in the event that the proceeds are not immediately utilised by our Company.

5. DETAILS OF THE PROPOSED IASC

As at LPD, the authorised share capital of our Company is RM2,000,000,000 comprising 2,000,000,000 MRCB Shares, of which 1,387,811,179 MRCB Shares have been issued and credited as fully paid-up.

Upon completion of the Proposed Acquisitions and the Proposed Free Warrants as well as full exercise of the Warrants in the manner set out in Section 11.1 of Part A of this Circular, our Company's issued and paid-up share capital will increase to RM2,493,880,325 comprising 2,493,880,325 MRCB Shares. As such, our Company proposes to increase our authorised share capital from RM2,000,000,000 to RM5,000,000,000 comprising 5,000,000,000 MRCB Shares to accommodate the issuance of the Consideration Shares and new MRCB Shares to be issued pursuant to the exercise of the Warrants.

6. DETAILS OF THE PROPOSED AMENDMENTS

The Proposed Amendments will entail amendments to the M&A of our Company in order to accommodate the implementation of the Proposed IASC.

The details of the Proposed Amendments and the corresponding provisions in our Company's existing M&A are set out below:-

Clause/Article of the M&A	Existing Clause in M&A	Proposed amended Clause of the M&A
Clause 5 of the Memorandum of Association	The share capital of the Company is Ringgit Malaysia Two Billion (RM2,000,000,000) divided into two billion (2,000,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each	The share capital of the Company is Ringgit Malaysia Five Billion (RM5,000,000,000) divided into five billion (5,000,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each
Article 4 of the Articles of Association	The Share Capital of the Company is RM2,000,000,000 divided into 2,000,000,000 ordinary shares of RM1.00 eaeh	The Share Capital of the Company is RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each

7. PUBLIC SHAREHOLDING SPREAD REQUIREMENT

Based on the proforma effects on the substantial shareholders' shareholdings of MRCB as set out in Section 11.4 of Part A of this Circular, our Company will remain in compliance with the public shareholding spread requirement upon completion of the implementation of the Proposals,.

8. RATIONALE FOR THE PROPOSALS

8.1 Proposed Acquisitions

The Proposed Acquisition of NGD Subsidiaries is aimed at expanding our Group's landbanks at strategic locations for future development. This is in line with our Group's plans of replenishing our depleting landbank. Currently, the undeveloped urban landbank of our Group stands at approximately 39.01 acres. The NGD Subsidiaries currently own approximately 32.74 acres of development land with an estimated gross development value of approximately RM5.86 billion, which are located at prime areas, mainly in Petaling Jaya, Selangor. One of the key developments moving forward is the P.J Sentral Garden City, a mixed development project. P.J Sentral Garden City is poised to be the new green central business district of Selangor and is easily accessible via major highways. In addition, the Right of First Refusal & Call Option Agreement provides us with the right to purchase additional Option Assets, which includes subsidiaries of NGD which hold land(s)/real property(ies) or carry out property development activities, thus enabling us to replenish our landbank or undertake additional property development projects as and when the opportunity arises.

The Proposed Acquisition of 30% of P.J Sentral will be undertaken pursuant to the Drag Along provision in the Shareholders' Agreement and it is the intention of your Board to fully control and consolidate the future earnings of P.J Sentral.

GHC, a construction company with a proven track record, currently has an orderbook of approximately RM3.5 billion based on the estimated remaining value of GHC's orderbook for its on-going project as well as coutracts secured as at 31 December 2012. The acquisition of GHC will enable MRCB to strengthen its construction orderbook. In addition, as GHC will be appointed as the main contractor for the future projects of the NGD Subsidiaries, the acquisition of GHC is expected to enable our Group to better manage our construction costs and profit margins for the existing and future projects of the NGD Subsidiaries.

The acquisition of GGS, whose subsidiary is a surveillance service provider, is expected to complement the existing integrated surveillance services and the investment properties division of our Group, which has been providing and maintaining in-house security surveillance systems for our investment properties. In addition, GTC has secured various contracts from 3rd parties amounting to approximately RM245 million which are expected to provide a continuous stream of income to us for a period of up to 19 years. Historically, GTC has been involved in a number of projects for town councils and state governments, and on-going initiatives include a surveillance system implementation for Kuala Lumpur International Airport ("**KLIA**") as commissioned by Malaysia Airports Holding Berhad ("**MAHB**").

The Proposed Acquisitions will also allow for potential synergies which may arise from the sharing of know-how in the property development and construction industry and further strengthen our balance sheet.

In addition to the above, the part settlement of the Purchase Consideration via the issuance of the Consideration Shares and the Consideration Warrants will also enable our Group to enhance our asset base without any immediate impact on the cash flow and gearing of our Group as opposed to being fully settled in cash or via bank borrowings.

8.2 Proposed Exemption

The Proposed Exemption will allow EPF, NGD and GSB together with their PACs to be exempted from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions as they do not intend to undertake such offer.

8.3 Proposed Free Warrants

The Proposed Free Warrants is undertaken to reward the shareholders of our Company for their continuous support.

After due consideration of the various options available, your Board is of the view that the Proposed Free Warrants is an appropriate avenue for our Company due to the following reasons:-

(i) the Proposed Free Warrants will provide the existing shareholders of our Company with an opportunity to increase their participation in the equity of our Company at a predetermined exercise price during the exercise period of the Free Warrants;

(ii) the Free Warrants will be traded separately from the MRCB Shares on Bursa Securities and will provide shareholders an avenue to monetize the Free Warrants should they choose to do so; and

(iii) the proceeds from the exercise of the Free Warrants will further strengthen the capital base of our Company and will enable our Company to raise funds without incurring interest cost, as compared to bank borrowings and to improve the gearing of our Company.

8.4 Proposed IASC

The Proposed IASC is required to accommodate our Company's enlarged issued and paid-up capital pursuant to the Proposed Acquisitions and the Proposed Free Warrants.

8.5 Proposed Amendments

The Proposed Amendments is to accommodate the implementation of the Proposed Acquisitions and the Proposed Free Warrants as our Company is required to amend the necessary clauses of the M&A to accommodate the Proposed IASC.

9. RISK FACTORS FOR THE PROPOSED ACQUISITIONS

9.1 Non-completion of the Proposed Acquisitions

There is a possibility that the SSAs may not be completed due to failure in fulfilling the conditions precedent as set out in the respective SSAs within the stipulated timeframe. In addition, the Proposed Acquisitions are conditional upon the approvals from our shareholders as well as certain authorities and/or parties, as disclosed in Section 12 of Part A of this Circular.

Nevertheless, your Board will take reasonable steps to ensure that the conditions precedent are met within the stipulated timeframe and that every effort is made to obtain all the necessary approvals for the Proposed Acquisitions in order to complete the Proposed Acquisitions in a timely manner.

9.2 Recognition of goodwill

Pursuant to FRS 3 (revised), the Proposed Acquisitions will result in our Group having to recognize a goodwill. Goodwill as of the Completion Date shall be measured as the excess of (a) over (b) as follows:-

(a) the aggregate of:-

(i) the consideration transferred measured in accordance with FRS 3 (revised), which requires acquisition date fair values;

(ii) the amount of any non controlling interest in P.J Sentral measured in accordance with FRS 3 (revised),

(b) the net of the aequisition date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with FRS 3 (revised). The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The fair value of the Consideration Shares and the Consideration Warrants shall be recognized based on the traded price of the Consideration Shares and the fair value of the Consideration Warrants as at the Completion Date. In the event the share price and fair value of the warrants exceed the issue price of the Consideration Shares of RM1.55 and the indicative fair value of the Consideration Warrants of RM0.23 as at 31 December 2012 respectively on the Completion Date, the difference will result in a higher cost of investment for the Proposed Acquisitions at our Company level and will translate into additional goodwill for our Group.

FRS 136: Impairment of Assets further requires goodwill to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the recoverable amount of a cash generating unit is less than its carrying amount. In the event that the goodwill is not supported by the projected cash flows of the relevant cash generating units, there could be an impairment to the goodwill of our Group, which in turn will have to be expensed immediately.

Nevertheless, your Board will continuously monitor the projects and cash flows of our Group to ensure that our Group's goodwill is supported by the project cash flows of the relevant cash generating units at all times.

9.3 Interest rate risk

Our Group will fund the cash consideration of RM124,008,715 for the Proposed Acquisitions via internally generated funds and/or bank borrowings. In addition, our Group may also take up additional bank borrowings to fund our future development activities for the landbanks acquired as well as our future construction and security surveillance activities. In the event any borrowing is taken to finance the cash consideration for the Proposed Acquisitions and the abovementioned activities, our Group may be exposed to fluctuation in interest rates which could affect the interest charges incurred on the borrowings and hence affect our Group's future financial performance.

In order to mitigate such risks, our Group has been and will continue to review our debt portfolio and will take into consideration our gearing level, interest cost as well as our cash flows in achieving an optimal capital structure.

9.4 Risks inherent in property development and construction

9.4.1 Business risk

There are certain risks inherent in the design and 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, price increase in construction materials (e.g. steel bars, cement, gravel, sand and petroleum based materials), labour disputes, the non-performance or unsatisfactory performance of contractors and subcontractors, inclement weather, 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 business, operations and financial performance, and in turn, may affect our Group's profitability.

Nevertheless, our Group has an extensive and established track record in the property development industry and as such, we will seek to mitigate these business 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 performance is not materially and adversely affected.

In addition, we will also seek to limit these business risks through, amongst others, focusing on property development in prime areas. Our Group currently has geographically diversified landbanks located mainly in Kuala Lumpur, Selangor, Perak, Penang and Negeri Sembilan. We will take into consideration the market demand when planning our property launches, offering innovative property products which focuses on specific niche markets, continuously sourcing for opportunities to acquire landbanks in strategic areas, adhere to timely delivery commitment and emphasise on product quality and after sales service.

Our Group has also established long-term relationship with subcontractors or suppliers and where necessary, we also make bulk purchase of the building materials in order to reduce the risk of shortage of material supplies.

9.4.2 Competition risk

Our Group faces competition from other construction and property developers which include various listed and non-listed companies. Intense competition may result in highly competitive pricing required to secure construction contracts. Lately, the local property industry has seen intense competition among property developers for strategically located and reasonably priced landbanks, and for labour as well as building materials. There is also strong competition with respect to selling prices and types of properties. There can be no assurance that we will be able to compete effectively against our competitors. If we are not able to compete successfully in the construction as well property development sectors, our businesses, financial condition, results of operations and prospects could be adversely affected.

Notwithstanding this, we will continue to take effective measures to actively participate in competitive bidding and negotiations to secure contracts, ensure quality products and services and develop innovative marketing strategies to remain competitive.

9.4.3 Delay in completion of projects

The timely completion of a construction or development project is dependent on many external factors, including the necessary approvals as scheduled, securing construction and building materials in adequate amounts and satisfactory performance by building contractors appointed to complete the development projects.

Our property development projects are subject to various approvals from the district and state land offices, including the planning authorities and local councils. Any prolonged delay in the completion of the projects could materially and adversely affect our businesses, financial condition, results of operations and prospects.

To mitigate this risk, we monitor the work schedule of our development projects closely and liaise with the relevant authorities or parties proactively.

9.4.4 Cost of development and demand risks

Appreciation of land value and fluctuations in construction materials cost are inherent risks in the property and construction sectors. Higher cost of land as well as construction and building materials such as steel bars, cement, marbles, tiles and sanitary wares will affect the profit margin of property developers and contractors. In the event our Group increases the selling price of our development properties or increases the cost of construction tenders as a result of any upward revision to the cost of construction, demand for our properties or construction services may be adversely affected.

In view of this, we have been and will continue to monitor carefully the demand for the type of properties and affordability of potential buyers for such properties before commencing the development of the properties.

9.5 Risks inherent in the integrated security surveillance systems

9.5.1 Business risk

The integrated security surveillance systems industry is highly dependent on technology and is therefore exposed to the risk of technological obsolescence due to rapid advancements in technology and industry standards, frequent introduction of new or enhanced products and changing customer requirements, e.g. the movement from older analog to newer networked-based surveillance equipment and the constant improvement in imaging and data storage technologies. As such, there is no assurance that we will be able to immediately adapt to all technological advances and are able to fully cater to all customer requirements. Failure to do so may potentially affect our ability to compete effectively with our existing competitors or new market entrants, which could adversely affect our business, financial condition, prospects and results of our operations in this particular industry.

In order to mitigate such risks, we actively pursue constant improvement in our products and services and keep abreast of technological evolvement through regular training sessions with our technological partners and attending technical shows which showcase the latest cutting edge technologies available in the market. In addition, we also hold regular dialogues with our customers to keep them informed of technological changes and improvements and also to obtain feedback on their needs and requirements in order for us to adapt accordingly.

10. OVERVIEW AND PROSPECTS

10.1 Overview and outlook of the Malaysian economy

The global economy grew at a modest pace in the first quarter of 2013. The growth in the US remained slow, while the economic performance in most European economies remained weak amidst the ongoing policy challenges and domestic structural concerns. In Asia, economic activity continued to expand, although at a slower pace, as domestic demand continued to outweigh weakness in external demand. Amid this weaker external environment, the Malaysian economy expanded by 4.1% in the first quarter (4Q 2012: 6.5%), supported by stronger domestic demand that expanded by 8.2% during the quarter (4Q 2012: 7.8%). On the supply side, while the domestic-oriented industries continued to register sustained growth, activity in the major economic sectors was weighed down by the weak external conditions.

Domestic demand remained robust, increasing by 8.2% during the quarter (4Q 2012: 7.8%). Private consumption recorded a strong growth of 7.5% (4Q 2012: 6.2%), driven by sustained income growth and favourable labour market conditions. This was further supported by the implementation of the minimum wage policy. Growth in public consumption, however, moderated to 0.1% (4Q 2012: 1.2%), amidst lower spending on supplies and services.

Growth in gross fixed capital formation remained firm, rising by 13.2%, underpinned by capital spending by both the private and public sectors. Private investment grew by 10.9%, supported by continued capital spending in the domestic-oriented manufacturing and consumer-related services subsectors, in addition to the on-going implementation of projects in the oil and gas sector. Public investment expanded by 17.3%, driven by higher capital spending by public enterprises in the oil and gas, utilities and telecommunication sectors, while Federal Government development expenditure was channelled mainly into the transportation, education, and trade and industry sectors.

On the supply side, growth in the manufacturing sector slowed, weighed down by the weak external conditions. Despite the weakness in trade-related activity, the services sector continued to expand, driven largely by sub-sectors catering to the domestic market. Growth in the agriculture sector was sustained on account of higher production of palm oil, while the mining sector declined due to lower production of crude oil. In the construction sector, growth remained firm, led mainly by the civil engineering sub-sector.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), was slightly higher at 1.5% in the first quarter (4Q 2012: 1.3%). The increase was attributed mainly to higher inflation in the food and non-alcoholic beverages category.

Despite continued volatility in the global financial markets, financial stability remained intact throughout the quarter. Effective financial intermediation was supported by sound financial institutions, orderly financial market conditions and sustained confidence in the financial system.

Going forward, the global economy is expected to continue to expand, but downside risks to growth will remain. In the advanced economies, economic recovery continues to be vulnerable to policy uncertainties and the risk of contagion. The divergent policies across regions are also resulting in spillover effects on global financial conditions. Nevertheless, in Asia, growth will continue to be sustained by domestic demand, underpinned by income growth and healthy labour market conditions, and supported by continued policy flexibility.

For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2013, BNM)

10.2 Overview and outlook of the Malaysian property, construction and security surveillance sector

Based on a report published by RHB Research Institute Sdn Bhd ("**RHB Research**"), affordability and financing accessibility remain the key issues for the housing sector. Developers are expected to continue to move away from larger units towards smaller units to cater to the mass segment. Recent residential land acquisitions by developers are primarily located at non-prime and outer-city areas, further indicating a focus on affordability. New developments in the Klang Valley have become more decentralised, with the bulk of the new supply heading south (to Kajang, Bangi, Semenyih and Beranang) whilst leveraging on the good access to KLIA and Putrajaya/Cyberjaya. Prices for landed properties, which accounted for 48.7% of total supply, will stay robust, especially those in gated and guarded communities. This mass segment will be supported by the young population base in Malaysia, with about 40% in Klang Valley under 19 years of age.

As for the high-rise residential segment, total condominium supply is still quite consistent, with about 3,000-4,000 units every year for condos priced at above RM800 per sq. ft ("**psf**"). Mont' Kiara/Sri Hartamas and the Kuala Lumpur City Centre ("**KLCC**") remain the key supply areas, with 23% and 12% of the total supply units in the Klang Valley located in these enclaves. Meanwhile, some luxury projects launched last year have seen strong take-up rates, including Mirage Residence (RM1,200-1,600 psf), The Face Serviced Apartments (RM1,350 psf) and Banyan Tree Residences (RM2,000 psf). RHB Research is of the view that demand will continue to be driven by foreign purchasers due to influx of liquidity.

The office sector continued to be weighed down by oversupply, and RHB Research believes that rental growth will remain sluggish over the medium term until the market has largely absorbed the space. Newly completed buildings such as Menara Felda, Integra Tower and Menara Binjai in the KLCC have yet to achieve satisfactory occupancy. Vacancy rates for the overall Golden Triangle offices rose to 15.2% in 2012, from 12%. There will be an additional 24.8 million sq. ft. of office space coming to the market by 2016, and this excludes mega projects such as KL Metropolis (Naza TTDI's Matrade), 118-storey Warisan Merdeka and Tun Razak Exchange ("**TRX**") (which will add another 8.5 million sq. ft. alone). In 2013, supply growth will come from KL Sentral, with the completions of Lot G (2 towers), 1 Sentrum, 348 Sentral and Menara CIMB, combining for over 2 million sq. ft. of net lettable office space. Despite the oversupply, there has not been a substantial drop in rental as landlords have been reluctant to undercut rental, but offer longer rent-free periods instead. RHB Research have noted that industry players are suffering.

Outlook for the retail segment remains favourable. Total retail supply in the Klang Valley is estimated to hit 50.2 million sq. ft. in 2013 from 48.3 million sq. ft. last year (+3.9%). However, a large amount of this supply is located in older and poorer performing malls; hence the quantity of quality retail space is considerably lower. Prime retail rents have already gone past RM150 psf, but new centres are facing difficulties and prime rents for new centres in suburbs are mostly below RM15 psf. 10 malls were completed in 2011 and 5 more opened in 2012. These include Setia City Mall and The Paradigm which total 1.15 million sq. ft. of net lettable area. Total number of malls by 2015 is estimated to be 169.

Apart from population, RHB Research believes the retail growth will be driven stronger by the influx of new international brands as the economy in the European region and US continues to suffer or recover slowly. South East Asia is currently the focus, with many new international brands looking to enter or penetrate the region. New high-profile retailers that have entered Malaysia include H&M and Uniqlo. More retailers are considering their Malaysian operations as part of their regional strategy as opposed to single-market entry. This, in turn, will make the whole retail sector more competitive. RHB Research is of the view that the limited number of key anchor malls in the Klang Valley, namely Suria KLCC, Pavilion Mall, Mid Valley, The Gardens, Sunway Pyramid and One Utama, will stand to benefit. Occupancy rates for these leading centres are generally above 90%, with plenty of retailers on the waiting lists. RHB Research expects both Pavilion Mall and Sunway Pyramid to achieve 10-15% rental growth upon their major rental renewal in September 2013.

Based on the Economic Report 2012/2013 by the Ministry of Finance, the construction sector is envisaged to expand strongly by 11.2% (2012: 15.5%), with all subsectors registering steady growth. The sector is expected to benefit from the acceleration of on-going construction activities, particularly from the Economic Transformation Plan ("**ETP**") and second rolling plan (RP2) construction-related projects. Of significance, exploration activities in oil and gas industries and major projects such as the electrified double-tracking between Ipoh - Padang Besar, East Coast Expressway Phase 2 Jabur – Kuala Terengganu (LPT2 Jabur), the Mass Rapid Transit ("**MRT**") and the River of Life are expected to drive the growth of civil engineering subsector. The non-residential subsector is expected to expand spurred by the industrial building segment and the commencement of construction of the TRX. The residential subsector is also projected to expand, albeit at a moderate pace, after recording several years of strong growth. Key housing development projects, particularly in Sungai Buloh and Bandar Malaysia in Sungai Besi, which are expected to commence in 2013 will support residential construction activities.

In view of the positive growth prospects in the construction and property development sectors, the security and video surveillance sector is also expected to bode well as newer developments place increasing importance on safety and security. It has become an accepted tool to help reduce crime, and protect public spaces and also serves as a budget conscious option due to the one time expense of system installation rather than providing a regular paycheck to a security guard.

(Source: RHB Research Sector Update 18/02/2013 – Property: Key Highlights From The CBRE Luncheon; Economic Management and Prospects, Economic Report 2012/2013, Ministry of Finance Malaysia)

10.3 Prospects of the Acquiree Companies

The Proposed Acquisition of NGD Subsidiaries will enable us to increase our landbank by approximately 32.74 acres and provide us with earnings sustainability for the foreseeable future. Further, the Proposed Acquisition of 30% of P.J Sentral would enable our Company to fully control and consolidate the future earnings of P.J Sentral. The key asset to be acquired will be P.J Sentral Garden City, which is modeled on the success of mixed development projects in the Klang Valley region such as KL Sentral and Mid Valley City. P.J Sentral Garden City is one of the 11 key Economic Transformation Programme Projects announced by YAB Dato' Sri Mohd Najib Tun Razak on 16 November 2012 and shall form part of the Greater Kuala Lumpur National Key Economic Area. The development will span across 40 acres and is poised to be the new green central business district of Selangor, supporting Kuala Lumpur and other business hubs around the city and state. The project is expected to redevelop and revitalise the area around Section 52 in Petaling Jaya. The trend for mixed developments are noticeable in the Kuala Lumpur vieinity, as the Government of Malaysia through its wholly-owned subsidiary, 1 Malaysia Development Berhad has initiated another mixed development project in Kuala Lumpur as part of the ETP termed the Kuala Lumpur International Financial District. The properties held by Puncak Wangi and P.J Sentral are strategically located in the heart of Petaling Jaya town centre and clustered by prominent government and private sector buildings such as Menara MBPJ, Amcorp Mall and PJ Hilton Hotel. The area is also well-connected to surrounding areas via the Federal Highway, Lebuhraya Damansara-Puchong ("**LDP**"), New Pantai Expressway ("**NPE**") and Lebuhraya Shah Alam ("**KESAS highway**"). The existing Taman Jaya light rail transit ("**LRT**") is within walking distance as well.

Based on information extracted from the Commercial Property Stock Table for the 3rd quarter of 2012 (Q3 2012) produced by the Valuation and Property Services Department (JPPH) ("**Commercial Property Stock Table for Q3 2012**"), there are 47 purpose-built offices ("**PBO**") located in Petaling Jaya with a total space of approximately 10.87 million sq. ft. and an occupancy rate of 76.1%. Meanwhile, the existing stock for service apartments in the District of Petaling stood at 12,228 units. Stocks of PBO in the vicinity of Persiaran Barat stood at 1.03 million sq. ft. with an occupancy rate of 93.4%. The incoming supply is approximately 2.51 million sq. ft. for PBO over the next 2 years and 9,362 units for serviced apartments in the near future.

In the Old Klang Road area, residential property values have been trending upwards as traffic congestion and flash flood issues have been addressed. On the commercial property scene however, Old Klang Road remains relatively quiet as development projects are for the most part scattered and small. Notable development projects in the area are Metro Centre and Pearl Suria@Menara Pearl Point 2. The properties held by Gapurna Land is located within the vicinity of prominent developments including Mid Valley City, The Scott Garden, Bangsar South and KL Eco City, and connected to surrounding areas via the Federal Highway and the NPE. Based on information extracted from the Commercial Property Stock Table for Q3 2012, the stocks of PBO in suburban Kuala Lumpur stood at 78 buildings with total space of approximately 16.06 million sq. ft. and an occupancy rate of 76.5%. Meanwhile, the supply of PBO in Old Klang Road recorded a total space of approximately 359,000 sq. ft. with an occupancy rate of 73%. There will be another two (2) PBO to be injected into suburban Kuala Lumpur in the near future.

The prospects for Subang Jaya are good as there are development projects planned that would increase the value of the area. The extension of the Kelana Jaya LRT line to Subang Jaya and USJ will help ease congestion and provide alternative means of transport for residents to reach Kuala Lumpur. New development activity in Subang Jaya also remains healthy, for example Sime Darby Property is currently planning a multi modal transit hub that integrates a mix of retail, hotel, service apartments, small office/ home office ("**SOHO**") and office suites, to be termed the Subang Jaya City Centre in SS16 (Jalan SS16/1). The property held by Gapurna Builders is located within the Subang Jaya Town Centre and close to major shopping malls, i.e. Empire Subang, Subang Parade and AEON Big Hypermarket (formerly known as Carrefour Hypermarket). The location is also well connected via the Federal Highway, LDP, NPE and the KESAS highway. Based on information extracted from the Commercial Property Stock Table for Q3 2012, of the 163 PBO in Selangor, 11 are located within Subang Jaya with total space of approximately 1.71 million sq. ft. and an occupancy rate of 59.6%. There will be no incoming supply of PBO to be injected into Subang Jaya in the next two (2) years.

In addition to the above, P.J Sentral had on 12 December 2012 entered into a conditional sale and purchase agreement with MBSB Tower Sdn Bhd (formerly known as Ambang Hartamas Sdn Bhd), a wholly-owned subsidiary of Malaysia Building Society Berhad, for the sale of an office tower to be developed and identified as Tower 3 for a total cash consideration of RM239,236,750.

Puncak Wangi and Celcom Axiata Berhad ("**Celcom**") had on 28 February 2013 entered into a build and lease agreement whereby Puncak Wangi has agreed to design, construct and lease to Celcom a 32 storey office building as Celcom's principal corporate office on Lot PT 11 (formerly known as Lot 8), Section 52, Town of Petaling Jaya. The lease term is 15 years, with a further extension of two (2) terms of three (3) years each.

Further, P.J Sentral had, on 18 March 2013, also entered into a conditional sale and purchase agreement with Perbadanan Harta Intelek Malaysia for the sale of a 24 storey office building to be developed and identified as Tower 6 for a total cash consideration of RM250 million.

GHC has developed a proven track record in designing and constructing 10 hypermarkets for Giant in Malaysia and will be appointed as the main contractor for the NGD Subsidiaries. The Proposed Acquisition of GHC will increase the construction order book of MRCB by approximately RM3.5 billion via its contracts secured from both the NGD Subsidiaries as well as from third parties, details of which are set out in Section 2.3.4 of Part A of this Circular. The construction industry in Malaysia is expected to augur well due to the commencement of large infrastructure projects and vibrant housing construction activities.

The Proposed Acquisition of GGS is also expected to benefit us through government initiatives such as the National Key Results Area ("**NKRA**") which is comprised of the seven (7) most critical socio-economic areas for improvement as identified by the Malaysian public, one of which is to reduce crime. As such, programmes that relate to public security include the Omnipresence Programme and Public Closed Circuit Television ("**CCTV**") Systems Programme. The Public CCTV Systems Programme has so far installed CCTVs in 496 hotspots under the first phase and will see another 496 installed in ensuing phases. The Omnipresence Programme will also see the increase in number of police officers stationed on the ground in hotspot areas that will also be using surveillance equipment to assist them in their jobs.

GGS via GTC has established direct relationships with leading manufacturers in the security industry. GTC's customers currently consist of hypermarkets and supermarkets within Malaysia and they have also been involved in projects for town councils and state governments which have been successfully completed.

(Source: Pemandu.gov.my, Property Valuation Reports, Management of MRCB and the Acquiree Companies)

10.4 Summary of the Feasibility Reports in respect of the Properties

(i) Approved commercial development project on a 3.20 acre parcel of commercial land identified as Lot 50700, Bandar Subang Jaya, District of Petaling, Selangor Darul Ehsan

The project has the benefit of being strategically located within Subang Jaya, a matured locality with a ready population catchment where demand for commercial properties is strong. The neighbourhood is seeing very active development with both high-rise commercial and residential projects. The high visibility of the project to the daily drive-by traffic heading in and out of the Municipality of Subang Jaya is a plus factor that should be optimised. An added advantage of the project is the virtue of the fact that it is an integrated development which creates an interlocking support internally and external gravitational business activities. The traffic flow has great implications on the success of the project and should be planned and managed with utmost priority. The likely competitors to the project in the larger neighbourhood are Empire Subang, First Subang and Icon City.

Based on Khong & Jaafar's assumptions, the project is expected to be viable.

(ii) Approved commercial development project on a 11.911 acre parcel of commercial land identified as PT 11 Section 52 and Lot 12 Section 26, City of Petaling Jaya, District of Petaling, Selangor

The project is strategically located within the prime commercial hub of the Petaling Jaya City Centre, a matured established locality with a ready population catchment where demand for properties both residential and commercial is strong. It sits within the Petaling Jaya New Town area which is the growth centre of the City of Petaling Jaya, is linked to major thoroughfares and in close proximity to major new/old commercial and residential developments in the City of Petaling Jaya. With a frontage to the Federal Highway, it possesses excellent visibility and exposure. In addition, with the stable employment market, improved economy and household income and high savings rate among the population, demand for commercial/residential properties will remain strong. As such, the project, if priced fairly with development content designed and segmented to suit the market's appetite, will fare well. The likely competitors to the project in the larger neighbourhood are the Pacific Star development, Bangsar South, KL Eco City and Jaya 33.

Based on Khong & Jaafar's assumptions, the project is expected to be viable.

(iii) Approved mixed development project on a 17.633 acre parcel of building land identified as Lots PT 68 to 71 (inclusive) and PT 75 Section 98, City of Kuala Lumpur and Lot PT 8617, Mukim of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

The project is located in a matured locality with a ready population catchment. Old Klang Road is an established arterial road within Kuala Lumpur and the neighbourhood is well populated although somewhat of an older neighbourhood with substantial low to medium-cost residential units. The locality consists of mostly conventional type properties, thus this project can be considered an urban renewal project. Its development design and content will be a fresh entry into the market and has the potential to fill the gap in demand for modern, contemporary developments. The likely competitors to the project in the larger neighbourhood are KL Eco City, Metro Centre (The Scott Garden), Saville Residence, Mid Valley City, Bangsar Trade Centre, Centrio Pantai and Bangsar South. A major feature of the project is its river frontage planned with green landscaping and this coupled with the announced intention of the relevant local authorities, involving the Dewan Bandaraya Kuala Lumpur, Majlis Perbandaran Selayang and Majlis Perbandaran Ampang Jaya, to clean up and beautify the rivers within their respective jurisdictions, gives the project an edge over other competitive projects. Through the adoption of competitive and fair pricing, quality finishes, additional features, unique designs with sizeable built-up areas and also through efficient marketing, the project will succeed.

Based on Khong & Jaafar's assumptions, the project is expected to be viable.

Further details on the projects are set out in Appendix VII of this Circular.

11. EFFECTS OF THE PROPOSALS

The Proposed Exemption, the Proposed IASC and the Proposed Amendments will not have any effect on our Company's issued and paid-up share capital, consolidated NA per Share and gearing, consolidated EPS and shareholdings of our substantial shareholders. The proforma effects of the Proposed Acquisitions and the Proposed Free Warrants on our Company's issued and paid-up share capital, consolidated NA per Share and gearing, consolidated EPS and shareholdings of our substantial shareholders are set out below, based on the following illustrative scenarios:-

SCENARIO A: Excluding the proforma effects of the Proposed Acquisition of 30% of P.J Sentral

SCENARIO B: Including the proforma effects of the Proposed Acquisition of 30% of P.J Sentral

Scenario A and Scenario B are further illustrated based on the following assumptions:-

Minimum Scenario:-

Assuming that none of the outstanding ESOS options as at LPD and the Additional ESOS Options are exercised prior to the Entitlement Date.

Maximum Scenario:-

Assuming that all outstanding ESOS options as at LPD and the Additional ESOS Options are exercised prior to the Entitlement Date.

11.1 Share capital

Based on the Record of Depositors of MRCB as at LPD, the proforma effects of the Proposed Acquisitions and the Proposed Free Warrants on our issued and paid-up share capital are as follows:-

	<----------SCENARIO A---------->				<----------SCENARIO B---------->			
	Minimum Scenario		**Maximum Scenario**		**Minimum Scenario**		**Maximum Scenario**	
	No. of MRCB Shares ('000)	**RM'000**	**No. of MRCB Shares ('000)**	**RM'000**	**No. of MRCB Shares ('000)**	**RM'000**	**No. of MRCB Shares ('000)**	**RM'000**
As at LPD	1,387,811	1,387,811	1,387,811	1,387,811	1,387,811	1,387,811	1,387,811	1,387,811
After exercise of all outstanding ESOS options as at LPD and the Additional ESOS Options	-	-	53,155 [(1)]	53,155 [(1)]	-	-	53,155 [(1)]	53,155 [(1)]
	1,387,811	1,387,811	1,440,966	1,440,966	1,387,811	1,387,811	1,440,966	1,440,966
To be issued:-								
Pursuant to the Proposed Acquisitions	398,709	398,709	398,709	398,709	445,349	445,349	445,349	445,349
Pursuant to the exercise of Consideration Warrants	113,918	113,918	113,918	113,918	127,243	127,243	127,243	127,243
Pursuant to the exercise of Free Warrants	462,604	462,604	480,322	480,322	462,604	462,604	480,322	480,322
Enlarged issued and paid-up share capital	**2,363,042**	**2,363,042**	**2,433,915**	**2,433,915**	**2,423,007**	**2,423,007**	**2,493,880**	**2,493,880**

Note:-

(1) Excludes the 5,297,353 ESOS options which has lapsed as at LPD.

11.2 NA per MRCB Share and gearing

Based on our audited consolidated statement of financial position as at 31 December 2012 and the assumption that the Proposed Acquisitions and the Proposed Free Warrants had been effected on that date, the proforma effects of the Proposed Acquisitions and the Proposed Free Warrants on the NA per MRCB Share and gearing of our Group are as follows:-

SCENARIO A: Minimum Scenario

	Audited as at 31 December 2012	(I) After adjusting for the granting of ESOS options up to the LPD	(II) After (I) and adjusting for the granting of Additional ESOS Options	(III) After (II) and the Proposed Free Warrants	(IV) After (III) and the Proposed Acquisitions	(V) After (IV) and assuming that the Warrants are exercised in full
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	1,387,811	1,387,811	1,387,811	1,387,811	1,786,521	2,363,042
Reserves						
- Share premium	134,475	134,475	134,475	134,475	353,765 (1)	1,129,443 (4)
- Other reserves	31,168	32,062	36,588	36,588	36,588	36,588
- Forex reserves	1,101	1,101	1,101	1,101	1,101	1,101
- Warrants reserves	-	-	-	-	26,201 (1)	-
- Distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(149,774) (2)	(149,774)
Shareholders' funds/NA	1,418,201	1,418,201	1,418,201	1,418,201	2,054,402	3,380,400
No. of MRCB Shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,387,811	1,786,521	2,363,042
NA per MRCB Share (RM)	1.02	1.02	1.02	1.02	1.15	1.43
Total borrowings (RM'000)	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488 (3)	3,385,488
Gearing (times) (5)	2.34	2.34	2.34	2.34	1.65	1.00

Notes:-

(1) *Although the Consideration Shares will be issued at RM1.55 per Consideration Share, FRS 3 (revised) requires the recognition of the fair value of the Consideration Shares and Consideration Warrants based on the traded price of the Consideration Shares and Consideration Warrants as at the Completion Date. For illustrative purposes, we have adopted the closing price of MRCB Shares and the indicative fair value of the Consideration Warrants on 31 December 2012 of RM1.55 and RM0.23 respectively, for purposes of such computation.*

(2) *After defraying estimated expenses amounting to approximately RM8.0 million in relation to the Proposals such as advisory fees, regulatory fees, printing and advertising costs, stamp duties and miscellaneous expenses.*

(3) *Including the borrowings of the Acquiree Companies amounting to approximately RM60.7 million based on their latest available audited financial statements.*

(4) *After taking into consideration the share premium amounting to approximately RM749.5 million arising from the full exercise of the Warrants and the reversal of warrants reserve amounting to approximately RM26.2 million.*

(5) *Gearing is computed as total borrowings divided by shareholders' funds.*

	Audited as at 31 December 2012	(I) After adjusting for the granting of ESOS options up to the LPD	(II) After (I) and adjusting for the granting of Additional ESOS Options	(III) After (II) and the exercise of all outstanding ESOS options as at LPD and the Additional ESOS Options	(IV) After (III) and the Proposed Free Warrants	(V) After (IV) and the Proposed Acquisitions	(VI) After (V) and assuming that the Warrants are exercised in full
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share eapital	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,839,676	2,433,915
Reserves							
- Share premium	134,475	134,475	134,475	170,484	170,484	389,774 (1)	1,188,486 (4)
- Other reserves	31,168	32,062	36,588	29,757	29,757	29,757	29,757
- Forex reserves	1,101	1,101	1,101	1,101	1,101	1,101	1,101
- Warrants reserves	-	-	-	-	-	26,201 (1)	-
- Distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(141,774)	(149,774) (2)	(149,774)
Shareholders' funds/NA	1,418,201	1,418,201	1,418,201	1,500,534	1,500,534	2,136,735	3,503,485
No. of MRCB Shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,839,676	2,433,915
NA per MRCB Share (RM)	1.02	1.02	1.02	1.04	1.04	1.16	1.44
Total borrowings (RM'000)	3,324,774	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488 (3)	3,385,488
Gearing (times) (5)	2.34	2.34	2.34	2.22	2.22	1.58	0.97

Notes:-

(1) *Although the Consideration Shares will be issued at RM1.55 per Consideration Share, FRS 3 (revised) requires the recognition of the fair value of the Consideration Shares and Consideration Warrants based on the traded price of the Consideration Shares and Consideration Warrants as at the Completion Date. For illustrative purposes, we have adopted the closing price of MRCB Shares and the indicative fair value of the Consideration Warrants on 31 December 2012 of RM1.55 and RM0.23 respectively, for purposes of such computation.*

(2) *After defraying estimated expenses amounting to approximately RM8.0 million in relation to the Proposals such as advisory fees, regulatory fees, printing and advertising costs, stamp duties and miscellaneous expenses.*

(3) *Including the borrowings of the Acquiree Companies amounting to approximately RM60.7 million based on their latest available audited financial statements.*

(4) *After taking into consideratian the share premium amounting to approximately RM772.5 million arising from the full exercise of the Warrants and the reversal of warrants reserve amounting ta approximately RM26.2 million.*

(5) *Gearing is computed as total borrowings divided by shareholders' funds.*

	Audited as at 31 December 2012	(I) After adjusting for the granting of ESOS options up to the LPD	(II) After (I) and adjusting for the granting of Additional ESOS Options	(III) After (II) and the Proposed Free Warrants	(IV) After (III) and the Proposed Acquisitions	(V) After (IV) and assuming that the Warrants are exercised in full
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	1,387,811	1,387,811	1,387,811	1,387,811	1,833,160	2,423,007
Reserves						
- Share premium	134,475	134,475	134,475	134,475	379,417 (1)	1,175,484 (4)
- Other reserves	31,168	32,062	36,588	36,588	36,588	36,588
- Forex reserves	1,101	1,101	1,101	1,101	1,101	1,101
- Warrants reserves	-	-	-	-	29,266 (1)	-
- Distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(149,774) (2)	(149,774)
Shareholders' funds/NA	1,418,201	1,418,201	1,418,201	1,418,201	2,129,758	3,486,406
No. of MRCB Shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,387,811	1,833,160	2,423,007
NA per MRCB Share (RM)	1.02	1.02	1.02	1.02	1.16	1.44
Total borrowings (RM'000)	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488 (3)	3,385,488
Gearing (times) (5)	2.34	2.34	2.34	2.34	1.59	0.97

Notes:-

(1) *Although the Consideration Shares will be issued at RM1.55 per Consideration Share, FRS 3 (revised) requires the recognition of the fair value of the Consideration Shares and Consideration Warrants based on the traded price of the Consideration Shares and Consideration Warrants as at the Completion Date. For illustrative purposes, we have adopted the closing price of MRCB Shares and the indicative fair value of the Consideration Warrants on 31 December 2012 of RM1.55 and RM0.23 respectively, for purposes of such computation.*

(2) *After defraying estimated expenses amounting to approximately RM8.0 million in relation to the Proposals such as advisory fees, regulatory fees, printing and advertising costs, stamp duties and miscellaneous expenses.*

(3) *Including the borrowings of the Acquiree Companies amounting to approximately RM60.7 million based on their latest available audited financial statements.*

(4) *After taking into consideration the share premium amounting to approximately RM766.8 million arising from the full exercise of the Warrants and the reversal of warrants reserve amounting to approximately RM29.3 million.*

(5) *Gearing is computed as total borrowings divided by shareholders' funds.*

SCENARIO B: Maximum Scenario

	Audited as at 31 December 2012	(I) After adjusting for the granting of ESOS options up to the LPD	(II) After (I) and adjusting for the granting of Additional ESOS Options	(III) After (II) and the exercise of all outstanding ESOS options as at LPD and the Additional ESOS Options	(IV) After (III) and the Proposed Free Warrants	(V) After (IV) and the Proposed Acquisitions	(VI) After (V) and assuming that the Warrants are exercised in full
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,886,315	2,493,880
Reserves							
- Share premium	134,475	134,475	134,475	170,484	170,484	415,426 (1)	1,234,526 (4)
- Other reserves	31,168	32,062	36,588	29,757	29,757	29,757	29,757
- Forex reserves	1,101	1,101	1,101	1,101	1,101	1,101	1,101
- Warrants reserves	-	-	-	-	-	29,266 (1)	-
- Distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(141,774)	(149,774) (2)	(149,774)
Shareholders' funds/NA	1,418,201	1,418,201	1,418,201	1,500,534	1,500,534	2,212,091	3,609,490
No. of MRCB Shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,886,315	2,493,880
NA per MRCB Share (RM)	1.02	1.02	1.02	1.04	1.04	1.17	1.45
Total borrowings (RM'000)	3,324,774	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488 (3)	3,385,488
Gearing (times) (5)	2.34	2.34	2.34	2.22	2.22	1.53	0.94

Notes:-

(1) *Although the Consideration Shares will be issued at RM1.55 per Consideration Share, FRS 3 (revised) requires the recognition of the fair value of the Consideration Shares and Consideration Warrants based on the traded price of the Consideration Shares and Consideration Warrants as at the Completion Date. For illustrative purposes, we have adopted the closing price of MRCB Shares and the indicative fair value of the Consideration Warrants on 31 December 2012 of RM1.55 and RM0.23 respectively, for purposes of such computation.*

(2) *After defraying estimated expenses amounting to approximately RM8.0 million in relation to the Proposals such as advisory fees, regulatory fees, printing and advertising costs, stamp duties and miscellaneous expenses.*

(3) *Including the borrowings of the Acquiree Companies amounting to approximately RM60.7 million based on their latest available audited financial statements.*

(4) *After taking into consideration the share premium amounting to approximately RM789.8 million arising from the full exercise of the Warrants and the reversal of warrants reserve amounting to approximately RM29.3 million.*

(5) *Gearing is computed as total borrowings divided by shareholders' funds.*

11.3 Earnings and EPS

As the Proposed Acquisitions and the Proposed Free Warrants are expected to be completed in the third (3rd) quarter of 2013, the Proposed Acquisitions and the Proposed Free Warrants are not expected to have any material effect on the earnings of our Group for the FYE 31 December 2013.

For illustration purposes, assuming that the Proposed Acquisitions were completed on 1 January 2012, our proforma EPS would be as follows:-

	SCENARIO A	SCENARIO B
	RM mil	RM mil
PATMI of MRCB for the FYE 31 December 2012	60.12	60.12
Add: Aggregate PATMI of the Acquiree Companies for the FYE 31 December 2012	1.92	1.12
Less: Estimated expenses	(8.0)	(8.0)
Proforma PATMI	54.04	53.24
Adjusted weighted average number of Shares (million)	1,785.4	1,832.1
Proforma EPS (sen)	**3.03**	**2.91**

Based on the illustration above, our EPS for FYE 31 December 2012 would decline from 4.34 sen to 3.03 sen and 2.91 sen under Scenario A and Scenario B respectively.

The consolidated EPS of our Company is, however, expected to be diluted as a result of the new MRCB Shares to be issued upon exercise of the Warrants. Nevertheless, the eventual impact on our EPS will also depend on the future earnings generated by the Acquiree Companies as well as the level of returns generated by the utilisation of proceeds arising from the exercise of the Warrants.

The Proposed Acquisitions are expected to contribute positively to the future earnings of our Group for the ensuing financial years due to, amongst others, the earnings contribution from the development of the landbanks acquired through the NGD Subsidiaries as well as the construction order book and surveillance contracts of GHC and GGS' subsidiary respectively.

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11.4 Substantial shareholders' shareholdings

Based on our Register of Substantial Shareholders as at LPD, the proforma effects of the Proposed Acquisitions and the Proposed Free Warrants on the shareholdings of our substantial shareholders are as follows:-

SCENARIO A: Minimum Scenario:-

	As at LPD				(I) After the Proposed Free Warrants				(II) After (I) and the Proposed Acquisitions			
	<-------Direct------->		<------Indirect------>		<-------Direct------->		<------Indirect----->		<-------Direct------->		<------Indirect----->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	585,070,800	42.16	-	-	585,070,800	42.16	-	-	685,457,897	38.37	-	-
Lembaga Tabung Haji	126,532,073	9.12	-	-	126,532,073	9.12	-	-	126,532,073	7.08	-	-
GSB [1][2]	-	-	-	-	-	-	-	-	298,322,581	16.70	-	-
Datuk Mohamad Salim	-	-	-	-	-	-	-	-	-	-	298,322,581 [3]	16.70
Datin Yasmin	-	-	-	-	-	-	-	-	-	-	298,322,581 [3]	16.70

	(III) After (II) and assuming that the Warrants are exercised in full			
	<-----Direct------->		<------Indirect------>	
	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	909,163,525	38.47	-	-
Lembaga Tabung Haji	168,709,431	7.14	-	-
GSB [1][2]	383,557,605	16.23	-	-
Datuk Mohamad Salim	-	-	383,557,605 [3]	16.23
Datin Yasmin	-	-	383,557,605 [3]	16.23

Notes:-

(1) It is the intention of NGD to nominate EPF and GSB to receive and accept the NGD Consideration Shares and NGD Consideration Warrants in place of NGD.

(2) It is the intention of the GHC Vendors and GGS Vendors to nominate GSB to receive and accept the GHC Consideration Shares and GHC Consideration Warrants as well as the GGS Consideration Shares and GGS Consideration Warrants in place of the GHC Vendors and the GGS Vendors respectively.

(3) Deemed interested by virtue of their interest in GSB pursuant to Section 6A of the Act.

SCENARIO A: Maximum Scenario:-

	As at LPD				(I) After adjusting for the exercise of outstanding ESOS options as at LPD and the Additional ESOS Options				(II) After (I) and the Proposed Free Warrants			
	<-------Direct------->		<------Indirect------>		<-------Direct------->		<------Indirect----->		<-------Direct------->		<------Indirect----->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	585,070,800	42.16	-	-	585,070,800	40.60	-	-	585,070,800	40.60	-	-
Lembaga Tabung Haji	126,532,073	9.12	-	-	126,532,073	8.78	-	-	126,532,073	8.78	-	-
GSB [1][2]	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Mohamad Salim	-	-	-	-	-	-	-	-	-	-	-	-
Datin Yasmin	-	-	-	-	-	-	-	-	-	-	-	-

	(III) After (II) and the Proposed Acquisitions				(IV) After (III) and assuming that the Warrants are exercised in full			
	<-------Direct------->		<------Indirect------>		<-------Direct------->		<------Indirect----->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	685,457,897	37.26	-	-	909,163,525	37.35	-	-
Lembaga Tabung Haji	126,532,073	6.88	-	-	168,709,431	6.93	-	-
GSB [1][2]	298,322,581	16.22	-	-	383,557,605	15.76	-	-
Datuk Mohamad Salim	-	-	298,322,581 [3]	16.22	-	-	383,557,605 [3]	15.76
Datin Yasmin	-	-	298,322,581 [3]	16.22	-	-	383,557,605 [3]	15.76

Notes:-

(1) It is the intention of NGD to nominate EPF and GSB to receive and accept the NGD Consideration Shares and NGD Consideration Warrants in place of NGD.

(2) It is the intention of the GHC Vendors and GGS Vendors to nominate GSB to receive and accept the GHC Consideration Shares and GHC Consideration Warrants as well as the GGS Consideration Shares and GGS Consideration Warrants in place of the GHC Vendors and the GGS Vendors respectively.

(3) Deemed interested by virtue of their interest in GSB pursuant to Section 6A of the Act.

	As at LPD				(I) After the Proposed Free Warrants				(II) After (I) and the Proposed Acquisitions [4]			
	<------Direct------->		<------Indirect------>		<------Direct------->		<------Indirect----->		<------Direct------->		<------Indirect----->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	585,070,800	42.16	-	-	585,070,800	42.16	-	-	685,457,897	37.39	-	-
Lembaga Tabung Haji	126,532,073	9.12	-	-	126,532,073	9.12	-	-	126,532,073	6.90	-	-
GSB [1][2]	-	-	-	-	-	-	-	-	298,322,581	16.27	-	-
Datuk Mohamad Salim	-	-	-	-	-	-	-	-	-	-	298,322,581 [3]	16.27
Datin Yasmin	-	-	-	-	-	-	-	-	-	-	298,322,581 [3]	16.27

	(III) After (II) and assuming that the Warrants are exercised in full [4]			
	<-----Direct------->		<------Indirect------>	
	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	909,163,525	37.52	-	-
Lembaga Tabung Haji	168,709,431	6.96	-	-
GSB [1][2]	383,557,605	15.83	-	-
Datuk Mohamad Salim	-	-	383,557,605 [3]	15.83
Datin Yasmin	-	-	383,557,605 [3]	15.83

Notes:-

(1) *It is the intention of NGD to nominate EPF and GSB to receive and accept the NGD Consideration Shares and NGD Consideration Warrants in place of NGD.*

(2) *It is the intention of the GHC Vendors and GGS Vendors to nominate GSB to receive and accept the GHC Consideration Shares and GHC Consideration Warrants as well as the GGS Consideration Shares and GGS Consideration Warrants in place of the GHC Vendors and the GGS Vendors respectively.*

(3) *Deemed interested by virtue of their interest in GSB pursuant to Section 6A of the Act.*

(4) *For information purposes, upon completion of the Proposed Acquisitions and upon the full exercise of the PKNS Consideration Warrants, PKNS will hold 46,639,539 MRCB Shares and 59,965,122 MRCB Shares, representing 2.54% and 2.47% equity interest in our Company respectively.*

SCENARIO B: Maximum Scenario

	As at LPD				(I) After adjusting for the exercise of outstanding ESOS options as at LPD and the Additional ESOS Options				(II) After (I) and the Proposed Free Warrants			
	<-------Direct------->		<------Indirect------>		<-------Direct------->		<------Indirect----->		<-------Direct------->		<------Indirect----->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	585,070,800	42.16	-	-	585,070,800	40.60	-	-	585,070,800	40.60	-	-
Lembaga Tabung Haji	126,532,073	9.12	-	-	126,532,073	8.78	-	-	126,532,073	8.78	-	-
GSB [1][2]	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Mohamad Salim	-	-	-	-	-	-	-	-	-	-	-	-
Datin Yasmin	-	-	-	-	-	-	-	-	-	-	-	-

	(III) After (II) and the Proposed Acquisitions [4]				(IV) After (III) and assuming that the Warrants are exercised in full [4]			
	<-------Direct------->		<------Indirect------>		<-------Direct------->		<------Indirect----->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	685,457,897	36.34	-	-	909,163,525	36.46	-	-
Lembaga Tabung Haji	126,532,073	6.71	-	-	168,709,431	6.76	-	-
GSB [1][2]	298,322,581	15.82	-	-	383,557,605	15.38	-	-
Datuk Mohamad Salim	-	-	298,322,581 [3]	15.82	-	-	383,557,605 [3]	15.38
Datin Yasmin	-	-	298,322,581 [3]	15.82	-	-	383,557,605 [3]	15.38

Notes:-

(1) It is the intention of NGD to nominate EPF and GSB to receive and accept the NGD Consideration Shares and NGD Consideration Warrants in place of NGD.

(2) It is the intention of the GHC Vendors and GGS Vendors to nominate GSB to receive and accept the GHC Consideration Shares and GHC Consideration Warrants as well as the GGS Consideration Shares and GGS Consideration Warrants in place of the GHC Vendors and the GGS Vendors respectively.

(3) Deemed interested by virtue of their interest in GSB pursuant to Section 6A of the Act.

(4) For information purposes, upon completion of the Proposed Acquisitions and upon the full exercise of the PKNS Consideration Warrants, PKNS will hold 46,639,539 MRCB Shares and 59,965,122 MRCB Shares, representing 2.47% and 2.40% equity interest in our Company respectively.

11.5 Convertible securities

As at LPD, 28,155,176 ESOS options remain outstanding in our Company.

The Proposals will not give rise to any adjustment to the number of new Shares comprised in the ESOS options and the option price of the unexercised ESOS options in accordance with the provisions of the bye-laws governing our ESOS.

12. APPROVALS REQUIRED FOR THE PROPOSALS

The Proposals are subject to the following approvals being obtained:-

(i) the approval-in-principle of Bursa Securities for the following:-

(a) admission of the Warrants to the Official List of Bursa Securities; and

(b) listing of and quotation for:-

(1) up to 445,349,217 Consideration Shares together with up to 127,242,635 Consideration Warrants to be issued pursuant to the Proposed Acquisitions;

(2) up to 482,087,903 Free Warrants to be issued pursuant to the Proposed Free Warrants; and

(3) up to 609,330,538 MRCB Shares to be issued pursuant to the exercise of the Consideration Warrants and the Free Warrants.

on the Main Market of Bursa Securities which was obtained vide its letter dated 4 June 2013, subject to, *inter-alia,* the following conditions:-

(1) MRCB and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;

(2) MRCB and its adviser to inform Bursa Securities upon the completion of the Proposals;

(3) MRCB must comply with the public shareholding spread requirements pursuant to Paragraph 8.02 of the Listing Requirements, upon the completion of the Proposals;

(4) MRCB and its adviser to furnish the following to Bursa Securities prior to the quotation of the MRCB Shares and Warrants:-

- Confirmation from the adviser that MRCB complies with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements and a certificate of distribution of the shares in the format contained in Part B(1)(d) of Annexure PN21-A of the Listing Requirements;

- A certified true copy of the resolution passed by the shareholders approving the Proposals; and

- A copy of the approval letter from the Controller of Foreign Exchange for the allotment and issuance of the Warrants to the non-resident shareholders of the Company;

(5) MRCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.

(ii) the approval of the Controller of Foreign Exchange (via BNM) for the issuance of Warrants (save for the PKNS Consideration Warrants) to non-residents of Malaysia and any additional Warrants to be issued as a consequence of adjustments that may be made from time to time pursuant to the provisions of the Deed Poll, which was obtained vide its letter dated 29 March 2013 and 20 May 2013 respectively;

(iii) the approval of the Controller of Foreign Exchange (via BNM) for the issuance of the PKNS Consideration Warrants for the Proposed Acquisition of 30% of P.J Sentral;

(iv) the approval of our shareholders at an EGM to be convened in respect of the Proposals;

(v) the approval or consent of the financiers/creditors of our Company and/or the Acquiree Companies;

(vi) the approval of the SC in respect of the Proposed Exemption; and

(vii) any other relevant authority/ parties, if required.

The Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption are inter-conditional upon each other.

The Proposed Acquisition of 30% of P.J Sentral is conditional upon the Proposed Aequisition of NGD Subsidiaries, the Proposed Acquisition of GHC and the Proposed Acquisition of GGS but not *vice versa.*

The Proposed Acquisitions and the Proposed Exemption are not inter-conditional with the Proposed Free Warrants.

The Proposed Acquisitions, the Proposed Exemption and the Proposed Free Warrants are conditional upon the Proposed IASC and the Proposed Amendments but not *vice versa.*

The Proposed IASC and the Proposed Amendments are inter-conditional upon each other.

Save for the above, the Proposals are not conditional upon any other corporate proposal of the Company.

For your information, the inter-conditionality of the Proposals will only apply insofar as the approvals required under this Section and the fulfilment of the conditions precedent to the SSAs, as set out in Section 2.11.5 of Part A of this Circular, are concerned, and shall not apply to the manner and sequence of completion of the Proposals.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

There is no other corporate exercise/scheme which we have announced but are pending completion.

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14. HISTORICAL SHARE PRICE

The monthly high and low market prices of MRCB Shares transacted on the Main Market of Bursa Securities for the past twelve (12) months are as follows:-

	High (RM)	Low (RM)
2012		
June	1.89	1.55
July	1.93	1.71
August	1.85	1.60
September	1.77	1.53
October	1.81	1.57
November	1.78	1.60
December	1.67	1.53
2013		
January	1.65	1.39
February	1.41	1.21
March	1.53	1.28
April	1.54	1.35
May	1.84	1.38
The last transacted market priee of MRCB Shares on 7 February 2013 *(being the last full trading day prior to the announcement of the Proposals (save for the Proposed Acquisition of 30% of P.J Sentral) on 8 February 2013)*		1.24
The last transacted market priee of MRCB Shares as at LPD		1.70

(Source: Bloomberg Finance LP)

15. TENTATIVE TIMELINE FOR THE PROPOSALS

The tentative timeline in relation to the Proposals is as follows:-

Date	Events
Mid June 2013	• EGM to approve the Proposals
End June 2013	• Fulfilment of eonditions preeedent stipulated in the respective SSAs and PKNS SSA • Announcement of Entitlement Date for the Proposed Free Warrants
Mid July 2013	• Entitlement Date for the Proposed Free Warrants • Despatch of notice of allotment to shareholders/ warrant holders
End July 2013	• Listing of the Consideration Shares and the Consideration Warrants on Bursa Securities • Cash settlement for the Proposed Acquisitions

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

Save as disclosed below, none of our directors and/or major shareholders or any persons connected with them have any interest, direct and/or indirect, in the Proposals, save for their respective entitlements as our shareholders pursuant to the Proposed Free Warrants which are also available to all other shareholders of our Company.

EPF is the common shareholder of NGD and MRCB, with shareholdings of 40.00% and 42.16% respectively. Hence, EPF is deemed interested in the Proposed Acquisition of NGD Subsidiaries. As a result of the conditionality of the Proposals as set out in Section 12 of Part A of this Circular, EPF is deemed interested in the Proposals (save for the Proposed Free Warrants Issue) and will abstain from voting in respect of its direct and/or indirect interest in MRCB on the resolutions pertaining to the said proposals to be tabled at the forthcoming EGM and AGM. EPF has undertaken that it shall ensure that all persons connected with it will abstain from voting in respect of their direct and/or indirect shareholdings in MRCB, if any, on the resolutions pertaining to the said proposals to be tabled at the forthcoming EGM and AGM.

Tan Sri Azlan Zainol, the Non-Independent Non-Executive Chairman of MRCB, was the Chief Executive Officer of EPF at the point the Announcement on the Proposals were made on 8 February 2013. Subsequently, Tan Sri Azlan Zainol has completed his service with EPF with effect from 15 April 2013 and Datuk Shahril Ridza Ridzuan, the Non-Independent Non-Executive Director of MRCB, was appointed as the Chief Executive Officer of EPF with effect from 16 April 2013. As such, they are deemed interested in the Proposals (save for the Proposed Free Warrants Issue). Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the said proposals. The Interested Directors will also abstain from voting in respect of their direct and/or indirect interest in MRCB on the resolutions pertaining to the said proposals to be tabled at the forthcoming EGM and AGM. The Interested Directors have undertaken that they shall ensure that all persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in MRCB, if any, on the resolutions pertaining to the said proposals to be tabled at the forthcoming EGM and AGM.

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

	<----------Direct---------->		<----------Indirect---------->	
	No. of MRCB Shares	**%**	**No. of MRCB Shares**	**%**
Interested Major Shareholder				
EPF	585,070,800	42.16	-	-
Interested Directors				
Tan Sri Azlan Zainol	-	-	-	-
Datuk Shahril Ridza Ridzuan	500,000	0.04	-	-

17. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDER FOR THE PRECEDING 12 MONTHS

The Company has not entered into any transaction (not being a transaction within the ordinary course of business) with the Interested Directors and Interested Major Shareholder for the 12 months preceding the date of this Circular.

18. DIRECTORS' STATEMENT

Your Board (save for the Interested Directors), after having considered all aspects of the Proposals and after careful deliberation, is of the opinion that the Proposals are in the best interests of our Company. Accordingly, your Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM and AGM.

The view of your Board (save for the Interested Directors) was arrived at after having considered, *inter-alia*, the terms and conditions of the SSAs, the Drag Along Notice, the Right of First Refusal & Call Option Agreement and the Profit Guarantee Agreement respectively, the rationale for the Proposals, the proforma effects of the Proposals on our Group, the prospects of the Acquiree Companies, as well as after discussion with the various advisers appointed by our Company, as set out in Section 20 of Part A of this Circular.

19. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee is of the opinion that the Proposed Acquisitions and the Proposed Exemption are in the best interest of our Group and the terms of the Proposed Acquisitions and the rationale for the Proposed Exemption are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders.

The view of the Audit Committee was arrived at after having considered, *inter-alia*, the terms and conditions of the SSAs, the Drag Along Notice, the Right of First Refusal & Call Option Agreement and the Profit Guarantee Agreement respectively, the rationale for the Proposed Acquisitions and the Proposed Exemption, the proforma effects of the Proposed Acquisitions and the Proposed Exemption on our Group, the prospects of the Acquiree Companies, as well as after discussion with the independent adviser appointed by our Company.

20. ADVISERS

RHB Investment Bank and Astramina Advisory have been appointed as the Main Adviser and Transaction Arranger for the Proposals respectively.

CH Williams and EY have been appointed to conduct valuations on the Properties and on GHC, respectively.

Khong & Jaafar has been appointed to prepare the Feasibility Reports for the Properties and certain identified prospective lands as set out in the Summary Valuation Letter of GHC.

PwC has been appointed to prepare the proforma consolidated statements of financial position of MRCB as at 31 December 2012 together with the reporting accountant's letter thereon.

In view that the Proposed Acquisitions are deemed a related party transaction under Paragraph 10.08 of the Listing Requirements, HwangDBS has been appointed to act as the Independent Adviser to provide our non-interested directors and non-interested shareholders with an independent evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). In addition, HwangDBS has also been appointed to act as the Independent Adviser to advise our non-interested directors and non-interested shareholders in relation to the Proposed Exemption.

21. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the third (3rd) quarter of 2013.

22. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 20 Jnne 2013 at 11.30 a.m. or immediately following the conclusion of the 42nd AGM of MRCB, which will be held at the same place and on the same day at 10.00 a.m. or at any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposals (save for the Proposed IASC and Proposed Amendments).

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

23. 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

DATO' AHMAD IBNIHAJAR
Independent Director

PART B

IAL TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND THE PROPOSED EXEMPTION

EXECUTIVE SUMMARY

This executive summary represents only a summary of the pertinent information on the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption. Non-interested shareholders of MRCB are advised to read carefully and understand fully the content of this IAL, which is to be read in conjunction with Part A of the Circular.

All definitions used in this IAL shall have the same meaning as the words and expressions defined in the Definitions section of the Circular except where the context otherwise requires or where otherwise defined in this IAL.

1. INTRODUCTION

1.1 Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

On 8 February 2013, RHB Investment Bank, on behalf of the MRCB Board, announced that MRCB had entered into the following agreements in relation to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral):

(i) NGD SSA with NGD for the proposed acquisitions of the entire equity interest in Gapurna Builders, Gapurna Land and Puncak Wangi as well as 70% of the equity interest in P.J Sentral;

(ii) GHC SSA with Mohd Imran, Datuk Mohamad Salim and Datin Yasmin for the proposed acquisition of the entire equity interest in GHC; and

(iii) GGS SSA with Mohd Imran and Hanif Ahmad for the proposed acquisition of the entire equity interest in GGS,

for a total indicative consideration of RM729,000,000 which will be satisfied via a combination of cash of RM111,000,000 and up to 398,709,678 MRCB Shares at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants on the basis of 2 free detachable warrants for every 7 MRCB Shares issued, upon the terms and subject to the conditions as set out in the NGD SSA, the GHC SSA and the GGS SSA respectively.

Simultaneous with the execution of the SSAs, the Company had also entered into the Right of First Refusal & Call Option Agreement and Profit Guarantee Agreement.

1.2 Proposed Exemption

The Company is also proposing to undertake the proposed exemption to NGD, EPF and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

As at the LPD, EPF holds 42.16% of the voting shares in MRCB. EPF holds 40% equity interest in NGD while GSB holds the remaining 60% equity interest in NGD. Therefore, NGD, EPF and GSB are deemed PACs for the Proposed Exemption.

It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs.

As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the collective shareholdings of EPF and GSB will increase by more than 2%, from 42.16% to 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them.

Pursuant to Part III of the Code, a mandatory offer obligation will apply to all members of a group of PACs if any member of the group acquires voting shares or voting rights such that the collective acquisition of the group triggers a mandatory offer obligation.

2. EVALUATION OF THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND PROPOSED EXEMPTION

A summary of the rationale for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption is set out below.

2.1 Rationale for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

2.1.1 Rationale for the Proposed Acquisition of NGD Subsidiaries

- The Proposed Acquisition of NGD Subsidiaries would enable the Group to acquire strategically-located lands in Klang Valley, with proposed commercial and mixed development project comprising commercial and residential units that have obtained development approval.

- The Properties measure approximately 32.74 acres collectively and the GDV of the development projects under the NGD Subsidiaries is approximately RM5.86 billion over a period of up to 10 years.

2.1.2 Rationale for the Proposed Acquisition of GHC

- As of 31 December 2012, GHC has a construction order book for its on-going projects as well as contracts secured of approximately RM3.55 billion. GHC is the appointed main contractor for the existing development projects of the Properties and future development and construction works of all lands which are owned or to be owned by any subsidiaries of NGD.

- In addition, GHC will also participate in the developments of Lot 1 & 2 of P.J Sentral Land and Filem Negara Land in the event a valid approval in principle has been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date which would potentially increase the order book of MRCB by another RM4.34 billion over the next 10 years.

- The Proposed Acquisition of GHC will also give rise to potential cost savings and other synergistic benefits within the construction and property development division of MRCB as both the Group and GHC will be able to share common facilities and human resources within the Group.

2.1.3 Rationale for the Proposed Acquisition of GGS

- The Proposed Acquisition of GGS would broaden the business base and complement MRCB Group's current security and surveillance business and operations.

- In addition, GTC, a subsidiary of GGS, has secured contracts amounting to approximately RM245 million which are expected to provide a continuous stream of earnings and cash flows to the Group for a period of up to 19 years. Historically, GTC has been involved in a number of projects for town councils and state governments, and on-going initiatives include a surveillance system implementation for Kuala Lumpur International Airport as commissioned by Malaysia Airports Holding Berhad.

2.2 Rationale for the Proposed Exemption

- It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs. In this regard, upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and after the issuance of the Consideration Shares, EPF and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively.

- As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the collective shareholdings of EPF and GSB as well as their PACs will increase by more than 2%, from 42.16% to 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them.

- As it is not the intention of NGD, EPF and GSB as well as their PACs to undertake a mandatory offer, they intend to seek an exemption from the SC under Paragraph 16.1(a) of Practice Note 9 of the Code from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). Should the Proposed Exemption be approved by the non-interested shareholders of MRCB, the SC will consider the application by NGD, EPF and GSB as well as their PACs for the Proposed Exemption. Further, should the SC subsequently approve the application, NGD, EPF and GSB as well as their PACs, collectively would then be exempted from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them pursuant to Section 9(1), Part III of the Code.

- The Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption are inter-conditional upon each other. In this connection, the Proposed Exemption is essential in order for MRCB to proceed with the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). Thus, without the Proposed Exemption, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) would not be implemented and the potential benefits and rewards to be derived from the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), as discussed in Section 4.1 of this IAL, will not materialise.

2.3 Evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

2.3.1 Evaluation of the Proposed Acquisition of NGD Subsidiaries

The NGD Consideration of RM459 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

(i) the aggregate audited consolidated NA of the NGD Subsidiaries as at 31 December 2011, being the latest available audited financial statements as at the date of the SSA and the effective equity interest of NGD in the respective NGD Subsidiaries;

(ii) adjustment for the capitalisation of Related Party Advances, into new convertible loan stocks or redeemable preference shares or other convertible securities to be issued by the relevant NGD Subsidiaries; and

(iii) adjustment for revaluation surplus on the Properties based on the market value of the Properties as appraised by CH Williams and net of deferred tax of 25% from the revaluation surplus on the Properties in consideration, subsequently discounted at 15% over a period of 3 to 7 years.

The NA of the NGD Subsidiaries, based on the effective equity interest of NGD in the respective NGD Subsidiaries, increased from RM249.95 million to RM266.41 million, which represents an increase of approximately 6.58% from FYE 31 December 2011 to FYE 31 December 2012. Although there has been an increase in the NA of the NGD Subsidiaries during the FYE 31 December 2012, we note that the NGD Consideration was arrived at based on the NA of the NGD Subsidiaries as at 31 December 2011.

Further, we note that the assets held by the NGD Subsidiaries as set out in their respective financial statements are substantially the said lands held for development, and accordingly have been sufficiently accounted for in arriving at the NGD Consideration. Accordingly, we are of the view that the basis on which the NGD Consideration was arrived at based on the NA of the NGD Subsidiaries as at 31 December 2011 after adjusting for the Recapitalisation Amount, revaluation surplus on the Properties and the deferred taxation on revaluation of the Properties is reasonable. Further, given that the NGD Consideration was based on the abovementioned parameters and given the increase in the NA of the NGD Subsidiaries during the FYE 31 December 2012, we are of the view that the basis on which the NGD Consideration was arrived at is reinforced and remain reasonable.

We are of the view that the market value of the Properties as adopted by CH Williams is fair given the use of the residual method of valuation as the primary methodology based on the assumptions used in the Property Valuation Reports to arrive at the market value of the Properties.

2.3.2 Evaluation of the Proposed Acquisition of GHC

EY has primarily relied on the DCF methodology by discounting the projected FCFF of GHC in valuating the entire equity interest in GHC pursuant to the Proposed Acqusition of GHC. EY's valuation as detailed in the Summary Valuation Letter of GHC dated 19 April 2013, ascribed a valuation range of RM260 million to RM310 million.

The key basis and assumptions used in the valuation of GHC are as follows:

(i) GHC is the appointed project co-ordinator or main contractor for the development projects of the Properties, namely the P.J Sentral Land, Old Klang Road Land and Subang Jaya Land, and for any future development and construction works of the properties on all lands which are already legally and/or beneficially owned by the subsidiaries of NGD, and in addition, which would be acquired in the future by the subsidiaries of NGD.

(ii) GHC's financial projections are measured in "real terms" or based on current selling prices or costs without incorporating growth factors or inflationary effects to the cash flow projections over the projected financial periods.

(iii) Construction contracts in the past and present has been awarded to GHC at cost-plus 10% – 12% margin which represents the business model of GHC. This business model ensures that GHC will reap an appropriate margin from its projects.

We are of the view that the key basis and assumptions used in the valuation of GHC are reasonable. The GHC Consideration of RM250 million is fair as it is below the valuation range of GHC as ascribed by EY.

We have also used the comparable companies analysis which compares the relevant implied valuation multiples based on the GHC Consideration against the relevant trading multiples of listed comparable companies. However, it should be noted that whilst the implied PER, EV/EBITDA and PBR of the GHC Consideration values GHC significantly higher against its comparable companies, its contract order book is significantly higher.

As the contract order book of GHC is different from the comparable companies of GHC in terms of size, the comparable companies analysis may not be primarily relied upon as a valuation methodology and the primary method would be the DCF methodology as it takes into consideration, amongst others, the potential of GHC moving forward based on its construction order book, future earnings and cash flows achievability.

2.3.3 Evaluation of the Proposed Acquisition of GGS

The GGS Consideration of RM20 million was arrived at after taking into consideration, among others, the earning potential of the GGS business, the audited consolidated PAT and NA of GGS as at 31 December 2011 of RM4,117,827 and RM47,656,864 respectively, as well as the existing contracts of its subsidiary over a period of up to 19 years with a total contract value of approximately RM245 million.

The GGS Consideration represents the following:

(i) An implied PER of 5.95 times, which is below the simple average and median PER of the comparable companies of GGS;

(ii) An implied EV/EBITDA ratio of 5.67 times, which is higher than the simple average and median EV/EBITDA of the comparable companies of GGS. However, we note that the EV/EBITDA of GGS is significantly higher due to the higher debt level of GGS of RM60.71 million as compared to the debt levels of the comparable companies of GGS of nil debt to less than RM5 million debt. Further to our discussion with management of MRCB, we note that GTC's customers with long-term contracts tend to enter into leasing contracts which required GTC to incur borrowings to finance the system implementation costs for customers upfront and thereafter receive income from the customers over the lease period; and

(iii) An implied PBR of 0.45 times, which is below the simple average and median PBR of the comparable companies of GGS.

We have also used the median in the comparable companies analysis as there is a low population sample size and hence the median may be more appropriate.

However, we wish to highlight that the PBR method of valuation may not be entirely appropriate in the evaluation of the Proposed Acquisition of GGS due to the nature of GGS' business which is principally service-based and is therefore, asset-light.

We also note that the EV/EBITDA method of valuation may not be primarily relied upon in the evaluation of the Proposed Acquisition of GGS due to the nature of GGS' business which incurs borrowings to finance the system implementation costs for customers upfront and thereafter receive income from the customers over the lease period. Accordingly, the financial statements of GGS reveal the higher debt level of GGS which is supported by the quantum of finance lease receivables from the customers. While we note the prospects of GGS enjoying a stream of earnings and cash flows from the abovementioned customers, GGS also faces financing risk and business risk as a consequence.

Therefore, we are of the view that the PER is the appropriate primary valuation methodology on the basis that GGS has a profit track record.

2.4 Evaluation of the Proposed Issue Price of the Consideration Shares

The proposed issue price of RM1.55 to partially settle the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) represents the following:

Historical trading prices

- The Proposed Issue Price represents a premium of 25.00% to the last transacted price on 7 February 2013, being the last trading day prior to the Announcement.
- The Proposed Issue Price represents a premium of between 1.31% to 20.16% over the 5-day, 1-month and 3-month VWAP of MRCB up to 7 February 2013. However, the Proposed Issue Price represents a discount of 3.73% over the 6-month VWAP of MRCB up to 7 February 2013, being the last trading day prior to the Announcement.
- The issuance of the new MRCB Shares at a premium would be beneficial to the non-interested shareholders of MRCB as lesser number of new MRCB Shares would be issued to partially settle the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and consequently reduce equity/shareholding dilution.

Comparable companies analysis

- An implied PBR of 1.52 times based on the audited consolidated financial statements which is higher than the simple average and median PBR of the comparable companies of MRCB.
- An implied PER of 35.71 times based on the audited consolidated financial statements which is higher than the simple average and median PER of the comparable companies of MRCB.
- An implied EV/EBITDA of 29.02 times based on the audited consolidated financial statements which is higher than the simple average and median EV/EBITDA of the comparable companies of MRCB.

Based on the analysis of the Proposed Issue Price, the implied PER, EV/EBITDA and PBR is higher than the simple average and median PER, EV/EBITDA and PBR of the comparable companies of MRCB.

2.5 Evaluation of the Consideration Warrants

- The exercise price of the Consideration Warrants of RM2.30 is at significant premium of 78.29% to the 5-day VWAP of MRCB Shares up to and including 7 February 2013 of RM1.29.

- The Consideration Warrants are currently "out-of-the-money" and have no intrinsic value, the intrinsic value being the positive value derived from subtracting the exercise price of the Consideration Warrant from the share price of MRCB.

- Nonetheless, based on our computation, the theoretical value attached to each Consideration Warrant issued is RM0.19.

In determining the theoretical value of the Consideration Warrants, the Black-Scholes option-pricing model can be used. In this respect, the Black Scholes option-pricing model has been calibrated to take into account the "American-style" options for the Consideration Warrants. The following are, among others, the parameters of the model:

(i) the 5-day VWAP up to and including 7 February 2013 of MRCB Shares of RM1.29, being the last trading day prior to the Announcement;

(ii) the exercise price of the Consideration Warrants of RM2.30;

(iii) the time to maturity of the Consideration Warrants of 5 years;

(iv) the expected risk-free interest rate over the tenure of the Consideration Warrants of 3.48% as at 7 February 2013, being the last trading day prior to the Announcement; and

(v) the volatility of the underlying MRCB Shares over the tenure of the Consideration Warrants of 34.99% as at 7 February 2013, being the last trading day prior to the Announcement.

We are of the view that the Proposed Acquisitions (save for the acquisition of 30% of P.J Sentral) are fair. Further, we are also of the view that the Consideration Shares and Consideration Warrants to be issued by MRCB to partially satisfy the Purchase Consideration are fair.

2.6 Evaluation of salient terms of the SSAs, Right of First Refusal & Call Option Agreement and Profit Guarantee Agreement

The salient terms contained in the SSAs, Right of First Refusal & Call Option Agreement and Profit Guarantee Agreement are **reasonable** as the interest of MRCB is safeguarded where MRCB is provided with reasonable recourse, no preferential treatment is given to the vendors of the Acquiree Companies and sufficient time is given to MRCB for claims to be made (if any) against the respective Vendors of the Acquiree Companies.

2.7 Overview and prospects of the economy and industry of the Acquiree Companies and the MRCB Group

2.7.1 Overview of the Malaysian Economy

For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance.

2.7.2 Prospects of the NGD Subsidiaries

The 3 land parcels measuring approximately 32.74 acres which are owned by the NGD Subsidiaries are strategically located within the prime area of Klang Valley. Established infrastructures are expected to bolster its progressive development and demand uptake of its property units.

Further, the GDV of the development projects of the Properties is approximately RM5.86 billion over a development period of up to 10 years and hence the MRCB Group is expected to benefit from the revenue, profits and cash flow contributions from the NGD Subsidiaries in the medium to longer term.

The Right of First Refusal & Call Option Agreement will enable MRCB to have the right to acquire additional strategically-located urban land banks from the other NGD subsidiaries and further bolster the Group's urban land banks and potential property development efforts.

2.7.3 Prospects of GHC

GHC has a current construction order book of RM3.55 billion which may potentially increase by an additional RM4.34 billion in the event a valid approval in principle has been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date.

The Proposed Acquisition of GHC will also boost the MRCB Group's outstanding construction order book from RM1.50 billion to RM5.05 billion upon completion of the Proposed Acquisition of GHC. Hence, the Proposed Acquisition of GHC is expected to contribute positively to the earnings and cash flows of the MRCB Group in the medium to longer term.

2.7.4 Prospects of GGS

The prospects of GGS is expected to remain favourable as the integrated security services industry is anticipated to further expand as there is an increased demand in provision of integrated security surveillance systems. Additionally, GGS will be able to leverage on the size of MRCB by being the provider of integrated security surveillance services that will complement MRCB's existing business in the similar sector.

2.7.5 Prospects of the MRCB Group

The prospects of the enlarged Group in the medium to longer term is expected to be favourable as the Proposed Acquisition of NGD Subsidiaries and Proposed Acquisition of GHC are expected to contribute positively to the Group's profits and cash flows given that the Properties are strategically located in Klang Valley coupled with the Group's established track record in property development and construction in Klang Valley.

Based on the foregoing, the prospects of the enlarged Group in the medium to longer term is expected to be favourable.

2.8 Effects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption

The Proposed Exemption, Proposed IASC and Proposed Amendments will not have any effect on the issued and paid-up share capital, consolidated NA per Share, gearing, and shareholdings of the substantial shareholders of MRCB.

The effects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are as follows:

- The issued and paid-up share capital of MRCB will increase accordingly with the issuance of the Consideration Shares and the new MRCB Shares to be issued to the Vendors upon exercise of the Consideration Warrants.

- The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) will place the Group on a firmer financial position from NA per MRCB share of RM1.02 to a proforma NA per MRCB Share of RM1.15 under the Minimum Scenario and RM1.16 under the Maximum Scenario of Scenario A. The issuance of the Consideration Shares will reduce the gearing ratio of the Group from 2.34 times to 1.65 times under the Minimum Scenario and 1.58 times under the Maximum Scenario of Scenario A. Assuming the full exercise of the Warrants (both Free Warrants and Consideration Warrants), the proforma NA per MRCB Share will increase to a further RM1.43 in the Minimum Scenario and RM1.44 in the Maximum Scenario of Scenario A. The full exercise of the Warrants (both Free Warrants and Consideration Warrants) will reduce the gearing ratio of the Group to 1.00 time under the Minimum Scenario and to 0.97 times under the Maximum Scenario of Scenario A.

- Assuming that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) were completed on 1 January 2012 and based on the aggregate PATMI of the Acquiree Companies of approximately RM1.92 million for the FYE 31 December 2012 and the adjusted weighted average number of MRCB Shares of 1.785 billion (after the issuance of up to 398,709,678 Consideration Shares but before the exercise of the Warrants) and the estimated expenses in relation to the Proposals amounting to approximately RM8.0 million, the EPS for FYE 31 December 2012 would have declined from 4.34 sen to 3.03 sen as a result of the enlarged issued and paid-up share capital after the issuance of the Consideration Shares. We note that the consolidated EPS of MRCB is expected to be diluted further as a result of the issuance of new MRCB Shares upon the exercise of the Warrants. Nevertheless, the eventual impact on the EPS of MRCB will depend on the future earnings generated by the Acquiree Companies and the returns generated by the utilisation of proceeds arising from the issuance of new MRCB Shares upon the exercise of the Warrants.

- Upon the issuance of the Consideration Shares, there will be new substantial shareholders in MRCB, namely GSB, Datuk Mohamad Salim and Datin Yasmin. EPF and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively.

- As at the LPD, EPF holds 42.16% of the voting shares in MRCB. EPF holds 40% equity interest in NGD while GSB holds the remaining 60% equity interest in NGD. Therefore, NGD, EPF and GSB are deemed PACs for the Proposed Exemption. It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs.

The summary of the financial effects based on Scenario A is set out as follows:

	Audited as at 31 December 2012	After the completion of Proposed Acquisitions	
		Minimum Scenario	Maximum Scenario
NA per MRCB Share (RM)	1.02	1.15	1.16
Gearing (times)	2.34	1.65	1.58
EPS (sen)	4.34	3.03	
Collective Shareholdings as at the LPD of: EPF & GSB (%)	42.16	55.07	53.48

2.9 Implications arising from the Proposed Exemption

Assuming that the non-interested shareholders of MRCB vote ***in favour of*** the Proposed Exemption;

- EPF and GSB will increase their collective shareholdings from 42.16% up to 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

- EPF and GSB would be able to proceed with its application to the SC for its consideration on the Proposed Exemption which when granted by the SC, would then exempt NGD, EPF and GSB as well as their PACs from having to extend the mandatory offer to acquire all the remaining MRCB Shares not already owned by them upon the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

- The Proposed Exemption will facilitate in the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

Assuming that the non-interested shareholders of MRCB vote ***against*** the Proposed Exemption;

- The obligation to undertake the mandatory offer will not arise as it will result in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) being aborted due to the inter-conditionality of the Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption. Consequentially, the potential benefits arising from the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), as discussed in Section 4.1 of this IAL, will not materialise.

2.10 Risk Factors

As the MRCB Group is already involved in the property development and construction business, the risk factors highlighted in Section 4.9 of the IAL is inherent to the MRCB Group. The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) could be viewed as an expansion or complementary of the MRCB Group's businesses, and accordingly, would not necessarily result in the enlarged MRCB Group being exposed to a greater degree of exposure to the risks inherent in the businesses of the Acquiree Companies and not diversification into a new business which carries new risks.

2.11 Recommendation

Based on the above and our evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption, we are of the view that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption are **FAIR AND REASONABLE** and **not detrimental** to the interest of the non-interested shareholders of MRCB.

Accordingly, we recommend that the non-interested shareholders of MRCB **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption to be tabled at the forthcoming EGM of MRCB.

HwangDBS
INVESTMENT BANK

Registered Office:

Level 8 Wisma Sri Pinang
60 Green Hall
10200 Penang
Malaysia

5 June 2013

To: The Non-Interested Shareholders of Malaysian Resources Corporation Berhad

Dear Sir/Madam

MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB" OR "COMPANY")

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND PROPOSED EXEMPTION

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1. INTRODUCTION

1.1 On 8 February 2013, RHB Investment Bank, on behalf of the MRCB Board, announced that MRCB had entered into the following agreements in relation to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral):

(i) NGD SSA with NGD for the proposed acquisitions of the entire equity interest in Gapurna Builders, Gapurna Land and Puncak Wangi as well as 70% of the equity interest in P.J Sentral;

(ii) GHC SSA with Mohd Imran, Datuk Mohamad Salim and Datin Yasmin for the proposed acquisition of the entire equity interest in GHC; and

(iii) GGS SSA with Mohd Imran and Hanif Ahmad for the proposed acquisition of the entire equity interest in GGS,

for a total indicative consideration of RM729,000,000 which will be satisfied via a combination of cash of RM111,000,000 and up to 398,709,678 MRCB Shares at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants on the basis of 2 free detachable warrants for every 7 MRCB Shares issued, upon the terms and subject to the conditions as set out in the NGD SSA, the GHC SSA and the GGS SSA respectively.

Simultaneous with the execution of the SSAs, the Company had also entered into the Right of First Refusal & Call Option Agreement and Profit Guarantee Agreement.

1.2 The Company is also proposing to undertake the proposed exemption to NGD, EPF and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

As at the LPD, EPF holds 42.16% of the voting shares in MRCB. EPF holds 40% equity interest in NGD while GSB holds the remaining 60% equity interest in NGD. Therefore, NGD, EPF and GSB are deemed PACs for the Proposed Exemption.

It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs. In this regard, upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and after the issuance of the Consideration Shares, EPF and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively.

As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the collective shareholdings of EPF and GSB as well as their PACs will increase by more than 2%, from 42.16% to 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them.

Pursuant to Part III of the Code, a mandatory offer obligation will apply to all members of a group of PACs if any member of the group acquires voting shares or voting rights such that the collective acquisition of the group triggers a mandatory offer obligation.

1.3 In addition to the above, MRCB is also proposing to undertake the following proposals:

(i) issuance of up to 482,087,903 Free Warrants in MRCB to all Entitled Shareholders on the basis of 1 Free Warrant for every 3 existing MRCB Shares held at the Entitlement Date;

(ii) increase in the authorised share capital of the Company; and

(iii) amendments to the M&A of the Company.

1.4 On 23 April 2013, RHB Investment Bank had on behalf of the MRCB Board, announced that MRCB had notified NGD that the MRCB Board has resolved that they are agreeable to acquire the remaining 30% equity interest not held by NGD in P.J Sentral on the same terms as those applicable for the acquisition by MRCB of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries.

Subsequently, MRCB has been informed by NGD that NGD had, on 23 April 2013, served a notice to PKNS pursuant to the terms of the shareholders' agreement between NGD, PKNS and P.J Sentral dated 3 September 2010 to, *inter-alia*, request PKNS to participate in the sale of the entire issued and paid-up share capital in P.J Sentral to MRCB for a total consideration of RM85,300,000.

1.5 In view of the interests of the Interested Directors i.e. Tan Sri Azlan Zainol and Datuk Shahril Ridza Ridzuan and the Interested Major Shareholder, being EPF as set out in Section 16, Part A of the Circular, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are deemed related party transaction pursuant to the provision of Paragraph 10.08 of the Listing Requirements.

Accordingly, the MRCB Board, had on 8 February 2013, appointed HwangDBS to act as the Independent Adviser to the non-interested directors and non-interested shareholders of MRCB on the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). In addition, HwangDBS has been appointed to act as the Independent Adviser to provide comments, opinions, information and recommendation to the non-interested directors and non-interested shareholders of MRCB on the Proposed Exemption. HwangDBS, had on 13 February 2013, declared to the SC of its eligibility to act as the Independent Adviser in respect of the Proposed Exemption.

The SC had, on 3 June 2013, given its consent to the contents of this IAL. However, such consent shall not be taken to imply that the SC agrees with our views and recommendation contained in this IAL but only that this IAL has been prepared in accordance with the disclosure requirements of the Code.

The purpose of this IAL is to provide the non-interested shareholders of MRCB with an independent evaluation on the fairness and reasonableness of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption and HwangDBS' recommendation in relation to the resolutions to be tabled at the forthcoming EGM.

Non-interested shareholders of MRCB should nonetheless rely on their own evaluation of the merits of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption before making a decision on the course of action to be taken.

THIS IAL IS PREPARED SOLELY FOR THE NON-INTERESTED SHAREHOLDERS OF MRCB TO CONSIDER THE MERITS OR DEMERITS OF THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND PROPOSED EXEMPTION AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.

NON-INTERESTED SHAREHOLDERS OF MRCB ARE ADVISED TO READ BOTH THIS IAL TOGETHER WITH THE OTHER SECTIONS OF THE CIRCULAR AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED IN THIS IAL BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% of P.J SENTRAL) AND PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF MRCB.

2. DETAILS OF THE PROPOSALS

The Company is proposing to undertake the following proposals:

(i) acquisition of the:

(a) entire equity interest in Gapurna Builders, Gapurna Land and Puncak Wangi as well as 70% of the equity interest in P.J Sentral;

(b) entire equity interest in GHC; and

(c) entire equity interest in GGS,

for a total indicative consideration of RM729,000,000 which will be satisfied via a combination of cash of RM111,000,000 and up to 398,709,678 MRCB Shares at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants on the basis of 2 free detachable warrants for every 7 MRCB Shares issued, upon the terms and subject to the conditions as set out in the NGD SSA, the GHC SSA and the GGS SSA respectively.

(ii) an exemption to NGD, EPF and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral);

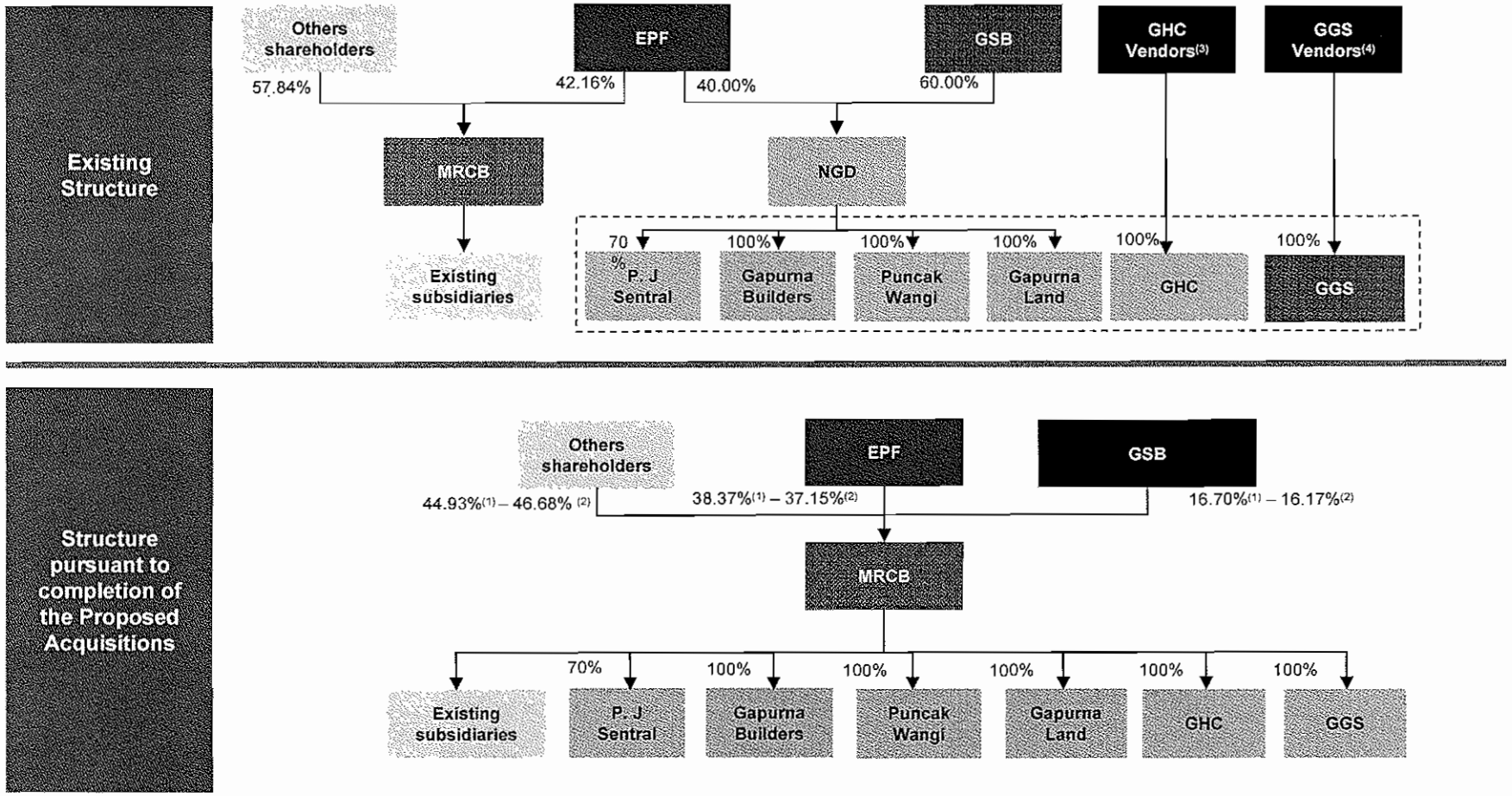
(iii) issuance of up to 482,087,903 Free Warrants in MRCB to all Entitled Shareholders on the basis of 1 Free Warrant for every 3 existing MRCB Shares held at the Entitlement Date;

(iv) increase in the authorised share capital of the Company; and

(v) amendments to the M&A of the Company.

Details of the Proposals are set out in Sections 2 to 6, Part A of the Circular, which should be read in its entirety by the non-interested shareholders of MRCB. In particular, we wish to draw your attention to Sections 2 and 3, Part A of the Circular which sets out the details of the Proposed Acquisitions and Proposed Exemption.

For illustrative purposes, the corporate structure of MRCB pursuant to the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) is as follows:



Note:

(1) Respective shareholdings under the Minimum Scenario of Scenario A.

(2) Respective shareholdings under the Maximum Scenario of Scenario A.

(3) The GHC Vendors are Mohd Imran, Datuk Mohamad Salim and Datin Yasmin, collectively. It is the intention of the GHC Vendors to nominate GSB to receive and accept the GHC Consideration Shares and GHC Consideration Warrants in place of the GHC Vendors.

(4) The GGS Vendors are Mohd Imran and Hanif Ahmad, collectively. It is the intention of the GGS Vendors to nominate GSB to receive and accept the GGS Consideration Shares and GGS Consideration Warrants in place of the GGS Vendors.

3. LIMITATION TO THE EVALUATION OF THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND PROPOSED EXEMPTION

We were not involved in any of the deliberation or negotiation pertaining to the terms of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption. Our scope as Independent Adviser is limited to expressing an independent opinion on the terms of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption based on information and documents provided to us or are available to us, including the following:

(i) information contained in Part A of the Circular and the accompanying appendices;

(ii) information furnished to us by the MRCB Board, management of MRCB and management of Acquiree Companies;

(iii) discussion and consultation with the management of MRCB;

(iv) the SSAs, the Right of First Refusal & Call Option Agreement and the Profit Guarantee Agreement;

(v) the Valuation Certificates and the Property Valuation Reports prepared by CH Williams for the Properties dated 11 March 2013;

(vi) the Executive Summary of the Feasibility Reports and the Feasibility Reports for the Properties as well as for certain identified lands prepared by Khong & Jaafar dated 28 March 2013;

(vii) the Summary Valuation Letter of GHC and the GHC Valuation Report dated 19 April 2013 prepared by EY; and

(viii) other publicly available information.

We have relied on MRCB and the Acquiree Companies as well as its Directors and management to take due care to ensure that all the information, documents and representations provided to us by MRCB and the Acquiree Companies to facilitate our evaluation are accurate, valid and complete in all material aspects and which have been used, referred to and/or relied upon in this IAL without being independently verified. After having made all reasonable enquiries, we confirm that sufficient information has been obtained in enabling us to formulate our recommendation and are satisfied with the reasonableness, accuracy and completeness of the information in this IAL.

We will immediately notify the SC after the despatch of this IAL of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this IAL until the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

Should there be any significant change affecting the information contained in this IAL after the despatch of this Circular up to and until the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), we will immediately notify the non-interested shareholders of MRCB of such significant change via an announcement on Bursa Securities. However, if circumstances require, a supplementary IAL may also be despatched to the non-interested shareholders of MRCB following the abovementioned announcement.

We have not undertaken any independent investigation into the business and affairs of MRCB Group nor the Acquiree Companies. In our review and analysis and in formulating our advice, we have relied on and are satisfied with the reasonableness, accuracy and completeness of the financial and other information provided to us by the MRCB Group and the Acquiree Companies.

We have no reason to believe that any of the information is unreliable. In rendering our advice, we have taken note of pertinent issues which we believe are of general importance to an assessment of the implication of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption and therefore of concern to the non-interested shareholders of MRCB.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual shareholder or any specific group of shareholders. We recommend that any individual shareholder or group of shareholders who may require advice in relation to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption in the context of their investment objectives, financial situation and particular situation, to consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

HwangDBS, as the Independent Adviser, has evaluated the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption and has considered various factors which we believe are critical in forming an opinion on the fairness and reasonableness of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption.

Our opinion as set out in this IAL is based on prevailing market, economic, industry and other conditions (if applicable) and the information/documents made available to us as of the LPD.

4. EVALUATION OF THE PROPOSED ACQUISITIONS (SAVE FOR THE PROPOSED ACQUISITION OF 30% OF P.J SENTRAL) AND PROPOSED EXEMPTION

In our evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption, we have considered the following:

(i) Rationale for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption;

(ii) Evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral);

(iii) Evaluation of the mode of Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral);

(iv) Evaluation of the salient terms of the SSAs, Right of First Refusal & Call Option Agreement and Profit Guarantee Agreement;

(v) Overview and prospects of the Malaysian Economy, the property, construction and security surveillance sectors;

(vi) Prospects of the Acquiree Companies and the MRCB Group;

(vii) Effects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption;

(viii) Implications arising from the Proposed Exemption; and

(ix) Risk factors.

4.1 Rationale for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

4.1.1 Rationale for the Proposed Acquisition of NGD Subsidiaries

We note that the Proposed Acquisition of NGD Subsidiaries will substantially expand the Group's development projects GDV from RM9.95 billion to RM15.81 billion and address the Group's depleting urban land banks at strategic locations within the Klang Valley for future property development projects following the completion of its Kuala Lumpur Sentral projects. The Proposed Acquisition of NGD Subsidiaries is intended to fast track the Group's replenishment of urban land banks and increase its development projects with an estimated gross development value ("**GDV**") by RM5.86 billion.

NGD Subsidiaries collectively own approximately 32.74 acres of lands held for development with a current market value of RM417.50 million (based on the effective equity interest of NGD in the NGD Subsidiaries). The Proposed Acquisition of NGD Subsidiaries will increase the Group's urban land banks from 39.01 acres to 71.75 acres.

Further, if MRCB exercises its right under the Right of First Refusal & Call Option Agreement to acquire the Option Assets (as further explained below), an additional amount of RM7.98 billion of GDV and 36.77 acres of lands in Petaling Jaya, Selangor will be added to the Group. We also note that the GDV and size of the properties under the Rights of First Refusal & Call Option Agreement is higher than the GDV and size of the Properties under the NGD Subsidiaries.

We note that development of the Properties is expected to commence in 2013 and completion of developments is expected to take about 10 years. The development cost, expected profits to be derived and the amount of financial commitment required have yet to be finalised. The source of funding for the development is expected to be a combination of external borrowings, proceeds from sale of the properties under development and/or internally generated funds.

Given the accessibility and strategic location of the Properties, the Proposed Acquisition of NGD Subsidiaries constitute investments which would help to enhance the future revenue and earnings of the Group upon the completion of the proposed development on the Properties. It is anticipated to provide earnings continuity to MRCB's property division since the last major property launches which were Sentral Residences with GDV of RM1.3 billion in early 2012 and Q Sentral with GDV of RM1.2 billion in late 2011.

With the Group's experience at urban regeneration of the Kuala Lumpur Sentral development, coupled with the newly acquired land banks which are ready for development, the Group is poised for future growth in terms of revenue and profitability. The Kuala Lumpur Sentral development is an urban centre built around Malaysia's central transit hub and is part of the masterplan of a "city-within-a-city" concept.

In summary, the Proposed Acquisition of NGD Subsidiaries will allow the Group to tap into NGD Subsidiaries' land banks to expand MRCB's commercial and mixed development projects and further entrench MRCB's presence in the property development sector.

We note that the Properties held under the NGD Subsidiaries have obtained development orders from the relevant regulatory authorities. Following is a summary of the planning approval/development orders obtained by the respective NGD Subsidiaries:

NGD Subsidiaries	Properties	Land Size (acres)	Estimated GDV (RM'million)	Estimated Gross Development Cost ("GDC") (RM'million)	Planning approval by	Date / status of development
Gapurna Builders	Lot No. 50700, Town of Subang Jaya, District of Petaling, Selangor ("**Subang Jaya Land**")	3.20	376.7	304.5	Majlis Perbandaran Subang Jaya	18 September 2012 / To be commenced Quarter 2 2013
Gapurna Land	Lot Nos. PT 68 – PT 71 (inclusive) and PT 75 Section 98, Town of Kuala Lumpur and Lot No. PT 8617, Mukim of Kuala Lumpur, all within District of Kuala Lumpur, Federal Territory of Kuala Lumpur ("**Old Klang Road Land**")	17.63	2,510.0	2,263.0	Dewan Bandaraya Kuala Lumpur	4 July 2011 (original planning approval) 3 August 2012 (revised planning approval) / To be commenced Quarter 2 2013
Puncak Wangi	Lot No. PT 11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor ("**Lot PT 11, P.J Sentral Land**")	11.91	(1) 2,238.8	(1) 1,845.4	Majlis Bandaraya Petaling Jaya	30 June 2010 (original planning approval) / The construction work for Puncak Wangi has commenced 3 December 2012 (revised planning approval) / Building plans for development of MBSB Tower submitted
P.J Sentral	Lot No. 12, Section 26, Town of Petaling Jaya, District of Petaling, Selangor ("**Lot 12, P.J Sentral Land**") (Lot PT 11 and Lot 12, P.J Sentral Land are collectively referred to as "**P.J Sentral Land**")					
Total		**32.74**	**5,125.5**	**4,412.9**		

(Source: Property Valuation Reports)

Note:
(1) Based on effective equity interest of NGD in P.J Sentral and Puncak Wangi.

The descriptions of the proposed developments on the Properties are as follows:

Properties	Details on the proposed development
Subang Jaya Land	Proposed commercial development which consists of a 17-storey commercial complex comprising a 12-storey office, 4-storey retail and 3 ½ - storey split level car park and basement together with other facilities
Old Klang Road Land	A proposed mixed development consisting of: (a) Parcel A Development of 41-storey serviced apartment (Block A) (230 units) including 8-storey car park, retail together with facility and 2-storey basement car park (b) Parcel B Development of 3 blocks of serviced apartment (734 units) including 8-storey car park, retail area together with 2-storey basement car park (i) Block B – 28-storey (ii) Block C – 33-storey (iii) Block D – 33 storey (c) Parcel C Development of 4 blocks of 44-storey serviced apartment (875 units) including: (i) 8-storey car park, retail area together with facility and 2-storey basement car park (ii) 8-storey of Small Office Home Office ("**SOHO**") (iii) 1 unit of main distribution station (d) Parcel D Development of 36-storey college including retail, 8-storey car park together with facility and 1-storey basement car park
P.J Sentral Land	Proposed development which consists of 5 blocks of office building and 1 block of hotel from 25 to 60 storey and 1-storey of utility and service level together with 4-storey of basement car park

(Source: Property Valuation Reports)

NGD, through its subsidiaries, P.J Sentral and Puncak Wangi owns 11.91 acres of prime commercial land in Petaling Jaya, being the P.J Sentral Land. The remaining 2 tracts of land held through Gapurna Land and Gapurna Builders are located in Old Klang Road measuring 17.63 acres and Subang Jaya measuring 3.20 acres respectively. Over the next 4 – 5 years, development plans will focus on the first phase of P.J Sentral Land. The first launch is slated for 2nd half of 2013 and will target long-term anchor tenants.

In summary, based on the abovementioned approved planning approval/development plans, the proposed development projects to be undertaken on the Properties by NGD Subsidiaries are as follows:

Properties	Estimated GDV (RM'million)	Estimated GDC (RM'million)	Expected commencement and completion (Year)
Subang Jaya Land	376.7	304.5	2013 and 2016
Old Klang Road Land	2,510.0	2,263.0	2013 and 2022
P.J Sentral Land	(1) 2,238.8	(1) 1,845.4	2013 and 2020
Total	**5,125.5**	**4,412.9**	

(Source: Property Valuation Reports)

Note:

(1) Based on effective equity interest of NGD in P.J Sentral and Puncak Wangi. The estimated GDV and estimated GDC as stated in the Property Valuation Reports for P.J Sentral Land are as follows:

Properties	Estimated GDV (RM'million)	Estimated GDC (RM'million)	Expected commencement date and completion date (Year)
P.J Sentral Land	2,977.5	2,454.3	2013 and 2020

Right of First Refusal & Call Option Agreement

MRCB has been granted the right under the Right of First Refusal & Call Option Agreement to acquire additional land banks from NGD within 3 years of completing the Proposed Acquisition of NGD Subsidiaries and will be able to procure more prime lands in Petaling Jaya from the other NGD subsidiaries, i.e. Nilaitera and Projekmaju. Nilaitera is expected to own 7.80 acres of land, namely Filem Negara Land and Projekmaju is expected to own 28.97 acres of land namely the Lot 1 & 2 of P.J Sentral Land. As at the LPD, both the Lot 1 & 2 of P.J Sentral Land and Filem Negara Land parcels' titles have yet to be alienated. As at the execution of the relevant SSAs date, NGD had submitted the proposal to the government for the redevelopment of Filem Negara Land and Lot 1 & 2 of P.J Sentral Land. The land titles would only be alienated upon NGD fulfilling the relevant conditions to be imposed by the government in the agreement to be executed upon the proposal approved by the government.

The following is a summary of the details of the abovementioned additional land banks which constitute part of the Option Assets under the Right of First Refusal & Call Option Agreement:

Properties	Proposed development	Land Size (acres)
Lot 2, Section 27, City of Petaling Jaya, District of Petaling, Selangor Darul Ehsan ("**Filem Negara Land**")	Proposed mixed development consists of a 26-storey serviced apartments with 5 levels of elevated car park, a 6-storey shopping complex and 8 units of 7-storey shop/office.	7.80
Lots 1 and 2, Section 26, City of Petaling, District of Petaling, Selangor Darul Ehsan ("**Lot 1 & 2 of P.J Sentral Land**")	Proposed mixed development consists of 4 phases of development	28.97
Total		**36.77**

(Source: Feasibility Reports)

NGD is the main driver of P.J Sentral Garden City in developing a mixed development property project in Section 52, Petaling Jaya. Among the NGD Subsidiaries that have lands within the P.J Sentral area are P.J Sentral and Puncak Wangi. Collectively P.J Sentral and Puncak Wangi own approximately 11.91 acres of lands. MRCB will stand to benefit from acquiring NGD Subsidiaries where the property sector has also been identified as one of the key industries to propel the growth of the Malaysian economy and P.J Sentral Garden City has been included as one of the 12 National Key Economic Area ("**NKEA**"). Lot 1 & 2 of P.J Sentral Land are intended to form part of the overall P.J Sentral Garden City development.

The P.J Sentral Garden City is one of the 11 key Economic Transformation Programme Projects that was announced by YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak on 16 November 2012. These 11 key projects will contribute RM1.129 billion of Gross National Income by the year 2020 as well as attract investments of RM6.68 billion and create 40,021 jobs by 2020. The P.J Sentral Garden City is part of the Greater Kuala Lumpur NKEA whereby the development on 40 acres is planned to become the new green central business district of Selangor, supporting Kuala Lumpur and other business hubs around the city and state as well as redevelop and revitalise the area around Section 52 in Petaling Jaya *(Source: Announcement of Economic Transformation Programme dated 16 November 2012, www.pemandu.gov.my).*

Upon completion, P.J Sentral Garden City is estimated to create a GDV of approximately RM11 billion with incorporation of the principles of modern design excellence and overall sustainability such as social and economical well-being as well as environmental responsibility. The proposed development will adopt the Green Building Index ("**GBI**") Gold for the individual building and US Leadership in Environmental & Energy Design ("**LEED**") Neighbourhood and Township Development Gold rating for the overall development. The GBI is Malaysia's green rating tool for buildings and towns, created to promote sustainability in the built-environment and raise awareness of environmental issues amongst developers, architects, engineers, planners, designers, contractors as well as the public. Buildings are awarded GBI – Platinum, Gold, Silver or Certified ratings depending on scores achieved. The development will also feature cutting-edge designs as well as community-centric and green features such as a 12-acre public park. *(Source: Announcement of Economic Transformation Programme dated 16 November 2012, www.pemandu.gov.my)*

Based on MRCB's audited consolidated financial statements for the FYE 31 December 2012, the Group reported 4 main operating segments namely engineering and construction, property development, infrastructure and environmental and building services.

We note that property development, engineering and construction are within the ordinary course of businesses for the MRCB Group. For the FYE 31 December 2012, the property development division contributed RM689.9 million representing 53.7% to the total revenue of MRCB Group (excluding inter-segment transactions) and RM187.9 million representing 123.1% to the total segment results, and in terms of segmental assets, the division constituted RM3,363.4 million or 58.5% of the Group's total assets. While the engineering and construction division contributed RM449.6 million representing 35.0% to the total revenue of MRCB Group (excluding inter-segment transactions) but segmental results revealed losses of RM25.7 million, and in terms of segmental assets, the division constituted RM479.4 million or 8.3% of the Group's segment assets. For the FYE 31 December 2012, the property development and property investment activities was the main revenue and profit contributor to the Group. Therefore, the Proposed Acquisition of NGD Subsidiaries is beneficial and supportive of the MRCB Group's businesses.

The segmental information of the Group is set out as follows:

FYE 31 December 2012	Engineering and Construction		Property Development	
	(RM'mil)	(%)	(RM'mil)	(%)
External revenue	449.6	35.04	689.9	53.7
Segmental results	(25.7)	(16.82)	187.9	123.1
Segmental assets	479.4	8.34	3,363.4	58.5

In summary, the Proposed Acquisition of NGD Subsidiaries would enable the Group to acquire strategically-located lands in Klang Valley, with proposed commercial and mixed development project comprising commercial and residential units that have obtained development approval.

The Properties measure approximately 32.74 acres collectively and the GDV of the development projects under the NGD Subsidiaries is approximately RM5.86 billion over a period of up to 10 years.

The Proposed Acquisition of NGD Subsidiaries will allow MRCB to replenish its depleting urban land banks in strategic locations and the Group would benefit from the revenue, profits and cash flow contributions from the NGD Subsidiaries in the medium to longer term.

The Right of First Refusal & Call Option Agreement will also enable MRCB to have the right to acquire additional strategically-located urban land banks from the other NGD subsidiaries and further bolster the Group's urban land banks and potential property development efforts.

Premised on our foregoing evaluation, we are of the view that the rationale for the Proposed Acquisition of NGD Subsidiaries is reasonable. Nonetheless, non-interested shareholders of MRCB should note that the earnings contribution and cash flow from the future development of the Properties would only be realised in the medium to longer term and are subject to risks inherent in the property development sector as well as certain risk factors as disclosed in Section 9, Part A of the Circular and Section 4.9 of this IAL.

4.1.2 Rationale for the Proposed Acquisition of GHC

We note that the Proposed Acquisition of GHC will immediately boost MRCB Group's outstanding construction order book of RM1.50 billion. As of 31 December 2012, GHC has a construction order book for its on-going projects as well as contracts secured of approximately RM3.55 billion. GHC is the appointed project co-ordinator or main contractor for the existing development projects of the Properties and future development and construction works of all lands which are owned or to be owned by any subsidiaries of NGD. The development projects under the NGD Subsidiaries constitute a substantial portion of GHC's order book. In addition, GHC will also participate in the developments of Lot 1 & 2 of P.J Sentral Land and Filem Negara Land in the event a valid approval in principle has been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date which would potentially increase the order book of MRCB by another RM4.34 billion over the next 10 years.

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The list of the on-going projects of GHC is set out as follows:

Projects	Estimated contract value (RM'million)	Estimated construction costs (RM'million)	Estimated margin (RM'million)	Description	Expected commencement date / Expected completion date / Status of project
TPM	78.4	71.3	7.1	9-storey commercial building	1 Nov 2012 / 14 Oct 2013 / To be completed
Giant Setapak	55.0	49.5	5.5	Hypermarket	Quarter 2 2013 / Quarter 2 2014 / To be commenced
Giant Kampar	50.7	45.6	5.1	Hypermarket	Quarter 3 2013 / Quarter 4 2014 / To be commenced
Giant Kangar	25.4	22.9	2.5	Hypermarket	Quarter 3 2013 / Quarter 4 2014 / To be commenced
Total on-going contracts	**209.5**	**189.3**	**20.2**		

The list of the awarded contracts is set out as follows:

Projects	Estimated contract value (RM'million)	Estimated construction costs (RM'million)	Estimated margin (RM'million)	Description	Expected commencement date / Expected completion date / Status of project
Old Klang Road Land	1,572.9	1,429.9	143.0	Proposed mixed development which consists of serviced apartments, retail and college/office	Quarter 2 2013 / Quarter 3 2017 / To be commenced
Subang Jaya Land	199.2	181.1	18.1	Proposed commercial development which consists of a 17-storey commercial complex comprising a 12-storey office and 4-storey retail	Quarter 2 2013 / Quarter 4 2015 / To be commenced
P.J Sentral Land	1,567.5	1,403.1	164.4	Proposed commercial development which consists of 5 blocks of office building and 1 block of hotel and 1-storey of utility and service level	Quarter 2 2013 / Quarter 4 2017 / The construction work for Puncak Wangi has commenced building plans for development of MBSB Tower submitted
Total awarded contracts	**3,339.6**	**3,014.1**	**325.5**		
Total on-going and awarded contracts	**3,549.1**	**3,203.4**	**345.7**		

The list of contracts to be awarded to GHC is set out as follows:

Projects	Estimated contract value (RM'million)	Estimated construction costs (RM'million)	Estimated margin (RM'million)	Description	Expected commencement date / Expected completion date / Status of project
Lot 1 & 2 of P.J Sentral Land	3,778.7	3,435.2	343.5	Proposed commercial development which consists of 5 blocks of office building and 1 block of hotel, a retail mall, a mosque, a cultural centre, a block of service apartment/office building and a medical facilities	Quarter 2 2016 / Quarter 3 2022 / To be commenced
Filem Negara Land	563.0	511.80	51.2	Proposed commercial development which consists of a serviced apartment building, a shopping complex and 8 units of 7-storey shops/offices	Quarter 4 2016 / Quarter 4 2019 / To be commenced
Total contracts to be awarded	**4,341.7**	**3,947.0**	**394.7**		

(Source: Management of MRCB and GHC Valuation Report)

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The Proposed Acquisition of GHC will enable the MRCB Group to have greater control on its construction costs and profit margins of the development projects of the NGD Subsidiaries as GHC is the appointed as the project co-ordinator or main contractor for the development of the Properties. The Proposed Acquisition of GHC will also give rise to potential cost savings and other synergistic benefits within the construction and property development division of MRCB as both the Group and GHC will be able to share common facilities and human resources.

Consequently, the Proposed Acquisition of GHC with its construction order book is expected to contribute positively to the profits and cash flows of the MRCB Group in the medium to longer term.

In summary, taking into consideration the potential increase in MRCB's construction order book by approximately RM3.55 billion and the additional order book by RM4.34 billion in the event a valid approval in principle has been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date, we are of the view that the rationale for the Proposed Acquisition of GHC is reasonable.

Nonetheless, non-interested shareholders of MRCB should note that the expected earnings contribution and cash flows from the future construction projects of GHC are subject to risks inherent in the property development and construction sector as well as certain risk factors as disclosed in Section 9, of Part A of the Circular and Section 4.9 of this IAL.

4.1.3 Rationale for the Proposed Acquisition of GGS

We note that the Proposed Acquisition of GGS whose subsidiary, GTC is a surveillance service provider, would broaden the business base and is expected to complement MRCB Group's current security and surveillance business and operations namely MRCB Technologies Sdn Bhd. We further note that GTC has secured contracts amounting to approximately RM245 million which are expected to provide a continuous stream of earnings and cash flows to the Group for a period of up to 19 years. Historically, GTC has been involved in a number of projects for town councils and state governments, and on-going initiatives include a surveillance system implementation for Kuala Lumpur International Airport as commissioned by Malaysia Airports Holding Berhad.

GGS business comes from external sources, whereas MRCB's own surveillance and security business is mainly internal services for its own construction and property development business including the maintenance of in-house security surveillance system for the Group's own investment properties. The Proposed Acquisition of GGS is therefore, expected to achieve synergies and improve economies of scale through cost savings and sharing of resources.

In view of the potential synergies and improved economies of scale between GGS and the MRCB Group's existing security and surveillance business and external contracts which are expected to contribute positively to the earnings and cash flows of the MRCB Group in the future, we are of the view that the rationale for the Proposed Acquisition of GGS is reasonable.

Nonetheless, non-interested shareholders of MRCB should note that the business and operations of GGS are subject to risks inherent in the security surveillance sector as well as certain risk factors as disclosed in Section 4.9 of this IAL.

4.2 Rationale for the Proposed Exemption

As at the LPD, EPF holds 42.16% of the voting shares in MRCB. EPF holds 40% equity interest in NGD while GSB holds the remaining 60% equity interest in NGD. Therefore, NGD, EPF and GSB are deemed PACs for the Proposed Exemption.

It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs. In this regard, upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and after the issuance of the Consideration Shares, EPF and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively. Accordingly, the Proposed Exemption would allow EPF and GSB to collectively increase their shareholdings in MRCB to more than 50% of the enlarged issued and paid-up share capital of MRCB upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) without the obligation to extend a mandatory offer for the remaining MRCB Shares not already owned by them under Part III of the Code. Under such circumstances EPF and GSB may be in a position to determine the outcome of matters requiring shareholders' approval particularly for resolutions on certain corporate actions that only require a simple majority. The manner in which EPF and GSB choose to vote may not be in line with the interest of the non-interested shareholders except for circumstances where EPF and GSB would be required to abstain from voting. For related party transactions, there are adequate minority shareholders protection under the Listing Requirements which amongst others requires EPF and GSB as well as their PACs to abstain from voting.

As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the collective shareholdings of EPF and GSB as well as their PACs will increase by more than 2%, from 42.16% to 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them.

Pursuant to Part III of the Code, a mandatory offer obligation will apply to all members of a group of PACs if any member of the group acquires voting shares or voting rights such that the collective acquisition of the group triggers a mandatory offer obligation.

In view of the above and as it is not the intention of NGD, EPF and GSB as well as their PACs to undertake such a mandatory offer, they intend to seek an exemption from the SC under Paragraph 16.1(a) of Practice Note 9 of the Code from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). Should the Proposed Exemption be approved by the non-interested shareholders of MRCB, the SC will consider the application by NGD, EPF and GSB as well as their PACs for the Proposed Exemption. Further, should the SC subsequently approve the application, NGD, EPF and GSB as well as their PACs would then be exempted from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them pursuant to Section 9(1), Part III of the Code.

In addition, MRCB is required to obtain the approval of the non-interested shareholders of MRCB and the SC in respect of the Proposed Exemption as part of the conditions precedent of the SSAs as set out on Section 2.11.5, Part A of the Circular.

Conditions of the Code for the Proposed Exemption

The SC may consider granting the Proposed Exemption under Paragraph 16.1(a), Practice Note 9 of the Code if NGD, EPF and GSB as well as their PACs have satisfied the following conditions:

(a) There is no "disqualifying transaction";

(b) Approval has been obtained from independent (i.e. non-interested) holders of voting shares or voting rights in MRCB at an EGM to be convened of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the mandatory offer from NGD, EPF and GSB as well as their PACs; and

(c) The names of the parties that have abstained from voting at the EGM of MRCB to be convened have been submitted to the SC.

The Proposed Exemption will allow NGD, EPF and GSB as well as their PACs to increase their shareholding in MRCB upon issuance of the Consideration Shares to partially settle the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) without incurring an obligation under Part III of the Code to extend a mandatory offer for all the remaining MRCB Shares not already owned by them. The Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption are inter-conditional upon each other. The Proposed Acquisition of 30% of P.J Sentral is conditional upon the Proposed Acquisition of NGD Subsidiaries but not *vice versa*.

In this connection, the Proposed Exemption is essential in order for MRCB to proceed with the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). Thus, without the Proposed Exemption, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) would not be implemented and the potential benefits and rewards to be derived from the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), as discussed in Section 4.1 of this IAL, will not materialise.

In view of the above and the justifications and rationale for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) as discussed in Section 4.1 of this IAL, we are of the view that the rationale for the Proposed Exemption is reasonable as the Proposed Exemption will allow MRCB to implement the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) while exempting NGD, EPF and GSB as well as their PACs from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them under Section 9(1), Part III of the Code.

4.3 Evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

In evaluating the fairness and reasonableness of the terms of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and in arriving at our recommendation, we have considered the following financial analysis:

(i) Evaluation of the NGD Consideration;

(ii) Evaluation of the GHC Consideration; and

(iii) Evaluation of the GGS Consideration.

The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) of the Acquiree Companies are at a total indicative consideration of RM729,000,000 where the Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC and the Proposed Acquisition of GGS are inter-conditional. The Proposed Acquisition of 30% of P.J Sentral is conditional upon the Proposed Acquisition of NGD Subsidiaries but not *vice versa*. The Purchase Consideration is to be satisfied via:

- cash of RM111,000,000;
- issuance of 398,709,678 MRCB Shares at an issue price of RM1.55 per MRCB Share; and
- issuance of 113,917,052 free detachable warrants on the basis of 2 free detachable warrants for every 7 MRCB Shares issued.

4.3.1 Evaluation of the NGD Consideration

As stated in Section 2.1.1, Part A of the Circular, the NGD Consideration of RM459,000,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

	Note	RM
NA of NGD Subsidiaries	1	249,948,225
Add adjustments for:		
(a) The capitalisation of Related Party Advances (**"Recapitalisation Amount"**)	2	50,000,000
(b) Revaluation surplus on the Properties	3	178,297,091
Adjusted NA of NGD Subsidiaries		**478,245,316**
Less: The deferred taxation on revaluation of the Properties	3	(19,436,543)
NGD Consideration		458,808,773
NGD Consideration *(round-up)*		**459,000,000**

Note:

(1) The NA of NGD Subsidiaries are based on the audited financial statements of the respective NGD Subsidiaries as at 31 December 2011, being the latest available audited financial statements as at the date of the NGD SSA and the effective equity interest of NGD in the respective NGD Subsidiaries. The breakdown of NA of NGD Subsidiaries are as follows:

NGD Subsidiaries		RM
(i)	Gapurna Builders	23,930,794
(ii)	Gapurna Land	46,834,644
(iii)	Puncak Wangi	45,152,808
(iv)	P.J Sentral	134,029,979
	Total	**249,948,225**

(2) MRCB and NGD acknowledge and covenant that the NGD Consideration has been arrived at on the basis that the NGD Subsidiaries are or shall as at the Completion Date be free of any Related Party Advances which amount to an aggregate sum of RM50,000,000.

Accordingly, NGD undertakes and covenants to, at its own cost and expense procure that the NGD Subsidiaries shall capitalise the Related Party Advances into Capitalisation Securities on or before the Completion Date.

In the event that any of the NGD Subsidiaries do not capitalise the Related Party Advances or any part thereof into new aforementioned convertible securities by the Completion Date or are unable to furnish sufficient documentary proof of such capitalisation, the parties agree that the number of Consideration Shares and Consideration Warrants to be issued by MRCB to NGD towards satisfaction of the Pre-Adjustment Purchase Consideration shall be adjusted downwards accordingly.

As MRCB is intended to receive all the abovementioned Capitalisation Securities, therefore it is appropriate for the Recapitalisation Amount to be included to arrive at the NGD Consideration.

The Recapitalisation Amount of RM50.0 million was agreed upon between MRCB and NGD to cater for the working capital requirements of the NGD Subsidiaries from the execution of the NGD SSA up to the Completion Date, in view of their impending/on-going property development projects. The capitalisation of Related Party Advances will enable the NGD Subsidiaries to further strengthen their respective financial positions without having to rely on external borrowings.

As at the LPD, P.J Sentral has capitalised RM19,525,100 of advances from NGD into new redeemable preference shares of RM1.00 each in P.J Sentral. The salient terms of the RPS are set out in Section 4.2 of Appendix I of the Circular.

(3) Open market value of the Properties amounting to RM417,500,000 (based on the effective equity interest of NGD in the respective NGD Subsidiaries) as at the date of the NGD SSA. In this respect, revaluation surplus on the Properties of RM178.30 million is adjusted to the respective NA of the NGD Subsidiaries to arrive at the open market value as detailed below. The deferred taxation on the revaluation of the Properties had been arrived at as follows:

	RM'million
Market value of the Properties (based on the effective equity interest of NGD in the respective NGD Subsidiaries)[1]	417.50
Less: Net book value of the Properties (based on the effective equity interest of NGD in the respective NGD Subsidiaries) as at 31 December 2011	(239.20)
Revaluation surplus	178.30

Note:
(1) The full market value of the Properties as appraised by CH Williams in the Property Valuation Reports is RM497.00 million

The revaluation surplus of RM178.30 million is then multiplied by the tax rate of 25% and subsequently discounted at 15%, being the cost of equity of MRCB *(Source: Bloomberg)*, over a period of 3 to 7 years, being the Properties development period to arrive at the deferred taxation on revaluation of the Properties of RM19,436,543.

HwangDBS' Comments

We note that the NGD Consideration takes into consideration the NA of the NGD Subsidiaries for the financial year as at 31 December 2011, being the latest available audited financial statements as at the date of the NGD SSA. We set out the NA of the NGD Subsidiaries for the financial year as at 31 December 2012, being the latest available audited financial statements as at the LPD as follows:

NA	FYE 31 December 2011 (RM)	FYE 31 December 2012 (RM)
Gapurna Builders	23,930,794	25,297,133
Gapurna Land	46,834,644	45,152,601
Puncak Wangi	45,152,808	44,283,611
P.J Sentral (based on effective equity interest)	134,029,979	151,672,056
Total	**249,948,225**	**266,405,401**

We note that the NA of the NGD Subsidiaries, based on the effective equity interest of NGD in the respective NGD Subsidiaries, increased from RM249.95 million to RM266.41 million, which represents an increase of approximately 6.58% from FYE 31 December 2011 to FYE 31 December 2012. Although there has been an increase in the NA of the NGD Subsidiaries during the FYE 31 December 2012, we note that the NGD Consideration was arrived at based on the NA of the NGD Subsidiaries as at 31 December 2011. Further, we note that the assets held by the NGD Subsidiaries as set out in their respective financial statements are substantially the said lands held for development, and accordingly have all been accounted for in arriving at the NGD Consideration.

Accordingly, we are of the view that the basis on which the NGD Consideration was arrived at based on the NA of the NGD Subsidiaries as at 31 December 2011 after adjusting for the Recapitalisation Amount, revaluation surplus on the Properties and the deferred taxation on revaluation of the Properties is reasonable. Further, given that the NGD Consideration was based on the abovementioned parameters and given the increase in the NA of the NGD Subsidiaries during the FYE 31 December 2012, we are of the view that the basis on which the NGD Consideration was arrived at is reinforced and remain reasonable.

CH Williams has been appointed to conduct valuations on the Properties and the valuation certificates for the Properties prepared by CH Williams dated 11 March 2013 ("**Certificates of Valuation**") are set out under Appendix IV of the Circular. The Property Valuation Reports prepared by CH Williams are dated 11 March 2013 and are set out as documents available for inspection at MRCB's registered office.

We note from the Property Valuation Reports that in arriving at the market value of the Properties, CH Williams has adopted the residual and comparison methods of valuation to ascribe the open market value of the Properties.

The applied methods of valuation by CH Williams

We note that CH Williams has used 2 valuation methods in arriving at the market value of the Properties namely the residual and comparison methods of valuation. In this respect, CH Williams has adopted the residual method as the primary method for this valuation exercise and the comparison method as a check method.

The detailed valuation methodologies of the Properties are set out below:

Residual method	Residual method of valuation is adopted based on the proposed development projects of the Properties whereby GDV is based on transacted prices of comparable properties in the vicinity whilst the GDC is based on the quantity surveyor's estimates and CH Williams' assumptions based on the general market norm. The resultant amount from GDV less GDC is deferred over a period of time for the completion of the project.
Comparison method	Comparison method of valuation 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, planning approval, title restrictions, if any, and other relevant characteristics to arrive at the market value.

Based on the Property Valuation Reports, we are of the view that both the residual method and comparison method are appropriate given that:

Residual method of valuation

- Residual method is appropriate when determining the value of real estate which can be subject to development, expansion, modernisation or other improvements. The value of the property can be specified solely for the land or for the land with its components before the improvements or for the land components separately. It is used in analysing and preparing development projects for real estates.

- Residual method is usually applied for land banks to be developed that will generate cash flows and earnings in near and medium term through sale of property units.

- This method takes into consideration the various material factors affecting value in terms of location, accessibility, size, physical features, content/concept of development, development approvals, restrictions and other relevant characteristics.

We note that the residual method is the most appropriate method to value the Properties as the Properties are parcels of commercial lands/development land designated for mixed development which have obtained planning approvals. Nonetheless, there is no assurance that the actual GDV and GDC of the Properties will adhere to the projections by CH Williams as the development plan on the Properties has yet to commence.

Comparison method of valuation

- The method provides a snapshot of the market demand and supply conditions and perceived value of similar nature property which have been transacted;

- CH Williams has available comparables for analysis; and

- CH Williams has made adjustments for dissimilarities on the available comparables such as time, location, plot ratio, planning approval, visibility/exposure, tenure and size in arriving at the market value.

We note that the comparison method is commonly used as a method of ascertaining the market value of a property given that this method provides an indicative value by comparing the Properties with similar recent transactions of comparable commercial lands within the vicinity or comparable localities, and for which price information is available.

Premised on the above, we are of the view that it is reasonable for CH Williams to use the residual method as a primary method and the comparison method as a check method in appraising the market value of the Properties in the context of the valuation of the Properties which is currently vacant with planning approvals and are to be developed into a mixed-development. However, it should be noted that such valuations are subject to market conditions, consumer spending pattern, disposable income and future expansion plan which may affect the actual return on the projects.

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Basis of arriving at the market value of the Properties

The market values of the Properties as extracted from the Certificates of Valuation are set out below:

NGD Subsidiaries	Properties	Effective equity interest of NGD in the respective NGD Subsidiaries (%)	Land Area (Acres)	Market Value		Market value (based on effective interest of NGD in the respective NGD Subsidiaries)	
				Comparison Method (RM)	Residual Method (RM)	Comparison Method (RM)	Residual Method (RM)
Gapurna Builders	Subang Jaya Land	100.00	3.20	59,000,000	57,000,000	59,000,000	57,000,000
Gapurna Land	Old Klang Road Land	100.00	17.63	125,000,000	120,000,000	125,000,000	120,000,000
Puncak Wangi	Lot PT 11, P.J Sentral Land	100.00	2.06	55,000,000	55,000,000	55,000,000	55,000,000
P.J Sentral	Lot 12, P.J Sentral Land	70.00	9.85	265,000,000	265,000,000	185,500,000	185,500,000
Total			**32.74**	**504,000,000**	**497,000,000**	**424,500,000**	**417,500,000**

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(i) The valuation of Subang Jaya Land

As extracted from the Certificates of Valuation, market value of Subang Jaya Land was derived from the residual and comparison methods of valuation as set out below:

Method of valuation	Market value (RM)
Residual method	57,000,000
Comparison method	59,000,000

Residual method of valuation for Subang Jaya Land

We note CH Williams had adopted the following assumptions in computing the residual method of valuation for Subang Jaya Land:

- In deriving the GDV of RM376,665,977 of the development for Subang Jaya Land, we note that the proposed selling price adopted by CH Williams for the development in Subang Jaya Land is in line with the range of the adjusted selling price per sq ft ("**psf**") of recent transactions. Details in arriving at the GDV are set out below and in the Certificates of Valuation in Appendix IV of the Circular:

Development	Proposed Selling Price (RM)	Justification
12-storey office space		
Open Plan Office	800 psf	Based on the analysis of the recorded transactions of SOHO units within the locality, the transaction prices range from RM749 to RM923 psf
SOFO	850 psf	
4-storey Retail Podium		
Retail	900 – 1200 psf	Based on the analysis of the recorded transactions of retail lots within the locality, the transaction prices range from RM808 to RM1,552 psf
Facilities Level		
Facilities Level	250 – 650 psf	Based on the analysis of the recorded transactions of SOHO units within the locality, the transaction prices range from RM749 to RM923 psf
Car Park		
Car Park	30,000 per bay	Based on the analysis of the recorded transactions of car park in a larger locality, the transaction prices range from RM60,000 per bay to RM60,302 per bay

- GDC adopted is estimated at RM304,488,990 based on the development expenditures such as earthwork and site clearance cost, infrastructure cost, building cost, professional fees, green features cost, finance cost and the developer's profit.

- The balance of the GDV less the GDC, being the residual value, is discounted over a development period of 3 years at a discount rate of 8.50% which is in tandem with the finance rate based on CH Williams' enquiries with financial institutions.

Comparison method of valuation for Subang Jaya Land

CH Williams has also applied the comparison method of valuation (based on the relevant transactions within the general neighbourhood of Subang Jaya Land) as a counter-check for reasonableness of the value of the Subang Jaya Land. The value derived by the comparison method of RM420 psf is lower than the adjusted land value of comparable transaction range of RM423 psf to RM483 psf.

CH Williams had deemed the residual method as a fair representation of the market value of Subang Jaya Land as the Subang Jaya Land is parcel of vacant commercial land which has obtained planning approval.

We are of the view that the market value of the Subang Jaya Land as adopted by CH Williams of RM57,000,000 is fair given the use of the residual method of valuation as the primary methodology based on the assumptions used in the Property Valuation Report to arrive at the market value of the Subang Jaya Land. Further, we are of the view that the assumptions used in the Property Valuation Report to arrive at the market value of the Subang Jaya Land are reasonable.

(ii) The valuation of Old Klang Road Land

As extracted from the Certificates of Valuation, market value of Old Klang Road Land was derived from the residual and comparison methods of valuation as set out below:

Method of valuation	Market value (RM)
Residual method	120,000,000
Comparison method	125,000,000

Residual method of valuation for Old Klang Road Land

We note CH Williams had adopted the following assumptions in computing the residual method of valuation for Old Klang Road Land:

- In deriving the GDV of RM2,510,021,877 of the development for Old Klang Road Land, we note that the proposed selling price adopted by CH Williams for the development in Old Klang Road Land is in line with the range of the adjusted selling price psf of recent transactions. Details in arriving at the GDV are set out below and in the Certificates of Valuation in Appendix IV of the Circular:

Usage	Proposed Selling Price (RM)	Justification
Serviced Apartment	750 psf	Based on the analysis of the transacted prices and developer's selling price of serviced apartment within the vicinity, the transactions and developer's selling prices range from RM579 to RM1,593 psf. Furthermore, the subject property is part of the massive development with better access (link bridges to NPR and Jalan Klang Lama) and compliance with Green Building Index – Gold.
SOHO	700 psf	Based on the analysis of the transacted prices and developer's selling price of serviced apartment within the vicinity, the transactions and developer's selling prices range from RM579 to RM1,593 psf

Usage	Proposed Selling Price (RM)	Justification
Retail	800 psf	Based on the analysis of the transacted prices of retail units within the vicinity, the adjusted values range from RM642 to RM1,370 psf
Hyper-market	650 psf	Based on the analysis of the transacted prices of retail units within the vicinity, the selling prices range from RM642 to RM1,370 psf
Office	800 psf	Based on the analysis of the transacted prices of office buildings within the vicinity, the adjusted values range from RM767 to RM807 psf
Car Park	40,000 per bay	Based on our analysis of the car park transaction in a larger locality, the market values range from RM60,000 per bay to RM60,302 per bay.

- GDC adopted is estimated at RM2,263,009,395 based on the development expenditures such as earthwork and site clearance cost, infrastructure cost, building cost, professional fees, green features cost, finance cost and the developer's profit.

- The balance of the GDV less the GDC, being the residual value, is discounted over a development period of 10 years at a discount rate of 8.50% which is in tandem with the finance rate based on CH Williams' enquiries with financial institutions.

Comparison method of valuation for Old Klang Road Land

CH Williams had also applied the comparison method of valuation (based on the relevant transactions within the general neighbourhood of Old Klang Road Land) as a counter-check for reasonableness of the value of the Old Klang Road Land. The value derived by the comparison method of RM160 psf is lower than the adjusted land value of comparable transaction range of RM162 psf to RM179 psf.

CH Williams had deemed the residual method as a fair representation of the market value of Old Klang Road Land as the Old Klang Road Land is a parcel of vacant commercial land which has obtained planning approval.

We are of the view that the market value of the Old Klang Road Land as adopted by CH Williams of RM120,000,000 is fair given the use of the residual method of valuation as the primary methodology based on the assumptions used in the Property Valuation Report to arrive at the market value of the Old Klang Road Land. Further, we are of the view that the assumptions used in the Property Valuation Report to arrive at the market value of the Old Klang Road Land are reasonable.

(iii) The valuation of P.J Sentral Land

As extracted from the Certificates of Valuation, market value of P.J Sentral Land was derived from the residual and comparison methods of valuation as set out below:

Method of valuation	Market value (RM)
Residual method	320,000,000
Comparison method	320,000,000

Residual method of valuation for P.J Sentral Land

We note CH Williams had adopted the following assumptions in computing the residual method of valuation for P.J Sentral Land:

- In deriving the GDV of RM2,977,527,900 for P.J Sentral Land, we note that the proposed selling price adopted by CH Williams for the development in P.J Sentral Land is in line with the range of the adjusted selling price psf of recent transactions. Details in arriving at the GDV are set out below and in the Certificates of Valuation in Appendix IV of the Circular:

Development	Usage	Proposed Selling Price (RM)	Justification
Office			
Office Tower Tower 3 Tower 2 Tower 5 Tower 6	Office	850 psf	Based on the analysis of the recorded transactions of office buildings within the locality, the adjusted values range from RM853 to RM933 psf
Hotel			
Tower 1	Hotel (services apartment concept)	850 psf	Based on the analysis of the recorded serviced apartment sales in the vicinity and larger locality, the adjusted values range from RM817 to RM1,090 psf
Car Park			
Office Tower, Tower 1, 2, 3, 5 & 6	Car Park	40,000 per bay	Based on the analysis of the recorded transactions of car park in a larger locality, the adjusted values range from RM42,000 per bay to RM46,633 per bay.

- GDC adopted is estimated at RM2,454,336,921 based on the development expenditures such as earthwork and site clearance cost, infrastructure cost, building cost, professional fees, green features cost, finance cost and the developer's profit.

- The balance of the GDV less the GDC, being the residual value, is discounted over a development period of 8 years at a discount rate of 8.50% which is in tandem with the finance rate based on CH Williams' enquiries with financial institutions.

Comparison method of valuation for P.J Sentral Land

CH Williams had also applied the comparison method of valuation (based on the relevant transactions within the general neighbourhood of P.J Sentral Land) as a counter-check for reasonableness of the value of P.J Sentral Land. The value derived by the comparison method of RM620 psf falls within the adjusted land value of comparable transaction range of RM601 psf to RM756 psf.

CH Williams had deemed the residual method as a fair representation of the market value of P.J Sentral Land as the P.J Sentral Land is a parcel of vacant commercial land which has obtained planning approval.

We are of the view that the market value of the P.J Sentral Land as adopted by CH Williams of RM320,000,000 is fair given the use of the residual method of valuation as the primary methodology based on the assumptions used in the Property Valuation Report to arrive at the market value of the P.J Sentral Land. Further, we are of the view that the assumptions used in the Property Valuation Report to arrive at the market value of the P.J Sentral Land are reasonable.

In conclusion, NGD Consideration was arrived at based on the following:

(i) aggregate audited consolidated NA of the NGD Subsidiaries as at 31 December 2011 (based on effective equity interest of NGD) of RM249,948,225;

(ii) adjustment for the capitalisation of Related Party Advances of approximately RM50,000,000; and

(iii) adjustment for revaluation surplus on the Properties of RM178,297,091 based on the market value of the Properties as appraised by CH Williams and net of deferred tax amounting to RM19,436,543.

Premised on the above and valuation of the Properties by CH Williams, we are of the view that the NGD Consideration is fair given the use of the residual method of valuation as the primary methodology based on the assumptions used in the Property Valuation Reports to arrive at the market value of the Properties. Further, we are of the view that the assumptions used in the Property Valuation Report to arrive at the market value of the Properties are reasonable.

4.3.2 Evaluation of the GHC Consideration

As stated in Section 2.3.1, Part A of the Circular, the GHC Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

(i) the rationale for the Proposed Acquisition of GHC;

(ii) the audited consolidated NA of GHC as at 31 December 2011 amounting to RM14,618,772;

(iii) the consideration adjustment as set out in Section 2.11.4(2), Part A of the Circular;

(iv) the Profit Guarantee as set out in Section 2.14, Part A of the Circular; and

(v) the fair market value of GHC which ranges between RM260,000,000 and RM310,000,000 as appraised by EY.

EY has been appointed by MRCB to conduct an independent valuation of the entire equity interest in GHC pursuant to the Proposed Acquisition of GHC. Further details on the valuation of the entire equity interest in GHC by EY are set out in the Summary Valuation Letter of GHC under Appendix VIII of the Circular.

HwangDBS' Comments

Premised on the Summary Valuation Letter of GHC dated 19 April 2013 and subject to the assumptions stated therein, EY had ascribed a valuation range of RM260 million to RM310 million for the entire equity interest in GHC. In estimating the fair value of the entire equity interest in GHC, we note that EY has primarily relied on the discounted cash flow ("**DCF**") methodology by discounting the projected free cash flow to firm ("**FCFF**") of GHC where EY had considered amongst others the following:

(i) achievability of GHC's management assumptions;

(ii) projected margin for contracts yet to be awarded;

(iii) adequate funding will be available to finance GHC's business when necessary;

(iv) estimated weighted average cost of capital ("**WACC**") of GHC;

(v) marketability of the shares of GHC which are unquoted and less liquid;

(vi) size of GHC which is currently relatively small as compared to the comparable companies of GHC; and

(vii) business of GHC which is relatively less diversified as compared to the comparable companies of GHC.

The value derived using the FCFF method is equal to the present value of expected future cash flows discounted at the appropriate risk-adjusted required rate of return (i.e. the discount rate or WACC). We are of the view that the FCFF method is appropriate for valuing an investment with a finite stream of expected future cash flows, as in the case of GHC with the current and expected contruction order books. Nonetheless, the value ascribed by EY is subject to the reliability of the projected cash flows prepared by the management of GHC and market and feasibility reports prepared by Khong & Jaafar, the reasonableness of the discount rate or WACC adopted as well as the key underlying assumptions. The discount rate or WACC adopted by EY is discussed below.

A salient factor which would have an impact on the value derived when adopting the DCF methodology is the selection of a discount rate that takes into consideration expected equity risk premium, prevailing risk free rate, expected inflation rate, capital structure of the comparable listed companies, liquidity risk and other systematic risk relating to the industry that the company operates in.

We note that from the Summary Valuation Letter of GHC, EY's valuation was performed based on GHC's existing project pipeline consisting of the Giant projects, Technology Park Malaysia ("**TPM**") project; and in addition, P.J Sentral Land, Old Klang Road Land, Subang Jaya Land projects; as well as Lot 1 & 2 of P.J Sentral Land and Filem Negara Land projects.

GHC will be paid on the cost plus model, with payments of a sum equal to the total cost of construction for the development plus a percentage (ranging from 10% to 12%) of the total cost of construction for the development for the P.J Sentral Land, Old Klang Road Land and Subang Jaya Land projects as well as Lot 1 & 2 of P.J Sentral Land and Filem Negara Land projects.

The key assumptions used in the valuation of GHC are set out below together with our commentary:

Key assumptions	HwangDBS' comments
GHC has secured all the formal contractual rights to undertake the project co-ordination and management activities for all the Properties except for Lot 1 & 2 of P.J Sentral Land and Filem Negara Land development projects. Accordingly, it is assumed that GHC will also secure the contractual rights to these projects, namely Lot 1 & 2 of P.J Sentral Land and Filem Negara Land on a timely basis to be consistent with its financial projections.	We note that as stated in the GHC Valuation Report dated 19 April 2013 prepared by EY, GHC is the appointed project co-ordinator or main contractor for the development projects of the Properties, namely the P.J Sentral Land, Old Klang Road Land and Subang Jaya Land, and for any future development and construction works of the properties on all lands which are already legally and/or beneficially owned by the subsidiaries of NGD. As at the LPD, the status of the lands are as follows: ▪ P.J Sentral Land, Old Klang Road Land and Subang Jaya Land have obtained approval in principle from the relevant regulatory authorities. ▪ NGD had submitted the proposal to the government for the redevelopment of Filem Negara Land and Lot 1 & 2 of P.J Sentral Land. The land titles would only be alienated upon NGD fulfilling the relevant conditions to be imposed by the government in the agreement to be executed upon the proposal approved by the government. ▪ In essence, as P.J Sentral Land, Old Klang Road Land and Subang Jaya Land have obtained approval in principle from the relevant regulatory authorities, these lands are being acquired by MRCB under the NGD SSA. However, Lot 1 & 2 of P.J Sentral Land and Filem Negara Land parcels' titles are pending the above and thus, have yet to be alienated. Therefore, Lot 1 & 2 of P.J Sentral Land and Filem Negara Land constitute part of the Option Assets whereby under the Right of First Refusal & Call Option Agreement, MRCB has been granted a right of first refusal for a period of 3 years following the date of completion of the Proposed Acquisition of GHC to match any offer from a third party to purchase Lot 1 & 2 of P.J Sentral Land and Filem Negara Land parcels.

Key assumptions	HwangDBS' comments
	Upon expiry of the Right of First Refusal Period, MRCB is automatically granted the Call Option by NGD which is exercisable at anytime during a 2-month period, to require NGD to sell these lands to MRCB. Accordingly, EY has ascribed a valuation range of RM260 million to RM310 million for the entire equity interest in GHC on the basis that GHC: ▪ has secured all the formal contractual rights as the project co-ordinator or main contractor for P.J Sentral Land, Old Klang Road Land and Subang Jaya Land; and ▪ will also secure the contractual rights for Lot 1 & 2 of P.J Sentral Land and Filem Negara Land development projects on a timely basis to be consistent with its financial projections. We note that the formalised contractual rights of GHC as project co-ordinator or main contractor for the P.J Sentral Land, Old Klang Road Land and Subang Jaya Land is beneficial to MRCB as it protects its interest in terms of providing assurance that GHC is the appointed project co-ordinator or main contractor for the relevant Properties. We further note that the GHC Consideration was arrived at on the basis that a valid approval in principle is issued for the grant of the project on Lot 1 & 2 of P.J Sentral Land and Filem Negara Land to a subsidiary of NGD on or before the Completion Date by the relevant authorities and GHC is appointed as the main contractor for the construction and development of the said lands.

Key assumptions	HwangDBS' comments
	In the event that a valid approval in principle has not been issued for the grant of the project on Lot 1 & 2 of P.J Sentral Land and Filem Negara Land to a subsidiary of NGD on or before the Completion Date by the relevant authorities and GHC is accordingly not appointed as the main contractor in respect of the construction and development of the said lands, the GHC Consideration will be adjusted downwards based on the value of the construction contract attributable to the said lands of not more than RM70,000,000. We note that such downward adjustment is appropriate given that EY had assumed that GHC will also secure the contractual rights for Lot 1 & 2 of P.J Sentral Land and Filem Negara Land development projects on a timely basis in arriving at the valuation range for GHC using the DCF methodology.
GHC's financial projections are prepared on "real terms" as at 31 December 2012. GHC has referred to the total construction costs estimated by Yong Dan Mohamad Faiz Sdn Bhd ("**QS**"), the quantity surveyor appointed by the management of GHC, which were prepared in "real terms" i.e. the QS costing is based on the current market pricing without incorporating any future inflationary effect to the financial projections over the financial periods.	As GHC is the appointed as the project co-ordinator or main contractor for the development projects for the Properties, a majority of GHC's future earnings and cash flows will be derived from the Properties. We note that construction contracts in the past and present has been awarded to GHC at cost-plus 10% – 12% margin of the total construction costs which is based on the current market pricing without incorporating the inflationary effects over the financial periods. Therefore, we note that it is appropriate for the projections to be measured in "real terms" or based on current selling prices or costs without incorporating growth factors or inflationary effects to the cash flows projection over the projected financial periods.

Key assumptions	HwangDBS' comments
Except for TPM and Giant projects, the performance bond will be provided directly by the sub-contractors of GHC to the property developer. Hence, GHC is not required to provide any performance bond to the property developers of the relevant projects.	We note that GHC is not required to provide the performance bond and instead the performance bond will be provided directly by the sub-contractor of GHC to the relevant property developer. This essentially protects GHC from reduction in profit margins. Thus, the assumption is appropriate as GHC has previously secured projects under similar terms and conditions.
GHC assumed tax rate of 25% in the financial projections of GHC.	The assumption is conservative without taking into account any tax deductibility of associated costs and expenses but is appropriate as GHC has adopted the statutory corporate tax rate of 25% to derive the amount of tax charges to be incurred by GHC.

We are of the view that the key basis and assumptions used in the valuation of GHC are reasonable.

Computation of WACC or discount rate

In arriving at the valuation of GHC, EY has discounted each period's FCFF to the present using the WACC, which is the weighted average cost of capital or discount rate.

WACC is the minimum required rate of return that all fund providers (shareholders and lenders) should demand for a cash flow stream generated by the business, given the riskiness of the cash flows. WACC is computed by summing up the cost of each capital component multiplied by its proportional weight. Where a company is funded by debt and equity, the WACC is calculated using the following formula:

WACC = (Equity ÷ Capital) x cost of equity + (Debt ÷ Capital) x (1 – tax rate) x cost of debt

where Capital = Equity + Debt

EY has applied a WACC or discount rate range of 11.0% to 12.0% for the purposes of determining the fair value of GHC. In this respect, we have reviewed the range of WACC adopted by EY and compared it with the average WACC of construction companies listed on Bursa Securities with market capitalisation below RM500 million i.e. mid market capitalisation construction companies with similar business and valuation as GHC such as Gabungan AQRS Berhad, Bina Puri Holdings Bhd, Crest Builder Holdings Berhad, Kimlun Corporation Berhad, Lebtech Berhad, Ahmad Zaki Resources Berhad and Ekovest Berhad. GHC is valued by EY at the valuation range of RM260 million to RM310 million.

The inputs used to arrive at the components of the WACC or discount rate are set out below:

HwangDBS' inputs into the components of the WACC or discount rate	HwangDBS' Comments
• In arriving at the required rate of return on equity or cost of equity, we have used the Capital Asset Pricing Model ("**CAPM**") with the inputs into the following formula: Required return $= r_f + \beta (R_m - r_f)$ $= r_f + \beta$ (EMRP) r_f, β and EMRP are as defined below.	The CAPM is an investment model commonly used to compute the required rate of return of a security after taking into consideration the rate of return on a risk free investment plus the relevant risk premiums, being the expected returns that such an investor would demand over and above the rate of return on the risk free investment, as such an investor needs to be compensated for taking extra risks. We note that the use of the CAPM is acceptable in computing the required rate of return on equity or cost of equity and based on our discussion with EY, the CAPM has been used by EY to arrive at the cost of equity of GHC. The CAPM is commonly used as it has several advantages, including but not limited to the following: • simplicity of use, ease of understanding, and is commonly used within the investment community; • assists investors in calculating investment risk and the expected return on investment; and • takes into account the security's sensitivity to non-diversifiable risk (also known as systematic risk or market risk), which is often represented by β.
▪ Nominal risk free rate ("r_f") of 3.50% to 3.73%	The r_f represents the expected rate of return from a risk free investment. As a proxy of the r_f, we adopted the yield of 10-year and 15-year Malaysian Government Securities of 3.50% and 3.73% respectively as extracted from the Bank Negara Malaysia website as at 7 February 2013, being the last trading day prior to the Announcement. The 10-year and 15-year tenure is in line with the project period as projected by management of GHC and Khong & Jaafar respectively.
▪ Expected inflation rate of 1.60% to 2.50%	We have adopted the expected inflation rate range of 1.60%* to 2.50%. The inflation rate of 2.50% is the average future projected inflation rate as extracted from the International Monetary Fund Economic Outlook Database October 2012. We note that EY had also used the expected inflation rate of 1.60% to 2.50% based on the average expected inflation rate of 1.60% from year 2013 to year 2022 as extracted from IHS Global Insight dated 10 November 2012 and based on the average expected inflation rate of 2.50% from 2013 to 2017 data from the International Monetary Fund Economic Outlook Database October 2012.

HwangDBS' inputs into the components of the WACC or discount rate	HwangDBS' Comments
	Further, we note that EY's expected inflation rate is also within the average inflation rate of 2.50% for the past 5 years *(Source: Department of Statistics, Malaysia)* as well as within the range of expected average inflation rate of 2 – 3% in 2013 *(Source: Bank Negara Annual Report 2012)*. *Note:* * *The inflation rate of 1.60% is extracted from the Department of Statistics representing the inflation in Malaysia when comparing the inflation rate of the month of March 2013 to March 2012.*
▪ Real r_f of 0.98% to 2.10%	Real r_f is calculated using the Fisher Equation as follows: $\text{Real}\, r_f = \frac{1+\text{nominal } r_f}{1+\text{inflation rate}} - 1$ The Fisher Equation estimates the relationship between nominal and real interest rates and inflation rates. It is widely use by economists to compute the real risk free rate where real risk free rate is equal to the nominal risk free rate less the inflation rate. Real risk free rate is used instead of nominal risk free rate in computing the cost of equity as the cash flow projections of GHC is based on "real term" without incorporating any inflationary effects.
Expected market risk premium ("**EMRP**") of 7.32% to 7.53%	We have adopted the expected market risk premium range of 7.32% as at 7 February 2013, being the last trading day prior to the Announcement and 7.53% as extracted from Bloomberg and based on the estimation by Aswath Damodaran*. The EMRP is the premium that investors demand for investing in equities which have inherent risks. We note that EY had also adopted EMRP of 7.5% which is based on the estimation by Aswath Damodaran*. *Note:* * *Aswath Damodaran is a professor of Finance at the Stern School of Business School at New York University whose works are widely used by investment professionals and academicians.*
▪ Systematic risk ("**β**") of 1.33	The term β refers to the sensitivity of an asset's returns to market returns. It measures an asset's risk in relation to the market. The β of 1.33 is derived from the relevered average of adjusted unlevered β of HwangDBS' selection of comparable companies of GHC as at 7 February 2013, being the last trading prior to the Announcement.

HwangDBS' inputs into the components of the WACC or discount rate	HwangDBS' Comments
	The term "adjusted β" refers to the adjustment of the raw β for beta drift (beta drift refers to the observed tendency of an estimated β to revert to the market average over time). The β of each respective company is adjusted as per the formula below: Adjusted β = (2/3 x raw β) + (1/3 x 1) The term "unlevered β" refers to the β of a company without any debt. Unlevering a β removes the financial effects from leverage. The formula to calculate a company's unlevered beta is as follows: $\text{Unlevered } \beta = \frac{\text{Levered } \beta}{(1 + (1 - T_c) \times D/E)}$ The term "relevered β" refers to the β of a company with debt. Relevering a β includes the financial effects from leverage. The formula to calculate a company's relevered beta is as follows: $\text{Relevered } \beta = (1 + (1 - T_c) \times D/E^*) \times \text{Unlevered } \beta$ *Where:* *T_c is the corporate tax rate; and* ** refers to the target gearing level based on the average gearing level of the comparable companies of GHC.*
▪ Debt ratio of 60.91%	Based on the audited financial statement for the FYE 31 December 2012, GHC does not have any borrowings. Moving forward, GHC may require additional funding for its business operations and expansion. Consequently, GHC may incur borrowings to finance the abovementioned requirements. Hence, we have adopted average the gearing ratio of the comparable companies of GHC as the gearing ratio for GHC to provide a proxy for the debt level GHC.
▪ After tax cost of debt of 5.26%	We also derived the after tax cost of debt from the comparable companies of GHC. We adopted the after tax cost of debt from the comparable companies of GHC to provide a proxy for the after tax cost of debt of GHC as GHC does not have any borrowings currently.
▪ Risk premium of 2.00% to 4.00%	We note that EY had considered and imputed a company specific risk of 3.00% to 4.00% in arriving at the WACC to reflect the characteristics of GHC, which include inherent risk in the estimated 10 to 16 years of the awarded projects period. In summary, the valuation range for the entire equity interest of GHC ascribed by EY takes into account the: (i) achievability and riskiness of cashflow projection;

HwangDBS' inputs into the components of the WACC or discount rate	HwangDBS' Comments
	(ii) 10 to 16 year tenure of the project period; (iii) marketability of the shares of GHC which are unquoted and less liquid; (iv) size of GHC which is currently relatively small as compared to the comparable companies of GHC; and (v) business of GHC which is relatively less diversified as compared to the comparable companies of GHC. A company specific risk represents risk attributable to a particular company and in determining such risk, subjective judgement is required. The reason for such subjective judgement is in view of the different fundamental characteristics, attributes and risk profile of each company, and the lack of a set of readily available empirical data or database that one can analyse and compare against in arriving at a particular company's specific risk. Therefore, in determining GHC's company specific risk, one is faced with the subjective judgement of ascertaining its fundamental characteristics, attributes and risk profile, taking into account its financial performance and position, operating and business environment, prospects and industry sector. We note that the company specific risk of 3.00% to 4.00% has been imputed by EY to arrive at GHC's WACC. This 3.00% to 4.00% is a quantitative measure of the above subjective characteristics and attributes of GHC and is intended to compensate for the risks posed above. We are of the view that based on the above parameters, the risk premium of 3.00% to 4.00% is fair. However we note that such a quantitative measure is a subjective measure imputed by EY. We have imputed a wider range for the risk premium of 2.00% to 4.00% in arriving at the WACC to reflect the aforementioned characteristics and attributes of GHC. The lower the percentage, the lower the risk premium is perceived to be and *vice versa*, the higher the percentage, the higher the risk premium is perceived to be.

We wish to highlight that the WACC or discount rate computed by HwangDBS of 9.20% to 11.74% is in line with EY's range of WACC or discount rates of 11.00% to 12.00%. Our computation of the discount rate of 9.20% to 11.74% had been arrived at based on a number of assumptions which we have set out above.

Premised on the above, the key basis and assumptions and the discount rates adopted by EY in arriving at the fair value for the entire equity interest in GHC of RM260 million to RM310 million is reasonable. In addition, GHC Consideration of RM250 million is fair as it is below the valuation range of GHC as ascribed by EY.

Comparable companies analysis

In our evaluation of the GHC Consideration, we have also considered using the comparable companies analysis. The comparable companies analysis is a valuation method that compares the relevant implied valuation multiples derived from the GHC Consideration against the relevant trading multiples of listed companies which are broadly comparable to GHC.

GHC derives its revenue and profits mainly from the provision of commercial and mixed development contruction works. There are no companies listed on Bursa Securities that are exactly similar or directly comparable to GHC in terms of composition of business, scale of operations, track record, shareholders' profile, marketability and liquidity of the shares, future prospects and market capitalisation.

For comparison purposes, we have selected public listed companies with:

(i) similar business activities as GHC i.e. greater than 60% of derived profits from construction operations, representing the majority of profits of the comparable companies of GHC. For the FYE 31 December 2012, GHC generated substantially all of its operating profits from construction operations; and

(ii) market capitalisation as at 7 February 2013 (being the last trading day prior to the Announcement) of RM50 million and RM500 million.

Name of company	Principal activities
Gabungan AQRS Berhad	Gabungan AQRS Berhad is a full service property development and construction company. The company's activities include property development, civil and infrastructure works.
Bina Puri Holdings Bhd	Bina Puri Holdings Bhd is an investment holding company. Through its subsidiaries, the company, among others, operates as a commission agent, contractor of earthworks, road and building construction and manufactures polyol and bricks.
Crest Builder Holdings Berhad	Crest Builder Holdings Berhad is an investment holding company. The company, through its subsidiaries, among others, provides construction, land and property investment services.
Kimlun Corporation Berhad	Kimlun Corporation Berhad is an investment holding company. The company is an engineering and construction services provider. Kimlun Corporation Berhad specialises in infrastructure and building construction, construction management, provision of Industrial Building Systems and manufacturer of concrete products as well as trades in construction and building materials.
Lebtech Berhad	Lebtech Berhad is an investment holding company that operates in the business of civil and building construction works.

Name of company	Principal activities
Ahmad Zaki Resources Berhad	Ahmad Zaki Resources Berhad is an investment holding company. The company, through its subsidiaries, among others, provides contractor services for civil and structural construction works and operates in property development.
Ekovest Berhad	Ekovest Berhad is an investment holding company. Through its subsidiaries, the company provides civil engineering and building works, construction services and project management designs.

(Source: Audited consolidated financial statements of the respective companies and Bloomberg as at 7 February 2013, being the last trading day prior to the Announcement)

The earnings-based valuation metrics involve the analysis of the price-to-earnings ratio ("**PER**") and enterprise value / earnings before interest, tax, depreciation and amortisation ("**EV/EBITDA**"). The NA-based valuation metric involves the analysis of the price-to-book ratio ("**PBR**").

- **PER**

  PER is a valuation metric which compares a company's share price against its EPS. It can be useful to compare the PER to that of its peers to gauge the company's value relative to its peers. A higher PER may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

- **EV/EBITDA**

  EV is the aggregate value of the respective companies' market capitalisation, minority interest and debt net of any cash and cash equivalents. EV/EBITDA is commonly used in valuation, as it is not affected by the different leverage level and borrowing cost as well as different depreciation and amortisation policies. Also, it eliminates the impact from non-operating items. Hence, EV/EBITDA compares the value of a company relative to its operating earnings. EV/EBITDA is arrived at by comparing a company's EV against its EBITDA.

- **PBR**

  PBR is a method used in the valuation of companies by comparing the company's market value to its book value. While the asset base of a construction company may not accurately or fully reflect the company's true or hidden value, the PBR is nonetheless used by investors as a check method to other valuation metrics.

For comparison purposes, we have reviewed the PER, EV/EBITDA and PBR of the comparable companies of GHC, which are as set out below:

Comparable companies	FYE	Market capitalisation (RM'000)	(1) PBR (times)	(1) EV/EBITDA (times)	(1) PER (times)	(2) Contract order book (RM'billion)
Gabungan AQRS Berhad	31 December 2012	408,848	*1.90	*10.79	*17.04	1.10
Bina Puri Holdings Bhd	31 December 2012	73,405	0.54	9.56	14.32	2.60
Crest Builder Holdings Berhad	31 December 2012	106,958	*0.34	*48.08	*2.53	1.00
Kimlun Corporation Berhad	31 December 2012	324,608	1.18	6.12	6.50	1.70
Lebtech Berhad	31 December 2012	195,172	*1.71	*26.32	*40.97	n/a
Ahmad Zaki Resources Berhad	31 December 2012	189,828	0.91	*4.66	10.15	2.17
Ekovest Berhad	30 June 2012	455,924	1.11	7.93	6.28	n/a
Simple average		**250,677**	**0.94**	**7.87**	**9.31**	**1.71**
Lowest		73,405	0.54	6.12	6.28	1.00
Median (3)		195,172	1.01	7.93	8.32	1.70
Highest		455,924	1.18	9.56	14.32	2.60
GHC (4)	31 December 2012	(5)250,000	24.39	104.55	153.21	(6)**7.89**

(Source: Bloomberg and the latest available audited consolidated financial statements of respective companies)

Note:

(1) Based on the closing market price of the respective comparable companies as at 7 February 2013, being the last trading day prior to the Announcement.

(2) Contract order books of the comparable companies of GHC were obtained from various publicly available sources such as annual reports and newspaper articles on different dates and thus, may not be wholly reflective of the contract order books of the respective comparable companies as at the LPD. The contract order book information has been included for illustrative purposes to demonstrate the size and level of business operations of the respective comparable companies vis-a-vis GHC.

(3) We have also used the median in the comparable companies' analysis as there is a low population sample size and hence the median may be more appropriate.

(4) Implied multiples based on the GHC Consideration of RM250 million.

(5) Representing the GHC Consideration.

(6) The contract order book for GHC comprise the following:

- *GHC's order book for its on-going projects as well as contracts secured to GHC, as main contractor as at 31 December 2012 amounting to approximately RM3.55 billion; and*
- *The estimated value of the construction contracts to be secured by NGD and/or its subsidiaries to GHC as main contractor in respect of Lot 1 & 2 of P.J Sentral Land and Filem Negara Land which constitute part of the Option Assets amounting to approximately RM4.34 billion.*

** Excluded from the calculation of simple average and the determination of median, highest and lowest of the multiples set out above as they are deemed outliers. Outliers are determined based on extreme deviation from the simple average. We have regarded values outside of up to 1 standard deviation of the average as extreme deviation. Nonetheless, our professional judgement is exercised in including or excluding values from the computation of the simple average, high and low as set out above.*

n/a Not available.

Based on the above analysis, the implied PER, EV/EBITDA and PBR based on the GHC Consideration is higher than the simple average and median PER, EV/EBITDA and PBR of the comparable companies of GHC.

However, it should be noted that whilst the implied PER, EV/EBITDA and PBR of the GHC Consideration values GHC significantly higher against its comparable companies, its contract order book is also significantly higher.

Currently, GHC has a construction order book of RM3.55 billion which could potentially increase by another RM4.34 billion from the development of Lot 1 & 2 of P.J Sentral Land and Filem Negara Land, being the Option Assets under the Right of First Refusal & Call Option Agreement.

As the contract order book of GHC is different from the comparable companies of GHC in terms of size, the comparable companies analysis may not be primarily relied upon as a valuation methodology and the primary method would be the DCF methodology as it takes into consideration, amongst others, the potential of GHC moving forward based on its construction order book, future earnings and cash flows achievability. We note that in the event that a valid approval in principle has not been issued for the grant of the Project on Lot 1 & 2 of P.J Sentral Land and Filem Negara Land, the GHC Consideration would be adjusted downward by not more than RM70 million and GHC will also lose the opportunity to participate in the development of Lot 1 & 2 of P.J Sentral Land and Filem Negara Land which is valued at RM4.34 billion. Nonetheless, we note that approval in principal has been issued for the Filem Negara Land, as set out in Section 2.3.4 of Part A of the Circular.

4.3.3 Evaluation of the GGS Consideration

As stated in Section 2.4.1, Part A of the Circular, the GGS Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

(i) the audited consolidated PAT and NA of GGS as at the FYE 31 December 2011 of RM4,117,827 and RM47,656,864 respectively; and

(ii) the existing long-term contracts of its subsidiary over a period of up to 19 years with a value of approximately RM245 million from various Government related entities.

HwangDBS' Comments

In our evaluation of the GGS Consideration, we have considered using the comparable companies analysis. The comparable companies analysis is a valuation method that compares the relevant implied valuation multiples derived from the GGS Consideration against the relevant trading multiples of listed companies which are broadly comparable to GGS.

GGS, through its subsidiary GTC, is primarily involved in the provision of supplying, installing, testing, commissioning and maintaining integrated security surveillance system and broadband solutions. There are no companies listed on Bursa Securities that are exactly similar or directly comparable to GGS in terms of composition of business, scale of operations, track record, shareholders' profile, marketability and liquidity of the shares, future prospects and market capitalisation.

For comparison purposes, we have selected public listed companies with:

(i) similar business activities as GGS i.e. security surveillance business. As there are limited public listed companies with security surveillance business, we have selected companies listed on Bursa Securities with the component of security surveillance business in their principal activities. For the FYE 31 December 2012, GGS generated substantially all of its operating profits from security surveillance business; and

(ii) market capitalisation as at 7 February 2013 (being the last trading day prior to the Announcement) of between RM10 million and RM60 million.

Comparable Companies	Principal activities
Industronics Berhad	Industronics Berhad designs, manufactures and installs electronics and microprocessors controlled products, telecommunication equipment supply, AV multimedia systems, intelligent transportation systems and major system integration projects. The company, through its subsidiaries, provides security and fire alarm services.
INIX Technologies Holdings Berhad	INIX Technologies Holdings Berhad develops and markets security systems. The company produces intelligent wireless security, automation and closed circuit television surveillance systems for home and business use.
IQ Group Holdings Berhad	IQ Group Holdings Berhad manufactures security products. The company produces motion detectors, wireless radio and door entry products.
PUC Founder (MSC) Berhad	PUC Founder (MSC) Berhad is a multimedia super corridor status company. The company, through its subsidiaries, among others, provides development and provision of biometrics solutions using fingerprint technology.
Metronic Global Berhad	Metronic Global Berhad is an investment holding company. The company, through its subsidiaries, among others, provides system integration in the field of intelligent building management system and integrated security management system.

(Source: Latest available audited consolidated financial statements of the respective companies and Bloomberg as at 7 February 2013, being the last trading day prior to the Announcement)

Under this analysis, we have considered both the earnings-based, namely PER and EV/EBITDA, and NA-based valuation metrics, namely PBR.

- **PER**

  PER is a valuation metric which compares a company's share price against its EPS. It can be useful to compare the PER to that of its peers to gauge the company's value relative to its peers. A higher PER may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

- **EV/EBITDA**

  EV is the aggregate value of the respective companies' market capitalisation, minority interest and debt net of any cash and cash equivalents. EV/EBITDA is commonly used in valuation, as it is not affected by the different leverage level and borrowing cost as well as different depreciation and amortisation policies. Also, it eliminates the impact from non-operating items. Hence, EV/EBITDA compares the value of a company relative to its operating earnings. EV/EBITDA is arrived at by comparing a company's EV against its EBITDA.

- **PBR**

  PBR is a method used in the valuation of companies by comparing the company's market value to its book value. While the asset base of the security and surveillance companies (such as GGS and its comparable companies) may not accurately or fully reflect the company's true or hidden value, the PBR is nonetheless used by investors as a check method to other valuation metrics.

The GGS Consideration was arrived at after taking into consideration, among others, the earnings potential of the GGS business, the audited consolidated PAT and NA of GGS as at 31 December 2011 (being the latest available audited consolidated financial statements of GGS as at the GGS SSA date) as well as the existing contracts of its subsidiary over a period of up to 19 years with a total contract value of approximately RM245 million from various Government related entities. Nonetheless, in computing the implied PER, EV/EBITDA and PBR of the Proposed Acquisition of GGS, we have used the figures from the latest available audited consolidated financial statements of GGS as at 31 December 2012.

Comparable Companies	FYE	(1)Market Capitalisation RM'000	(1)PER (times)	EV/EBITDA (times)	(1)PBR (times)
INIX Technologies Holdings Berhad	31 July 2012	18,967	*16.30	*15.96	*2.50
Industronics Berhad	31 December 2012	55,067	N/A	N/A	1.10
IQ Group Holdings Berhad	31 March 2012	25,075	3.99	1.48	*0.30
PUC Founder (MSC) Berhad	31 December 2012	12,653	9.38	2.43	0.85
Metronic Global Berhad	31 December 2012	60,316	N/A	N/A	1.90
Simple Average		**34,416**	**6.69**	**1.96**	**1.28**
Lowest		12,653	3.99	1.48	0.85
Median(2)		25,075	6.69	1.96	1.10
Highest		60,316	9.38	2.43	1.90
GGS(3)	**31 December 2012**	**20,000(4)**	**5.95**	**(5)5.67**	**0.45**

(Source: Bloomberg and the latest available audited consolidated financial statements of respective companies)

Note:

(1) Based on the closing market price of the respective comparable companies of GGS as at 7 February 2013, being the last trading day prior to the Announcement.

(2) We have also used the median in the comparable companies' analysis as there is a low population sample size and hence the median may be more appropriate.

(3) Implied multiples based on the GGS Consideration of RM20 million.

(4) Representing the GGS Consideration.

(5) The EV of GGS is computed using the GGS Consideration less the net cash balance of GGS amounting to RM50.55 million.

** Excluded from the calculation of simple average and the determination of median, highest and lowest of the multiples set out above as they are deemed outliers. Outliers are determined based on extreme deviation from the simple average. We have regarded values outside of up to 1 standard deviation of the average as extreme deviation. Nonetheless, our professional judgement is exercised in including or excluding values from the computation of the simple average, high and low as set out above.*

N/A Not applicable as the company is making losses.

Based on the above analysis on the implied PER and EV/EBITDA based on the GGS Consideration as well as the comparable companies analysis with public listed companies in Malaysia which are involved in the provision of integrated security surveillance systems, we are of the view that the GGS Consideration is fair as it:

(i) Represents an implied PER of 5.95 times, which is below the simple average and median PER of the comparable companies of GGS;

(ii) On an implied EV/EBITDA basis however, we note that the implied EV/EBITDA ratio of 5.67 times is higher than the simple average and median EV/EBITDA of the comparable companies of GGS. However, we note that the EV/EBITDA of GGS is significantly higher due to the higher debt level of GGS of RM60.71 million as compared to the debt levels of the comparable companies of GGS of nil debt to less than RM5 million debt. Further to our discussion with management of MRCB, we note that GTC's customers with long-term contracts tend to enter into leasing contracts which required GTC to incur borrowings to finance the system implementation costs for customers upfront and thereafter receive income from the customers over the lease period; and

(iii) Represents an implied PBR of 0.45 times, which is below the simple average and median PBR of the comparable companies of GGS.

However, we wish to highlight that the PBR method of valuation may not be entirely appropriate in the evaluation of the Proposed Acquisition of GGS due to the nature of GGS' business which is principally service-based and is therefore, asset-light.

We also note that the EV/EBITDA method of valuation may not be primarily relied upon in the evaluation of the Proposed Acquisition of GGS due to the nature of GGS' business which incurs borrowings to finance the system implementation costs for customers upfront and thereafter receive income from the customers over the lease period. Accordingly, the financial statements of GGS reveal the higher debt level of GGS which is supported by the quantum of finance lease receivables from the customers. While we note the prospects of GGS enjoying a stream of earnings and cash flows from the abovementioned customers, GGS also faces financing risk and business risks as a consequence. Please refer to Sections 4.9.1(iii) and 4.9.2(vii) of this IAL on the evaluation of the abovementioned financing risk and business risks.

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We set out the abovementioned financial details of GGS below (as extracted from the audited consolidated financial statements of GGS) setting out the finance lease receivables, loans and borrowings, total revenue and PATMI of GGS:

FYE 31 December	2010 (RM)	2011 (RM)	2012 (RM)
Non-current assets			
Finance lease receivables	34,653,839	65,409,197	49,452,783
Current assets			
Finance lease receivables	5,059,715	12,539,899	16,397,629
Total finance lease receivables	**39,713,554**	**77,949,096**	**65,850,412**
Current liabilities			
Loans and borrowings	33,504,121	37,273,664	47,592,067
Non-current liabilities			
Loans and borrowings	37,925,671	38,022,956	13,121,563
Total loans and borrowings	**71,429,792**	**75,296,620**	**60,713,630**
Revenue			
Contract revenue	94,015,962	48,839,208	64,587,305
Lease income	2,729,965	4,752,684	3,918,600
Maintenance income	590,207	1,770,698	3,756,251
	97,336,134	(1)55,362,590	(2)72,262,156
PATMI	**13,654,961**	**(3)4,291,479**	**(3)3,359,280**

Note:

(1) The decrease in revenue for FYE 31 December 2011 was mainly due to the decrease in revenue from Kementerian Perumahan dan Kerajaan Tempatan leasing project as most of the project's revenue was recognised in the previous financial year. In addition, sales revenue also decreased as compared to FYE 31 December 2010.

*(2) Revenue from FYE 31 December 2010 to FYE 31 December 2012 increased mainly due to RM24.2 million revenue from the State of Selangor leasing project. Other notable projects in FYE 31 December 2012 include the new KLIA2 from Malaysia Airports Holdings Berhad ("**MAHB**") which contributed RM15 million, MRCB Engineering Sdn Bhd ("**348 Sentral**") for RM10.1 million and Iskandar Regional Development Authority ("**IRDA**") for RM7.7 million.*

(3) The decrease in PATMI from the FYE 31 December 2010 to FYE 31 December 2012 is mainly due to additional costs incurred for completed projects.

Therefore, we are of the view that the PER is the appropriate primary valuation methodology on the basis that GGS has a profit track record.

The earnings multiples applicable to the comparable companies of GGS are set out below:

		RM
PATMI of GGS for the FYE 31 December 2012		3,359,280
Valuation range of comparable companies multiple		**RM**
PER	Low	3.99
	High	9.38
Valuation range for the entire equity interest of GGS		**RM'million**
	Low	13.40
	High	31.51

Based on the above, we note that PER valuation methodology results in a range of values for the entire equity interest of GGS of RM13.40 million to RM31.51 million. We note that the GGS Consideration of RM20.00 million is within the aforementioned range of values of RM13.40 million and RM31.51 million. Therefore, the GGS Consideration is fair.

It should be noted however, that GGS, as an unlisted private company, may not be able to demand the same valuation metrics as other comparable listed companies. As an unlisted private company, there is no readily available market for the securities of GGS as compared to the listed securities of its comparable companies.

4.4 Evaluation of the mode of Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

The mode of settlement for the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) shall be satisfied in the following manner:

(i) a deposit of RM10,000,000 which is satisfied in cash upon the execution of the NGD SSA. The deposit was paid by MRCB to NGD on the date of execution of the NGD SSA i.e. 8 February 2013;

(ii) a sum of RM101,000,000 is to be satisfied in cash on or before the Completion Date; and

(iii) the remaining balance of RM618,000,000 will be satisfied via issuance of 398,709,678 Consideration Shares together with 113,917,052 Consideration Warrants on the Completion Date.

4.4.1 Evaluation of the Proposed Issue Price of the Consideration Shares

It is noteworthy for the non-interested shareholders of MRCB to be aware that the price at which the Consideration Shares to be issued should also be taken into consideration is approximately eighty five percent (85%) of the Purchase Consideration will be satisfied via the issuance of the Consideration Shares. This may arise regardless of the proposed issue price of the Consideration Shares of RM1.55 per MRCB Share ("**Proposed Issue Price**") as part settlement of the Purchase Consideration which will have a dilutive effect on the shareholding of the non-interested shareholders of MRCB. As such, we have further evaluated the Proposed Issue Price of the Consideration Shares in determining the fairness of the Purchase Consideration.

The cash consideration will be funded via internally generated funds of MRCB. However, it would depend on the actual cash flow position of MRCB as at the Completion Date and in the event MRCB has insufficient cash flows, bank borrowings may be procured to fund part of the cash consideration. Nonetheless, based on the latest unaudited financial statement of MRCB Group as at 31 March 2013, we note that MRCB has RM542.6 million in deposits, cash and bank balances and total borrowings of RM3,399.6 million.

In arriving at our opinion of the Proposed Issue Price, we have amongst others, compared the Proposed Issue Price of the Consideration Shares to its historical traded market price up to 7 February 2013, being the last trading day before the Announcement and also adopted the trading comparable companies multiples methodology to determine the fair value of the MRCB Shares as MRCB is a listed company with identifiable comparable companies listed on Bursa Securities.

Nonetheless, it should be noted that the actual results of the financial evaluation would be dependent on amongst others, the prevailing market prices of the MRCB Shares as well as the achievability of the expected future results of the Acquiree Companies. The financial evaluation has not taken into consideration any movements in the market price of the MRCB Shares subsequent to the LPD. As such, the illustrated values may not represent the value of the MRCB Shares at the point when the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) would be completed upon fulfilment of all the conditions precedent of the SSAs.

Hence, non-interested shareholders of MRCB should consider the effects of the prevailing market prices, economic, monetary and socio-political conditions as well as the future prospects and risk associated with the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Acquiree Companies prior to making your decision to vote on the respective resolutions pertaining to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Exemption at the Company's forthcoming EGM.

4.4.2 Historical trading price

A comparison of the Proposed Issue Price, against the historical closing market price of the MRCB Shares and the respective VWAP are as follows:

		Share price	Premium/(discount) over market price	
		(RM)	(RM)	(%)
(a)	The relevant market prices of MRCB Shares on 7 February 2013, being the last trading day for MRCB Shares prior to the Announcement:			
	(i) Last transacted price on 7 February 2013	1.24	0.31	25.00
	(ii) 5-day VWAP to 7 February 2013	1.29	0.26	20.16
	(iii) 1-month VWAP to 7 February 2013	1.43	0.12	8.39
	(iv) 3-month VWAP to 7 February 2013	1.53	0.02	1.31
	(v) 6-month VWAP to 7 February 2013	1.61	(0.06)	(3.73)
(b)	LPD			
	(i) Last transacted price on the LPD	1.70	(0.15)	(8.82)
	(ii) 5-day VWAP to the LPD	1.68	(0.13)	(7.74)
	(iii) 1-month VWAP to the LPD	1.60	(0.05)	(3.13)
	(iv) 3-month VWAP to the LPD	1.48	0.07	4.73
	(v) 6-month VWAP to the LPD	1.48	0.07	4.73

Based on the table above, we note that the Proposed Issue Price represents the following:

(a) 7 February 2013, being the last trading day prior to the Announcement

(i) a premium of 25.00% to the last transacted price on 7 February 2013; and

(ii) a premium of between 1.31% to 20.16% over the 5-day, 1-month and 3-month VWAP of MRCB up to 7 February 2013. However, the Proposed Issue Price represents a discount of 3.73% over the 6-month VWAP of MRCB up to 7 February 2013.

(b) LPD

(i) the Proposed Issue Price represents a discount of 8.82% to the last transacted price on the LPD; and

(ii) the Proposed Issue Price represents a premium of between 4.73% over the 3-month and 6-month of MRCB Shares up to and including the LPD. However, the Proposed Issue Price represents a discount of between 3.13% to 7.74% over the 5-day and 1-month of MRCB Shares up to and including the LPD.

Premised on the above evaluation, as the Proposed Issue Price represents a premium of 25.00% to the last transacted price on 7 February 2013 prior to the Announcement and a premium of between 1.31% to 20.16% over the 5-day, 1-month and 3-month VWAP of MRCB up to 7 February 2013.

Premised on the above, we are of the view that the Proposed Issue Price of the Consideration Shares to partially satisfy the Purchase Consideration is fair at the material time of the announcement of the Proposals. Nonetheless, it is important to note that the market price of MRCB has increased since the Announcement from a closing price of RM1.24 per MRCB Share as at the 7 February 2013 to reach a high closing price of RM1.73 on 13 May 2013. Thereafter, the closing price has moved downwards to RM1.70 per MRCB Share as at the LPD which is above the Proposed Issue Price of RM1.55.

The monthly highest and lowest market prices and the trading volume of MRCB Shares for the past 12 months up to and including 7 February 2013, being the last trading day prior to Announcement, are shown below:

Month	High (RM)	Low (RM)	Volume traded (units)	(1) Percentage of volume traded over free float (%)
2012				
February	2.245	1.929	87,443,504	12.78
March	2.028	1.830	60,724,800	8.88
April	1.879	1.650	77,988,496	11.40
May	1.760	1.540	80,061,000	11.70
June	1.890	1.550	91,359,000	13.35
July	1.930	1.710	197,874,208	28.92
August	1.850	1.600	101,010,800	14.76
September	1.770	1.530	91,122,800	13.32
October	1.810	1.570	74,150,000	10.84
November	1.780	1.600	49,551,900	7.24
December	1.670	1.530	62,896,700	9.19
2013				
January	1.650	1.390	73,879,800	10.80
February (up to and including 7 February)	1.410	1.210	38,655,500	5.65
Average			**83,593,731**	**12.18**

(Source: Bloomberg)

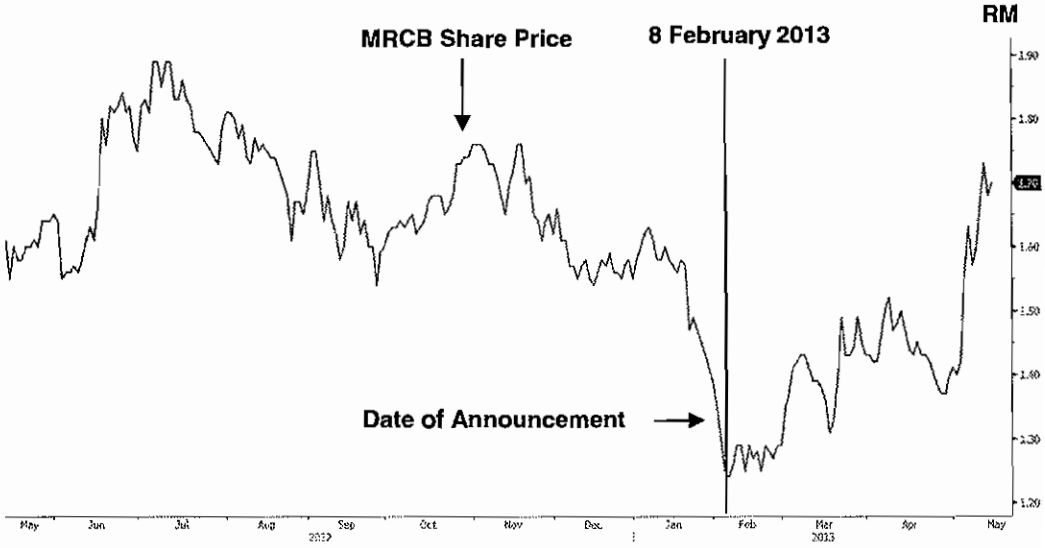
Note:
(1) Free float excludes MRCB Shares held by directors and substantial shareholders of MRCB and treasury shares.

Based on the table above, the Proposed Issue Price of RM1.55 per Consideration Share is within the range of the highest and lowest traded market price of the MRCB Shares for the past 12 months prior to 7 February 2013. The last transacted price of MRCB Shares as at 7 February 2013 was RM1.24. The highest closing market price of MRCB Shares for the past 12 months prior to 7 February 2013 was RM2.25 on 8 February 2012, whilst the lowest closing market price was RM1.21 on 6 February 2013.

We note that the average monthly trading volume has been fluctuating and volatile for the past 12 months prior to the date of Announcement, with an average monthly trading volume of 83,593,731 MRCB Shares. For the period under review, the highest monthly traded volume was 197,874,208 MRCB Shares in July 2012 representing approximately 28.84% of the free float of MRCB Shares while the lowest monthly traded volume was 49,551,900 MRCB Shares in November 2012 representing approximately 7.22% of the free float of MRCB Shares. On average, the traded volume over the period under review constituted 12.18% over the free float of MRCB Shares.

In essence, the issuance of the new MRCB Shares at a premium would be beneficial to the non-interested shareholders of MRCB as lesser number of new MRCB Shares would be issued to partially settle the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and consequently reduce equity/shareholding dilution.

The movements of the market price of the MRCB Shares for the past 12 months prior to the LPD are illustrated below:



Month/Year
(Source: Bloomberg)

From the table above, we noted that the historical closing market prices of the MRCB Shares had mainly traded on a downward trend from March 2012 to January 2013. Nonetheless, it should be noted that following the Announcement, the market share price of MRCB Shares had started to trade on an upward trend. The non-interested shareholders of MRCB should note that the market prices after the Announcement may be a reflection of the Proposals and may not be an indication of the future trading performance of the MRCB Shares.

The market price of MRCB Shares is determined by several factors, amongst others, investors' perception of and reaction to the following developments:

- market perception in respect to the Proposals announced which also include the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral); and
- announcement of the financial results of the Company for the FYE 31 December 2012.

4.4.3 Comparable companies analysis

For the purpose of assessing the Proposed Issue Price of the Consideration Shares, we have also reviewed MRCB's PER, EV/EBITDA and PBR multiples as compared to the selected comparable companies which are listed on the Main Market of Bursa Securities. MRCB derives its revenue and profits mainly from the property development operations. There are no companies listed on Bursa Securities that are exactly similar or directly comparable to MRCB in terms of composition of business, scale of operations, track record, shareholders' profile, marketability and liquidity of the shares, future prospects and market capitalisation.

For comparison purposes, we have selected public listed companies with:

(i) Similar business activities as MRCB i.e. greater than 60% of derived profits from property development operations. For the FYE 31 December 2012, MRCB generated approximately 123.31% of operating profits from property development operations; and

(ii) Market capitalisation as at 7 February 2013 (being the last trading day prior to the Announcement) in excess of RM1 billion.

Name of company	Principal activities
Sunway Berhad	Sunway Berhad is, among others, a property development and construction company.
IJM Land Berhad	IJM Land Berhad is an investment holding company. IJM Land Berhad, through its subsidiaries, among others, operates in property development and management, hotel and recreation club.
Mah Sing Group Berhad	Mah Sing Group Berhad's principal activity is, among others, in property development where the group develops commercial, residential (both high-rise and landed) as well as industrial properties.
Eastern & Oriental Berhad	Eastern and Oriental Berhad, is an investment holding company. The company through its subsidiaries, among others, operates in property development, investment and management.
SP Setia Berhad	SP Setia Berhad is an investment holding company. Through its subsidiaries, among others, the company operates as building contractors and develops, invests and leases properties.
UEM Land Holdings Berhad	UEM Land Holdings Berhad is a real estate investment and development company. UEM Land Holdings Berhad's activities include property development and land sales. UEM Land Holdings Berhad develops a range of projects including industrial, commercial, residential, healthcare and mixed used properties, government offices, universities and others.

(Source: Audited consolidated financial statements of the respective companies and Bloomberg as at 7 February 2013, being the last trading day prior to the Announcement)

Under this analysis, we have considered both the earnings-based, namely PER and EV/EBITDA, and NA-based valuation metrics, namely PBR.

- **PER**

  PER is a valuation metric which compares a company's share price against its EPS. It can be useful to compare the PER to that of its peers to gauge the company's value relative to its peers. A higher PER may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

- **EV/EBITDA**

  EV is the aggregate value of the respective companies' market capitalisation, minority interest and debt net of any cash and cash equivalents. EV/EBITDA is commonly used in valuation, as it is not affected by the different leverage level and borrowing cost as well as different depreciation and amortisation policies. Also, it eliminates the impact from non-operating items. Hence, EV/EBITDA compares the value of a company relative to its operating earnings. EV/EBITDA is arrived at by comparing a company's EV against its EBITDA.

- **PBR**

  PBR is a method used in the valuation of companies by comparing the company's market value to its book value. It can be useful to compare the PBR to that of its peers to gauge the value of the company's assets relative to its peers. A higher PBR may indicate that investors are willing to pay more for a RM's worth of assets from the company.

For comparison purposes, we have reviewed the PER, EV/EBITDA and PBR of the comparable companies of MRCB, which are as set out below:

Comparable companies	FYE	(1) Market capitalisation (RM'000)	(1) PER (times)	(1)(4) EV/EBITDA (times)	(1) PBR (times)
Sunway Berhad	31 December 2012	3,005,074	*5.66	*5.56	*0.84
IJM Land Berhad	31 March 2012	2,959,927	14.93	10.96	1.20
Mah Sing Group Berhad	31 December 2012	1,738,452	*7.49	6.25	1.40
Eastern & Oriental Berhad	31 March 2012	1,726,145	13.46	10.25	1.34
SP Setia Berhad	31 October 2012	6,649,218	15.17	*16.00	1.54
UEM Land Holdings Berhad	31 December 2012	8,789,106	*19.52	*17.40	*1.65
Simple average		**4,144,654**	**14.52**	**9.15**	**1.37**
Lowest		1,726,145	13.46	6.25	1.20
Median(2)		2,982,501	14.93	10.25	1.37
Highest		8,789,106	15.17	10.96	1.54
MRCB	31 December 2012	**2,151,107**	(3) **35.71**	(3) **29.02**	(3) **1.52**

(Source: Audited consolidated financial statements of the respective companies and Bloomberg as at 7 February 2013, being the last trading day prior to the Announcement)

Note:

(1) Based on the closing market price of the respective comparable companies of MRCB on 7 February 2013, being the last trading day prior to the Announcement.

(2) We have also used the median in the comparable companies' analysis as there is a low population sample size and hence the median may be more appropriate.

(3) Implied multiples based on the Proposed Issue Price of RM1.55 per MRCB Share.

(4) EV is the aggregate value of the respective companies' market capitalisation, minority interest and debt net of any cash and cash equivalents.

** Excluded from the calculation of simple average and the determination of median, highest and lowest of multiples set out above as they are deemed outliers. Outliers are determined based on extreme deviation from the simple average. We have regarded values outside of up to 1 standard deviation of the average as extreme deviation. Nonetheless, our professional judgement is exercised in including or excluding values from the computation of the simple average, high and low as set out above.*

Based on the above analysis, the implied PER, EV/EBITDA and PBR based on the Proposed Issue Price is higher than the simple average and median PER, EV/EBITDA and PBR of the comparable companies of MRCB. The implied valuation of MRCB based on the Proposed Issue Price is higher than simple average and median of the comparable companies of MRCB, therefore the Proposed Issue Price is fair.

4.4.4 Evaluation of the Consideration Warrants

Utilisation of proceeds to be raised pursuant to the exercise of the Consideration Warrants

As the Consideration Warrants are issued free to the Vendors together with the Consideration Shares, the Consideration Warrants will not raise any immediate proceeds upon their issuance. Any proceeds arising from the exercise of the Consideration Warrants in the future, the amount of which is dependent upon the number of Consideration Warrants exercised, shall be utilised to finance the working capital requirements and for the repayment of bank borrowings of the Group.

Based on issuance of up to 113,917,052 Consideration Warrants and the exercise price of the Consideration Warrants of RM2.30 per Consideration Warrant, the Company is expected to raise approximately RM262.01 million assuming full exercise of the Consideration Warrants.

The Company will utilise the proceeds arising from the exercise of the Consideration Warrants at the appropriate time depending on, *inter alia*, the cashflow position as well as the funding requirements of the Group. The proceeds are intended to be fully utilised within 3 years from the expiration of the exercise period of the Consideration Warrants. The proceeds from the exercise of the Consideration Warrants will be placed in deposits with financial institutions and/or short-term money market instrument(s) in the event that the proceeds are not immediately utilised by the Company.

Theoretical Option Value of the Consideration Warrants

We have considered the theoretical value of the Consideration Warrants taking into account the option value of the Consideration Warrants. Based on the salient terms of the Consideration Warrants as set out in Appendix X of the Circular, each Consideration Warrant carries the right to subscribe for 1 new MRCB Share at any time during the Exercise Period at the exercise price of the Consideration Warrants subject to any adjustment in accordance with the provisions of the deed poll to be executed by MRCB. We further note that the Consideration Warrants may be exercised at any time within a period commencing on or including the date of issue of the Consideration Warrants and ending at 5.00 p.m. on the Expiry Date. As the Consideration Warrants are exercisable at any time from the date of issue up to the Expiry rate, it is therefore considered to be an "American-style" option.

In determining the theoretical value of the Consideration Warrants, the Black-Scholes option-pricing model can be used. In this respect, the Black Scholes option-pricing model has been calibrated to take into account the "American-style" options for the Consideration Warrants. The following are, among others, the parameters of the model:

(i) the 5-day VWAP up to and including 7 February 2013 of MRCB Shares of RM1.29, being the last trading day prior to the Announcement;

(ii) the exercise price of the Consideration Warrants of RM2.30;

(iii) the time to maturity of the Consideration Warrants of 5 years;

(iv) the expected risk-free interest rate over the tenure of the Consideration Warrants of 3.48% as at 7 February 2013, being the last trading day prior to the Announcement; and

(v) the volatility of the underlying MRCB Shares over the tenure of the Consideration Warrants of 34.99% as at 7 February 2013, being the last trading day prior to the Announcement.

(Source: Bloomberg and Bank Negara Malaysia)

Based on the parameters above, the theoretical value of each Consideration Warrant, as at 7 February 2013, being the last trading day prior to the Announcement is RM0.19.

The exercise price of RM2.30 per Consideration Warrant issued to partially settle the Purchase Consideration is currently "out-of-the-money". An "out-of-the-money" situation arises when the market price of MRCB Shares is lower than the exercise price of the Consideration Warrants, whilst an "in-the-money" situation arises when the market price of MRCB Shares is higher than the exercise price of the Consideration Warrants.

Currently, the exercise price of RM2.30 per Consideration Warrant represents a premium of approximately 78.29% or RM1.01 based on the 5-day VWAP up to and including 7 February 2013 of RM1.29, being the last trading day prior to the Announcement. The conversion rights as set out under the salient terms of the Consideration Warrants are set out in Appendix X of the Circular.

Based on the above, the exercise price of the Consideration Warrants of RM2.30 is higher than the 5-day VWAP of MRCB Shares up to and including 7 February 2013 of RM1.29, being the last trading day prior to the Announcement. Hence the Consideration Warrants are currently "out-of-the-money" and have no intrinsic value, the intrinsic value being the positive value derived from subtracting the exercise price of the Consideration Warrant from the share price of MRCB. However, based on the Black-Scholes option-pricing model, the theoretical value of each Consideration Warrant is RM0.19.

Based on the above, we note the following:

- **Exercise price of the Consideration Warrants of RM2.30 is at significant premium of 78.29% to the 5-day VWAP of MRCB Shares up to and including 7 February 2013 of RM1.29.**

- **The theoretical value, taking into account the parameters referred to above, attached to each Consideration Warrant issued is RM0.19.**

In conclusion, after taking into consideration the following:

- **The evaluation of the NGD Consideration, the GHC Consideration and the GGS Consideration and its respective valuations are be summarised as follows:**

Acquiree Companies	Purchase Consideration			[(1)(2)]Value of Consideration Warrants	[(2)]Total	Valuation
	Cash	Consideration Shares	Total			
	(RM'million)	(RM'million)	(RM'million)	(RM'million)	(RM'million)	(RM'million)
NGD Subsidiaries	70.0	389.0	459.0	13.6	472.6	[(3)]458.8
GHC	38.0	212.0	250.0	7.4	257.4	[(4)]260.0 – 310.0
GGS	3.0	17.0	20.0	0.6	20.6	[(5)]13.4 – 31.5
Total	**111.0**	**618.0**	**729.0**	**21.6**	**750.6**	**732.2 – 800.3**

Note:

(1) Based on the theoretical value of RM0.19 per Consideration Warrant.

(2) Taking into account the theoretical value of the Consideration Warrants as set out in Section 4.4.4 of this IAL and the number of Consideration Warrants issued to the respective Vendors.

(3) The adjusted NA of NGD Subsidiaries as at 31 December 2011 after adjustments for the Recapitalisation Amount, Revaluation surplus on the Properties and deferred taxation on revaluation of the Properties.

(4) Based on the valuation range of RM260 million to RM310 million as ascribed by EY as set out in Section 4.3.2 of this IAL.

(5) Based on PER valuation range for the entire equity interest of GGS as set out in Section 4.3.3 of this IAL.

- **The Proposed Issue Price of the Consideration Shares represents a premium of 25.00% to the last transacted price on 7 February 2013 prior to the Announcement and a premium of between 1.31% to 20.16% over the 5-day, 1-month and 3-month VWAP of MRCB up to 7 February 2013;**

- **The Consideration Shares are being issued at higher implied PER, EV/EBITDA and PBR multiples to the simple average and median PER, EV/EBITDA and PBR multiples of the comparable companies of MRCB;**

- **The issuance of the new MRCB Shares at a premium would be beneficial to the non-interested shareholders of MRCB as lesser number of new MRCB Shares would be issued to partially settle the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and consequently reduce equity/shareholding dilution;**

- **Exercise price of the Consideration Warrants of RM2.30 is at a significant premium of 78.29% to the 5-day VWAP of MRCB Shares up to and including 7 February 2013 of RM1.29;**

- **The theoretical value, taking into account the parameters referred to above, attached to each Consideration Warrant issued is RM0.19; and**

- **The issuance of Consideration Shares and Consideration Warrants as 85% of the settlement for the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) with the remaining 15% of the Purchase Consideration being settled by cash will enable the Group to enhance its shareholders' funds/NA without constraining its cash flows as opposed to being fully settled in cash or via bank borrowings. We are of the view that the breakdown of the settlement for the Purchase Consideration is reasonable.**

We are of the view that the Proposed Acquisitions (save for the acquisition of 30% of P.J Sentral) are fair. Further, we are also of the view that the Consideration Shares and Consideration Warrants to be issued by MRCB to partially satisfy the Purchase Consideration are fair.

4.5 Evaluation of the salient terms of the SSAs, Right of First Refusal & Call Option Agreement and Profit Guarantee Agreement

4.5.1 Salient terms of the SSAs

The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are subject to the terms and conditions of the SSAs. Our comments on the salient terms of the SSAs as set out in Section 2.11, Part A of the Circular are as follows:

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.1 Proposed Acquisitions MRCB proposes to acquire – (a) the entire equity interest of Gapurna Builders, Gapurna Land and Puncak Wangi and 70% of equity interest of P.J Sentral respectively from NGD; (b) the entire equity interest of GHC from the GHC Vendors; and (c) the entire equity interest of GGS from the GGS Vendors, for an aggregate indicative sale and purchase consideration of RM729,000,000 ("**Pre-Adjustment Purchase Consideration**"), computed on the basis of the latest available audited accounts of the Acquiree Companies upon the terms and subject to the conditions set out in the respective share sale agreements ("**SSAs**").	MRCB is acquiring the entire equity interest of Gapurna Builders, Gapurna Land and Puncak Wangi and 70% of equity interest of P.J Sentral, GHC and GGS from the respective Vendors. We note that the computation of the Pre-Adjustment Purchase Consideration of RM729,000,000 was arrived at based on the adjusted NA of the Acquiree Companies as at the FYE 31 December 2011 which is supported by Property Valuation Reports, market and feasibility study on the Properties, GHC Valuation Report and consolidated NA of GGS as at the FYE 31 December 2011 of RM47,656,864.
4.5.1.2 Manner of payment of the Pre-Adjustment Purchase Consideration (a) Subject to the completion adjustment provided for under the terms of the SSAs, the purchase consideration shall be satisfied by MRCB in the following manner: (1) Upon the execution of SSAs, MRCB shall pay a sum of RM10,000,000 as deposit and part payment of the aggregate purchase consideration to MRCB's solicitors as stakeholders to hold and deal with in accordance with the terms of the respective SSAs ("**Deposit**").	A deposit of RM10,000,000 or 1.37% of the Pre-Adjustment Purchase Consideration has been paid by MRCB on 8 February 2013, being the date of the Announcement and execution of the SSAs. The payment of 1.37% deposit payment on the Pre-Adjustment Purchase Consideration is relatively minimal and is appropriate as a common commercial term.

Salient Terms of the SSAs	HwangDBS' Comments
(2) On or before the Completion Date, or such later date as the parties may mutually agree, MRCB shall pay a total fixed sum of RM101,000,000 payable in cash, to the relevant Vendors ("**Consideration Cash**").	We note that the Consideration Cash of RM111,000,000 or approximately 15% of the Pre-Adjustment Purchase Consideration will be payable to the relevant Vendors without interest on or before the Completion Date, or such later date as MRCB and the respective Vendors may mutually agree, which is reasonable.
(3) On the Completion Date, MRCB shall issue 398,709,678 Consideration Shares, together with 113,917,052 Consideration Warrants, amounting to the remainder of the aggregate purchase consideration, to the relevant Vendors, which is subject to the completion adjustment in accordance with the terms of the respective SSAs.	The balance of the Pre-Adjustment Purchase Consideration of RM618,000,000 or approximately 85% of the Pre-Adjustment Purchase Consideration will be satisfied through the issuance of 398,709,678 Consideration Shares at an issue price of RM1.55 per MRCB Share together with up to 113,917,052 Consideration Warrants. Part settlement of the Pre-Adjustment Purchase Consideration via issuance of new MRCB Shares will enable the MRCB Group to enhance its asset base without constraining its cash coffers as opposed to being fully settled in cash or via bank borrowings. Further, upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the Vendors will be shareholders of MRCB which reflects the commitment of the Vendors to the Acquiree Companies. In addition, MRCB will also issue Consideration Warrants that are attached together with the Consideration Shares. There is no immediate dilutive effect on the earnings of MRCB Group upon issuance of the Consideration Warrants. If and when the Consideration Warrants are exercised at the exercise price of RM2.30 each, additional funds will be raised for the MRCB Group.

Salient Terms of the SSAs	HwangDBS' Comments
	Please refer to Sections 4.4.1 to 4.4.4 of this IAL for the evaluation on the issue price of the Consideration Shares and theoretical value of the Consideration Warrants.
4.5.1.3 Basis of Purchase Consideration (a) The parties acknowledge and covenant that the Purchase Consideration has been arrived at on the basis that the NGD Subsidiaries are or shall as at the Completion Date be free of any claims, debts or liabilities relating to loans or advances extended to the NGD Subsidiaries by their respective directors and/or NGD and their related parties and persons connected with them ("**Related Party Advances**"), which amount (for the purposes of determination of the Pre Adjustment Purchase Consideration as at the date of the NGD SSA) to an aggregate sum of RM50,000,000. (b) Accordingly, NGD undertakes and covenants to at its own cost and expense procure that the Identified Acquiree Companies shall capitalise the Related Party Advances into new convertible loan stocks or redeemable preference shares or other convertible securities to be issued by the relevant Identified Acquiree Companies at an issue price of RM1.00 each ("**Capitalisation Securities**") on or before the Completion Date.	The capitalisation of Related Party Advances is intended to settle all the loans and/or advances provided by the directors and NGD on or before the Completion Date. The Related Party Advances are intended for the business operations of the NGD Subsidiaries as the NGD Subsidiaries have on-going property development projects that require working capital. The capitalisation of Related Party Advances will not require cash outflow from the NGD Subsidiaries. Moreover, it will also strengthen the financial position of NGD Subsidiaries as the Related Party Advances will be capitalised into Capitalisation Securities which are convertible into equity capital of the respective NGD Subsidiaries.
(c) In the event that any of the NGD Subsidiaries shall not capitalise the Related Party Advances or any part thereof into new Capitalisation Securities by the Completion Date or shall be unable to furnish sufficient documentary proof of such capitalisation, the parties agree that the number of NGD Consideration Shares and the NGD Consideration Warrants to be issued by MRCB to NGD towards satisfaction of the Consideration shall be adjusted downwards accordingly.	We note that in the event that any of the NGD Subsidiaries do not capitalise the Related Party Advances or is unable to furnish sufficient documentary evidence of such capitalisation, MRCB is able to adjust the number of Consideration Shares and Consideration Warrants to be issued by MRCB to NGD downwards accordingly. This term aims to protect MRCB and ensure appropriate documentary evidence is available to support the capitalisation of the Related Party Advances. As at the LPD, P.J Sentral has capitalised RM19,525,100 of advances from NGD into new redeemable preference shares of RM1.00 each in P.J Sentral.

Salient Terms of the SSAs	HwangDBS' Comments
(d) The Capitalisation Securities shall form and constitute part of the sale shares to be disposed of by NGD and to be purchased by MRCB on completion as contemplated under the terms of the NGD SSA.	This term facilitates the acquisition of the Acquiree Companies by MRCB pursuant to the terms agreed to in the respective SSAs and is included in the terms of the NGD SSA for the avoidance of doubt.
4.5.1.4 Completion adjustment (1) In respect of the NGD SSA:- (a) In the event that the open market value of the lands/assets/real properties/buildings held by the NGD Subsidiaries shall be varied/adjusted pursuant to comments provided by any regulatory authorities in respect of the Valuation Reports, the aggregate nominal value of the NGD Consideration Shares together with the NGD Consideration Warrants to be allotted and issued by MRCB to the relevant Vendors shall be adjusted upwards or downwards accordingly, and the total sale and purchase consideration payable by MRCB following the NGD Consideration Adjustment shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (a) provided always that the NGD Consideration Adjustment pursuant to this provision shall amount to a sum of more than 1% of the pre-adjustment NGD Consideration.	This term allows for adjustments to the final NGD Consideration which will be settled via a combination of cash and the issuance of Consideration Shares and Consideration Warrants on the Completion Date subject to a downward or upward revision as per the comments provided by any regulatory authorities in respect of the Valuation Report. However, such NGD Consideration Adjustment will only be effected if the value involved amounts to a sum of more than 1% of the pre-adjustment NGD Consideration.
(b) If the NGD Consideration Adjustment pursuant to the provisions this paragraph 4.5.1.4(1) shall amount to a sum equivalent to or less than 1% of the pre adjustment NGD Consideration, the parties agree that no completion adjustment under the provisions of paragraph (a) above shall take place notwithstanding that the valuation of the open market value of the Property held by the relevant NGD Subsidiaries shall be varied/adjusted pursuant to the Valuation Reports.	We note that if the NGD Consideration Adjustment amount to less than 1% of the pre-adjustment NGD Consideration, there will be no adjustments to the NGD Consideration. The 1% of the pre-adjustment NGD Consideration only amounts to RM4,590,000 which is not substantial compared to the pre-adjustment NGD Consideration of RM459,000,000.
(c) If the NGD Consideration Adjustment pursuant to the provisions of this paragraph 4.5.1.4(1) shall amount to an upward adjustment of more than 5% of the pre-adjustment NGD Consideration, MRCB shall be entitled to give notice to NGD immediately terminating the NGD SSA.	We further note that if the NGD Consideration Adjustment exceeds 5% upward or downward, MRCB and the respective Vendors respectively are entitled to give notice to immediately terminate the NGD SSA.

Salient Terms of the SSAs	HwangDBS' Comments
(d) If the NGD Consideration Adjustment pursuant to the provisions of this paragraph 4.5.1.4(1) shall amount to a downward adjustment of more than 5% of the pre-adjustment NGD Consideration, NGD shall be entitled to give notice to MRCB immediately terminating the NGD SSA.	This safeguards the interest of both MRCB and the respective Vendors in the event the NGD Consideration Adjustment is material and exceeds 5% of the pre-adjustment NGD Consideration.
(2) In respect of the GHC SSA: (a) The parties acknowledge and agree that the pre adjustment purchase consideration has been arrived at on the basis that a valid approval in principle is issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and the company is appointed as the main contractor in respect of the construction and development of the Targeted Lands. (b) In the event that a valid approval in principle has not been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date by the relevant authorities and the company is accordingly not appointed as the main contractor in respect of the construction and development of the Targeted Lands and therefore does not enjoy a corresponding economic/financial benefit from such construction and development, the parties agree, covenant and undertake that, for the purposes of expediency, the parties shall proceed with the completion of the sale and purchase of the Sale Shares as contemplated under the provisions of this Agreement subject to a corresponding adjustment of the pre-adjustment GHC Consideration based on the value of the construction contract attributable to such of the Targeted Lands for which approval in principle has been issued/granted. The value of such corresponding adjustment of the pre-adjustment GHC Consideration shall be mutually agreed upon by the parties but shall not in any event result in a downwards adjustment of more than RM70,000,000.	These terms are reasonable as it protects MRCB in the event a valid approval in principle has not been issued for the grant of the project on the Targeted Lands to a subsidiary of NGD on or before the Completion Date, where up to RM70,000,000 will be adjusted downwards from the pre-adjustment GHC Consideration. In this respect, these terms assures that MRCB is only paying the GHC Consideration on validly approved in principle projects. Further, we also note that the adjustment amount of RM70,000,000 was derived by MRCB after taking into consideration the discounted cash flows of the project values of the Targeted Lands.

Salient Terms of the SSAs	HwangDBS' Comments
(c) In the event that subsequent to the aforesaid downwards adjustment and at any time within a period of three (3) years after the Completion Date, valid approval(s) in principle is/are issued for the grant of the project on the Targeted Lands to a subsidiary company of Nusa Gapurna Development Sdn. Bhd. on or before the Completion Date by the Relevant Authorities and the Company is appointed as the main contractor in respect of the construction and development of the Targeted Lands (collectively, the **Land Grant Condition**), the Purchaser shall pay to the Vendors the GHC Consideration Adjustment or such applicable part thereof as and when the Land Grant Condition is fulfilled in respect of such of the Targeted Lands for which the Land Grant Condition has been fulfilled, via the issuance of new MRCB Shares at an issue price of RM1.55 per MRCB Share.	However, if within 3 years after the Completion Date valid approval(s) in principle is/are issued, MRCB shall pay to the relevant Vendors the GHC Consideration adjustment of up to RM70,000,000 or such applicable part thereof via the issuance of new MRCB Shares at an issue price of RM1.55 per Consideration Share. We note that this provision is reasonable as MRCB will benefit from the certainty of having the approval(s) in principle for the grant of the project on the Targeted Lands and consequently GHC will be appointed as the main contractor in respect of the construction and development of the Targeted Lands.
(d) The parties further agree that GHC Vendor shall procure that the company shall be appointed as the main contractor in respect of the construction and development of the Targeted Lands. The construction contract shall be awarded to GHC at the cost price of the construction for the development on each of the Targeted Lands plus an amount equivalent to an additional 10% of the said cost price.	This term provides the certainty to MRCB that GHC will be awarded the construction contract at the cost price of the construction for the development of the Targeted Lands plus an additional 10% of the said construction cost. The cost-plus 10% will ensure GHC will reap an appropriate margin from the Targeted Lands projects.
4.5.1.5 Conditions precedent The Proposed Acquisitions are conditional upon the following conditions precedent being obtained/fulfilled within a period of nine (9) months after the date of the SSAs, or such later date as the parties may mutually agree ("**Cut-Off Date**"): (a) the approval of the shareholders of MRCB at an extraordinary general meeting ("**EGM**") to be convened for the Proposed Acquisitions (including issuance of the Consideration Shares together with the Consideration Warrants as part payment of the Purchase Consideration), the Proposed Exemption, the Proposed IASC and the Proposed Amendments in accordance with the terms and conditions of the SSAs;	The conditions precedent are mainly approvals required from the relevant parties to give effect to the Proposed Acquisitions.

Salient Terms of the SSAs	HwangDBS' Comments
(b) any outstanding development orders in respect of on-going developments of the relevant Acquiree Companies having been obtained/issued;	
(c) the approval or consent of the financiers of the relevant Acquiree Companies, for, *inter alia*, the sale and transfer of the sale shares in favour of MRCB or its nominee(s), upon the terms and subject to the conditions of the SSAs, where required;	
(d) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with the relevant Acquiree Companies, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;	
(e) the approval or consent of Bursa Securities for the listing of and quotation for the Consideration Shares, the Consideration Warrants and the new MRCB Shares arising from the exercise of the Consideration Warrants, where required;	
(f) MRCB's confirmation in writing on its satisfaction on the matters set out in the disclosure letter(s) furnished by the relevant Vendors disclosing as at the date SSAs any exclusions or exceptions to and any inconsistencies with the warranties of the Vendors as set out in the relevant SSAs (**"Vendor's Disclosure Letter")** and the Vendors' confirmation in writing on their satisfaction on the matters set out in the disclosure letter(s) furnished by MRCB disclosing as at the date SSAs any exclusions or exceptions to and any inconsistencies with the warranties of MRCB as set out in the relevant SSAs (**"MRCB's Disclosure Letter"**);	We note that the Disclosure Letters are intended to set out any exclusions or exceptions including any inconsistencies with the Warranties given by either Vendors or MRCB under the relevant SSAs and are intended to protect the interest of both the Vendors and MRCB. We further note that the approval of the SC sought by NGD, GSB, EPF and PACs with them for the Proposed Exemption is required to give effect to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) as the Proposed Acquisition of NGD Subsidiaries, Proposed Acquisition of GHC, Proposed Acquisition of GGS and Proposed Exemption are inter-conditional upon each other. Further, the Proposed Acquisition of 30% of P.J Sentral is conditional upon the Proposed Acquisition of NGD Subsidiaries but not *vice versa.*
(g) the approval of the SC in respect of the Proposed Exemption; and	
(h) all conditions precedent applicable in connection with the other transactions comprised in the Proposed Acquisitions having been fulfilled or obtained in accordance with the terms and conditions of the relevant SSAs.	

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.6 Termination in the event any Conditions Precedent is not fulfilled If – (a) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; or (b) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have not been obtained or fulfilled; or (c) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to the terms and conditions which are not acceptable to the affected party being terms and conditions which affect the affected party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons, then any party shall be entitled to terminate the SSAs by giving a notice of termination to that effect to the other party, whereupon the Vendors shall return, refund and repay to MRCB any and all moneys (including the Deposit but excluding a sum equivalent to 2% of the Purchase Consideration to be paid to the Director-General of Inland Revenue pursuant to Section 21B of the Real Property Gains Tax Act, 1976 ("**Retention Sum**") which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by it towards account of the Purchase Consideration free of interest and use its best endeavours to obtain a refund in favour of MRCB of the Retention Sum from the Director-General of Inland Revenue and the parties shall not have any further rights under the SSAs except in respect of – (i) any obligations under the SSAs which is expressed to apply after the termination of the SSAs; and (ii) any rights and obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.	The parties to the SSAs are given 9 months from the date of the SSAs to fulfil the conditions precedent of the SSAs, being the Cut-Off Date. These terms set out the circumstances where the SSAs could be terminated. The SSAs may be terminated due to the non-fulfilment of the conditions precedent under the SSAs by MRCB at any time prior to the expiry of the Cut-Off Date. We note that the Deposit of RM10,000,000 paid by MRCB to the Vendors (but excluding a sum equivalent to 2% of the Pre-Adjustment Purchase Consideration which is the amount payable to the Director-General of Inland Revenue for the real property gain tax which shall be subject to a claim for refund from the Director-General of Inland Revenue) pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) shall be refunded to MRCB free of interest in the event of the termination of the SSAs by MRCB. Premised on the above, we are of the view that these terms are reasonable to MRCB.

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.7 Due diligence exercises	
(a) MRCB shall, forthwith after the execution of the SSAs, carry out and complete a due diligence exercise on each of the Acquiree Companies ("**Due Diligence (Acquiree Companies)**"), at its own costs and expenses, within a period of 75 days from the date of the SSAs or such other period as may be agreed upon by the parties ("**Due Diligence Period**").	The due diligence exercises aim to ensure that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) would not pose unnecessary losses or risks to both MRCB and the Vendors post completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).
(b) The Vendors shall, forthwith after the execution of the SSAs, carry out and complete a due diligence exercise on MRCB and its group of companies ("**MRCB Group**") ("**Due Diligence (MRCB)**"), at their own costs and expenses, within the Due Diligence Period.	
(c) Should the Due Diligence (Acquiree Companies) or the Due Diligence (MRCB) yield findings that certain events or circumstances are present which would materially and adversely affect the aggregate net asset value of the relevant Acquiree Companies or the MRCB Group ("**Unsatisfactory Matter(s)**"), MRCB or its solicitors or the Vendors or their solicitors, as the case may be, shall notify the Vendors or MRCB, as the case may be, in writing of the Unsatisfactory Matter(s) within 7 business days after the expiry of the Due Diligence Period.	The terms are reasonable as it sets out room for mediation should the due diligence exercises yield findings that would materially and adversely affect the aggregate net asset value of the Acquiree Companies or the MRCB Group. As stated in Section 2.11.7, Part A of the Circular, the Due Diligence Period has expired on 24 April 2013 and both MRCB or MRCB's solicitors or the Vendors or their solicitors have 7 business days to notify either party of any Unsatisfactory Matter ("**Notification Period**"). Subsequently, the parties had, via exchange of letters dated 3 May 2013 and 6 May 2013, mutually agreed that the Notification Period, which expired on 6 May 2013, be extended up to 20 May 2013. To date, neither party has received any notification on any Unsatisfactory Matter.
(d) The Vendors or MRCB, as the case may be, shall then have 30 business days from the date of receipt of the notification by the Vendors or their solicitors or MRCB or its solicitors, as the case may be, or such other period as the parties may mutually agree in writing ("**Cure Period**"), to remedy the Unsatisfactory Matter(s) which are capable of being remedied or to fulfil certain obligations and if the Cure Period expires after the Cut-Off Date, the Cut-Off Date shall be deemed to have been extended for a further period up to the expiry of the Cure Period.	We note that the parties are given 30 business days from the date of receipt of the notification by either party (or such other period as may be mutually agreed upon), being the Cure Period, to remedy the Unsatisfactory Matter(s) which are capable of being remedied or to fulfil certain obligations.

Salient Terms of the SSAs	HwangDBS' Comments
	Further, if the Cure Period exceeds the Cut-Off Date, the Cut-Off Date shall be deemed extended accordingly up to the expiring of the Cure Period.
e) In the event that – (i) any Unsatisfactory Matter(s) in respect of the Due Diligence (Acquiree Companies) is/are unable to be cured, remedied or resolved within the Cure Period to the reasonable satisfaction of MRCB; and (ii) such Unsatisfactory Matter(s) constitutes a breach of the Vendors' warranties by the relevant Vendors under the relevant SSAs, MRCB may elect within 21 days following the expiry of the Cure Period to: (iii) require that the parties enter into bona fide negotiations with a view to agreeing on an appropriate downward adjustment of the Purchase Consideration which appropriately reflects any potential diminution in the value of the sale shares, in which event the parties shall exercise their best endeavours to agree on such appropriate downward adjustment within 21 business days following the receipt of MRCB's notice in writing; or (iv) terminate the SSAs by giving a notice of termination to that effect to the relevant Vendors in accordance with the terms of the relevant SSAs, in which event the remedy period of 30 days as prescribed under the relevant SSAs shall not apply.	In the event of any Unsatisfactory Matter(s) arising in respect of due diligence on the Acquiree Companies, these terms provide MRCB with the option to negotiate and agree on an appropriate downward adjustment which is reflective of the diminution in value; or to terminate the SSAs in accordance with the terms of the relevant SSAs.
(f) In the event that – (i) any Unsatisfactory Matter(s) in respect of the Due Diligence (MRCB) is/are unable to be cured, remedied or resolved within the Cure Period to the reasonable satisfaction of the Vendor; and (ii) such Unsatisfactory Matter(s) constitutes a breach of MRCB's warranties by MRCB as set out in the relevant SSAs,	In the event of any Unsatisfactory Matter(s) arising in respect of the due diligence on the MRCB Group, these terms provide the Vendors with the option to negotiate and agree on an appropriate downward adjustment which is reflective of the diminution in value; or to terminate the SSAs in accordance with the terms of the relevant SSAs.

Salient Terms of the SSAs	HwangDBS' Comments
the Vendors may elect within 21 days following the expiry of the Cure Period to: (iii) require that the parties enter into bona fide negotiations with a view to agreeing on an appropriate downward adjustment of the issue price of the Consideration Shares which appropriately reflects any potential diminution in the market value of MRCB, in which event the parties shall exercise their best endeavours to agree on such appropriate downward adjustment within 21 business days following the receipt of the Vendors' notice in writing; or (iv) terminate the SSAs by giving a notice of termination to that effect to MRCB in accordance with the terms of the relevant SSAs, in which event the remedy period of 30 days as prescribed under the relevant SSAs shall not apply.	
(g) In the event that the parties are unable to determine or shall dispute (1) the value or effect of any Unsatisfactory Matter(s) on the net asset value position of a party or (2) whether any Unsatisfactory Matter(s) constitutes a breach of MRCB's warranties by MRCB or the Vendors' warranties by the Vendors as set out in the relevant SSAs or (3) whether such Unsatisfactory Matter(s) has been properly cured, remedied or resolved within the Cure Period or (4) the quantum of the appropriate downward adjustment referred to above (whichever is applicable), then either party may refer such dispute, controversy or claim to be settled by arbitration at the at the Kuala Lumpur Regional Centre for Arbitration (KLRCA) to be heard by a single arbitrator in accordance with the Kuala Lumpur Regional Centre for Arbitration Fast Track Rules. The proceedings and any decision and arbitral award of the arbitration shall be final and binding on the parties. In the event that such dispute, controversy or claim is referred to arbitration, the termination rights of the parties as stipulated above shall be suspended until such time as the arbitral award of the arbitration is issued.	The terms provide further where the parties are unable to resolve the Unsatisfactory Matter(s) as to: (1) its value or effect; (2) whether it constitutes a breach of warranties; (3) whether it has been properly cured, remedied or resolved within the Cure Period; or (4) the quantum of the appropriate downward adjustment, the parties may still refer such dispute, controversy or claim to be settled by arbitration.

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.8 Drag-along and tag-along rights in relation to P.J Sentral (a) NGD and MRCB acknowledge and confirm that, under the terms of the Shareholders' Agreement entered into between NGD and Perbadanan Kemajuan Negeri Selangor ("**PKNS**") in respect of P.J Sentral dated 3 September 2010 ("**PJSD Shareholders' Agreement**"), NGD is: (i) entitled to compel PKNS to participate in the sale of all the shares in P.J Sentral to MRCB ("**Drag Along**"); and (ii) obliged to procure that PKNS shall have the same option to sell its shares in P.J Sentral at the same time and on conditions no less favourable than those offered to NGD if there is no invitation from PKNS to purchase the 70% of the equity interest held by NGD in P.J Sentral after PKNS receives a notice of NGD's intention to sell its 70% of the equity interest held in P.J Sentral ("**Tag Along**"), upon receiving an offer to purchase the 70% of the equity interest of P.J Sentral sale shares from MRCB. (b) Other than expressly disclosed herein, NGD agrees and covenants that it shall not, without the prior written consent of MRCB, accede or give effect to any agreement, arrangement or undertaking obligation with PKNS or any other party relating to the interpretation or implementation of any Drag-Along or Tag-Along rights under the terms of the PJSD Shareholders' Agreement. (c) NGD represents, confirms and warrants that other than the Tag Along and Drag Along and other pre-emption rights granted under the terms of the PJSD Shareholders' Agreement, there are no rights of pre emption or any other similar rights over any of the shares of any of the NGD Subsidiaries in favour of any third party, whether conferred by the M&A of any NGD Subsidiaries or by virtue of any other document, covenant or undertaking.	NGD and PKNS had entered into the PJSD Shareholders' Agreement on 3 September 2010 which include Drag Along and Tag Along rights in relation to P.J Sentral. Pursuant thereto, NGD is entitled to compel PKNS to participate in the sale of shares in P.J Sentral to MRCB and NGD is also obliged to procure that PKNS shall have the same option to sell its shares in P.J Sentral concurrently with the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and on conditions no less favourable than those offered to NGD. We note that, MRCB had, on 22 April 2013, notified NGD that the MRCB Board has resolved that they are agreeable to acquire the remaining equity interest not held by NGD in P.J Sentral, comprising 58,247,400 ordinary shares of RM1.00 each and 83,679 redeemable preference shares of RM1.00 each representing 30% of the issued and paid-up share capital of P.J Sentral held by PKNS Holdings Sdn Bhd, upon the same terms as those applicable for the acquisition by MRCB of NGD's shares in P.J Sentral pursuant to the Proposed Acquisition of NGD Subsidiaries. Subsequently, on 23 April 2013, MRCB has been informed by NGD that NGD had served a notice to PKNS pursuant to the terms of the shareholders' agreement between NGD, PKNS and P.J Sentral dated 3 September 2010 to, *inter-alia*, request PKNS to participate in the sale of the entire issued and paid-up share capital in P.J Sentral to MRCB for a total consideration of RM85,300,000.

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.9 Integration committee (a) An integration committee will be established following the execution of the SSAs to facilitate the completion of the Proposals and post-completion arrangements relating to the completion of the Proposed Acquisitions. (b) The integration committee shall consist of a maximum of five (5) committee members, of which up to three (3) may be nominated by us and of which up to two (2) may be nominated by the respective shareholders of the Acquiree Companies in such form and with such decision-making procedures as may be agreed by the parties. The integration committee shall be chaired by Datuk Shahril Ridza Ridzuan. (c) The primary terms of reference of the integration committee shall be as follows:- (i) to undertake to address and produce plans for the integration of human resources, corporate assets and resources as well process integration for the our Group and the Acquiree Companies; and (ii) to assist, coordinate and/or resolve any issues arising during the Proposed Acquisitions. The decisions of the integration committee shall consist only of recommendations to our Board and the respective boards of director of the Vendors. The integration committee shall be disbanded upon completion of the Proposed Acquisitions in accordance with the terms of the respective SSAs.	We note the establishment of an integration committee that consists of 5 members from both parties with the aim of facilitating the integration of human resources, corporate assets and resources as well as process integration for the MRCB Group and Acquiree Companies and to resolve any issues arising during the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). The establishment of the integration committee is favourable as it facilitates the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.10 Manner of completion of the Proposed Acquisitions	
(a) The parties agree that the Proposed Acquisitions shall be completed only if all conditions precedent in respect of the Proposed Acquisitions are fulfilled and to the greatest extent possible, completion of the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral pursuant to the terms and conditions of the SSAs shall take place concurrently with the completion of the other Proposed Acquisitions pursuant to the terms of the other relevant definitive agreements. It is contemplated by the parties that the completion of the sale and purchase of the shares of P.J Sentral need not necessarily occur simultaneously with the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral. The parties further agree that they may complete the sale and purchase of the shares of P.J Sentral at the same time or after the completion of the Proposed Acquisition of GHC, Proposed Acquisition of GGS and the Proposed Acquisition of NGD Subsidiaries other than P.J Sentral.	We note that these terms provide flexibility in the manner of completion for the Proposed Acquisitions. The terms also state that the completion of Proposed Acquisition of 30% of P.J Sentral need not necessarily occur simultaneously with the Proposed Acquisition of NGD Subsidiaries (save for the Proposed Acquisition of 30% of P.J Sentral). The terms facilitate the implementation of the Drag Along and Tag Along rights pursuant to the PJSD Shareholders' Agreement.
(b) The parties agree that although the Proposed Acquisition of 30% of P.J Sentral shall be conditional upon the completion of the Proposed Acquisitions (including the proposed acquisition of 70% equity interest in P.J Sentral), the Proposed Acquisitions including the proposed acquisition of 70% equity interest in P.J Sentral) shall not in any way be conditional upon the completion of the Proposed Acquisition of 30% of P.J Sentral. Further, notwithstanding the subsequent execution of a conditional share sale agreement between MRCB and PKNS in respect of the Proposed Acquisition of 30% of P.J Sentral, for the purposes of expediency, the completion of the Proposed Acquisition of 30% of P.J Sentral upon the terms of such conditional share sale agreement need not occur simultaneously with the completion of the Proposed Acquisitions on the terms and conditions set out in the SSAs (including but not limited to completion under the SSAs) and such completion of the Proposed Acquisition of 30% of P.J Sentral may take place separately and independently.	

Salient Terms of the SSAs	HwangDBS' Comments
(c) Following the signing of the SSAs, the parties shall through the integration committee as referred to in paragraph 4.5.1.9 above evaluate the strategic fit of GGS and its subsidiary, namely GTC, into the enlarged MRCB Group following the completion of the Proposed Acquisitions. All such evaluative discussions shall be carried out on a good faith basis and any decision shall be subject to the parties' mutual agreement. Notwithstanding paragraphs 4.5.1.10(a) and 4.5.1.10(b) above, the Proposed Acquisition of NGD and the Proposed Acquisition of GHC may, if the parties mutually agree, be completed independently from the Proposed Acquisition of GGS. (d) For the avoidance of doubt, the completion of the Proposed Acquisitions shall not be conditional upon the implementation of the Proposed Free Warrants and *vice versa*. (e) The Proposed Free Warrants is not conditional upon the Proposed Acquisitions.	The terms of the SSAs provide for the parties to discuss and evaluate the strategic fit of GTC into the MRCB Group in good faith and are beneficial for both parties. The establishment of the integration committee is favourable as it facilitates the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). As set out in Section 2.11.10, Part A of the Circular, the integration committee had, after due deliberation, decided to proceed with the completion of the Proposed Acquisition of GGS and not to complete the Proposed Acquisition of NGD Subsidiaries and the Proposed Acquisition of GHC independently from the Proposed Acquisition of GGS. We note that the Proposed Free Warrants is not conditional upon the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) as it is intended to reward shareholders of MRCB and is independent of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).
4.5.1.11 Real Property Gains Tax The relevant Vendors are responsible for paying and settling all real property gains tax (if any) payable on the disposal of the sale Shares held in the relevant Acquiree Companies the relevant Vendors and the deemed disposal of the real property assets of the relevant Acquiree Companies pursuant to the respective SSAs as may be assessed by the Director-General of Inland Revenue under the provisions of the Real Property Gains Tax Act 1976.	It is common that in a sale and purchase of asset/property, the obligation to settle any RPGT payable lies with the vendor. Under the terms of the SSAs, this obligation is being undertaken by the relevant Vendors. On this basis, this term is reasonable to MRCB.

Salient Terms of the SSAs	HwangDBS' Comments
4.5.1.12 Termination of the SSAs	
(a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to completion as contemplated under the SSAs, the other party commits any continuing or material breach of any of its obligations under the SSAs which is incapable of remedy or if capable of remedy, is not remedied within 30 days of it being given notice so to do, or *inter alia*, a winding up or insolvency events occurs. (b) If the SSAs are terminated by the Vendors and the Vendors elect not to pursue the remedy of specific performance as set out in paragraph 4.5.1.13, the Vendors shall, within 14 days after the notice of termination, return, refund and repay to MRCB any and all moneys (including the Deposit and the Consideration Cash but excluding the Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the Purchase Consideration, free of interest, return or surrender for cancellation any Consideration Shares and the Consideration Warrants received by them and use best endeavours to obtain a refund in favour of MRCB of the Retention Sum from the Director-General of Inland Revenue and MRCB shall, within 14 days after its receipt of the notice of termination, return to the Vendors all documents, if any, delivered to them or their agents, advisors, representatives, accountants or solicitors by or on behalf of the relevant Acquiree Companies or the Vendors. The Vendors shall, in exchange for the performance of such obligation by MRCB, return to MRCB all documents, if any, delivered to them by or on behalf of MRCB.	This term is reasonable as it protects either party and provides an avenue to terminate the SSA in the event of any continuing or material breach that are incapable of remedy within 30 days of it being given notice to do so or a winding up or insolvency event occurs. Pursuant to the SSAs, all the payment (including the Deposit and the Consideration Cash but excluding the Retention Sum for the real property gain tax which shall be subject to a claim for refund from the Director-General of Inland Revenue) free from interest pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) shall be refunded to MRCB within 14 days after the notice of termination. The Vendor shall correspondingly return to MRCB all documents, if any.

Salient Terms of the SSAs	HwangDBS' Comments
(c) If the SSAs are terminated by MRCB and MRCB elects not to pursue the remedy of specific performance as set out in paragraph 4.5.1.13, the Vendors shall, within 14 days after their receipt of notice of termination, return to MRCB all documents, if any, delivered to any of them by or on behalf of MRCB, procure the relevant Acquiree Companies to return to MRCB all such documents, if any, and return, refund and repay to MRCB any and all moneys (including the Deposit and the Consideration Cash but excluding the Retention Sum which shall be subject to a claim for refund from the Director-General of Inland Revenue) received by them towards account of the Purchase Consideration, free of interest, return or surrender for cancellation any Consideration Shares and the Consideration Warrants received by them and use best endeavours to obtain a refund in favour of MRCB of the Retention Sum from the Director-General of Inland Revenue. MRCB shall, in exchange for the performance by the Vendors of such obligations, within 14 days after the notice of termination, return all documents, if any, delivered to them by or on behalf of the relevant Acquiree Companies or the Vendors.	
4.5.1.13 Specific performance Notwithstanding the provisions of paragraph 4.5.1.12, the parties shall be at the liberty to take such action in law as may be necessary to compel the defaulting party by way of specific performance to complete the transaction contemplated in the respective SSAs (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions contained in the respective SSAs) or to claim damages for the breach of the defaulting party.	This term is reasonable as it protects either party and provides an avenue to remedy any default of a party in the performance of the terms and conditions in the respective SSAs where the remedy of monetary compensation is insufficient.

4.5.2 Salient terms of the Right of First Refusal & Call Option Agreement

The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are subject to the terms and conditions of the Right of First Refusal & Call Option Agreement. Our comments on the salient terms of the Right of First Refusal & Call Option Agreement as set out in Section 2.13, Part A of the Circular are as follows:

Salient terms of the Right of First Refusal & Call Option Agreement	HwangDBS' Comments
4.5.2.1 Right of First Refusal	
(a) NGD grants to MRCB a right of first refusal to purchase any of the Option Assets upon the same terms and conditions any offer from a third party to purchase any Option Assets received by NGD at any time during the Right of First Refusal Period ("**Third Party Offer**").	We note that NGB is granting MRCB the Right of First Refusal for a 3 year tenure following the Completion Date of the SSAs to purchase the Option Assets.
(b) In the event NGD, Nilaitera, Projekmaju or other subsidiaries of NGD from time to time or to be incorporated by NGD from time to time for the purpose of holding any land(s)/real property(ies) or carrying out property development or investment activities, within the meaning of Section 5 of the Act ("**Other NGD Subsidiaries**") receives a Third Party Offer, NGD shall promptly (but in any event within 7 business days following its receipt of such Third Party Offer) disclose in writing all terms and conditions relating to the Third Party Offer to MRCB, which disclosure shall be accompanied by a copy of all documentation evidencing such terms and conditions ("**Offer Disclosure**").	The primary properties of the Option Assets are Lot 1 & 2 of P.J Sentral Land and Filem Negara Land parcels which are strategically located in Petaling Jaya. In the event NGD or any of its other NGD Subsidiaries receive a Third Party Offer, NGD is to promptly notify MRCB and disclose in writing all terms and conditions relating to the Third Party Offer and accompanied by the relevant documentation being the Offer Disclosure.
(c) MRCB shall have the right to match the Third Party Offer for the purchase of the relevant Option Assets. Such right must be exercised within two (2) months from the date of MRCB's receipt of the Offer Disclosure, by MRCB delivering to NGD a notification stating that it wishes to accept the terms and conditions of the Third Party Offer. (d) In the event that such right to match is exercised, NGD or the Other NGD Subsidiaries shall be obliged to give effect to the disposal of the relevant Option Assets to MRCB upon the same terms and conditions as the Third Party Offer.	Within a period of 2 months from the date of MRCB's receipt of the Offer Disclosure from NGD, MRCB shall have the right to match the Third Party Offer for the purchase of the relevant Option Assets. We note that the Third Party Offer must be an offer other than an offer made by any person connected with a director and/or shareholder of NGD. We note that this term is reasonable as this requires the Third Party Offer to be independent of any person connected with the directors and/or shareholders of NGD and deemed to be a bona fide offer from a third party.

Salient terms of the Right of First Refusal & Call Option Agreement	HwangDBS' Comments
(e) In the event MRCB fails to deliver to NGD a notification stating that it wishes to exercise MRCB's right to match the Third Party Offer as set out in Section 4.5.2.1(b) above, then it shall be deemed that MRCB is not desirous of matching the Third Party Offer and NGD shall be entitled to accept the offer and to sell the relevant Option Assets which are the subject-matter of the Offer Disclosure for sale to the relevant third party who has issued the Third Party Offer. (f) For the purposes of Section 4.5.2.1 of this IAL, a Third Party Offer must be an offer other than an offer made by any person connected with a director and/or shareholder of NGD. For the purpose of this paragraph 4.5.2.1, "person connected with a director and/or shareholder" shall have the meaning given in relation to persons connected with a director or shareholder as defined in Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities.	The Right of First Refusal grants MRCB the right to acquire additional lands strategically-located in Petaling Jaya and enabling the MRCB Group to source additional land banks. In the event MRCB fails to deliver to NGD a notification stating that it wishes to exercise MRCB's right to match the Third Party Offer, it is deemed that MRCB is not desirous of matching the Third Party Offer, NGD will then be entitled to sell the relevant Option Assets to the relevant third party.
4.5.2.2 Grant and exercise of call option (a) Immediately upon expiry of the Right of First Refusal Period, NGD shall automatically grant to MRCB the right ("**Call Option**"), exercisable at any time during the Option Period, to require NGD to sell to MRCB any Option Assets at such sale and purchase consideration derived from a computation of the various computation items set out in the Right of First Refusal & Call Option Agreement ("**Option Price**"). (b) The Call Option shall be exercisable in respect of any Option Assets at any time during the Option Period by MRCB serving an option notice ("**Option Notice**") to NGD that MRCB is exercising the Call Option. (c) The Call Option shall be exercisable once only provided always that MRCB must pursuant to such exercise acquire the entire equity interest of an Other Subsidiary held by NGD and not merely a part of the equity interest held by NGD in Other NGD Subsidiary.	We note that NGD is granting MRCB the Call Option to enable MRCB to have right but not the obligation to acquire the Option Assets (as referred to above under paragraph 4.5.2.1) from NGD. This Call Option is exercisable at any time during a 2-month period commencing from the expiring date of the Option Period i.e. 3 years after completion date of the SSAs. These terms are reasonable to MRCB as MRCB is given a Right of First Refusal including the Call Option on the Option Assets held by NGD. Therefore, if MRCB for whatever reason, chooses not to exercise its right on the Right of First Refusal to acquire the Option Assets held by NGD, MRCB will still have a last option and choose to exercise its rights on the Call Option Agreement to acquire the Option Assets held by NGD.

Salient terms of the Right of First Refusal & Call Option Agreement	HwangDBS' Comments
	It should be noted that the Call Option can only be exercised by MRCB for the Option Assets if the Option Assets have not already been sold during the Right of First Refusal Period.
(d) The Option Price payable for the Option Assets or any part thereof shall be satisfied by MRCB in the following manner: (i) A fixed sum payable in cash of such amount as may be determined by MRCB ("**Cash Portion**") which shall not be less than 2% of the Option Price shall be paid by MRCB to NGD or its nominee(s) (if applicable) together with the Option Notice.	In the event MRCB acquires the Option Assets via exercise of its right under the Right of First Refusal & Call Option Agreement, MRCB's land banks will increase by 36.77 acres and this will consequently enhance MRCB's operational performance in the longer term.
(ii) On or before the option transaction completion date (being a business days falling 2 months after the date upon which the sale and purchase of any Option Assets following exercise of the Call Option by MRCB becomes unconditional), MRCB shall allot an equivalent value of new MRCB Shares in the capital of MRCB, all credited as fully paid-up, at an issue price for such new MRCB based on the volume weighted average market price of the MRCB Shares for the five (5) market days immediately preceding the date of the Option Notice ("**Share Portion**"), amounting to the whole (if there is no Cash Portion) or remainder of the Option Price to NGD or its nominee(s) (if applicable).	The terms on the mode of satisfaction of the Option Price are reasonable as the Cash Portion of 2% is not excessive and the Share Portion will be based on the then prevailing 5-market day volume weighted average market price.
(e) The new MRCB Shares issued towards satisfaction of the Share Portion shall be issued and credited as fully paid-up and will, upon allotment and issue rank equally in all respects with each other and with the then existing MRCB Shares save and except that the holders of such new MRCB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of MRCB, the entitlement date of which is prior to the date of allotment of such new MRCB Shares.	These terms are ordinary terms that are intended to facilitate the completion of the proposed acquisition by MRCB of the Option Assets from NGD.

Salient terms of the Right of First Refusal & Call Option Agreement	HwangDBS' Comments
(f) The parties shall complete the sale of the Option Assets in accordance with the provisions of the relevant share sale agreement(s) to be executed by the parties ("**Definitive SSAs**") on or before the completion date as prescribed under the Right of First Refusal & Call Option Agreement.	
(g) The Call Option if left unexercised in respect of any of the Option Assets shall terminate on the date falling immediately after the Option Period. Following the termination of the Call Option, neither party shall have any further obligation under the Right of First Refusal & Call Option Agreement to the other party, except in respect of:- (i) any obligation under the Right of First Refusal & Call Option Agreement which is expressly to apply after the termination of the Right of First Refusal & Call Option Agreement; and (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the Right of First Refusal & Call Option Agreement to either party prior to such termination.	Where the Call Option is left unexercised in respect of the Option Assets upon expiry of the Option Period, each party is released from their respective obligations under the Right of First Refusal & Call Option Agreement.
4.5.2.3 Definitive SSAs (a) Upon MRCB exercising of the right of first refusal/right to match pursuant to paragraph 4.5.2.1 above or exercising the Call Option in accordance with the provisions of paragraph 4.5.2.2 above, the parties shall use their respective best endeavours to enter into the Definitive SSAs in respect of the relevant assets within a period of not more than 60 days following the date of the relevant Option Notice or notification pursuant to paragraph 4.5.2.1(c) above, which shall set out such conditions precedent to the completion of the relevant transaction as may be appropriate in the circumstances.	These terms are ordinary terms that are intended to facilitate the completion of the proposed acquisition by MRCB of the Option Assets from NGD. The parties have a 60-day period to enter into Definitve SSAs.

Salient terms of the Right of First Refusal & Call Option Agreement	HwangDBS' Comments
(b) In the event that the parties are unable to enter into a Definitive SSA within the stipulated 60 day period or such further period as may be mutually agreed upon, MRCB shall be deemed not to have exercised its right of first refusal / right to match or Call Option, as the case may be, and shall no longer have any right to exercise such right of first refusal / right to match or Call Option in respect of the same transaction. (c) The rights and obligations of the parties in respect of:- (i) the acquisition by MRCB of the relevant Option Assets pursuant to the exercise of the right of first refusal/right to match pursuant to the provisions of paragraph 4.5.2.1 above; and (ii) the sale and purchase of the Option Assets following issuance of the Option Notice by MRCB to NGD pursuant to the provisions of paragraph 4.5.2.2 above, will be conditional upon the various applicable conditions precedent to be set out in the relevant Definitive SSAs being obtained/fulfilled within a period of six (6) months commencing from the date of the Option Notice, or notification MRCB delivered to NGD stating that it wishes to accept the terms and conditions of the Third Party Offer, as may be applicable, or such later date as the parties may mutually agree on ("**Transaction CP Period**").	
4.5.2.4 Termination if the SSAs are not completed or is terminated In the event that the SSAs are not completed and/or such agreement is terminated for any reason whatsoever in accordance with its terms, the Right of First Refusal & Call Option Agreement shall automatically terminate and all the provisions of the Right of First Refusal & Call Option Agreement shall cease to have any further force or effect, other than confidentiality clause, which shall survive termination, and without prejudice to any accrued rights or obligations of any party under the Right of First Refusal & Call Option Agreement.	This term is reasonable as in the event the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are not completed and/or the SSAs are terminated, MRCB's Right of First Refusal & Call Option Agreement will cease as the Right of First Refusal & Call Option Agreement form part of the terms of the SSAs pursuant to the Proposed Acquisitions.

Salient terms of the Right of First Refusal & Call Option Agreement	HwangDBS' Comments
	It is not the intention of MRCB to merely enter into the Right of First Refusal & Call Option Agreement in relation to the Option Assets in the absence of the SSAs.
4.5.2.5 Pre-completion obligations Except so far as may be necessary to give effect to the Right of First Refusal & Call Option Agreement or as expressly provided in the Right of First Refusal & Call Option Agreement, following the exercise of the right of first refusal/right to match or issuance of the Option Notice by MRCB to NGD to require NGD to sell to MRCB the relevant shares comprised in the Option Assets, NGD shall not and shall procure that the Other NGD Subsidiaries (which shares are the subject of the right of first refusal/right to match or issuance of the Option Notice) shall not, prior to the expiry of the Option Period, except with the prior written consent of MRCB:- (a) pass any resolution by its members or the Other NGD Subsidiaries' members in general meeting which contradicts any terms and conditions of the Right of First Refusal & Call Option Agreement; (b) attempt to do or permit any of the matters set out in any of the foregoing paragraphs of this paragraph 4.5.2.5; or (c) in the case of NGD directly own any land or interest in land other than through an Other NGD Subsidiary.	These terms are reasonable as they protect MRCB from the passing of any resolution by the other NGD Subsidiaries which may contradict the terms and conditions of the Right of First Refusal & Call Option Agreement.

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4.5.3 Salient terms of the Profit Guarantee Agreement

The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are subject to the terms and conditions of the Profit Guarantee Agreement. Our comments on the salient terms of the Profit Guarantee Agreement as set out in Section 2.14, Part A of the Circular are as follows:

Salient terms of the Profit Guarantee Agreement	HwangDBS' Comments
Salient terms of the Profit Guarantee Agreement	
(a) GSB guarantees to MRCB that the actual aggregate audited net PAT of GHC for the FYE 2013 (the period commencing from 1 January 2013 to 31 December 2013), the FYE 2014 (the period commencing from 1 January 2014 to 31 December 2014) and the FYE 2015 (the period commencing from 1 January 2015 to 31 December 2015) ("**Guaranteed Financial Years**") of GHC ("**Aggregate Audited Net PAT**") for the Guaranteed Financial Years shall be collectively not less than the aggregate audited net PAT of RM50,000,000 of GHC to be achieved at any time during the period of the Guaranteed Financial Years ("**Aggregate Guaranteed Profit**"), comprising of the following: (i) the audited net PAT of GHC for FYE 2013 shall not be less than RM15,000,000; (ii) the audited net PAT of GHC for FYE 2014 shall not be less than RM15,000,000; and (iii) the audited net PAT of GHC for FYE 2015 shall not be less than RM20,000,000.	These terms are reasonable as they seek to protect MRCB should there be a decline in the performance of GHC after the completion of the Proposed Acquisition of GHC via a Profit Guarantee Agreement for which the Guaranteed Financial Years shall collectively have a minimum aggregate audited net PAT of RM50,000,000 for GHC. The Guaranteed Financial Years cover FYE 31 December 2013 to 2015. We note that if there is any surplus in the audited net PAT in any of the Guaranteed Financial Year, this surplus shall be aggregated and taken into account for the purpose of calculating the Aggregate Guaranteed Profit. Should there be a Shortfall, GSB agrees, undertakes and covenants with MRCB that the Shortfall shall constitute a debt owing to MRCB by GSB which is payable within 30 days upon written demand from MRCB.
(b) For the avoidance of doubt, in the event that:- (i) the audited net PAT of GHC for FYE 2013 exceeds RM15,000,000 ("**FYE 2013 Surplus**"); or (ii) the audited net PAT of GHC for FYE 2014 exceeds RM15,000,000 ("**FYE 2014 Surplus**"); or (iii) the audited net PAT of GHC for FYE 2015 exceeds RM20,000,000 ("**FYE 2015 Surplus**"),	We note that profit after taxation and non-controlling interests for the FYE 31 May 2010, FYE 31 May 2011, 7 months FPE 31 December 2011 and FYE 31 December 2012 was RM10.95 million, RM3.07 million, RM6.11 million and RM1.63 million respectively. However, past financial performance may not be reflective of future potential financial performance as indicated by GHC's current construction order book.

Salient terms of the Profit Guarantee Agreement	HwangDBS' Comments
the parties agree that such FYE 2013 Surplus, FYE 2014 Surplus and FYE 2015 Surplus (unless earlier terminated pursuant to the terms of the Profit Guarantee Agreement) shall be aggregated and taken into account for the purpose of calculating the Aggregate Audited Net PAT and the parties further expressly agree that no claim shall be made against GSB for a shortfall of the audited net PAT of GHC for any specific financial year and a claim can only be made for a shortfall in the Aggregate Guaranteed Profit in accordance with the terms of the Profit Guarantee Agreement. (c) The respective PAT/loss after tax ("**LAT**") of GHC for the Guaranteed Financial Years shall be determined – (i) in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in Malaysia; (ii) with proper provisions having been made for all liabilities and losses; (iii) after including all expenses incurred in connection with the relevant proposals as set out in the SSAs; (iv) excluding profits and losses of capital nature or which are not in the ordinary course of business made on realization of shares, intellectual property, goodwill or real property, and profits and losses attributable to businesses, if any, acquired after the execution of the Profit Guarantee Agreement; and (v) after including any financial grants, rebates and/or tax incentives received from the relevant authorities. (d) In the event that the Aggregate Audited Net PAT is less than the Aggregate Guaranteed Profit ("**Shortfall**"), GSB agrees, undertakes and covenants with MRCB that the Shortfall shall constitute a debt due and owing by GSB to MRCB which shall be payable within 30 days from the date of receipt of a demand from MRCB.	We take cognisance that as of 31 December 2012, GHC has a construction order book for its on-going projects as well as contracts secured of approximately RM3.55 billion. GHC is the appointed main contractor for the existing development projects of the Properties and future development and construction works of all lands which are owned or to be owned by any subsidiaries of NGD. As set out in Section 2.3.1 of Part A of the Circular, we note that the projected net PAT of GHC as set out in the GHC Valuation Report for the FYE 2013, the FYE 2014 and the FYE 2015 amounting to approximately RM28.38 million, RM74.80 million and RM89.13 million respectively. Further, we also noted that the MRCB Board is of the opinion that the Profit Guarantee is reasonable. We concur with the view of the MRCB Board that the Profit Guarantee is reasonable after taking into consideration the abovementioned factors.

Salient terms of the Profit Guarantee Agreement	HwangDBS' Comments
(e) It is hereby agreed that: (i) at any time in the preceding financial year or financial years prior to FYE 2015, the Aggregate Guaranteed Profit is achieved; or (ii) in the event that by FYE 2015, the Aggregate Guaranteed Profit is achieved, whichever is the earlier, the Profit Guarantee Agreement shall be at an end and terminate, and GSB shall not be liable to MRCB for any Shortfall or any claims under the Profit Guarantee Agreement whatsoever.	

4.6 Overview and prospects of the Malaysian Economy, the property, construction and security surveillance sectors

4.6.1 Outlook and Prospects of the Malaysian Economy

The Malaysian economy expanded by 4.1% in the first quarter of 2013 (4Q 2012: 6.5%), supported by stronger domestic demand that expanded by 8.2% during the quarter (4Q 2012: 7.8%). Private consumption registered strong growth during the quarter, while the expansion in gross fixed capital formation continued to be firm, reflecting sustained capital spending by both the private and public sectors. Exports contracted marginally during the quarter, and with higher growth of imports, led to a larger negative contribution of net exports to growth. On the supply side, while the domestic-oriented industries continued to register sustained growth, activity in the major economic sectors was weighed down by the weak external conditions.

Gross fixed capital formation continued to register a firm growth of 13.2% (4Q 2012: 16%), underpinned by capital spending in both the private and public sectors. Private sector investment grew by 10.9% (4Q 2012: 20.1%), supported by continued capital spending in the domestic oriented manufacturing and consumer-related services sub-sectors, namely, telecommunication, real estate and aviation, in addition to the ongoing implementation of projects in the oil and gas sector. Public investment expanded by 17.3% (4Q 2012: 12.9%), driven by higher capital spending by public enterprises in the oil and gas, telecommunication and utilities sectors. Federal Government development expenditure was channelled mainly into the transportation, education, and trade and industry sectors. By type of assets, investment activity was broad-based, as reflected by the strong investment growth in both machinery and equipment (15.1%; 4Q 2012: 12%), and structures (13.1%; 4Q 2012: 21.5%).

On the supply side, growth in the manufacturing sector slowed, weighed down by the weak external conditions. Despite the weakness in trade-related activity, the services sector continued to expand, driven largely by subsectors catering to the domestic market. Growth in the agriculture sector was sustained on account of higher production of palm oil, while the mining sector declined due to lower production of crude oil. In the construction sector, growth remained firm, led mainly by the civil engineering sub-sector.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), was slightly higher at 1.5% in the first quarter (4Q 2012: 1.3%). The increase was attributed mainly to higher inflation in the food and non-alcoholic beverages category.

Employment conditions improved in the first quarter, with total employment averaging 12.88 million persons during the first two months of the quarter. This represented a net job gain of 342,800 persons compared to the fourth quarter of 2012, and the unemployment rate remained low at 3.2% in January-February (4Q 2012: 3.1%). Similarly, total retrenchment reported to the Ministry of Human Resources decreased significantly to 2,058 persons (4Q 2012: 4,823 persons), following lower layoffs in the manufacturing sector.

For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2013, Bank Negara Malaysia)

4.6.2 Outlook and Prospects of the Property Sector in Malaysia

In Q4 2012, developers offered 6,937 new housing units to the market. A total of 2,002 units were taken up, achieving sales performance of 28.9%. The new housing units launched decreased substantially by 57.7% from 16,384 units recorded in the previous quarter, but the sales performance increased from 7.3%. The past four quarters saw a total of 53,254 houses launched into the market, registering a total take up rate of 16.2% (8,638 units) for the period. Figure 1 shows the trends of new residential units launched since Q4 2011. The highest numbers of units launched was in Q1 2012 at 23,265 units whilst the lowest was in the review quarter. In terms of sales performance, review quarter recorded the highest at 28.9% whilst the lowest was in Q4 2011 at 7.3%.

At the end of Q4 2012, the total number of new residential units launched in the country for the past nine months was 32,595 units. This total comprised 6,937 units launched in Q4 2012, 11,262 units in Q3 2012 and 14,396 units in Q2 2012.

By property type, terraced houses continued to dominate the new housing market. This property type represented 42.4% (13,814 units) of the national total. Single storey terrace comprised 16.4% (5,355 units) whilst 2-3 storey terrace formed another 26.1% (8,493 units). Condominium/ apartments constituted another 26.1% (8,493 units) of the total.

The number and value of property overhang (completed units which have remained unsold after nine months of launching for sales) increased from the previous quarter. There were 20,557 completed units worth RM6.408 billion which remained unsold in the market. These overhang units comprised 15,091 residential units, 4,849 shops and 617 industrial units.

(Source: Residential, Shops and Industrial Properties Market Status Report Q4 2012, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

Offices

Softened by low demand, the office market was further aggravated by substantial new supply of about 1.5 million sq ft from the completion of three prime offices, Integra Tower at the KLCC area and Tower 1 and Tower 2 at Lot G, KL Sentral. Prime office rents held stable throughout the first three quarters of the year at RM6.25 psf per month but marginally declined to RM6.13 in Q4. Similarly, rents for top-tier offices fell to RM7.76 psf per month after holding firm at RM7.90 psf in the first nine months of the year.

Average capital values in Kuala Lumpur remained unchanged for the last three quarters, but recorded an increase of 3.8% year-on-year (y-o-y) to RM838 psf with the rise taking place in Q1. Recent transaction evidences were at RM750 psf for Horizon (Phase 2), Bangsar South Tower 1 and RM850 psf for a proposed office tower in Petaling Jaya Sentral Garden City. Continuous new supply coupled with a lower absorption rate has increased the vacancy rate to 16% in Q4 and generally the office market was inactive with no major leases noted in the quarter. Going forward, KL's office market will see more challenges as the projected increase in supply is more than the increase in demand despite a stronger economic growth projection.

Retail

After rising 5.9% in Q2, retail sales growth slowed to 5.5% over the last two quarters of 2012, according to Retail Group Malaysia. This modest increase was likely generated from festive holidays, schools holidays and year-end sales, and with consumer sentiment still cautious, growth is expected to be capped at 6% for 2012. Notwithstanding this, demand for KL's retail space has remained resilient, with occupancy rate recording a marginal increase of 0.6 percentage-point q-o-q and y-o-y to 91.3% in Q4. Furthermore, the quiet climate has not deterred some international brands such as H&M, Uniqlo, Victoria's Secret, tape'aL'oeil, La Martina and Canali from opening stores. In Q4, Aeon of Japan strengthened its presence with the purchase of all of Carrefour's businesses in Malaysia and rebranding them as Aeon BIG, effectively taking over market share as Carrefour makes its exit.

Adding excitement to the retail market will be the planned second factory outlet in the country, expected to be completed by 2014 as MAHB and Mitsui Fudosan Co Ltd sealed an agreement to develop the largest factory outlet in Southeast Asia on a 50-acre site at the Kuala Lumpur International Airport in Sepang, with a total lettable area of about 505,700 sq ft. The upcoming entry of Central Group of Thailand at i-City Mall will also give a boost to the local retailing scene.

Residential

Tightening of credit by banks, a slowing economy and uncertainty arising from an anticipated general election contributed to a cautious residential market throughout the year. Compared to the first three quarters, Q4 was relatively active and saw two launches in Kuala Lumpur. BRDB launched Serai condominium in Bangsar, comprising 121 units of large-sized units ranging between 4,025 sq ft and 6,913 sq ft per unit. Despite the selling price starting from RM5.8m (or between RM1,300 psf and RM1,500 psf), about 54% of the units were reported to have been snapped up within three months. That indicates that given the right product and location, demand for high-end properties still remains strong.

After a few quarters of inactivity, KLCC saw the launch of RuMa, a hotel cum residences which offers smaller units as well as investor packages with lease back arrangement at RM2,000 psf upward. Eddy Wong, who headed DTZ Malaysia's residential agency business, commented: "The KLCC market has gone through a consolidation phase over the past year, and we expect good responses to some of the projects that DTZ will be showcasing in the coming months."

Overall average prices and rentals were relatively stable in the quarter and increased over the year. The average capital value increased marginally by 0.6% q-o-q and 7.0% y-o-y to RM670 psf. Notwithstanding a slight fall of 0.5% in Q4, the average rental value also rose 3.9% y-o-y to RM3.65 psf per month. The residential market also saw a lower number of completed units: 784 in 2012 compared to 4,072 units in 2011. However, about 5,682 new units are expected to be completed next year, the highest new supply recorded since 2005. Moving forward, this is expected to exert downward pressure on rental values especially in the city centre as 83% of the units are located there.

(Source: DTZ Research: Property Times Kuala Lumpur Fourth Quarter 2012)

4.6.3 Outlook and Prospects of the Construction Sector in Malaysia

The construction sector posted a strong growth of 18.9% during the first half of 2012 (January - June 2011: 3.4%), the fastest pace since 1995. This impressive performance was underpinned by robust construction activity in the civil engineering and residential subsectors. Reflecting the buoyant construction activities, the total value of construction works rose 24.6% to RM38.1 billion (January - June 2011: 0.9%; RM30.6 billion). The private sector contributed 69.8% of the total value of construction works. The non-residential and civil engineering subsectors were the main contributors constituting 36.5% and 31.2% respectively, followed by the residential subsector (26.4%). For the year, the sector is expected to grow 15.5% (2011: 4.6%), contributing 0.5 percentage points to the overall GDP growth.

The Government has also undertaken several measures to ease regulations and improve the public delivery system for the construction sector. These include introducing a self-regulatory system whereby project engineers, architects or registered draftsmen are authorised to issue the Certificate of Fitness for Occupancy of buildings to enable faster handover of the completed properties. Additionally, one-stop centres were established in 2007 in various local authorities using a 'fast-track' approach to reduce approval and processing time.

The Government is also actively promoting the use of Industrialised Building System (IBS) to reduce dependency on foreign labour and automate production processes as well as standardise and improve the quality of buildings. A roadmap has been formulated to encourage and promote the use of IBS. The Government also granted accelerated capital allowance for a period of three years for companies which purchase moulds used in the production of IBS components.

Taking cognisance of the need for sustainable development and energy efficiency, the Government has introduced the Green Building Index (GBI) and provided tax exemption of up to 100% for expenditure incurred in obtaining the first GBI certificate. In addition, exemption of stamp duty is given for the transfer of ownership of buildings with the GBI certificate. The construction of green buildings will not only reduce adverse impact to the environment, but is also a crucial step in transforming Malaysia into an eco-friendly nation.

The implementation of the Economic Transformation Programme promises tremendous growth opportunities for the construction industry, even though Malaysia is in an advanced stage of physical development. Given the fast-changing environment, construction industry players must continuously upgrade themselves in knowledge, skills and productivity. The Government, will on its part, constantly review its policies to create a conducive environment to facilitate the transformation of the industry to bring it to new heights.

The construction sector is envisaged to expand strongly by 11.2% (2012: 15.5%), with all subsectors registering steady growth. The sector is expected to benefit from the acceleration of ongoing construction activities, particularly from the ETP and RP2 construction-related projects.

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

In the construction sector, growth remained firm, led mainly by the civil engineering sub-sector. Growth in the manufacturing sector slowed to 0.3% in the first quarter (4Q 2012: 5.7%), weighed down largely by weak external demand. Growth in the export-oriented industries contracted (-0.6%; 4Q 2012: 5.3%), due to the weakness in global demand for electronics and electrical (E&E) products, and more moderate regional demand for refined petroleum products, chemicals and chemical products. Nevertheless, the domestic oriented industries registered a growth of 2.4% (4Q 2012: 8.1%), supported by continued economic activity in both the consumer and construction related clusters.

In the construction sector, growth remained firm (14.7%; 4Q 2012: 17.6%), led mainly by robust expansion of the civil engineering sub-sector. Infrastructure and oil and gas projects, such as the MRT, Tanjung Bin and Janamanjung power plants, and Kebabangan Gas Field, continued to drive growth in the sub-sector. The residential sub-sector provided further support to growth, driven by the construction of residential properties in the Klang Valley and Penang.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2013, Bank Negara Malaysia)

4.6.4 Outlook and Prospects of the Security Surveillance Sector

The Government has introduced measures to reduce crime rate as one of the initiatives under the National Key Results Area. Efforts to further reduce the crime rate will continue to be enhanced. With an allocation of RM591 million in 2013 the following measures will be implemented:

First: Increasing the number of Polis Diraja Malaysia personnel for patrolling and combating crime, upgrading infrastructure and providing modern equipment;

Second: Establishing a Motorcycle Patrolling Unit to monitor housing areas. For this purpose, the Government will allocate RM20 million to provide 1,000 motorcycles;

Third: Increasing the number of Police Volunteer Reserve by an additional 10,000 officers involving an allocation of RM70 million to assist the police in combating crime; and

Fourth: Installing an additional 496 units of Closed Circuit Television ("**CCTV**") cameras in 25 local authorities in Peninsular, Sabah and Sarawak to prevent street crimes in urban areas.

(Source: The Malaysia Budget 2013, Ministry of Finance Malaysia)

IMS Research's annual report on the global CCTV and video surveillance equipment market estimates that the market was worth over $9 billion in 2010. However, the top 15 video surveillance equipment suppliers only accounted for around 40% of all sales. In addition, the video surveillance industry has continued to enjoy robust growth despite the unfavourable economic climate. IMS Research forecasts that network video surveillance equipment sales will exceed 25% in 2012, despite uncertainty in the Eurozone.

Whilst IMS Research does not believe that the video surveillance industry will see a spate of billion dollar super deals in 2012, it is likely that a greater volume of medium-sized deals will complete in the next 12 months.

(Source: Trends for 2012: Video Surveillance Trends for the Year ahead – IMS Research [1])

In a recent report, according to IMS Research, the estimated worldwide market for video surveillance equipment was US$8.2 billion in 2008, and is expected to grow at a compound annual growth rate (CAGR) of 10.1% to US$13.3 billion in 2013.

(Source: Seagate Technology Paper – Video Surveillance)*

Note:

* *Seagate is one of the leading manufacturers in surveillance storage with the SV35 Series family of disk drives, the line of drives specifically built for the unique requirements of digital video surveillance systems. The Seagate Technology Paper is a report providing overview on Video Surveillance industry.*

Stratel (M) Sdn Bhd (**"Stratel"**)[2] has observed an increasing demand for home security products since the beginning of this year. Stratel believes the decision to invest in a security system is driven heavily by the levels of crime perceived by the consumer.

Since the beginning of the year 2012, we have observed a high demand for the implementation of panic alert systems at car parks. Additionally, high risk premises like banks, jewellers and pawn shops are revamping their security systems and putting new methods in place like fog security machines and video-based alarm systems that can positively confirm a crime in progress by sending video clips to a monitoring station or smartphone. Such measures are indeed effective in combating crime at commercial centres. With mobile devices fast gaining popularity and adoption, Stratel believes that the demand for security products offering interactive capabilities with smartphones and tablets will be in high demand in the near future.

(Source: Changing mindsets on security - RED - New Straits Times 23 November 2012)

Note:

(1) IMS Research is a supplier of market research for electronic Industry.

(2) Stratel is a distributor of electronic security equipment in the ASEAN region.

4.7 Prospects of the Acquiree Companies and the MRCB Group

4.7.1 Prospects of the NGD Subsidiaries

Subang Jaya Land

Subang Jaya is a suburban city situated on the south of the District of Petaling, Selangor and it is strategically located in the Klang Valley. It is accessible through some major highways such as the Federal Highway Route II, the Shah Alam Expressway (KESAS), the New Klang Valley Expressway (NKVE), the New Pantai Expressway (NPE), the North-South Expressway Central Link (ELITE) and the Damansara-Puchong Expressway (LDP).

Generally the property market in Subang Jaya shows an upward trend. As stated in the Property Market Report, 2011, the anticipation of the Light Rail Transit ("**LRT**") extension route in the Subang Jaya neighbourhood which has started construction in Puchong, has led to price increases in residential properties in Subang Jaya.

The Subang Jaya Land of 3.20-acre parcel of commercial land has been granted planning approval for the development of a 17-storey commercial building comprising 12 levels of office space and 4 levels of retail podium with 3.5-storey basement car park from Majlis Perbandaran Subang Jaya vide a Letter of Planning Approval. Within the locality of the Subang Jaya Land, there are completed and ongoing high-rise serviced apartments and commercial buildings which are supported by the mature residential catchment.

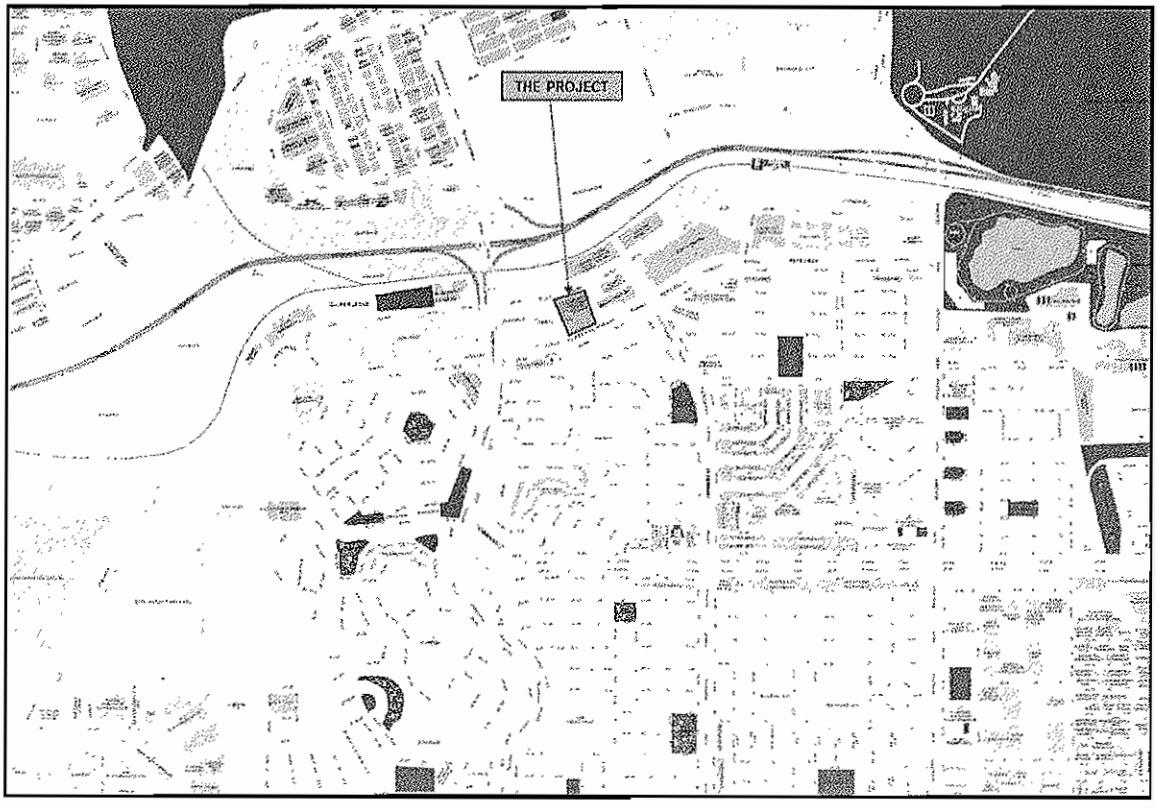
The strategic location is an advantage to Subang Jaya Land site as it grants excellent visibility and a high level of exposure to the large number of daily drive-by traffic heading towards the Federal Highway Route II or entering Subang Jaya via Persiaran Kemajuan Subang.

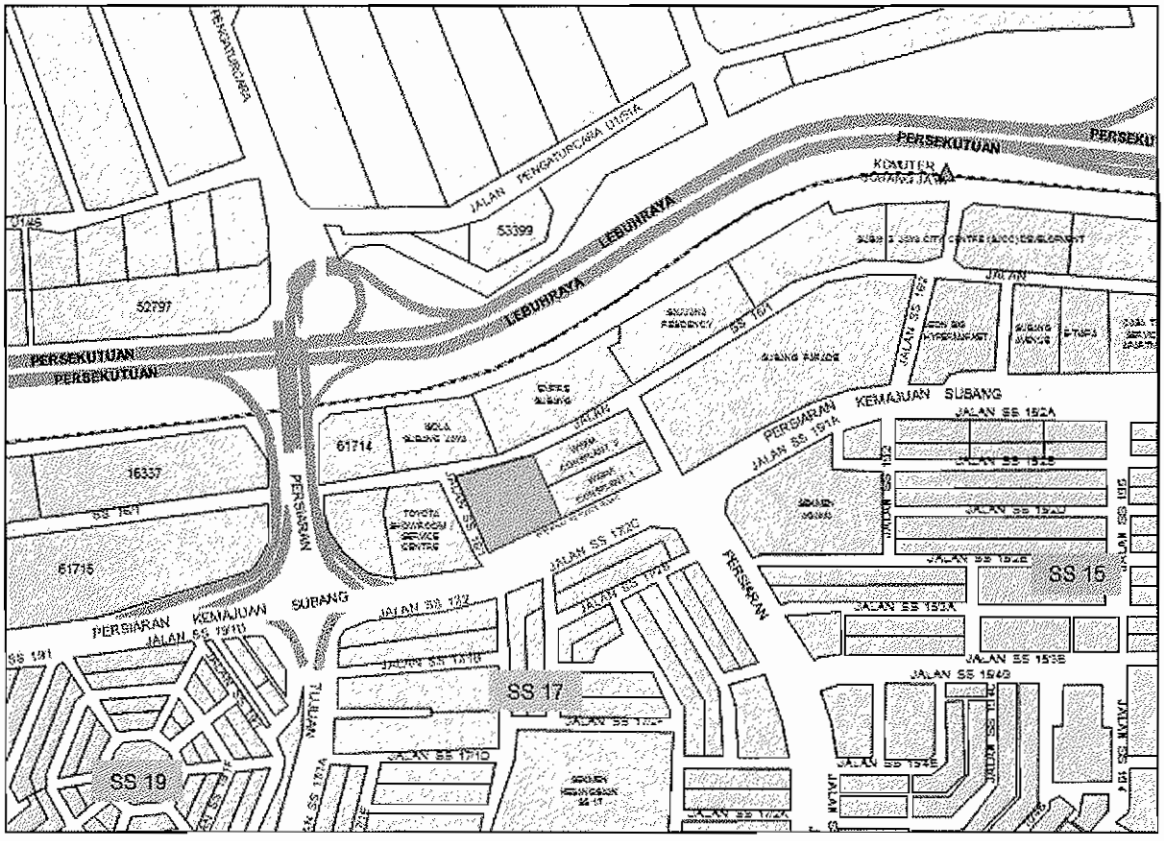
It is in close proximity to the KTM Komuter Station, the proposed extension of the Kelana Jaya LRT line from Kelana Jaya to Putra Heights and the proposed LRT station near the KTM Komuter station and SS15 of Subang Jaya will further enhance the accessibility of Subang Land to a wider population base within a larger geographical area.

The matured neighbourhood provides ample infrastructure and amenities which will benefit Subang Jaya Land. The take-up rate of recent retail and office developments by the other developers in the immediate neighbourhood of Subang Jaya Land have been also encouraging.

(Source: Subang Jaya Land Market and Feasibility Study by Khong & Jaafar)

A map of the Subang Jaya Land and its surrounding areas is set out below:





(Source: Subang Jaya Land Market and Feasibility Study by Khong & Jaafar)

Old Klang Road Land

Old Klang Road Land is strategically located between the City Centres of Kuala Lumpur and Petaling Jaya, and located off Jalan Klang Lama. This area is interlinked to the major highways and ring roads in the Klang Valley allowing good access to various parts of the Klang Valley i.e. the Federal Highway Route II, East-West Link, the NPE and the Shah Alam Expressway via Jalan Puchong. Further, heavy traffic flow along the 6-lane dual-carriageway of Jalan Klang Lama will most likely further generate demand for commercial properties.

The neighbourhood of the Old Klang Road is matured providing ample existing infrastructure and amenities. Developments plans are approved for a very substantial network of dedicated ingress and egress connectivity to the Old Klang Road Land. The said plans are for direct access from/to the NPE as it will improve road accessibility. However, Gapurna Land is expected to incur substantial costs for such development.

The Old Klang Road Land consists of 6 contiguous parcels of building land with a combined provisional land areas of approximately 17.63 acres. The development on the Old Klang Road Land includes the following:

(a) a 41-storey block consisting 230 units of serviced apartments and inclusive of an 8-storey retail/car park/facilities podium and a 2-level basement car park on Parcel A;

(b) one 38-storey block and two 33-storey blocks comprising 734 units of serviced apartments, inclusive of an 8-storey common podium with retail/facilities and a 2-level of basement car park on Parcel B;

(c) four 44-storey blocks comprising 876 units of serviced apartments, inclusive of an 8-storey common podium with retail/facilities and a 2-level of basement car park, 8 levels of SOHO units and a main distribution substation on Parcel C; and

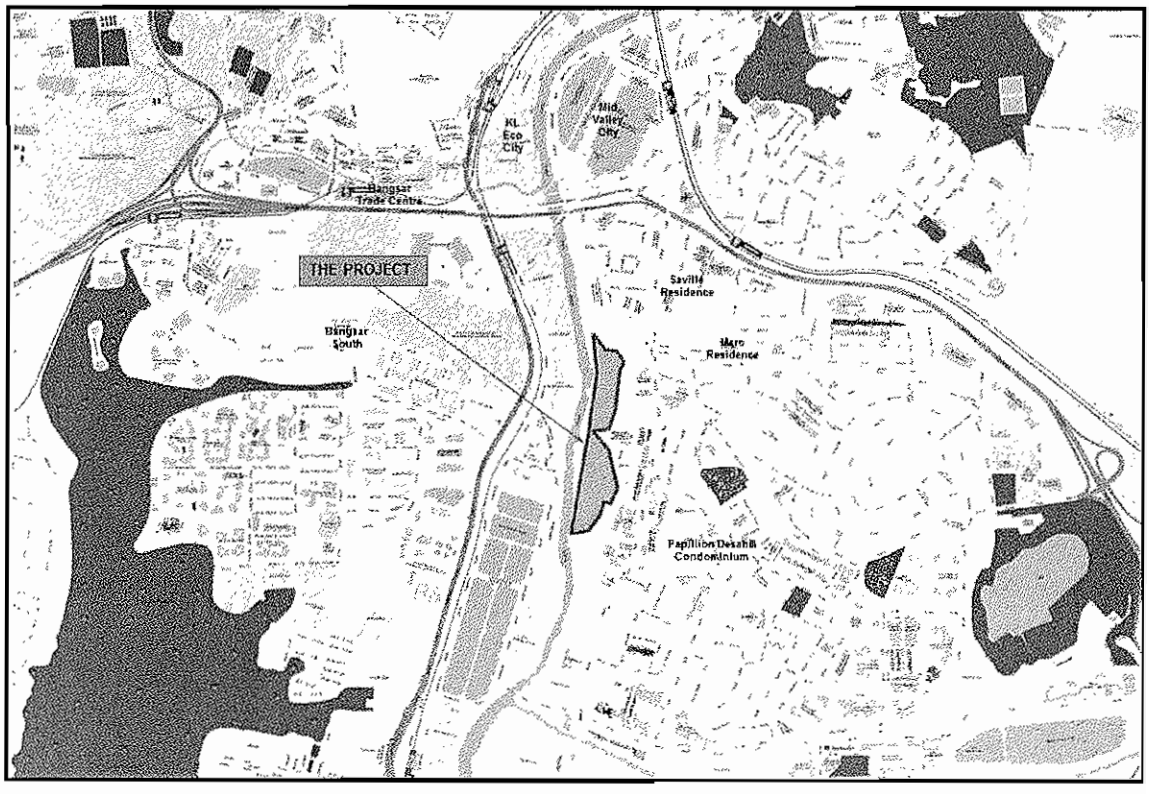
(d) a 36-storey college building inclusive of retail space, an 8-storey car park/facilities podium together with a basement car park on Parcel D.

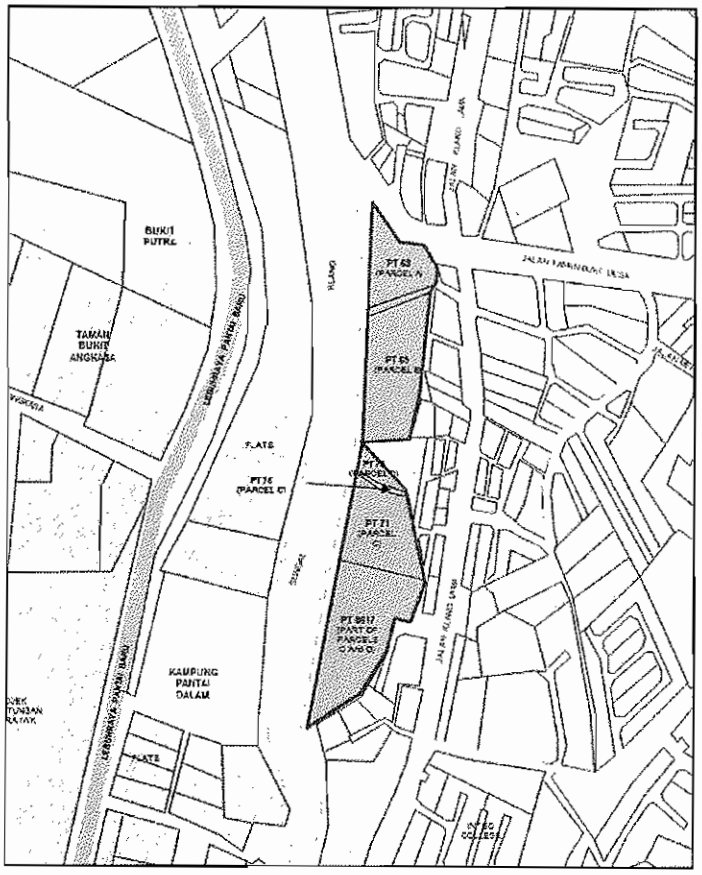
Take-up rate of condominiums, serviced apartments, retail and office developments that were launched by other developers in the immediate neighbourhood of Old Klang Road Land have been encouraging.

The general neighbourhood and especially alongside Jalan Klang Lama consists of the older type of retail buildings which is no longer an attractive shopping hub preferred by the current generation. Old Klang Road Land will be able to offer a more attractive and contemporary design and concept that will appeal to the current market.

(Source: Old Klang Road Land Market and Feasibility Study by Khong & Jaafar)

A map of the Old Klang Road Land and its surrounding areas is set out below:





(Source: Old Klang Road Land Market and Feasibility Study by Khong & Jaafar)

P.J Sentral Land

P.J Sentral Land is situated in the prime commercial hub of the City Centre of Petaling Jaya with access from the Federal Highway Route II. The Federal Highway Route II is the main highway that traverses the Klang Valley conurbation of Kuala Lumpur, Petaling Jaya, Shah Alam, Klang and Port Klang, interlinking with a number of other major highways and ring roads of the Klang Valley.

P.J Sentral Land enjoys triple frontages i.e. onto the Federal Highway Route II, Jalan Sultan and Persiaran Barat with access from Persiaran Barat and Jalan Sultan. Jalan Sultan and Persiaran Barat are main arterial roads within the City Centre of Petaling Jaya and they are interconnected with other major thoroughfares within the City Centre of Petaling Jaya through Jalan Barat, Jalan Utara, Jalan Selangor and Jalan Timur. The heavy traffic flow along these roads and in particular the Federal Highway Route II will most likely generate further demand for P.J Sentral Land, especially for the commercial components of the proposed development.

The P.J Sentral Land is an 11.911-acre parcel of commercial land with the approved development of five 25-storey to 60-storey office buildings and one 25- to 60-storey hotel building, inclusive of 1 level for utility and service space and 4-level basement car park.

The strategic location is an advantage to P.J Sentral Land as it grants excellent visibility and a high level of exposure to the large number of daily drive-by traffic along the Federal Highway Route II heading towards the City of Kuala Lumpur and/ or various parts of the City of Petaling Jaya. P.J Sentral Land is a new integrated development in an area where most developments are conventional, together with its high visibility and exposure has the potential to be the new iconic development for the City Centre of Petaling Jaya.

It is in close proximity to the Taman Jaya and Asia Jaya LRT stations along the Kelana Jaya LRT Line and this greatly enhances the connectivity and accessibility to the development which in turn will further enhance demand for its development content.

The neighbourhood comprises a number of high-rise commercial buildings i.e. PJ8, Amcorp Mall, Digital Mall, Jaya 33, Jaya One, PJ Hilton and other purpose-built low-rise offices. Residential development varies from landed units mainly found in Sections 1 to 17, to high-rise residential developments namely Ameera Residences, Five Stones, Ken Damansara I to III, Jasmine Tower and University Tower just to name a few, to satisfy the ever-growing demand for residential units within Petaling Jaya. Nonetheless, Petaling Jaya, being a matured city also comprises industrial developments found in Sections 51 and 51A. All of the above aid in creating a gravitational effect for the development.

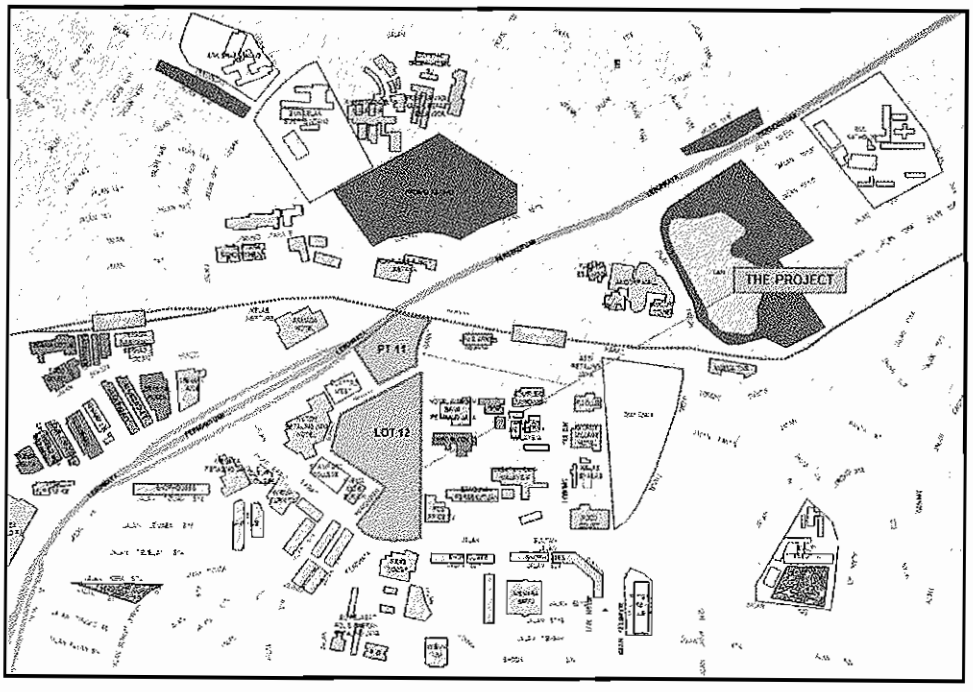
The mature established neighbourhood within which P.J Sentral Land is located means that there are ready purchasers/investors and thus the proposed development will be able to tap into the current unsatisfied demand for new properties in the locality, provided that the concept, design and target market suit the market's appetite. The proposed development will adopt the GBI Gold for the individual building and US LEED Neighbourhood and Township Development Gold rating for the overall development.

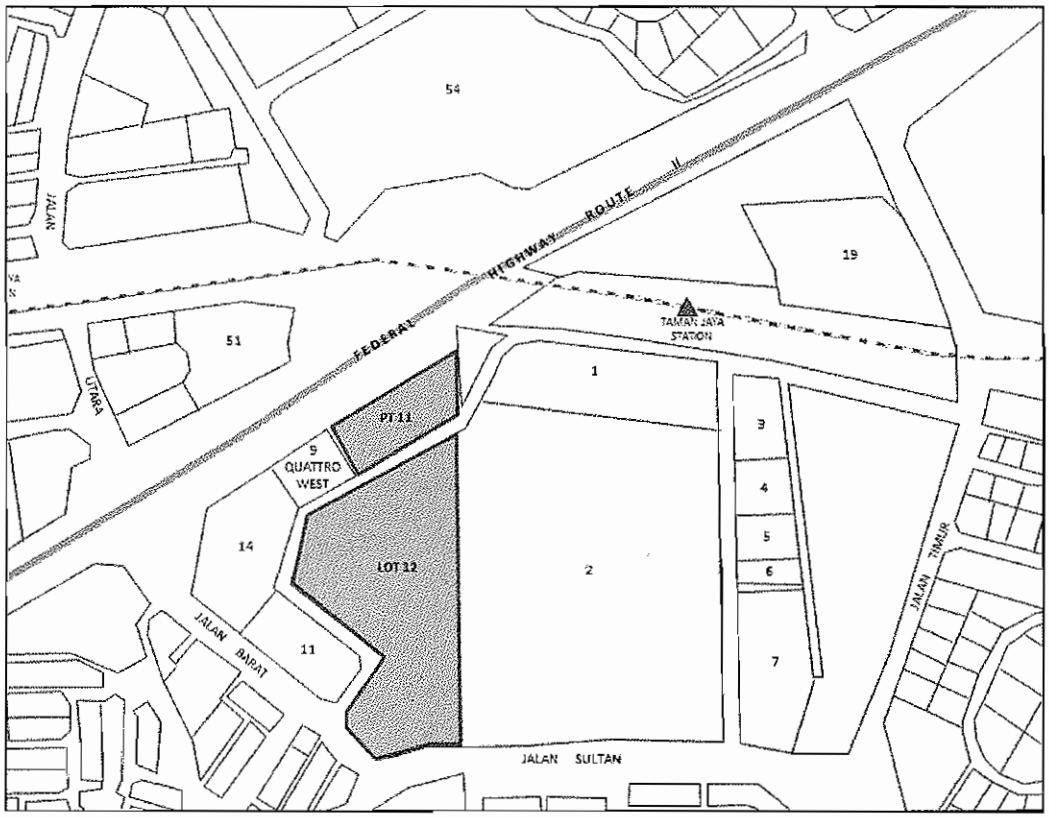
(Source: P.J Sentral Land Market and Feasibility Study by Khong & Jaafar)

P.J Sentral Land will be part of P.J Sentral Garden City development which P.J Sentral Garden City in turn is one of the 11 key Economic Transformation Programme Projects as announced by YAB Dato' Sri Mohd Najib Tun Razak on 16 November 2012 and part of the Greater Kuala Lumpur NKEA. This development will span across 40 acres and poise to be the new green central business district of Selangor, supporting Kuala Lumpur and other business hubs around the city and state as well as redevelop and revitalise the area around Section 52 in Petaling Jaya.

(Source: Announcement of Economic Transformation Programme dated 16 November 2012, www.pemandu.gov.my)

A map of the P.J Sentral Land and its surrounding areas is set out below:





(Source: P.J Sentral Land Market and Feasibility Study by Khong & Jaafar)

The above 3 land parcels namely, Subang Jaya Land, Old Klang Road Land and P.J Sentral Land, measuring approximately 32.74 acres are strategically located within the prime area of Klang Valley. Established infrastructures are expected to bolster its progressive development and demand uptake of its property units. Further, the GDV of the development projects of the Properties is approximately RM5.86 billion over a development period of up to 10 years and hence the MRCB Group is expected to benefit from the revenue, profits and cash flow contributions from the NGD Subsidiaries in the medium to longer term.

Premised on the foregoing, the prospects of the NGD Subsidiaries for the medium to longer term are expected to remain favourable. The NGD Subsidiaries will also able to leverage on the strength and support in property development from MRCB pursuant to the Proposed Acquisition of NGD Subsidiaries as well as initiatives by the Malaysian Government to improve investment and infrastructure spending to drive the growth and demand of Malaysian properties.

4.7.2 Prospects of GHC

GHC is engaged in construction-related activities and acts as project co-ordinator or main contractor. GHC's business is mainly project-based and GHC has been involved in the construction of Giant hypermarkets since 2006.

GHC's existing project consists of the Giant hypermarket projects, Technology Park Malaysia project; and construction works for NGD Subsidiaries, namely P.J Sentral Land development project, Old Klang Road Land development project, Subang Jaya Land development project. Further, GHC has 2 prospective construction projects under the Option Assets namely Lot 1 & 2 of P.J Sentral Land and Filem Negara Land whereby upon obtaining necessary planning approvals for the aforesaid lands, GHC will be appointed as the project co-ordinator or main contractor on the said development projects.

GHC is the appointed as the project co-ordinator or main contractor for the P.J Sentral Land, Old Klang Road Land and Subang Jaya Land development projects and for any future development and construction works of the properties on all lands which are already legally and/or beneficially owned by the subsidiaries of NGD, and in addition, which would be acquired in the future by the subsidiaries of NGD.

In addition, GHC will be paid based on a cost plus model, with payments of a sum equal to the total cost of construction for the development plus a percentage, ranging from 10% to 12%, of the total cost of construction for the development.

Based on the construction projects above, the current order book of GHC stood at RM3.55 billion as of 31 December 2012. Should a valid approval in principle be issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date, the order book of GHC will increase by an additional RM4.34 billion. These construction order books are expected to contribute positively to the earnings and cash flows of the construction division of MRCB in the medium to longer term.

(Source: The management of MRCB and GHC)

We note that construction contracts in the past and present has been awarded to GHC at cost plus 10% to 12% margin which represents the business model of GHC. This business model ensures that GHC will reap an appropriate margin from its projects.

GHC will be able to leverage on the strength and support from MRCB by being the sole project co-ordinator and main contractor for the development of the Properties. The Proposed Acquisition of GHC will also boost the Group's construction order book from RM1.50 billion to RM5.05 billion upon completion of the Proposed Acquisition of GHC. Hence, the Proposed Acquisition of GHC is expected to contribute positively to the earnings and cash flows of the MRCB Group in the medium to longer term.

Further, should a valid approval in principle be issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date, the additional construction order book from the Targeted Lands are expected to contribute positively to the earnings and cash flows of the construction division of MRCB in the longer term.

4.7.3 Prospects of GGS

GGS' wholly-owned subsidiary, GTC is a Multimedia Super Corridor Status company with a Malaysia Communications and Multimedia Commission license and has ISO 9001:2008 certification. With the recognised license, it has established global partnerships with other companies to facilitate the development of products and services provided by GTC. GTC's customers mainly consist of hypermarkets, supermarkets as well as town councils and state governments in Malaysia.

GTC is engaging a third party, Milestone Systems, to OEM Milestone's Video Management Software Suite under GTC's branding. This product has been successfully implemented at KLIA where 2,075 CCTV were installed. Further, GTC is exploring new collaboration with Milestone Systems as a key technology partner, which will provide GTC with new lines of products which can be customised to local requirement.

Apart from Milestone Systems, GTC is looking to engage Malaysian Institute of Microelectronic Systems ("**MIMOS**"), Malaysia's leading Research and Development Agency, as a key technology partner. GTC has evaluated MIMOS' in house Video Analytics Engine and has signed a non-disclosure agreement to explore the potential tie-up. GTC could potentially acquire and further develop the technology previously developed by MIMOS, and enhance its current offerings by integrating it as part of GTC's range of products.

In addition to engaging key technology partners, GTC is continually developing and enhancing its current offerings. Provision of the Command Monitoring Centre ("**CMC**") service and its continual improvement will allow GTC to attend to customers more efficiently to address specific issues with the system. Current developments not only allow CMC to recognise faults but also pinpoint exact causes of issues in the system. This enables GTC to address problems with the system more efficiently than before.

Further, GTC plans to implement its Integrated Enforcement Mobility Systems ("**IEMS**") to police patrol vehicles with the aim of increasing efficiency and providing a unified operator environment, which will significantly improve incident response times. IEMS will allow vital information and data to be channelled to relevant departments and can reduce multiple layers of approval and decision making.

(Source: The management of MRCB and GGS)

Premised on the foregoing, the prospects of GGS is expected to remain favourable as the integrated security services industry is anticipated to further expand as there is an increased demand in provision of integrated security surveillance systems. Additionally, GGS will be able to leverage on the size of MRCB by being the provider of integrated security surveillance services that will complement MRCB's existing business in the similar sector.

4.7.4 Prospects of the MRCB Group

The Group has been involved in urban regeneration and integrated developments as evidenced by the development of Kuala Lumpur Sentral, the integrated development within a transportation hub. The Group has pursuant to the development of Kuala Lumpur Sentral completed RM5.5 billion worth of development, RM7.4 billion of development value in progress, and a further RM2.4 billion value for future development. The Group also completed its first Green Office known as Platinum Sentral which is equipped with Energy Efficient Building features, with seamless connectivity and office solutions.

In evaluating the continuity of commercial and mixed development projects, we have evaluated the Group's recent property development projects. Since 2000, the Group completed about 9 major development projects in KL Sentral vicinity. The list of the projects completed in KL Sentral is set out as follows:

Completed projects	Type of development	Gross Floor Area	GDV	Year of completion
Stesen Sentral Kuala Lumpur	Transportation hub for Kuala Lumpur's integrated rail transportation	996,308 sq ft	RM1.1 billion	2000
Plaza Sentral	Office suites	787,735 sq ft (Phase 1) 845,790 sq ft (Phase 2)	RM255 million (Phase 1) RM324 million (Phase 2)	2001 (Phase1) 2006 (Phase 2)
Menara UEM, Menara MIDA, Menara SSM Quill 7	Office blocks	1,514,974 sq ft	RM610 million	2009

Completed projects	Type of development	Gross Floor Area	GDV	Year of completion
Sooka Sentral	Food and beverages facilities, retail and fitness centre	141,674 sq ft	RM80 million	2007
Hilton and Le Meridien Hotel	5-star international hotels with 932 rooms	997,823 sq ft	Approximately RM1 billion	2003
1 Sentral	30-storey corporate office tower	454,150 sq ft	RM161 million	2007
Suasana Sentral Condominium	2 block comprising of 400 luxury units (a joint venture between MRCB and CapitaLand Residential Limited, Singapore)	918,739 sq ft	RM249 million	2002
Suasana Sentral Loft	2 blocks comprising 600 luxury units (a joint venture between MRCB and UM Land)	918,739 sq ft	RM340.4 million	2008
Platinum Sentral	Commercial and retail development	980,000 sq ft	RM700 million	2011

Following is the list of on-going and future development projects of the MRCB Group:

Newly launched/ on –going projects	Type of development	Gross Floor Area	Estimated GDV	Expected year of completion
Bandar Seri Iskandar, Perak	692 units of residential and 428 commercial properties (Phase 2)	4,000 acres (land area)	RM300 million (Phase 2)	On going
Menara CIMB, KL Sentral	Headquarters for CIMB Investment Bank Berhad	722,922 sq ft	RM404 million	2013
Menara Shell / Ascott Sentral, KL Sentral	Office suite Serviced apartment	1,015,248 sq ft	RM908 million	2013
Aloft Hotel & Office Towers, KL Sentral	Boutique business hotel and 2 office towers (a joint venture between MRCB & ASEANA Properties Limited UK)	348,700 sq ft (hotel) 840,698 sq ft (office)	RM923 million	2013

Newly launched/on-going projects	Type of development	Gross Floor Area	Estimated GDV	Expected year of completion
Nu Sentral / Perdana Sentral, KL Sentral	7-storey retail mall 27-storey office tower	1,296,112 sq ft (Nu Sentral) 609,438 sq ft (Perdana Sentral)	RM1.4 billion	2013
Q Sentral, KL Sentral	Office suites (A joint venture between MRCB and Quill Capital Group)	1,399,593 sq ft	Approximately RM1.2 billion	2015
St Regis Hotel & Residences, KL Sentral	Hotel with 210 rooms and 160 service apartments	1,549,418 sq ft	Approximately RM1.3 billion	2014
The Sentral Residences, KL Sentral	Luxury serviced apartments	1,549,418 sq ft (A joint venture between MRCB and Quill Capital Group)	Approximately RM1.3 billion	2016
Senawang Sentral, Negeri Sembilan	Factories	23 acres (land area)	RM56 million	2015
Selborn 2, Shah Alam	2 office towers with retail podium	463,988 sq ft	RM198 million	To commence in second half 2013 and completion in 2016
Batu Ferringhi Land, Penang	Hotel and luxury residential condominiums	3.34 acres (land area)	RM636 million	2016
Kia Peng Residences, Kuala Lumpur	High end residential condominiums	359,389 sq ft	RM350 million	2016

(Source: The management of MRCB)

In April 2011, Q Sentral, Kuala Lumpur Sentral's Grade A freehold strata office was launched for sales. Q Sentral is a 45-storey office suite development which has achieved more than 63% sales.

With MRCB's joint-venture partner, the Quill group of companies, the parties commenced works on Lot D of KL Sentral. Known as the Sentral Residences, Lot D is being developed as a new luxury condominium with a GDV of about RM1.3 billion. Designed for GBI compliance, the Sentral Residences will complement the completed condominiums within KL Sentral, Suasana Sentral and Suasana Sentral Loft. Launched in September 2011, the Sentral Residences attracted interest with 62% sales achieved, and construction is expected to be completed by 2015.

The other on-going property development projects of the MRCB Group are Selborne 2, an office tower in Shah Alam with an estimated GDV of RM198 million and estimated to be completed in 2016, development of Batu Ferringhi Land, a low density high-end residential condominium with an estimated GDV of RM636 million and is also estimated to be completed in 2016. In January 2011, MRCB acquired a one-acre tract of prime land along Jalan Kia Peng, Kuala Lumpur, earmarked for development of a high-end, high-rise project in the neighbourhood of Kuala Lumpur City Centre. It is slated to be developed over 3 years, the project has an estimated GDV of RM350 million.

In addition, MRCB is developing a major township project in central Perak, namely Bandar Seri Iskandar, aimed at spearheading the socio-economic development of central Perak. The development area of 4,000 acres, it will have a mix of commercial, residential, industrial and recreational land with full public amenities.

In 2011, MRCB acquired 27.41 acres of land in Setapak with conditional approval for mixed development. In July 2011, the Group secured an exclusive right to develop two parcels of Government land that lie adjacent to KL Sentral as part of an on-going transformation of the Brickfields area. MRCB estimates that the project, scheduled to be constructed within the next 2 years, has a GDV of over RM1 billion.

The completed and on-going projects mentioned above has reduced the land banks held by the Group. There are only 39 acres of urban land that is yet to be developed with only 10.6 acres in KL Sentral vicinity. The Proposed Acquisition of NGD Subsidiaries will bode well for the MRCB Group as the Proposed Acquisition of NGD Subsidiaries ensures continuity of commercial and mixed development projects as well as to replenish the land banks.

The Group's ongoing projects in KL Sentral have met its internal sales target. Judging by this track record, the Group would be able to market and achieve high sales target for the products to be launched but subject to any risk associated with the development of properties.

The following are the vacant lands of the MRCB Group:

Vacant Land	Land Size (Acres)	Type of development	Gross Floor Area (sq ft)	Year of launch/ Expected year of completion	GDV (RM'billion)
Setapak Mixed Development	27.41	Mixed property development	4,623,656	To commence in 2013 and completion in 2020	2.620
349 Mixed Development	4.93	Mixed property development	1,795,000	2015 – 2019	1.266
Lot F – Office Tower, KL Sentral	5.70	Office towers	3,147,964	2014 – 2018	2.646
Total	**38.04**				**6.532**

(Source: The management of MRCB)

Based on the table above, MRCB has an undeveloped urban land bank size of 38.04 acres with an estimated potential GDV of RM6.53 billion. The vacant land of 38.04 acres are located in Klang Valley. This will enable MRCB to sustain the earnings growth in the medium to longer term.

Barring any unforeseen circumstances, the Group expects growing demand for property development in Malaysia, notably in growth areas such as Kuala Lumpur and the Klang Valley.

Demand is expected to be supported by favourable demographics in Malaysia (i.e. a large young working population), an accommodative lending environment and better employment outlook. The MRCB Group endeavours to continuously match its products to market demand based on market studies performed.

With the abovementioned proven track record at urban regeneration of the Kuala Lumpur Sentral development, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) should augur well for the prospects of the Group as the Properties are situated in strategic locations in Klang Valley with the key development being the P.J Sentral Garden City Development. Hence, the Proposed Acquisition of NGD Subsidiaries is expected contribute positively to the future earnings of the Group, particularly upon the completion of the projects on the land banks under the NGD Subsidiaries. Thus the future prospects of the MRCB Group can be seen to be optimistic pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

In addition, we note that Mohd Imran, being one of the Vendors, sits on the MRCB Board of GHC and GTC, and was appointed as the Group Chief Operating Officer of MRCB on 1 March 2013. Datuk Mohamad Salim is the Managing Director of GSB and sits on all the boards of the Gapurna group of companies. He also sits on the boards of 3 subsidiaries in MRCB Group. For further details, please refer to Section 2.3.5 of Part A of the Circular.

(Source: Management of MRCB)

Based on the foregoing, the prospects of the enlarged Group in the medium to longer term is expected to be favourable as the Proposed Acquisition of NGD Subsidiaries and Proposed Acquisition of GHC are expected to contribute positively to the Group's profits and cash flows given that the Properties are strategically located in Klang Valley coupled with the Group's established track record in property development and construction in Klang Valley.

4.8 Effects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption

The Proposed Exemption, Proposed IASC and Proposed Amendments will not have any effect on the issued and paid-up share capital, consolidated NA per Share and gearing, consolidated EPS and shareholdings of the substantial shareholders of MRCB.

The proforma effects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Free Warrants on the Company's issued and paid-up share capital, consolidated NA per Share and gearing, consolidated EPS and shareholdings of the substantial shareholders of MRCB are set out below, based on the following scenarios:

SCENARIO A: Excluding the proforma effects of the Proposed Acquisition of 30% of P.J Sentral

SCENARIO B: Including the proforma effects of the Proposed Acquisition of 30% of P.J Sentral

As HwangDBS has been appointed to act as the Independent Adviser to provide the non-interested directors and non-interested shareholders of MRCB with an independent evaluation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), HwangDBS will only evaluate the effects based on Scenario A.

Minimum Scenario:

Assuming that none of the outstanding ESOS options as at the LPD and the Additional ESOS Options are exercised prior to the Entitlement Date.

Maximum Scenario:

Assuming that all the outstanding ESOS options as at the LPD and the Additional ESOS Options are exercised prior to the Entitlement Date.

4.8.1 Share Capital

The issuance of the Consideration Shares and Consideration Warrants will partially settle the Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). The issued and paid-up share capital of MRCB will increase accordingly with the issuance of the Consideration Shares and the new MRCB Shares to be issued to the Vendors upon exercise of the Consideration Warrants.

We note further that the potential exercise of the Free Warrants to be issued concurrently with the issuance of the Consideration Shares and Consideration Warrants would increase the issued and paid-up share capital of MRCB up to a maximum of RM2,433.92 million comprising 2,433.92 million MRCB Shares, assuming exercise of all outstanding ESOS options and full exercise of all Warrants (both Free Warrants and Consideration Warrants) of Scenario A.

4.8.2 NA per MRCB Share and gearing

Based on the audited consolidated financial statements of MRCB as at 31 December 2012 and assuming the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) had been effected on that date, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) will place the Group on a firmer financial position from NA per MRCB share of RM1.02 to a proforma NA per MRCB Share of RM1.15 under the Minimum Scenario and RM1.16 under the Maximum Scenario of Scenario A. The issuance of the Consideration Shares will reduce the gearing ratio of the Group from 2.34 times to 1.65 times under the Minimum Scenario and 1.58 times under the Maximum Scenario of Scenario A.

Assuming the full exercise of the Warrants (both Free Warrants and Consideration Warrants), the proforma NA per MRCB Share will increase to a further RM1.43 in the Minimum Scenario and RM1.44 in the Maximum Scenario of Scenario A. The full exercise of the Warrants (both Free Warrants and Consideration Warrants) will reduce the gearing ratio of the Group from 1.65 times to 1.00 time under the Minimum Scenario and from 1.58 times to 0.97 times under the Maximum Scenario of Scenario A.

Moving forward, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are expected to contribute positively to MRCB. The lower gearing ratio would theoretically reduce financing costs of the MRCB Group and bolster its future profitability.

4.8.3 Earnings and EPS

As the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Free Warrants are expected to be completed in the 3rd quarter of 2013, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Free Warrants are not expected to have any material effect on the earnings of the Group for the FYE 31 December 2013.

Under Scenario A, assuming that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) were completed on 1 January 2012 and based on the aggregate PATMI of the Acquiree Companies of approximately RM1.92 million for the FYE 31 December 2012 and the adjusted weighted average number of MRCB Shares of 1.785 billion (after the issuance of up to 398,709,678 Consideration Shares but before the exercise of the Warrants) and the estimated expenses in relation to the Proposals amounting to approximately RM8.0 million, the EPS for FYE 31 December 2012 would have declined from 4.34 sen to 3.03 sen as a result of the enlarged issued and paid-up share capital after the issuance of the Consideration Shares.

We note that the consolidated EPS of MRCB is expected to be diluted further as a result of the issuance of new MRCB Shares upon the exercise of the Warrants. Nevertheless the eventual impact on the EPS of MRCB will depend on the future earnings generated by the Acquiree Companies and the returns generated by the utilisation of proceeds arising from the issuance of new MRCB Shares upon the exercise of the Warrants.

In this respect, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are expected to contribute positively to the future earnings of the Group for the ensuing financial years due to, amongst others, the earnings contribution from the development of the land banks acquired through the NGD Subsidiaries as well as the construction order book and surveillance contracts of GHC and GGS' subsidiary respectively.

However, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) will result in the Group having to recognise a goodwill on consolidation. Goodwill represents the excess of the cost of acquisition of the Acquiree Companies over the fair value of the Group's share of identifiable net assets at the date of acquisition. The goodwill arising on these acquisitions is included in the Group's financial position and is subject to an annual impairment test. Goodwill is allocated to cash-generating units for purpose of impairment testing.

The impairment losses, if any (pursuant to annual impairment testing) will need to be expensed immediately and may have a significant impact on the earnings of the Group. Please refer to Section 4.9.1 (ii) of this IAL which sets out further explanation on the goodwill and on the MRCB Board's effort to continuously monitor the projects and cashflows of the Group to ensure that the Group's goodwill is supported by the project cashflows of the relevant cash generating units at all times.

Based on the foregoing, we are of the view that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) would benefit the MRCB Group as a whole after taking into consideration the potential earnings contribution from future developments of the Properties pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

4.8.4 Substantial Shareholders' Shareholdings

As part of the Purchase Consideration for the Acquiree Companies under the SSAs, MRCB is to partially satisfy the Purchase Consideration via the issuance of Consideration Shares and Consideration Warrants. In addition, there will be a proposed issuance of Free Warrants which is not conditional upon the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

The Purchase Consideration for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) is to be partially settled via the issuance of the Consideration Shares and as a result, upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and pursuant to the issuance of the Consideration Shares, there will be new substantial shareholders in MRCB, namely GSB, Datuk Mohamad Salim and Datin Yasmin. Datuk Mohamad Salim and Datin Yasmin will have indirect shareholdings in MRCB by virtue of their interest in GSB pursuant to Section 6A of the Act.

As at the LPD, EPF holds 42.16% of the voting shares in MRCB. EPF holds 40% equity interest in NGD while GSB holds the remaining 60% equity interest in NGD. Therefore, NGD, EPF and GSB are deemed PACs for the Proposed Exemption. It is the intention of the respective Vendors to nominate EPF and/or GSB to receive and accept the Consideration Shares and Consideration Warrants on their behalf in accordance with the terms and conditions of the respective SSAs.

The potential shareholdings of the substantial shareholders of MRCB, namely EPF, Lembaga Tabung Haji, GSB, Datuk Mohamad Salim and Datin Yasmin upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) under the Minimum Scenario and Maximum Scenario of Scenario A are illustrated below:

	Minimum Scenario of Scenario A				Maximum Scenario of Scenario A			
	<-------Direct------->		<-------Indirect------->		<-------Direct------->		<-------Indirect------->	
	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%	No. of MRCB Shares	%
EPF [1]	685,457,897	38.37	-		685,457,897	37.26	-	-
Lembaga Tabung Haji	126,532,073	7.08	-		126,532,073	6.88	-	-
GSB [1][2]	298,322,581	16.70	-		298,322,581	16.22	-	-
Datuk Mohamad Salim	-	-	[3] 298,322,581	16.70	-	-	[3] 298,322,581	16.22
Datin Yasmin	-	-	[3] 298,322,581	16.70	-	-	[3] 298,322,581	16.22

Note:

(1) It is the intention of NGD to nominate EPF and GSB to receive and accept the NGD Consideration Shares and NGD Consideration Warrants in place of NGD.

(2) It is the intention of the GHC Vendors and GGS Vendors to nominate GSB to receive and accept the GHC Consideration Shares and GHC Consideration Warrants as well as the GGS Consideration Shares and GGS Consideration Warrants in place of the GHC Vendors and the GGS Vendors respectively.

(3) Deemed interested by virtue of their interests in GSB pursuant to Section 6A of the Act.

Under the Minimum Scenario of Scenario A, upon the issuance of the Consideration Shares, GSB will become a new substantial shareholder of MRCB with direct shareholdings of 16.70% whilst the direct shareholdings of EPF will decrease from 42.16% to 38.37%. Assuming full exercise of the Warrants (both Free Warrants and Consideration Warrants), the direct shareholdings of GSB will decrease to 16.23%, whilst the direct shareholdings of EPF will increase to 38.47%.

Under the Maximum Scenario of Scenario A, upon the issuance of the Consideration Shares, GSB will become a new substantial shareholder of MRCB with direct shareholdings of 16.17% whilst the direct shareholdings of EPF will decrease from 42.16% to 37.26%. Further, assuming full exercise of the Warrants (both Free Warrants and Consideration Warrants), the direct shareholdings of GSB will decrease to 15.76%, whilst the direct shareholdings of EPF will increase to 37.35%.

If the non-interested shareholders of MRCB approved the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption, EPF and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively.

Under such circumstances, depending on how EPF and GSB collectively choose to vote and because of the size of EPF and GSB's shareholdings in MRCB, they may be in a position to determine the outcome of matters requiring shareholders' approval. This will have a bearing particularly for the resolutions on certain corporate actions that only require a simple majority. The manner in which EPF and GSB collectively choose to vote may not be in line with the interest of the non-interested shareholders except for circumstances where EPF and GSB collectively would be required to abstain from voting. For related party transactions, there is adequate minority shareholders protection under the Listing Requirements which amongst others requires EPF and GSB collectively to abstain from voting.

NGD, EPF and GSB as well as their PACs will make the necessary application for the Proposed Exemption from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) pursuant to the Code.

As illustrated in Section 11.4, Part A of the Circular, the shareholdings of the non-interested shareholders of MRCB will decrease from 57.84% to approximately 44.93% and 46.52% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

4.8.5 Implications arising from the Proposed Exemption

As stated in Section 12, Part A of this Circular, the Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, Proposed Acquisition of GGS and Proposed Exemption are inter-conditional upon each other. The Proposed Acquisition of 30% of P.J Sentral is conditional upon the Proposed Acquisition of NGD Subsidiaries but not *vice versa.* Hence, the non-interested shareholders should note the said inter-conditionality with the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) in making a voting decision on the Proposed Exemption.

In addition to the qualitative and quantitative consideration set out in the above sections, the non-interested shareholders of MRCB should also note the possible outcomes of their votes on the Proposed Exemption as set out below:

(i) Assuming that the non-interested shareholders of MRCB vote *in favour of* the Proposed Exemption

If the non-interested shareholders of MRCB vote in favour of the Proposed Exemption and the Proposed Exemption is approved at the EGM, NGD, EPF and GSB as well as their PACs would be able to proceed with its application to the SC for its consideration on the Proposed Exemption.

The SC will consider the application by NGD, EPF and GSB as well as their PACs for the Proposed Exemption which when granted by the SC, would then exempt NGD, EPF and GSB as well as their PACs from the obligation to extend a mandatory offer for the remaining MRCB Shares not already owned by them pursuant to Paragraph 16.1(a), Practice Note 9 of the Code

Accordingly, the Proposed Exemption would allow NGD, EPF and GSB as well as their PACs to collectively increase their shareholdings in MRCB to more than 50% of the enlarged issued and paid-up share capital of MRCB after the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) without the obligation to extend a mandatory offer for the remaining MRCB Shares not already owned by them.

The SC will only consider the application for the Proposed Exemption if MRCB has satisfied the conditions as mentioned in Section 4.2 of this IAL.

The approval of the SC for the Proposed Exemption will facilitate the successful implementation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). Unless the SC approves the application for the Proposed Exemption, which is amongst others, conditional upon the approval of the non-interested shareholders of MRCB, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) cannot be implemented.

As stated in Section 8.1, Part A of the Circular and Section 4.1 of this IAL, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) would allow the MRCB Group to increase its land banks for future development, increase MRCB Group's construction order book and hence, contribute positively to the earnings and cash flows of MRCB Group in the medium to longer term. The Proposed Exemption will facilitate the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral).

Following the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption, NGD, EPF and GSB as well as their PACs may collectively increase their shareholdings in MRCB without incurring any further mandatory offer obligation under Part III of the Code.

Notwithstanding the above, it is pertinent to note that on the assumption that the Proposed Exemption is granted by the SC and upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), NGD, EPF and GSB as well as their PACs will have an obligation to undertake a mandatory offer pursuant to Section 9(1), Part III of the Code under the following circumstances:

(a) in the event either NGD, GSB or their PACs individually or collectively increases their respective voting shares or voting rights in MRCB to more than 33% (other than as a result of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)); or

(b) in the event EPF individually has existing holding of voting shares or voting rights of between 33% but not more than 50% and increases his voting interest in MRCB by more than 2% within any 6-month period (other than as a result of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)).

Pursuant to Paragraph 16.9, Practice Note 9 of the Code, the exemption from the SC, if granted, in respect of the Proposed Exemption will be invalidated should NGD, EPF and GSB and/or any of their PACs trigger a "disqualifying transaction". In the event of the invalidation of the Proposed Exemption, NGD, EPF and GSB as well as their PACs, collectively will be subject to Section 9(1), Part III of the Code to undertake a mandatory offer.

(ii) Assuming that the non-interested shareholders of MRCB vote *against* the Proposed Exemption

Should the non-interested shareholders of MRCB vote against the Proposed Exemption, it will result in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) being aborted due to the inter-conditionality of the Proposed Acquisition of NGD Subsidiaries (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption. Consequentially, the potential benefits arising from the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), as discussed in Section 4.1 of this IAL, will not materialise.

Premised on the above, we are of the view that the Proposed Exemption is reasonable as the Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption are inter-conditional, the approval will allow the implementation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and hence, the potential benefits arising from the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), as discussed in Section 4.1 of this IAL, will materialise.

4.9 Risk factors

In evaluating the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the non-interested shareholders of MRCB should carefully consider the potential risks as set out in Section 9, Part A of the Circular.

We note that although efforts and measures may be taken by the MRCB Board to mitigate such risks, no assurance can be given that the risks will not give rise to material and adverse impact on the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), and the business of the MRCB Group, its competitiveness, financial performance, financial position or prospects thereon.

The non-interested shareholders of MRCB should take note of the following risk factors:

4.9.1 Risk factors in relation to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

(i) Non-completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)

We note that there is a possibility that the SSAs may not be completed due to failure in fulfilling the conditions precedent as set out in the respective SSAs within the stipulated timeframe. In addition, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are conditional upon the approvals from the non-interested shareholders as well as certain authorities and/or parties, as disclosed in Section 12, Part A of the Circular.

There can be no assurance that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) will not be exposed to risks such as the inability to obtain the approvals from the relevant parties and/or inability to comply with the conditions imposed by the relevant authorities, if any.

We note that the MRCB Board intends to take reasonable steps to ensure that the conditions precedent are met within the stipulated timeframe and that every effort is made to obtain all the necessary approvals for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) in order to complete the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) in a timely manner.

Should non-completion occur, MRCB may lose the opportunity to acquire the Acquiree Companies. Consequently, the Company will not be able to reap the benefits of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) as set out in Section 8, Part A of the Circular.

(ii) Goodwill and fluctuations in the fair value of the NGD Subsidiaries

It should also be noted that the following accounting adjustments may have a significant impact on the future earnings and NA of the Group as the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) will result in the Group having to recognise a goodwill. Goodwill as of the Completion Date shall be measured as the excess of (a) over (b) as follows:-

(a) the aggregate of :-

(i) the consideration transferred measured in accordance with Financial Reporting Standard ("**FRS**") 3 (revised), which requires acquisition date fair values;

(ii) the amount of any non-controlling interest in P.J Sentral measured in accordance with FRS 3 (revised),

(b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with FRS 3 (revised). The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The fair value of the Consideration Shares and the Consideration Warrants shall be recognised based on the traded price of the Consideration Shares and the fair value of the Consideration Warrants as at the Completion Date. In the event the share price and fair value of the warrants exceed the Proposed Issue Price of the Consideration Shares of RM1.55 and the indicative fair value of the Consideration Warrants of RM0.23 as at 31 December 2012 respectively on the Completion Date, the difference will result in a higher cost of investment for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) at the Company level and will translate into additional goodwill for the Group.

FRS 136: Impairment of Assets further requires goodwill to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the recoverable amount of a cash generating unit is less than its carrying amount. In the event that the goodwill is not supported by the projected cash flows of the relevant cash generating units, there could be an impairment to the goodwill of the Group, which in turn will have to be expensed immediately.

We note that these are consequential adjustments pursuant to applicable accounting standards. Nonetheless, we also note that the MRCB Board intends to continuously monitor the projects and cashflows of the Group to ensure that the Group's goodwill is supported by the project cashflows of the relevant cash generating units at all times.

(iii) Financing and Interest Rate Risk

As mentioned in Section 2.1.3, Part A of the Circular, the cash consideration will be funded via internally generated funds of MRCB. However, it would depend on the actual cash flow position of MRCB as at the Completion Date and in the event MRCB has insufficient cash flows, bank borrowings may be procured to fund part of the cash consideration. Accordingly, the Group may be exposed to fluctuating interest rates as well as risks in generating sufficient funds to meet its financial repayment commitments on time. Significant increases in interest rates may adversely affect the financial performance of the Group.

In addition, future funding may be required to fund the development project of the Properties as well as for future construction and security surveillance activities via bank borrowings which may be subject to normal terms, conditions and covenants such as cross defaults and recall of borrowings at the financier's discretion. MRCB's ability to arrange for such external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks, the success and track record of MRCB's businesses, provisions of tax and securities laws that may be applicable to MRCB's efforts to raise capital, any restrictions imposed by the relevant authorities and political, social and economic conditions in Malaysia.

In the event that adequate funding is not available when required, or is available only on unfavourable terms, the MRCB Group may not be able to take advantage of business opportunities or respond to competitive pressures and may consequently have a significant impact on the Group's performance.

We note that the Group has taken and will continue to take cognisance of such risks and will take into consideration the gearing level, interest cost as well as internal cash requirements for the business in determining the optimal combination of internally-generated funds and bank borrowings to finance the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the development project of the Properties as well as for the future construction and security surveillance activities.

In addition, the funding requirements of the development project of the Properties may be alleviated as the proposed development could be progressively developed and sold.

4.9.2 Business risks in the property development, construction and security surveillance sectors

(i) Business risks in the property development sector

The development of the Properties will be among some of the larger projects to be undertaken by the MRCB Group. In this connection, the typical business risks faced by the MRCB Group which are inherent in the property development/construction sector would increase. These may include changes in general economic and political conditions, inflation, taxation, interest rates and exchanges rates of foreign currencies and changes in business conditions, amongst others, deterioration in prevailing market conditions, labour and material supply shortages, increase in costs of labour and materials, non-performance or unsatisfactory performance of sub contractors. Any occurrence of the abovementioned events may potentially affect the MRCB Group's business performance.

As at the LPD, the proposed development project of P.J Sentral Land, Old Klang Road Land and Subang Jaya Land have yet to commence. However, the Group expects significant profit contributions from the development of the Properties over the next 10 years are subject to timing of launches and sales take-up.

In order to mitigate the above risk, we note that the Group will continue to monitor closely the progress of the Group's construction projects and endeavour to promptly rectify any setback in order to ensure the Group's performance is not materially and adversely affected. Further, the Group have been and will continue to monitor carefully the demand for the type of properties and affordability of potential buyers for such properties before commencing the development of the properties.

(ii) Cyclical nature of the property market

The development projects of NGD Subsidiaries are expected to commence in 2013. The eventual response to the sales launch will depend on inter alia the appeal of the concept of the project to the targeted market, economic environment of the global and Malaysian economy as well as prevailing market prices of residential and commercial properties around Klang Valley at the time of launch.

We are given to understand that the management of MRCB will be vigilant in its approach when rolling out such development projects in order to unlock the value of the NGD Subsidiaries' land banks which may include amongst others, keeping abreast with the latest development in the property industry, global and domestic economic sentiments, and continuously reviewing the operations and its marketing strategies.

According to MRCB's management, the success of the past and on-going projects of the MRCB Group indicates that MRCB Group has the marketing expertise and experience to deliver products catering to the demand of buyers and to steer the Group towards profitability. Although steps have been taken to mitigate any development risks on the development projects (which include, amongst others, obtaining the development order from Majlis Perbandaran Subang Jaya, Majlis Bandaraya Petaling Jaya and Dewan Bandaraya Kuala Lumpur dated 18 September 2012, 3 December 2012 and 3 August 2012, respectively and obtaining the market and feasibility study on the Properties prepared by Khong & Jaafar dated 28 March 2013, no assurance can be given that any changes in the property market cycle will not have any material adverse effect on the Group arising from the Proposed Acquisition of NGD Subsidiaries.

(iii) Business risks in the construction business sector

The construction industry is dependent on the support of suppliers who are essential in ensuring the continuous supply of labour, construction material and raw material. Any unanticipated delay, due to unforeseen circumstances, insufficient supplies of construction material, labour and raw material will inevitably disrupt the progress of the construction activities for GHC.

Increases in costs of labour, energy, equipment or raw materials such as steel bars, cement, sanitary wares, etc, shortages of labour and raw material, changes in overall global economy, inflation, accidental and other unforeseen causes may have a material adverse effect on the efficiency of operations and financial position of GHC. Delay in the process of obtaining requisite licences, permits or approvals from government agencies or authorities may also increase the cost, or delay or prevent the commercial operation of the relevant project.

Furthermore, the loss or failure in renewing the requisite licences, permits or approvals would adversely affect GHC's ability to continue with its business and operations. Construction delays beyond contractual completion date can result in payment of penalties and/or breach of relevant construction specifications can result in additional liabilities, higher operating costs and reduced profit.

In an effort to mitigate this risk, we note that the Group will seek to limit these business risks as set out in Section 9.4.1, Part A of the Circular, through monitoring the progress of its construction projects and to promptly rectify any setback in order to ensure the Group's performance is not materially and adversely affected.

Accordingly, the Proposed Acquisition of GHC could be viewed as an expansion or complementary of the MRCB Group's business and would not necessarily result in a greater degree of exposure to the risks inherent in the business of the Acquiree Companies and not diversification into a new business which carries new risks.

(iv) Competition risk

We note that MRCB faces competition from other construction and property development companies. In view of the intense competition, local property developers will need to offer competitive pricing to acquire strategically located land banks, secure construction contracts, labour and building materials. Besides, there is also strong competition with respect to selling prices and types of properties.

The property development market is highly competitive and any oversupply of properties due to a mismatch in supply and demand will intensify the level of competition which may, amongst others, affect pricing.

Based on the discussion with management of MRCB, we note that in March 2013, NGD entered into an agreement with MyIPO, a government unit that regulates and supervise over matters relating to intellectual property, to pre-sell Tower 6 in P.J Sentral for about RM250 million or RM850 psf. In December 2012, NGD has sold Tower 3 to Malaysia Building Society Berhad for RM239.24 million. Besides, NGD has also entered into a 21-year lease agreement with Celcom for one of the towers. Thus via the agreements and leases mentioned above GHC has mitigated some of its competition risk.

We note that in order to mitigate this risk, the Group will continue to take effective measures to actively participate in competitive bidding and negotiations to secure contracts, ensure quality products and services and develop innovative marketing strategies to remain competitive.

(v) Delay in completion of projects

The timely development and launch of properties will be dependent on external factors that may be beyond our control, such as obtaining timely approvals from the relevant regulatory authorities, possible tight supply of labour as well as the timely and satisfactory performance of contractors appointed to construct the developments. Should any of the approvals required not be obtained, or should there be any delay in obtaining such approvals, the commencement and completion of development would similarly be delayed.

In an effort to mitigate this risk, we note that the Group will monitor the work schedule of its development projects closely and liaise with the relevant authorities or parties proactively.

We note that the risks set out under Section 4.9.2 (i) to (v) above are risks that are inherent in the property development industry and construction. Nonetheless, we note that the MRCB Group is already involved in the property development and construction business which is in its ordinary course of business and is aware of such inherent risks that subsist within the industry. It is anticipated that the strength of MRCB's management will have the track record and experience to manage such risks.

(vi) Regulation and laws

The construction and property development industries are subject to and governed by, amongst others, the Malaysian Construction Industry Development board Act 1994, the Housing Development (Control and Licensing) Act 1966 (Revised 1973), the Housing Development (Control and Licensing) Regulations 1989, the Housing Developers (Housing Development Account) Regulations 1991, the Strata Titles Act 1985 and the Building and Common Property (Maintenance and Management) Act 2007.

We note that these regulations and laws are subject to change, and changes in, or new interpretations of applicable laws, regulations, or NGD Subsidiaries and/or GHC's non-compliance with any applicable regulations and laws could have material adverse effect on NGD Subsidiaries and/or GHC Group's business and financial performance.

(vii) Business risks in the security surveillance sector

The market for the GGS Group's products and services is subject to inherent risks due to the rapid technological development, evolving industry standards, swift changes in customer requirements, new product introduction and enhancements. The rapid rate of technological advances in the ICT industry may lead to obsolescence of services and products offered by the GGS Group such as security and surveillance products and thus, the Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers and to provide an attractive value proposition to customers.

We note that the Group will seek to limit these business risks through actively pursuing constant improvement in the Group's products and services, keeping abreast of technological evolvement through regular training sessions with the Group's technological partners and attending technical shows which showcase the latest cutting edge technologies available in the market.

Further, the Group will hold regular dialogues with its customers to keep them informed of the technological changes and improvements and also to obtain feedback on their needs and requirements in order for the Group to adapt accordingly.

There is a risk that demand for GGS Group's services and products may decline as competitors may develop and introduce newer and improved technologies in their services and products with better features and functionalities, consequently eroding profit margins and market share of GGS Group.

It should also be noted that any future development or application of new technologies may require significant changes GGS Group's business model or necessitate new investments to facilitate growth in its business and the adoption of new technologies and services.

Hence, there can be no assurance that the technologies employed by the GGS Group would not become obsolete or be subject to competition from alternative or new technologies in the future. Further, it is important to note that rapid technology changes are inherent in the ICT industry and would not only affect the GGS Group, but similar industry players at large.

5. MAJOR SHAREHOLDERS' AND DIRECTORS' INTEREST

Save as disclosed below, none of MRCB's Directors and/or major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption:

5.1 Interested Major Shareholder and/or persons connected to them

As at the LPD, EPF holds 40.00% direct shareholding in NGD and 42.16% direct shareholdings in MRCB.

As such, EPF ("**Interested Major Shareholder**") is deemed interested in the Proposed Acquisition of NGD Subsidiaries. In view of the conditionality of the Proposals as set out in Section 12, Part A of the Circular, EPF is deemed interested in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Exemption, Proposed IASC and Proposed Amendments. Please refer to Section 5.3 of this IAL for the details of the Interested Major Shareholders' shareholdings in MRCB.

As the Interested Major Shareholder is deemed interested in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Exemption, Proposed IASC and Proposed Amendments, it will abstain from voting in respect of its direct and/or indirect shareholdings in MRCB on the relevant resolutions pertaining to the said proposals at the forthcoming EGM of MRCB.

The Interested Major Shareholder has also undertaken to ensure that the persons connected with it will abstain from voting in respect of their direct and/or indirect shareholdings in MRCB, if any, on the relevant resolutions pertaining to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Exemption, Proposed IASC and Proposed Amendments at the forthcoming EGM of MRCB.

5.2 Interested Directors and/or persons connected to them

As at the LPD:

(a) Tan Sri Azlan Zainol, the Non-Independent Non-Executive Chairman of MRCB, was the Chief Executive Officer of EPF at the point the Announcement on the Proposals were made on 8 February 2013. Subsequently, Tan Sri Azlan Zainol has completed his terms of service from his position in EPF with effect from 15 April 2013; and

(b) Datuk Shahril Ridza Ridzuan, the Non-Independent Non-Executive Director of MRCB was appointed as the Chief Executive Officer of EPF with effect from 16 April 2013.

Accordingly, Tan Sri Azlan Zainol and Datuk Shahril Ridza Ridzuan ("**Interested Directors**") are deemed interested in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Exemption, Proposed IASC and Proposed Amendments.

As the Interested Directors are deemed interested in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Exemption, Proposed IASC and Proposed Amendments, they have abstained and will continue to abstain from all deliberations and voting on the said proposals at the relevant MRCB Board meetings of MRCB and will also abstain from voting in respect of their respective direct and/or indirect shareholdings in MRCB on the relevant resolutions pertaining to the said proposals at the forthcoming EGM of MRCB.

The Interested Directors have also undertaken to ensure that the persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in MRCB, if any, on the relevant resolutions pertaining to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), Proposed Exemption, Proposed IASC and Proposed Amendments at the forthcoming EGM of MRCB.

5.3 Interested Major Shareholder and Interested Directors' shareholdings

Based on MRCB's Register of Substantial Shareholders and Register of Directors' Shareholdings as at the LPD, the direct and indirect shareholdings of the Interested Major Shareholder and Interested Directors are as follows:

	Direct interest		Indirect interest	
	No. of MRCB Shares	%	No. of MRCB Shares	%
Major shareholders				
EPF	585,070,800	42.16	-	-
Directors				
Tan Sri Azlan Zainol	-	-	-	-
Datuk Shahril Ridza Ridzuan	500,000	0.04	-	-

Further, as at the LPD, none of the non-interested Directors have any direct and/or indirect shareholdings in the MRCB Shares.

6. DECLARATIONS AND CONFIRMATIONS

6.1 Future plans of the Group

Pursuant to the Third Schedule of the Code, NGD, EPF and GSB as well as their PACs have confirmed that for the next 12 months from the LPD that:

(i) they do not intend to effect any major changes to the continuation of the business of the MRCB Group. Nevertheless, the current management of MRCB may review the business and operations of the MRCB Group and make the necessary arrangements, rationalisation and reorganisation of the MRCB Group if the need arises;

(ii) they do not intend to effect any major changes to the business of the MRCB Group, including any immediate plans to liquidate the MRCB Group, sell its assets or re-deploy the fixed assets or effect any major changes in the shareholding structure of MRCB except where necessary, the current management of MRCB may rationalise the operations and / or the directions of the MRCB Group;

(iii) their long term commercial justification for the Proposed Exemption is to ensure the success of the implementation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral); and

(iv) they do not intend to effect any major immediate changes to the continued employment of the employees of the MRCB Group as a result of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Exemption except where such re-deployment of staff may be effected by the current management of MRCB to rationalise and / or improve the efficiency of the operations of the MRCB Group.

Based on the above confirmation and barring any unforeseen circumstances, we are of the view that NGD, EPF and GSB as well as their PACs intend to continue with the existing businesses of the MRCB Group and have no plan or intention to liquidate MRCB, sell its assets or re-deploy its assets, make any major change to its structure or to dismiss or make redundant its employees.

Accordingly, the Group will be able to focus on enhancing its productivity and business operations which may in turn increase the Group's future profitability and shareholders' return. Furthermore, the above confirmations reflect NGD, EPF and GSB as well as their PACs' commitment and confidence in the prospects of the MRCB Group.

6.2 By MRCB

(a) MRCB has not dealt in its own voting shares or voting rights during the period commencing 6 months prior to the Announcement and up to the LPD.

(b) MRCB does not hold, directly or indirectly, any voting shares or voting rights and/or convertible securities and/or any other interest in NGD, EPF and GSB as at LPD.

(c) During the period commencing 6 months prior to the Announcement and up to the LPD, MRCB has not dealt in any voting shares or voting rights and/or convertible securities and/or any other interest in of NGD, EPF and GSB.

6.3 Directors of MRCB

(a) Save as disclosed below, the Directors of MRCB do not hold, directly or indirectly, any voting shares or voting rights and/or convertible securities and/or any other interests in MRCB as at the LPD:

Name	Direct No. of MRCB Shares	%	Indirect No. of MRCB Shares	%
Datuk Shahril Ridza Ridzuan	500,000	0.04	-	-

(b) None of the Directors of MRCB have dealt, directly or indirectly, in the voting shares or voting rights and/or convertible securities and/or any other interests in MRCB during the period commencing 6 months prior to the Announcement and up to the LPD.

(c) The Directors of MRCB do not hold, directly or indirectly, any voting shares or voting rights and/or convertible securities and/or any other interests in NGD, EPF and GSB as at the LPD.

(d) None of the Directors of MRCB have dealt, directly or indirectly, in the voting shares or voting rights and/or convertible securities and/or any other interests in NGD, EPF and GSB during the period commencing 6 months prior to the Announcement and up to the LPD.

(e) Save as disclosed above, none of the Directors of MRCB holds any other interest in MRCB, NGD, EPF and GSB.

7. FURTHER INFORMATION

Please refer to Part A of the Circular and Appendices to the Circular for further information.

8. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Exemption and have set out our evaluation in Section 4 of this IAL. The non-interested shareholders of MRCB should consider carefully the merits and demerits of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Exemption based on all relevant and pertinent factors including those set out below and other considerations as set out in Part A of the Circular and other publicly available information before voting on the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Exemption to be tabled at the forthcoming EGM of MRCB.

In our evaluation, we have taken into consideration both quantitative and qualitative aspects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and the Proposed Exemption which are set out in this IAL, as summarised below:

Quantitative Aspects		
(i)	**Evaluation of the Proposed Acquisition of NGD Subsidiaries**	The NGD Consideration of RM459,000,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the following: (a) the aggregate audited consolidated NA of the NGD Subsidiaries as at 31 December 2011, being the latest available audited financial statements as at the date of the NGD SSA and the effective equity interest of NGD in the respective NGD Subsidiaries; (b) adjustment for the capitalisation of Related Party Advances into new convertible loan stocks or redeemable preference shares or other convertible securities to be issued by the relevant NGD Subsidiaries on which the failure of such would lead to the downward adjustment of Consideration Shares and Consideration Warrants to be issued by MRCB to NGD towards satisfaction of the Pre-Adjustment Purchase Consideration; and (c) adjustment for revaluation surplus on the Properties based on the market value of the Properties as appraised by CH Williams using the residual method as the primary method and the comparison method as a check method of valuation and net of deferred tax of 25% from the revaluation surplus on the Properties in consideration, subsequently discounted at 15% over a period of 3 to 7 years. The NA of the NGD Subsidiaries, based on the effective equity interest of NGD in the respective NGD Subsidiaries, increased from RM249.95 million to RM266.41 million, which represents an increase of approximately 6.58% from FYE 31 December 2011 to FYE 31 December 2012. Although there has been an increase in the NA of the NGD Subsidiaries during the FYE 31 December 2012, we note that the NGD Consideration was arrived at based on the NA of the NGD Subsidiaries as at 31 December 2011. Further, we note that the assets held by the NGD Subsidiaries as set out in their respective financial statements are substantially the said lands held for development, and accordingly have been sufficiently accounted for in arriving at the NGD Consideration.

Quantitative Aspects		
		Accordingly, we are of the view that the basis on which the NGD Consideration was arrived at based on the NA of the NGD Subsidiaries as at 31 December 2011 after adjusting for the Recapitalisation Amount, revaluation surplus on the Properties and the deferred taxation on revaluation of the Properties is reasonable. Further, given that the NGD Consideration was based on the abovementioned parameters and given the increase in the NA of the NGD Subsidiaries during the FYE 31 December 2012, we are of the view that the basis on which the NGD Consideration was arrived at is reinforced and remain reasonable.
(ii)	**Evaluation of the Proposed Acquisition of GHC**	The GHC Consideration of RM250 million is below the valuation range of GHC as ascribed by EY of RM260 million to RM310 million. Premised on our evaluation, the key basis and assumptions and the discount rates adopted by EY in arriving at the fair value for the entire equity interest in GHC of RM260 million to RM310 million is fair. In addition, GHC Consideration of RM250 million is fair as it is below the valuation range of GHC as ascribed by EY. Supplementing our evaluation on the GHC Consideration, we have also used the comparable companies analysis which compares the relevant implied valuation multiples based on the GHC Consideration against the relevant trading multiples of listed comparable companies of GHC. However, it should be noted that whilst the implied PER, EV/EBITDA and PBR of the GHC Consideration values GHC significantly higher against its comparable companies, GHC's has a construction order book is also significantly higher than the comparable companies of GHC. As the contract order book of GHC is different from the comparable companies of GHC in terms of size, the comparable companies analysis may not be primarily relied upon as a valuation methodology and the primary method would be the DCF methodology as it takes into consideration, amongst others, the potential of GHC moving forward based on its construction order book, future earnings and cash flows achievability.
(iii)	**Evaluation of the Proposed Acquisition of GGS**	The GGS Consideration was arrived at after taking into consideration, among others, the earning potential of the GGS business, the audited consolidated PAT and NA of GGS as at 31 December 2011 as well as the existing long term contracts of its subsidiary over a period of up to 19 years with a total contract value of approximately RM245 million. The GGS Consideration translates to: ▪ An implied PER of 5.95 times based on the audited consolidated financial statements which is below the average and median PER of the comparable companies of GGS.

Quantitative Aspects		
		▪ An implied EV/EBITDA of 5.67 times based on the audited consolidated financial statements which is higher than the average and median EV/EBITDA of the comparable companies of GGS. Further to our discussion with management of MRCB, we note that GTC's customers with long-term contracts tend to enter into leasing contracts which required GTC to incur borrowings to finance the system implementation costs for customers upfront and thereafter receive income from the customers over the lease period. ▪ An implied PBR of 0.45 times based on the audited consolidated financial statements which is below the average and median PBR of the comparable companies of GGS. However, we wish to highlight that the PBR method of valuation may not be entirely appropriate in the evaluation of the Proposed Acquisition of GGS due to the nature of GGS' business which is principally service-based and is therefore, asset-light. We also note that the EV/EBITDA method of valuation may not be primarily relied upon in the evaluation of the Proposed Acquisition of GGS due to the nature of GGS' business which incurs borrowings to finance the system implementation costs for customers upfront and thereafter receive income from the customers over the lease period. Accordingly, the financial statements of GGS reveal the higher debt level of GGS which is supported by the quantum of finance lease receivables from the customers. While we note the prospects of GGS enjoying a stream of earnings and cash flows from the abovementioned customers, GGS also faces financing risk and business risk as a consequence. Therefore, we are of the view that the PER is the appropriate primary valuation methodology on the basis that GGS has a profit track record. It should be noted however, that GGS, as an unlisted private company, may not be able to demand the same valuation metrics as other comparable listed companies. As an unlisted private company, there is no readily available market for the securities of GGS as compared to the listed securities of its comparable companies.
(iv)	**Evaluation of the Proposed Issue Price**	**(a) Historical trading price** Based on the historical share price analysis, the Proposed Issue Price of RM1.55 per Consideration Share is within the range of the highest and lowest traded market price of the MRCB Shares for the past 12 months prior to 7 February 2013 and represents a premium of 25.00% to the last transacted price on 7 February 2013; and represents a premium of between 1.31% to 20.16% over the 5-day, 1-month and 3-month VWAP of MRCB up to 7 February 2013.

Quantitative Aspects		
		However, the Proposed Issue Price represents a discount of 3.73% over the 6-month VWAP of MRCB up to 7 February 2013. **(b) Comparable companies analysis** Based on the analysis of the Proposed Issue Price, the implied PER, EV/EBITDA and PBR is higher than the simple average PER, EV/EBITDA and PBR of the comparable companies of MRCB.
(v)	**Evaluation of the Consideration Warrants**	The exercise price of Consideration Warrants of RM2.30 is at a significant premium of 78.29% or RM1.01 to the 5-day VWAP of MRCB Shares up to and including 7 February 2013 of RM1.29. The Consideration Warrants are currently "out-of-the-money" and have no intrinsic value. Nonetheless, based on our computation, the theoretical value attached to each Consideration Warrant issued is RM0.19.
(vi)	**Financial effects of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral)**	▪ The issued and paid-up share capital of MRCB will increase accordingly with the issuance of the Consideration Shares and the new MRCB Shares to be issued to the Vendors upon exercise of the Consideration Warrants. ▪ Pursuant to the issuance of the Consideration Shares, there will be new substantial shareholders in MRCB, namely GSB, Datuk Mohamad Salim and Datin Yasmin. Datuk Mohamad Salim and Datin Yasmin will have indirect shareholdings in MRCB by virtue of their interest in GSB pursuant to Section 6A of the Act. The direct shareholdings of EPF will decrease upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). ▪ The proforma NA per MRCB Share will increase upon the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). ▪ The proforma gearing of the Group will decrease upon the completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). ▪ The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) are not expected to have any material effect on the earnings of the Group for the FYE 31 December 2013. However, the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) will result in the Group having to recognise a goodwill which is subject to an annual impairment test. The impairment losses, if any (pursuant to annual impairment testing) will need to be expensed immediately and may have a significant impact on the earnings of the Group.

Qualitative Aspects		
(vii)	**Rationale for the Proposed Acquisition of the NGD Subsidiaries**	The Proposed Acquisition of NGD Subsidiaries is in line with the MRCB Group's plans to replenish its depleting urban land banks at strategic locations within the Klang Valley for future property development projects.
(viii)	**Rationale for the Proposed Acquisition of GHC**	The Proposed Acquisition of GHC would enable MRCB to further enhance of MRCB's construction order book by approximately RM3.55 billion. In addition, GHC will also participate in the developments of Lot 1 & 2 of P.J Sentral Land and Filem Negara Land in the event a valid approval in principle has been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date which would potentially increase the order book of MRCB by another RM4.34 billion over the next 10 years.
(ix)	**Rationale for the Proposed Acquisition of GGS**	The Proposed Acquisition of GGS would broaden the business base and is expected to complement MRCB Group's current security and surveillance business and operations. In addition, GTC's existing secured contracts is expected to provide continuous stream of earnings and cash flows to the Group for a period of up to 19 years.
(x)	**Rationale for the Proposed Exemption**	Upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and after the issuance of the Consideration Shares, EPF and GSB will collectively hold 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively. As a consequence of the proposed issuance of the Consideration Shares together with the Consideration Warrants by MRCB to EPF and GSB pursuant to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), the collective shareholdings of EPF and GSB as well as their PACs will increase by more than 2%, from 42.16% to 55.07% and 53.48% of the issued and paid-up share capital of MRCB under the Minimum Scenario and Maximum Scenario of Scenario A respectively, hence triggering a mandatory offer for the remaining MRCB Shares not already owned by them. As it is not the intention of NGD, EPF and GSB as well as their PACs to undertake such a mandatory offer, NGD, EPF and GSB as well as their PACs intend to seek an exemption from the SC under Paragraph 16.1(a) of Practice Note 9 of the Code from the obligation to undertake a mandatory offer for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). The Proposed Exemption is essential in order for MRCB to proceed with the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) as the Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption are inter-conditional upon each other.

Qualitative Aspects		
(xi)	**Evaluation of the salient terms of the SSAs, the Right of First Refusal & Call Option and the Profit Guarantee Agreement**	The salient terms contained in the SSAs, Right of First Refusal & Call Option and Profit Guarantee Agreement are reasonable as the interest of MRCB is safeguarded where MRCB is provided with reasonable recourse, no preferential treatment is given to the respective Vendors of the Acquiree Companies and sufficient time is given to MRCB for claims to be made (if any) against the respective Vendors of the Acquiree Companies.
(xii)	**Overview and prospects of the economy and industry of the Acquiree Companies and the MRCB Group**	For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance. The 3 land parcels measuring approximately 32.74 acres which are owned by the NGD Subsidiaries are strategically located within the prime area of Klang Valley. Established infrastructures are expected to bolster its progressive development and demand uptake of its property units. Further, the GDV of the development projects of the Properties is approximately RM5.86 billion over a development period of up to 10 years and hence the MRCB Group is expected to benefit from the revenue, profits and cash flow contributions from the NGD Subsidiaries in the medium to longer term. Further, the Right of First Refusal & Call Option Agreement will also enable MRCB to have the right to acquire additional strategically-located urban land banks from two other NGD subsidiaries and further bolster the Group's urban land banks and potential property development efforts. GHC has a current construction order book of RM3.55 billion which may potentially increase by an additional RM4.34 billion in the event a valid approval in principle has been issued for the grant of the project on the Targeted Lands to a subsidiary company of NGD on or before the Completion Date. Hence, the Proposed Acquisition of GHC is expected to contribute positively to the earnings and cash flows of the MRCB Group in the medium to longer term. The prospects of GGS is expected to remain favourable as the integrated security services industry is anticipated to further expand as there is an increased demand in provision of integrated security surveillance systems. Additionally, GGS will be able to leverage on the size of MRCB by being the provider of integrated security surveillance services that will complement MRCB's existing business in the similar sector. The prospects of the enlarged Group in the medium to longer term is expected to be favourable as the Proposed Acquisition of NGD Subsidiaries and Proposed Acquisition of GHC are expected to contribute positively to the Group's profits and cash flows given that the Properties are strategically located in Klang Valley coupled with the Group's established track record in property development and construction in Klang Valley.

Qualitative Aspects		
(xiii)	**Implications arising from the Proposed Exemption**	In the event that the non-interested shareholders vote in favour of the Proposed Exemption and the application is subsequently approved by the SC; the approval will facilitate the successful implementation of the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral). However, if the Proposed Exemption is not approved by the non-interested shareholders of MRCB or the SC, the obligation to undertake the mandatory offer will not arise as it will result in the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) being aborted due to the inter-conditionality of the Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC, the Proposed Acquisition of GGS and the Proposed Exemption. Consequently, the potential benefits arising from the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral), as discussed in Section 4.1 of this IAL, will not materialise.
(xiv)	**Risk factors**	As the MRCB Group is already involved in the property development and construction business, the risk factors highlighted in Section 4.9 of the IAL is inherent to the MRCB Group. The Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) could be viewed as an expansion or complementary of the MRCB Group's businesses, and accordingly, would not necessarily result in the enlarged MRCB Group being exposed to a greater degree of exposure to the risks inherent in the businesses of the Acquiree Companies and not diversification into a new business which carries new risks.

Based on the above and our evaluation as a whole, we are of the view that the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption are **FAIR AND REASONABLE** and not detrimental to the non-interested shareholders of MRCB.

Accordingly, we advise and recommend the non-interested shareholders of MRCB to **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption to be tabled at the forthcoming EGM of MRCB.

We have not taken into consideration any specific investment objective, financial situation and particular need of any individual non-interested shareholders of MRCB. The MRCB Board recommends that any non-interested shareholder of MRCB who requires advice in relation to the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption in the context of their individual investment objectives, financial situation or particular needs, should consult their respective stockbroker, bank manager, accountant, solicitor or other professional adviser.

Yours faithfully
for and on behalf of
HWANGDBS INVESTMENT BANK BERHAD

KENNY YONG
Senior Vice President & Co-Head
Corporate Finance

ANDREW CHOU
Senior Vice President & Co-Head
Corporate Finance

1. HISTORY AND PRINCIPAL ACTIVITIES

MRCB was incorporated in Malaysia as a private company under the Act on 21 August 1968 under the name Perak Carbide Corporation Sdn Bhd. Subsequently, MRCB was listed on the stock exchange in Malaysia on 22 March 1981 and is presently listed on the Main Market of Bursa Securities. On 12 October 1981, MRCB assumed its present name.

MRCB is principally an investment holding company. MRCB also engages in construction related activities, infrastructure, property development and investment and provision of management services to its subsidiaries. MRCB Group is principally involved in property development and investment, building services, environmental engineering, infrastructure and engineering and construction related activities.

Further details of its subsidiaries, associated companies and jointly-controlled companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The authorised and issued and fully paid-up share capital of MRCB as at the LPD is as follows:

	No. of Shares	Amount (RM)
Authorised	2,000,000,000	2,000,000,000
Issued and paid-up	1,387,811,179	1,387,811,179

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of MRCB (holding 5% or more in the share capital) and their shareholdings as disclosed in the Register of Substantial Shareholders' Shareholdings as at the LPD are as follows:

Substantial Shareholder	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
EPF	585,070,800	42.16	-	-
Lembaga Tabung Haji	118,030,973	8.50	-	-

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4. BOARD OF DIRECTORS

The Directors of MRCB and their respective shareholdings in MRCB as disclosed in the Register of Directors and Directors' Shareholding as at the LPD are as follows:

Directors/ (Designation)	Nationality	Direct		Indirect	
		No. of Shares held	% held	No. of Shares held	% held
Tan Sri Azlan Zainol (Non-Independent Non Executive Chairman)	Malaysian	-	-	-	-
Datuk Shahril Ridza Ridzuan (Non-Independent Non Executive Director)	Malaysian	*500,000	0.04	-	-
Dato' Abdul Rahman Ahmad (Independent Director)	Malaysian	-	-	-	-
Dato' Ahmad Ibnihajar (Independent Director)	Malaysian	-	-	-	-
Che King Tow (Independent Director)	Malaysian	-	-	-	-
Dato' Chong Pah Aung (Independent Director)	Malaysian	-	-	-	-
Jamaludin Zakaria (Independent Director)	Malaysian	-	-	-	-

Note:
* Shares held in CDS account as follows:
a) Tasec Nominees (Tempatan) Sdn Bhd – 500,000

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5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries of MRCB as at the LPD are as follows:-

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
Direct subsidiaries			
Cosy Bonanza Sdn. Bhd.	1 October 2007 Malaysia	65.70	Property Development
348 Sentral Sdn. Bhd.	9 October 2006 Malaysia	100.00	Leasing of office and service residence space
59 INC Sdn. Bhd.	30 July 2009 Malaysia	100.00	Property development and property investment
Cheq Point (M) Sdn. Bhd.	26 August 1983 Malaysia	75.00	Under member's voluntary liquidation (Charge card services and investment holding)
Country Annexe Sdn. Bhd.	16 July 1997 Malaysia	70.00	Construction and property development
Excellent Bonanza Sdn. Bhd.	5 June 2007 Malaysia	60.00	Property Development
Harmonic Fairway Sdn. Bhd.	12 March 1997 Malaysia	100.00	Under member's voluntary liquidation (Investment holding)
KONSORTIUM KOP-HG-MRCB-ISOPLAS	Unincorporated	100.00	Design and build transmission line and substation
Kuala Lumpur Sentral Sdn. Bhd.	7 November 1994 Malaysia	74.00	Property development
Landas Utama Sdn. Bhd.	24 August 1995 Malaysia	100.00	Dormant (Investment holding)
Mafira Holdings Sdn. Bhd.	30 September 1981 Malaysia	100.00	Dormant (Investment holding)
Milmix Sdn. Bhd.	17 December 1991 Malaysia	100.00	Civil and infrastructure building contractor
MR Construction Sdn. Bhd.	29 April 1982 Malaysia	50.80	Under member's voluntary liquidation (construction)
MR Enterprises Sdn. Bhd.	4 May 1982 Malaysia	100.00	Under member's voluntary liquidation (construction)
MR Management Sdn. Bhd.	4 May 1982 Malaysia	100.00	Under member's voluntary liquidation (Investment holding and management services)
MR Securities Sdn. Bhd.	16 July 1982 Malaysia	100.00	Dormant (Investment holding)
MR-H Piling and Civil Engineering (M) Sdn. Bhd.	27 January 1983 Malaysia	51.00	Under member's voluntary liquidation (Piling and civil engineering)
MRCB Ceramics Sdn. Bhd.	4 May 1982 Malaysia	100.00	Dormant (manufacturing, distribution and sale of ceramic tiles)

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
Direct subsidiaries (cont'd)			
MRCB Dotcom Sdn. Bhd.	22 February 1982 Malaysia	100.00	Under member's voluntary liquidation (Planning and management services)
MRCB DMIA JV Sdn. Bhd. (formerly known as Gemas Infiniti Sdn. Bhd.)	25 September 2012 Malaysia	100.00	Pre-operation
MRCB Energy International Sdn. Bhd.	5 February 1998 Malaysia	100.00	Under member's voluntary liquidation (Pre-operation)
MRCB Engineering Sdn. Bhd.	27 February 1982 Malaysia	100.00	Engineering and construction services
MRCB Environmental Services Sdn. Bhd.	23 November 2000 Malaysia	100.00	Investment holding
MRCB Green Energy Sdn. Bhd.	27 July 2007 Malaysia	100.00	Pre-operation
MRCB Intelligent Systems and Control Sdn. Bhd.	5 February 1998 Malaysia	100.00	Under member's voluntary liquidation (System maintenance and application services and other technological applications)
MRCB Land Sdn. Bhd.	9 September 1980 Malaysia	100.00	Dormant (Project management and development services)
MRCB Prasarana Sdn. Bhd.	23 January 1978 Malaysia	100.00	Project management and investment holding
MRCB Property Management Sdn. Bhd.	3 July 1973 Malaysia	100.00	Dormant (Property investment and management)
MRCB Technologies Sdn. Bhd.	14 November 2000 Malaysia	100.00	Information technology services and professional outsourcing
Malaysian Resources Development Sdn. Bhd.	22 January 1976 Malaysia	100.00	Property development and investment holding
Malaysian Resources Sentral Sdn. Bhd.	15 August 2000 Malaysia	100.00	Provision of facility management
MRCB Trading Sdn. Bhd.	7 June 1982 Malaysia	100.00	Under member's voluntary liquidation (Trading and building materials)
MRCB Sentral Properties Sdn. Bhd.	14 November 1990 Malaysia	100.00	Property development and property investment
MRCB Utama Sdn. Bhd.	12 May 1983 Malaysia	100.00	Property development
Onesentral Park Sdn. Bhd.	13 February 1996 Malaysia	100.00	Property development
Paradigma Berkat Sdn. Bhd.	14 September 2011 Malaysia	70.00	Property Development
Prema Bonanza Sdn. Bhd.	11 December 2006 Malaysia	51.00	Property development

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
Direct subsidiaries (cont'd)			
Region Resources Sdn. Bhd.	25 April 1983 Malaysia	100.00	Engineering and construction services
Semasa ACE Urusharta Sdn. Bhd.	27 November 2000 Malaysia	100.00	Under member's voluntary liquidation (Pre-operation)
Sibexlink Sdn. Bhd.	13 February 1996 Malaysia	100.00	Under creditors voluntary liquidation (Sales of business information and website development)
Semasa District Cooling Sdn. Bhd.	20 March 1998 Malaysia	100.00	Dormant (One-stop card technology services provider)
Semasa Parking Sdn. Bhd	6 August 1997 Malaysia	100.00	Car park management
Semasa Sentral Sdn. Bhd.	4 May 1982 Malaysia	100.00	Operation, management and maintenance of the Kuala Lumpur Sentral railway station
Semasa Sentral (Penang) Sdn. Bhd.	8 December 1995 Malaysia	100.00	Operation, management and maintenance of Penang Sentral
Semasa Services Sdn. Bhd.	11 August 1978 Malaysia	100.00	Building services
Sooka Sentral Sdn. Bhd.	27 November 2000 Malaysia	100.00	Operation, management and maintenance of retail centre
Superview Development Sdn. Bhd.	27 December 1979 Malaysia	100.00	Property development, management and shares trading
SynarGym Sdn. Bhd.	3 April 1996 Malaysia	100.00	Managing and operating a fitness centre
Transmission Technology Sdn. Bhd.	7 June 1982 Malaysia	100.00	Engineering, construction services and commissioning of transmission lines and substations
TTSB-SPK Consortium	Unincorporated	100.00	Design and build transmission line and substation
Lotus Terrain Sdn Bhd	28 November 2012 Malaysia	100.00	Pre-operation
Held through 100% ownership by 348 Sentral Sdn. Bhd.			
348 Sentral Office Sdn. Bhd.	15 April 2003 Malaysia	100.00	Pre-operation
348 Sentral Service Residence Sdn. Bhd	17 April 2008 Malaysia	100.00	Pre-operation
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.			
Unity Portfolio Sdn. Bhd.	14 March 1997 Malaysia	74.00	Property management

5. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Held through 100% ownership by MRCB Engineering Sdn. Bhd.			
MRCB (Thailand) Ltd.	1 August 2006 Thailand	100.00	Pre-operation
Held through 55% ownership by MRCB Environmental Services Sdn. Bhd.			
MRCB Environment Sdn. Bhd.	14 November 2000 Malaysia	55.00	Infrastructure and environmental engineering
Held through 100% ownership by MRCB Prasarana Sdn. Bhd.			
MRCB Lingkaran Selatan Sdn. Bhd.	27 November 2000 Malaysia	100.00	Design, development, construction, project management, operations and maintenance of the expressway known as Eastern Dispersal Link, Johor Bahru
Held through 100% ownership by MRCB Lingkaran Selatan Sdn. Bhd.			
MRCB Southern Link Berhad	28 November 1995 Malaysia	100.00	Design, development, construction, project management and financing of expressway and infrastructure related project
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.			
Bitar Enterprises Sendirian Berhad	14 February 1969 Malaysia	100.00	Property development and investment holding
Held through 70% ownership by Bitar Enterprises Sdn. Bhd.			
MRCB Land (Australia) Pty. Ltd.	8 January 2008 Australia	70.00	Property development
Held through 100% ownership by MRCB Land (Australia) Pty. Ltd.			
MRCB Project Incorporated Pty. Ltd.	29 July 2011 Australia	70.00	Property development
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.			
MR Properties Sdn. Bhd.	19 May 1982 Malaysia	100.00	Under member's voluntary liquidation (Property development)
Golden East Corporation Sdn. Bhd.	27 September 1977 Malaysia	100.00	Dormant (Property development and management)
Seri Iskandar Utilities Corporation Sdn. Bhd.	6 December 1995 Malaysia	100.00	Under member's voluntary liquidation
Sunrise Properties Sdn. Bhd.	14 August 1981 Malaysia	100.00	Dormant (Property development)
Taiyee Development Sdn. Bhd.	15 April 1981 Malaysia	100.00	Under member's voluntary liquidation (Property development)
MRCB Property Development Sdn. Bhd.	23 May 1979 Malaysia	100.00	Dormant (Investment holding)

5. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Held through 100% ownership by MRCB Property Development Sdn. Bhd.			
MRCB Cahaya Mutiara Sdn. Bhd.	28 August 1981 Malaysia	100.00	Under member's voluntary liquidation (Property development and management
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.			
Seri Iskandar Development Corporation Sdn. Bhd.	3 April 1978 Malaysia	70.00	Property development
Held through 100% ownership by Region Resources Sdn. Bhd.			
Syarikat Gemilang Quarry Sdn. Bhd.	26 October 1994 Malaysia	100.00	Under member's voluntary liquidation (Quarry operations)
Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.			
Zen Concrete Industries Sdn. Bhd.	8 March 1982 Malaysia	38.60	Under court order creditor liquidation (Manufacturing and sale of pre-stressed spun concrete poles)
Held through 100% ownership by MR Securities Sdn. Bhd.			
Semasa Security Sdn. Bhd.	15 May 2000 Malaysia	100.00	Dormant (Security guard services)
Associates:			
Nuzen Corporation Sdn. Bhd.	24 June 1999 Malaysia	30.00	Investment holding
One IFC Sdn. Bhd.	5 February 2007 Malaysia	30.00	Investment holding
Penang Sentral Sdn. Bhd.	1 November 2007 Malaysia	49.00	Property development
Suasana Sentral Two Sdn. Bhd.	16 March 2004 Malaysia	30.00	Property development
Ekovest-MRCB JV Sdn. Bhd. (formerly known as KL Bund Sdn. Bhd.)	21 November 2008 Malaysia	40.00	Property development
UEMB – MRCB JV Sdn. Bhd. (formerly known as Intria Urus Sdn. Bhd.)	23 July 1997 Malaysia	49.00	Project Management
Kota Francais (M) Sdn. Bhd.	26 April 1997 Malaysia	20.00	Dormant (Franchising property management and consultancy)
Ekovest-MRCB Construction Sdn Bhd	26 March 2012 Malaysia	40.00	Beautification work under River of Life project

Jointly Controlled Entities:			
Nu Sentral Sdn. Bhd.	22 November 2006 Malaysia	51.00	Property investment and management
Bisraya Construction-MRCB Engineering Consortium	Unincorporated	30.00	Engineering services and construction

6. PROFIT AND DIVIDEND RECORD

The consolidated audited results of the MRCB Group for the past three (3) FYE 31 December 2010 to 2012 are as follows:

	< ----------FYE 31 December---------->		
	2010 RM'000	**2011 RM'000**	**2012 RM'00**
Revenue	1,067,579	1,226,705	1,283,204
Profit before taxation	97,575	123,313	134,002
Income tax expense	(23,781)	(15,326)	(42,835)
Profit after tax and minority interests	73,794	107,987	91,167
Minority Interest	(6,526)	(14,463)	(31,045)
Profit attributable to equity holders of the company	67,268	93,524	60,122
Basic earnings per share (sen)	5.19	6.75	4.34
Gross dividend rate (sen)	1.50	2.00	2.00

7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of assets and liabilities of the MRCB Group for the past three (3) FYE 31 December 2010 to 2012 are as follows:

	< ----------FYE 31 December---------->		
	2010 RM'000	**2011 RM'000**	**2012 RM'000**
Total assets	4,388,340	5,408,484	5,954,817
Total liabilities	3,066,863	3,994,168	4,467,472
Share capital	1,382,432	1,386,155	1,387,811
Net assets	1,286,225	1,376,185	1,418,201
Minority Interest	35,252	38,131	69,144

1. HISTORY AND PRINCIPAL ACTIVITIES

NGD (Company No.: 566521-X) was incorporated in Malaysia under the Act on 10 December 2001 as a private limited company. The principal activities of NGD are investment holding and property development related activities.

2. SHARE CAPITAL

The authorised and issued and fully paid-up share capital of NGD as at the LPD is as follows:

	No. of Shares of RM1.00 each	Amount (RM)
Authorised:		
Ordinary Shares	500,000,000	500,000,000
Redeemable preference share	5,000,000	5,000,000
Issued and paid-up:		
Ordinary Shares	319,425,940	319,425,940

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of NGD (holding 5% or more in the share capital) and their shareholdings as disclosed in the Register of Substantial Shareholders' Shareholdings as at the LPD are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Gapurna Sdn Bhd	191,665,564	60.00	-	-
EPF	127,770,376	40.00	-	-

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4. BOARD OF DIRECTORS

The Directors of NGD and their respective shareholdings in NGD as disclosed in the Register of Directors and Directors' Shareholding on the LPD are as follows:

Directors/ (Designation)	Nationality	Direct		Indirect	
		No. of Shares held	% held	No. of Shares held	% held
Saidatul Hishan Bt Mohammad Salleh *Director*	Malaysian	-	-	-	-
Tan Sri Abdul Halim Bin Ali *Chairman*	Malaysian	-	-	-	-
Dato' Ishak Bin Haji Mohamed (*alternate director to Tan Sri Abdul Halim bin Ali*)	Malaysian	-	-	-	-
Dato' Saw Choon Boon Director	Malaysian	-	-	-	-
Tan Sri Dato' Kamaruzzaman Bin Shariff (*alternate director to Dato' Saw Choon Boon*)	Malaysian	-	-	-	-

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5. SUBSIDIARIES COMPANIES

The subsidiaries of NGD as at the LPD are as follows:-

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
Direct subsidiaries			
Gapurna Builders Sdn. Bhd.	30.12.1999 Malaysia	100.00	Acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure
Gapurna Land Sdn. Bhd.	03.09.2007 Malaysia	100.00	Property related development
P.J. Sentral Development Sdn. Bhd.	07.03.2001 Malaysia	70.00	Dealing in land, properties and other development related activities
Puncak Wangi Sdn. Bhd.	25.09.1995 Malaysia	100.00	Acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure
My Views Sdn Bhd	28.05.2012 Malaysia	100.00	Dormant
Nilaitera Sdn Bhd	04.05.2012 Malaysia	100.00	Dormant
Projekmaju Sdn Bhd	04.05.2012 Malaysia	100.00	Dormant
Success Pact Development Sdn Bhd	10.05.2012 Malaysia	100.00	Dormant
Such Success Sdn Bhd	28.05.2012 Malaysia	100.00	Dormant
Usahatanah Jaya Sdn Bhd	04.05.2012 Malaysia	100.00	Dormant

As at the LPD, NGD does not have any associated companies.

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6. PROFIT AND DIVIDEND RECORD

The consolidated audited results of the NGD Group for the past three (3) FYE 31 December 2010 to 2012 are as follows:

	< ----------FYE 31 December---------->		
	2010 RM	2011 RM	2012 RM
Revenue	3,726,452	36,657,554	-
Profit/(Loss) before taxation	(4,800,737)	112,634,033	(5,933,474)
Income tax expense	(208,190)	(6,505,304)	(47,181)
Profit/(Loss) after tax	(5,008,927)	106,128,693	(5,980,655)
Minority Interest	(300,353)	(505,980)	(807,010)
Profit/(Loss) attributable to equity holders of the company	(4,708,574)	106,634,673	(5,173,645)
Basic earnings per share (sen)	(2.56)	33.22	(1.62)
Gross dividend rate (sen)	-	-	-

7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of assets and liabilities of the NGD Group for the past three (3) FYE 31 December 2010 to 2012 are as follows:

	< ----------FYE 31 December---------->		
	2010 RM	2011 RM	2012 RM
Total assets	369,231,842	127,922,414	443,561,028
Total liabilities	265,874,549	57,033,669	70,285,038
Share capital	184,215,340	319,425,940	319,425,940
Net assets	71,602,053	313,447,326	308,273,680
Minority Interest	-	57,441,419	65,002,310

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1. HISTORY AND PRINCIPAL ACTIVITIES

The EPF is the social security organisation established under the Employees Provident Fund Act 1991 (Act 452) which provides retirement benefits for its members through management of their savings in an efficient and reliable manner .The principal members of EPF are the private and non-pensionable public-sector employees.

The principal activities of EPF are to receive and to collect contributions, to meet all withdrawals of savings and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals, and to invest the monies in the Fund for the benefit of the members.

2. MEMBERS OF THE BOARD AND INVESTMENT PANEL

2.1 The particulars of the members of the Board of EPF as at the 10 May 2013 are as follows:

Name	Designation	Nationality
Tan Sri Samsudin Osman	Chairman	Malaysian
Dato' Mat Noor bin Nawi	Member	Malaysian
Dato' Seri Zainal Rahim Seman	Member	Malaysian
Tan Sri Datuk Amar Haji Mohamad Morshidi Abdul Ghani	Member	Malaysian
Tan Sri Sukarti bin Wakiman	Member	Malaysian
Tan Sri Azman Shah Haron	Member	Malaysian
Datuk Mohd Hasnol Ayub	Member	Malaysian
Tan Sri Mustafa Mansur	Member	Malaysian
Datuk Abdul Hamed Haji Sepawi	Member	Malaysian
Mohd Khalid Atan	Member	Malaysian
Lok Yim Pheng	Member	Malaysian
Hadiah Leen	Member	Malaysian
Azlin Awang Chee	Member	Malaysian
Tan Sri Lee Lam Thye	Member	Malaysian
Heng Hock Cheng @ Heng Heyok Chiang	Member	Malaysian
Halim Hj. Din	Member	Malaysian
Datuk Shahril Ridza Ridzuan	Ex-Officio	Malaysian
Alternate Members		
Siti Zauyah Binti Mohd Desa	Alternate	Malaysian
Dato' Mohd Shariff Hussin	Alternate	Malaysian
Datu Haji Misnu bin Haji Taha	Alternate	Malaysian
Datuk Nordin Siman	Alternate	Malaysian

2.2 The particulars of the members of the Investment Panel of EPF as at the 10 May 2013 are as follows:

Name	Designation	Nationality
Tan Sri Samsudin Osman	Chairman	Malaysian
Dato' Mat Noor bin Nawi	Member	Malaysian
Datuk Nor Shamsiah Mohd Yunus	Member	Malaysian
Dato' Sri Mohamed Nazir Abdul Razak	Member	Malaysian
Dato' Mohammed Azlan Hashim	Member	Malaysian
David Lau Nai Pek	Member	Malaysian
Datuk Shahril Ridza Ridzuan	Ex-Officio	Malaysian

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries and associated companies of EPF as at the 31 December 2012 are as follows:-

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
Direct subsidiaries			
Malaysia Building Society Berhad	Malaysia	64.18	Operating of loans on the security of freehold and leasehold properties
Rashid Hussain Berhad	Malaysia	98.33	Investment holding (In the process of voluntary winding up)
YTR Harta Sdn Bhd	Malaysia	81.00	Property development and management
Affordable Homes Sdn Bhd	Malaysia	100.00	Property development
PPNK-Harta Sdn Bhd	Malaysia	85.00	Property development and management
Cengal Private Equity Investments (Plc)	Dublin, Ireland	99.50	Investment holding fund
Jati Private Equity Fund LP	USA	99.00	Investment holding fund
Merbau Investors Offshore LP	USA	99.50	Investment holding fund
Kwasa Properties Sdn Bhd	Malaysia	100.00	Property investment
Kwasa Land Sdn Bhd	Malaysia	100.00	Master developer engaged in the business of property development and investment holding
KWASA Global (Jersey) Limited	Jersey	100.00	Investment holding
Kwasa Singapore (Solo) Pte Ltd	Singapore	100.00	Property development
Kwasa Singapore (Duo) Pte Ltd	Singapore	100.00	Property development
Kwasa Singapore (Trio) -Pte Ltd	Singapore	100.00	Property development
Kwasa Australia Pty Ltd	Australia	100.00	Trust holding company
Kwasa Australia Trust	Australia	100.00	Trust company
Kwasa Capital Limited	Cayman Island	100.00	Dormant

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Malaysia Building Society Berhad			
MBSB Properties Sdn Bhd	Malaysia	100.00	Rental property
MBSB Development Sdn Bhd	Malaysia	100.00	Property development
Prudent Legacy Sdn Bhd	Malaysia	92.00	Property development
Sigmaprise Sdn Bhd	Malaysia	100.00	Hotel operation
Ganesha Sdn Bhd	Malaysia	100.00	Property development
Springtide Sdn Bhd	Malaysia	100.00	Property development
Trimonds Sdn Bhd	Malaysia	100.00	Investment holding
MBSB Project Management Sdn Bhd	Malaysia	100.00	Ceased operation
Definite Pure Sdn Bhd	Malaysia	100.00	Dormant
Malaya Borneo Building Society Limited (MBBS)	Singapore	100.00	Dormant
Farawide Sdn Bhd	Malaysia	100.00	Hotel operation
Raynergy Sdn Bhd	Malaysia	100.00	Dormant
Idaman Usahamas Sdn Bhd	Malaysia	100.00	Dormant
Ombak Pesaka Sdn Bhd	Malaysia	100.00	Hotel operation
Ambang Hartamas Sdn Bhd	Malaysia	100.00	Property development
Subsidiaries Held Through KWASA Global (Jersey) Limited			
KWASA UK Limited	Jersey	100.00	Property investment
KWASA Global Development	Jersey	100.00	Investment holding
KWASA Australia II Trust	Australia	99.80	Trust company
KWASA Global Link Limited	Jersey	100.00	Property investment
Subsidiaries Held Through KWASA Australia Trust			
Everest Property Trust	Australia	80.00	Trust company
Subsidiaries Held Through KWASA UK Limited			
KWASA UK Solo Limited	Jersey	100.00	Property investment
Knightlights Property International S.A	Luxembourg	100.00	Property investment
Bridge Unit Limited	Jersey	100.00	Property investment
Bridge Unit 2 Limited	Jersey	100.00	Property investment
K2 Tower Bridge Limited	Jersey	100.00	Property investment
Reading No. 1 Limited	Jersey	99.00	Investment holding
Reading No. 2 Limited	Jersey	1.00	Investment holding
Reading Management (Jersey) Limited	Jersey	100.00	Management company
Subsidiaries Held Through Reading No. 1 Limited			
Reading Nominees No. 1 Limited	Jersey	99.00	Property investment
Subsidiaries Held Through Reading No. 2 Limited			
Reading Nominees No. 2 Limited	Jersey	1.00	Property investment
Associates Held Through KWASA Global Development Limited			
Battersea Project Holding Company Ltd	Jersey	20.00	Investment holding
Battersea Project Land Company Ltd	Jersey	20.00	Property development

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Associates Held Through KWASA Global Development Limited			
Battersea Power Station Development Company Limited	United Kingdom	20.00	Development of management advice & services relating to administration
BPS Malaysia Sdn Bhd	Malaysia	20.00	Marketing of Battersea development project in Malaysia and South-East Asia
Subsidiaries Held Through KWASA Australia II Trust			
KWASA Goodman Industrial Trust	Australia	60.00	Trust company
Subsidiaries Held Through KWASA Global Links Limited			
KWASA Links Malaysia One Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Two Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Three Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Four Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Five Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Six Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Seven Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Eight Sdn Bhd	Malaysia	100.00	Property investment
KWASA Links Malaysia Nine Sdn Bhd	Malaysia	100.00	Property investment
Subsidiaries Held Through KWASA UK Solo Limited			
One Sheldon Square Limited	Channel Islands Britain	100.00	Property investment
Portman Square (No.1) Limited	Channel Islands Britain	100.00	Investment holding
Portman Square (No 2.) Limited	Channel Islands Britain	100.00	Investment holding
Whitefriars Limited	Channel Islands Britain	100.00	Property investment
Subsidiaries Held Through Knightlights Property International S.A			
Knightlights Property S.A	Luxembourg	100.00	Property investment
Subsidiaries Held Through Bridge Unit Limited			
Bridge Unit 2 Limited	Channel Islands Britain	100.00	Property investment
Subsidiaries Held Through Portman Square (No. 1) Limited			
Portman Investment Nominees 1 Limited	Channel Islands Britain	100.00	Property investment
Portman Investment Unit Trust	Channel Islands Britain	100.00	Trust holding company

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Portman Square (No. 2) Limited			
Portman Investment Nominee 1 Limited	Channel Islands Britain	100.00	Property investment
Subsidiaries Held Through Reading Management (Jersey) Limited			
Reading (Jersey) Unit Trust	Channel Islands Britain	100.00	Trust holding company
Subsidiaries Held Through Battersea Project Holding Company Limited			
Battersea Project Holding Company Ltd	Jersey	20.00	Investment holding
Battersea Project Land Company Ltd	Jersey	20.00	Property development
Battersea Power Station Development Company Limited	United Kingdom	20.00	Development of management advice and services
Subsidiaries Held Through KWASA Goodman Industrial Trust			
KWASA Sub-Trust (Australia)	Australia	60.00	Trust holding company
Direct Associates - KWSP			
Panca Pesona Sdn Bhd	Malaysia	30.00	Housing developer and industry project
Bandar Eco-Setia Sdn Bhd	Malaysia	34.00	Property development
Malaysian Resources Corporation Bhd	Malaysia	42.16	Investment holding company and conduct activities related to construction, property development and management services to its subsidiaries
Iskandar Investment Berhad	Malaysia	20.00	Development of Wilayah Pembangunan Iskandar
HSBC Amanah Takaful (M) Sdn Bhd	Malaysia	20.00	Insurance
RHB Capital Berhad	Malaysia	41.01	Banking
Sunway South Quay Sdn Bhd	Malaysia	20.00	Property development
Malakoff Corporation Berhad	Malaysia	30.00	Investment holding and management services
Columbia Asia Sdn Bhd	Malaysia	29.72	Hospital
Nusa Gapurna Development Sdn Bhd	Malaysia	40.00	Investment holding and development
PLUS Malaysia Sdn Bhd	Malaysia	49.00	Infrastructure and utilities

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through RHB Capital Berhad			
RHB Bank Berhad	Malaysia	100.00	Commercial banking
RHB Investment Bank Berhad	Malaysia	100.00	Investment banking
RHB Insurance Berhad	Malaysia	94.70	General insurance
Straits Asset Holdings Sdn Bhd	Malaysia	100.00	Investment holding
RHB Hartanah Sdn Bhd	Malaysia	100.00	Property investment
RHB Equities Sdn Bhd	Malaysia	100.00	Equity related services
RHB Capital (Jersey) Limited	Channel Islands Britain	100.00	Investment holding
RHB Kawal Sdn Bhd	Malaysia	100.00	Security services
RHBF Sdn Bhd	Malaysia	100.00	Dormant
RHB Venture Capital Sdn Bhd	Malaysia	100.00	Dormant
OSK Investment Bank (Labuan) Limited	Singapore	100.00	Investment banking
OSK Investment Bank Berhad	Malaysia	100.00	Stock broking and investment banking
Subsidiaries Held Through RHB Bank Berhad			
RHB Islamic Bank Berhad	Malaysia	100.00	Islamic banking
RHB Bank (L) Ltd	Malaysia	100.00	Offshore banking
RHB Capital Nominees (Tempatan) Sdn Bhd	Malaysia	100.00	Nomination services for Malaysian beneficial shareholders
RHB Investment Ltd (Singapore)	Singapore	100.00	Property investment and rental
Banfora Pte Ltd	Singapore	100.00	Property investment and rental
RHB Bank Nominees Pte Ltd	Singapore	100.00	Nomination services for foreign beneficial shareholder
RHB Leasing Sdn Bhd	Malaysia	100.00	Leasing
RHB Trade Services Limited	Hong Kong	100.00	Processing of letters of credit reissuance favouring Hong Kong beneficiaries
RHB Capital Properties Sdn Bhd	Malaysia	100.00	Property investment
Utama Assets Sdn Bhd	Malaysia	100.00	Property investment
UMBC Sdn Bhd	Malaysia	100.00	Dormant
RHB Delta Sdn Bhd	Malaysia	100.00	Dormant
Utama Gilang Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through RHB Bank (L) Ltd			
RHB International Trust (L) Ltd	Malaysia	100.00	Offshore trust company
Subsidiaries Held Through RHB International Trust (L) Ltd			
RHB Corporate Services Sdn Bhd	Malaysia	100.00	Corporate secretarial services
Subsidiaries Held Through RHB Capital Nominees (Tempatan) Sdn Bhd			
RHB Capital Nominees (Asing) Sdn Bhd	Malaysia	100.00	Nomination services for foreign beneficiary shareholders

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through RHB Investment Bank Berhad			
RHB Merchant Nominees (Tempatan) Sdn Bhd	Malaysia	100.00	Nomination services for Malaysian beneficiary shareholders
RHB Nominees Sdn Bhd	Malaysia	100.00	Nomination and custodian services
RHB Nominees (Asing) Sdn Bhd	Malaysia	100.00	Nomination and custodian services for foreign beneficiary shareholders
RHB Nominees (Tempatan) Sdn Bhd	Malaysia	100.00	Nomination and custodian services for Malaysian beneficiary shareholders
RHB Investment Management Sdn Bhd	Malaysia	100.00	Property management services and unit trusts
RHB Research Institute Sdn Bhd	Malaysia	100.00	Research services
RHB Private Equity Holdings Sdn Bhd	Malaysia	100.00	Investment holding
RHB Excel Sdn Bhd	Malaysia	100.00	Dormant
RHB Progressive Sdn Bhd	Malaysia	100.00	Dormant
RHB Marketing Services Sdn Bhd	Malaysia	100.00	Dormant
RHB Unit Trust Management Sdn Bhd	Malaysia	100.00	Dormant
Vietnam Securities Corporation	Vietnam	49.00	Banking
Subsidiaries Held Through RHB Investment Management Sdn Bhd			
RHB Islamic Asset Management Sdn Bhd	Malaysia	100.00	Islamic asset management services and Islamic unit trust fund management
Subsidiaries Held Through RHB Private Equity Holdings Sdn Bhd			
RHB Private Equity Fund Ltd	Cayman Islands Britain	100.00	Investment company
RHB Private Equity Management Ltd	Malaysia	100.00	Investment advisors, consultants and other private fund related services
Subsidiaries Held Through RHB Merchant Nominees (Tempatan) Sdn Bhd			
RHB Merchant Nominees (Asing) Sdn Bhd	Malaysia	100.00	Nomination services for foreign beneficiary shareholders
Subsidiaries Held Through Straits Asset Holdings Sdn Bhd			
SSSB Services (Melaka) Sdn Bhd	Malaysia	100.00	Dormant
SFSB Services (Melaka) Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through RHB Hartanah Sdn Bhd			
Positive Properties Sdn Bhd	Malaysia	100.00	Property investment
RHB Property Management Sdn Bhd	Malaysia	100.00	Property investment

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through RHB Equities Sdn Bhd			
KYB Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through RHB Capital (Jersey) Limited			
RHB (Philipines) Inc.	Philippines	100.00	Dormant
Subsidiaries Held Through RHBF Sdn Bhd			
KYF Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through OSK Investment Bank Berhad			
OSK International Investment Pte Ltd	Malaysia	100.00	Investment holding
OSK Indochina Bank Limited	Cambodia	100.00	Commercial banking
DMG & Partners Securities Pte Ltd	Singapore	51.00	Stock allocation, stock brokerage and corporate finance advisory services
OSK Securities (Thailand) Public Company Limited	Thailand	97.41	Stock allocation and stock brokerage services
OSK Futures and Options Sdn Bhd	Malaysia	100.00	Dormant
OSK Research Sdn Bhd	Malaysia	100.00	Investment research services
OSK International Asset Management Sdn Bhd	Malaysia	100.00	Dormant
OSK Nominees (Tempatan) Sdn Bhd	Malaysia	100.00	Act as attorneys, nominees, agents, trustees and related activities for local shareholders
OSK Holding Hong Kong Limited	Hong Kong	93.50	Investment holdings
PT OSK Nusadana Securities Indonesia	Indonesia	99.00	Stock allocation and stock brokerage services
OSK Nominees (Asing) Sdn Bhd	Malaysia	100.00	Act as attorneys, nominees, agents, trustees and related activities for foreign shareholders
TCL Nominees (Tempatan) Sdn Bhd	Malaysia	100.00	Dormant
TCL Nominees (Asing) Sdn Bhd	Malaysia	100.00	Dormant
KE-ZAN Nominees (Tempatan) Sdn Bhd	Malaysia	100.00	Dormant
KE-ZAN Nominees (Asing) Sdn Bhd	Malaysia	100.00	Dormant
Finexasia.com Sdn Bhd	Malaysia	100.00	Development and servicing of internet solutions and financial related activities
OSK - Trustees Berhad	Malaysia	80.00	Trust services (writing a will, estate planning and private trusts) and corporate trustee services
Malaysia Trustees Berhad	Malaysia	80.00	Agent of trustees, executors and estate administrators
OSK - UOB Investment Management Bhd	Malaysia	70.00	Management of unit trust funds

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through OSK International Investment Pte Ltd			
OSK International Asset Management Pte Ltd	Singapore	100.00	Fund management
Associates Held Through OSK International Asset Management Pte Ltd			
OSK GC-Milenium Capital Pte Ltd	Singapore	40.00	Business operation and administrative management of approved funds
Subsidiaries Held Through OSK Indochina Bank			
OSK Indochina Securities Limited	Cambodia	100.00	Securities business and finance
Subsidiaries Held Through OSK Holdings Hong Kong Limited			
OSK Securities Hong Kong Limited	Hong Kong	100.00	Securities business and finance
OSK Futures Hong Kong Limited	Hong Kong	100.00	Dealing in futures contracts
OSK Finance Hong Kong Limited	Hong Kong	100.00	Money lender
OSK Capital Hong Kong Limited	Hong Kong	100.00	Financial advisory services
OSK Precious Metals Hong Kong Limited	Hong Kong	100.00	Precious metals trading
OSK International Investment Hong Kong Limited	Hong Kong	100.00	Business advisory services in securities and asset management services
OSK Wealth Management Hong Kong Limited	Hong Kong	100.00	Negotiating or arranging contracts of insurance
OSK (China) Investment Advisory Co Ltd	China	100.00	Investment and business advisory services
Subsidiaries Held Through OSK Securities Hong Kong Limited			
OSK Nominees Hong Kong Limited	Hong Kong	100.00	Act as attorneys, nominees, agents, trustees and activities related to beneficial shareholders
Subsidiaries Held Through OSK International Investment Hong Kong Limited			
OSK Fideus Asia and Emerging Markets Values Fund Ltd	Hong Kong	51.00	Banking
Subsidiaries Held Through PT OSK Nusadana Securities Indonesia			
PT OSK Nusadana Asset Management	Indonesia	99.62	Investment manager
Subsidiaries Held Through DMG & Partners Securities Pte Ltd			
DMG & Partners Nominees Pte Ltd	Singapore	100.00	Nominees services
Summit Nominees Pte Ltd	Singapore	100.00	Nominees services
DMG & Partners Research Pte Ltd	Singapore	100.00	Financial advisory services

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through OSK-UOB Investment Management Bhd			
OSK-UOB Islamic Fund Management Bhd	Malaysia	70.00	Islamic fund management services
Subsidiaries Held Through Finexasia.com Sdn Bhd			
Stock 188.com Sdn Bhd	Malaysia	100.00	Support parent company facilitating access online equity trading, online information and other financial services
Associates Held Through OSK Investment Bank			
iFast-OSK Sdn Bhd	Malaysia	38.27	Investment holding
UOB-OSK Asset Management Sdn Bhd	Malaysia	30.00	Investment management and related services
Subsidiaries Held Through iFast-OSK Sdn Bhd			
iFast Capital Sdn Bhd	Malaysia	100.00	Banking
FA Corporate and Compliance Consultancy Sdn Bhd	Malaysia	100.00	Market advisory and compliance
Subsidiaries Held Through iFast Capital Sdn Bhd			
iFast Nominees Sdn Bhd	Malaysia	100.00	Banking
Subsidiaries Held Through Malaysian Resources Corporation Berhad			
Cosy Bonanza Sdn Bhd	Malaysia	65.70	Property development
Excellence Bonanza Sdn Bhd	Malaysia	60.00	Property development
Kuala Lumpur Sentral Sdn Bhd	Malaysia	74.00	Property development
Konsortium KOP-HG-MRCB ISOPLAS	Unincorporated	100.00	Design and build a transmission line and sub-stations
Landas Utama Sdn Bhd	Malaysia	100.00	Investment holding
MRCB Utama Sdn Bhd	Malaysia	100.00	Property development
Country Annexe Sdn Bhd	Malaysia	70.00	Construction and property development
MRCB Sentral Properties Sdn Bhd	Malaysia	100.00	Property development and property investment
59 INC Sdn Bhd	Malaysia	100.00	Property development and property investment
TTSB-SPK Consortium	Unincorporated	100.00	Design and build a transmission lines and sub-stations
MRCB Engineering Sdn Bhd	Malaysia	100.00	Engineering and construction services
MRCB Environmental Services Sdn Bhd	Malaysia	100.00	Investment holding
MRCB Prasarana Sdn Bhd	Malaysia	100.00	Project management and investment holding
MRCB Technologies Sdn Bhd	Malaysia	100.00	Information technology services and professional outsourcing

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Malaysian Resources Corporation Berhad (cont'd)			
Malaysian Resources Development Sdn Bhd	Malaysia	100.00	Property development and investment holding
Malaysian Resources Sentral Sdn Bhd	Malaysia	100.00	Provision of facility management
Milmix Sdn Bhd	Malaysia	100.00	Civil and infrastructure building contractor
Onesentral Park Sdn Bhd	Malaysia	100.00	Property development
Prema Bonanza Sdn Bhd	Malaysia	51.00	Property development
Semasa Sentral Sdn Bhd	Malaysia	100.00	Operation, management and maintenance of KL Sentral railway station
Semasa Services Sdn Bhd	Malaysia	100.00	Building management services
Semasa Parking Sdn Bhd	Malaysia	100.00	Car park management
Sooka Sentral Sdn Bhd	Malaysia	100.00	Operation work, management and maintenance of the Club House at KL Sentral
SynarGym Sdn Bhd	Malaysia	100.00	Managing and operating a fitness centre
Superview Development Sdn Bhd	Malaysia	100.00	Property development, management and shares trading
Transmission Technology Sdn Bhd	Malaysia	100.00	Engineering, construction and testing of the power transmission system
Mafira Holdings Sdn Bhd	Malaysia	100.00	Investment holding
MR Securities Sdn Bhd	Malaysia	100.00	Investment holding
MR Construction Sdn Bhd	Malaysia	51.00	Construction
MR Enterprises Sdn Bhd	Malaysia	100.00	Construction
MR Management Sdn Bhd	Malaysia	100.00	Investment holding and management services (In the process of voluntary winding up)
MR-H Piling And Civil Engineering (M) Sdn Bhd	Malaysia	51.00	Piling and civil engineering
MRCB Ceramics Sdn Bhd	Malaysia	100.00	Manufacturer, distributor and retailer of ceramic tiles
MRCB Dotcom Sdn Bhd	Malaysia	100.00	Planning and management services (In the process of voluntary winding up)
MRCB Intelligent System And Control Sdn Bhd	Malaysia	100.00	Maintenance services, application systems and other technology applications (In the process of voluntary winding up)
Semasa District Cooling Sdn Bhd	Malaysia	100.00	One-stop card technology service provider

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Malaysian Resources Corporation Berhad (cont'd)			
MRCB Land Sdn Bhd	Malaysia	100.00	Management services and project development
MRCB Property Management Sdn Bhd	Malaysia	100.00	Investment and property management
MRCB Trading Sdn Bhd	Malaysia	100.00	Trading in building materials (In the process of voluntary winding up)
Region Resources Sdn Bhd	Malaysia	100.00	Quarry operations
Sibexlink Sdn Bhd	Malaysia	100.00	Sale of business information and website development
Cheq Point (M) Sdn Bhd	Malaysia	75.00	Charge card services and investment holding
Harmonic Fairway Sdn Bhd	Malaysia	100.00	Investment holding (In the process of voluntary winding up)
MRCB Energy International Sdn Bhd	Malaysia	100.00	Pre-operation (In the process of voluntary winding up)
Semasa Sentral (Penang) Sdn Bhd	Malaysia	100.00	Operation, management and maintenance of Penang Sentral
Semasa ACE Urusharta Sdn Bhd	Malaysia	100.00	Pre-operation (In the process of voluntary winding up)
MRCB Green Energy Sdn Bhd	Malaysia	100.00	Pre-operation
348 Sentral Sdn Bhd	Malaysia	100.00	Leasing of office and service residence space
Gemas Infiniti Sdn Bhd	Malaysia	100.00	Pre-operation
Subsidiaries Held Through Kuala Lumpur Sentral Sdn Bhd			
Unity Portfolio Sdn Bhd	Malaysia	74.00	Property management
Subsidiaries Held Through MRCB Engineering Sdn Bhd			
MRCB (Thailand) Ltd	Thailand	100.00	Pre-operation
Subsidiaries Held Through MRCB Environmental Services Sdn Bhd			
MRCB Environment Sdn Bhd	Malaysia	55.00	Design work and construction of infrastructure
Subsidiaries Held Through MRCB Prasarana Sdn Bhd			
MRCB Lingkaran Selatan Sdn Bhd	Malaysia	100.00	Construction, development, design, project management, operations, maintenance and financing of the highway known as Eastern Dispersal Link, Johor Bahru

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through MRCB Lingkaran Selatan Sdn Bhd			
MRCB Southern Link Berhad	Malaysia	100.00	Construction, development, design and project management for highway financing and related infrastructure projects
Subsidiaries Held Through Malaysian Resources Development Sdn Bhd			
Bitar Enterprises Sdn Bhd	Malaysia	100.00	Property investment and investment holding
Golden East Corporation Sdn Bhd	Malaysia	100.00	Property development and management
Seri Iskandar Utilities Corporation Sdn Bhd	Malaysia	100.00	Pre-operating (In the process of voluntary winding up)
Sunrise Properties Sdn Bhd	Malaysia	100.00	Property development
Taiyee Development Sdn Bhd	Malaysia	100.00	Property development (In the process of voluntary winding up)
MRCB Property Development Sdn Bhd	Malaysia	100.00	Investment holding
MR Properties Sdn Bhd	Malaysia	100.00	Property development (In the process of voluntary winding up)
Seri Iskandar Development Corporation Sdn Bhd	Malaysia	70.00	Property development
Subsidiaries Held Through Bitar Enterprises Sdn Bhd			
MRCB Land (Australia) Pty Ltd	Australia	70.00	Property Investment
Subsidiaries Held Through MRCB Land (Australia) Pty. Ltd.			
MRCB Project Incorporated Pty. Ltd.	Australia	70.00	Property Investment
Subsidiaries Held Through MRCB Property Development Sdn Bhd			
MRCB Cahaya Mutiara Sdn Bhd	Malaysia	100.00	Property development and management (In the process of voluntary winding up)
Subsidiaries Held Through Mafira Holdings Sdn Bhd			
Zen Concrete Industries Sdn Bhd	Malaysia	38.60	Manufactures and suppliers of pre-stressed concrete poles
Subsidiaries Held Through MR Securities Sdn Bhd			
Semasa Security Sdn Bhd	Malaysia	100.00	Security guard services
Subsidiaries Held Through Region Resources Sdn Bhd			
Syarikat Gemilang Quarry Sdn Bhd	Malaysia	100.00	Quarry operations (In the process of voluntary winding up)
Subsidiaries Held Through 348 Sentral Sdn Bhd			
348 Sentral Office Sdn Bhd	Malaysia	100.00	Pre-operation
348 Sentral Service Residence Sdn Bhd	Malaysia	100.00	Pre-operation

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Associates Held Through Malaysian Resources Corporation Berhad			
Nuzen Corporation Sdn Bhd	Malaysia	30.00	Investment holding
One IFC Sdn Bhd	Malaysia	30.00	Investment holding
Penang Sentral Sdn Bhd	Malaysia	49.00	Property development
Suasana Sentral Two Sdn Bhd	Malaysia	30.00	Property development
Kota Francais (M) Sdn Bhd	Malaysia	20.00	Franchising property management and consultancy
Ekovent-MRCB JV Sdn Bhd	Malaysia	40.00	Property developement
UEMB-MRCB JV Sdn Bhd	Malaysia	49.00	Project management
Joint Ventures Held Through Malaysian Resources Corporation Berhad			
NU Sentral Sdn Bhd	Malaysia	51.00	Investment holdings and management
Bisraya Consortium-MRCB Engineering Consortium	Unincorporated	30.00	Engineering and construction services
Subsidiaries Held Through Bandar Eco-Setia Sdn Bhd			
Setia Eco Park Recreation Sdn Bhd	Malaysia	100.00	Operate recreation club
Subsidiaries Held Through Iskandar Investment Berhad			
Medini Iskandar Malaysia Sdn Bhd ("MIM")	Malaysia	75.00	Property investment holding and providing construction services
Iskandar Coast Sdn Bhd ("ICSB")	Malaysia	80.00	Investment holding and property development
Iskandar Development and Management Services Sdn Bhd ("IDMS")	Malaysia	100.00	Management services
SJIC Bina Sdn Bhd	Malaysia	100.00	Construction
Peak Alpha Express Sdn Bhd	Malaysia	100.00	Investment holding
Education@Iskandar Sdn Bhd	Malaysia	100.00	Property development and management
Iskandar Assets Sdn Bhd	Malaysia	100.00	Property investment
Iskandar Harta Holdings Sdn Bhd	Malaysia	100.00	Holding and property investment
Medini Land Sdn Bhd	Malaysia	100.00	Holding and property investment
Iskandar Investment Pte Ltd ("IIPL")	Singapore	100.00	Management services
Medini City Management Sdn Bhd	Malaysia	100.00	Dormant
Medini Security Services Sdn Bhd	Malaysia	100.00	Dormant
Medini Leisure and Entertainment Sdn Bhd	Malaysia	100.00	Dormant
Iskandar Innovation Sdn Bhd	Malaysia	100.00	Dormant
Wurawari Ventures Sdn Bhd (formerly known as Temasek Ceria Sdn Bhd)	Malaysia	100.00	Investment holding
Jasmine Acres Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through MIM			
Medini Development Sdn Bhd	Malaysia	100.00	Trading properties
Manara Burj Sdn Bhd	Malaysia	100.00	Trading properties

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through ICSB			
Nodedua Sdn Bhd	Malaysia	100.00	Property investment
River Retreat Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through IDMS			
Iskandar Management Services Sdn Bhd	Malaysia	100.00	Service management
Subsidiaries Held Through Education @ Iskandar Sdn Bhd			
Iskandar Education Village Sdn Bhd	Malaysia	100.00	Property development and management
Iskandar British Education Sdn Bhd	Malaysia	100.00	Dormant
Iskandar Education Enterprise Sdn Bhd	Malaysia	100.00	Property development and management
Iskandar Medical Education Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through Iskandar Harta Holding Sdn Bhd			
Ujung Medini Sdn Bhd	Malaysia	100.00	Property development
Associates Held Through Iskandar Investment Berhad			
Global Capital And Development Sdn Bhd	Malaysia	30.00	Investment holding and property development
Iskandar Waterfront Sdn Bhd	Malaysia	28.50	Investment holding and property development
Joint Ventures Held Through Iskandar Investment Berhad			
Medini Central Sdn Bhd (MCBS)	Malaysia	75.00	Property investment and development
Distinctive Resources Sdn Bhd	Malaysia	20.00	Property development
Nusajaya Lifestyle Sdn Bhd	Malaysia	45.00	Property development
Metrogold Assets Sdn Bhd	Malaysia	20.00	Property development
Raffles Iskandar Sdn Bhd	Malaysia	20.00	Property development
Zhuoyuan Iskandar Sdn Bhd	Malaysia	20.00	Property development
LL Themed Hotel Sdn Bhd	Malaysia	49.00	Property development
LL Malaysia Attractions Holdings Sdn Bhd	Malaysia	49.00	Property development
Nusajaya Five O Sdn Bhd	Malaysia	20.00	Property development
Medini Residence Sdn Bhd	Malaysia	20.00	Property development
Subsidiaries Held Through Medini Central Sdn Bhd (MCBS)			
Medini Central Heritage Sdn Bhd	Malaysia	75.00	Dormant
Subsidiaries Held Through LL Malaysia Attraction Holdings Sdn Bhd			
IDR Resorts Sdn Bhd	Malaysia	49.00	Investment holding
Subsidiaries Held Through IDR Resorts Sdn Bhd			
IDR Assets Sdn Bhd	Malaysia	49.00	Property development
LL Malaysia Taman Tema Sdn Bhd	Malaysia	49.00	Theme park operator

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Malakoff Corporation Berhad			
Segari Energy Ventures Sdn Bhd	Malaysia	93.75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant
GB3 Sdn Bhd	Malaysia	75.00	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant
Malakoff Utilities Sdn Bhd (formerly known as Wirazone Sdn Bhd)	Malaysia	100.00	Build, own and operate an electricity distribution system and a centralised chilled waterplant system
Prai Power Sdn Bhd	Malaysia	100.00	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant
Teknik Janakuasa Sdn Bhd	Malaysia	100.00	Operation and maintenance of power plant
Malakoff Engineering Sdn Bhd	Malaysia	100.00	Provides engineering services and project management
Tanjung Bin Power Sdn Bhd	Malaysia	90.00	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of 2,100 MV coal fired electricity generating facilities and sales of electrical energy and generating capacity of the power plant
Desa Kilat Sdn Bhd	Malaysia	54.00	Land reclamation, development and sale of reclaimed land
Hypergantic Sdn Bhd	Malaysia	100.00	Investment holding
Tuah Utama Sdn Bhd	Malaysia	100.00	Investment holding
Tanjung Bin Energy Sdn Bhd	Malaysia	100.00	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of 1,000 MV coal fired electricity generating facilities and sales of electrical energy and generating capacity of the power plant

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3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Malakoff Corporation Berhad (cont'd)			
Malakoff Capital (L) Ltd	Malaysia	100.00	Dormant
Spring Assets Limited	British Virgin Islands	100.00	Dormant
Malakoff International Limited	Cayman Islands Britain	100.00	Offshore investment holding
Malakoff Power Berhad	Malaysia	100.00	Dormant
Malakoff R&D Sdn Bhd	Malaysia	100.00	Research and development activities
Subsidiaries Held Through Tanjung Bin Energy Sdn Bhd			
Tanjung Bin Energy Isuer Berhad (formerly known as Powerfield Sdn Bhd)	Malaysia	100.00	Managing the development of electricity facilities using coal 1,000 MW
Subsidiaries Held Through Teknik Janakuasa Sdn Bhd			
Natural Analysis Sdn Bhd	Malaysia	100.00	Exercise and maintain power plant
TJSB Global Sdn Bhd	Malaysia	100.00	Investment holding
TJSB International Limited	Cayman Islands, Britain	100.00	Offshore investment holding
TJSB Services Sdn Bhd	Malaysia	100.00	Exercise and maintain power plant
Subsidiaries Held Through TJSB International Limited			
TJSB Middle East Limited	British Virgin Islands	100.00	Exercise and maintain power plant
TJSB International (Shoaiba) Limited	British Virgin Islands	100.00	Offshore investment holding
Subsidiaries Held Through Malakoff Engineering Sdn Bhd			
MESB Project Management Sdn Bhd	Malaysia	100.00	Provides engineering services and project management
Subsidiaries Held Through Malakoff International Limited			
Malakoff Gulf Limited	British Virgin Islands	100.00	Offshore investment holding
Malakoff Technical (Dhofar) Limited	British Virgin Islands	100.00	Offshore investment holding
Malakoff AlDjazair Desal Sdn Bhd	Malaysia	100.00	Investment holding
Malakoff Ras Azzour Limited	British Virgin Islands	100.00	Dormant
Malakoff Hidd Holding Company Limited (formerly known as IP Middle East Holding Company Limited)	Guernsey	100.00	Asset, property, investment, intellectual property and other holding companies

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through Malakoff AlDjazair Desal Sdn Bhd			
Tlemcen Desalination Investment Company SAS	France	70.00	Offshore investment holding
Subsidiaries Held Through Malakoff Hidd Holding Company Limited			
Malakoff Summit Hidd Holding Company Limited (formerly known as IPSUM Hidd Holding Company Limited)	Guernsey	57.14	Asset, property, investment, intellectual property and other holding companies
Subsidiaries Held Through Malakoff Power Berhad			
Sterling Asia Berhad	Malaysia	100.00	Operation and maintenance of power plants
Associates Held Through Malakoff Corporation Berhad			
Port Dickson Power Berhad	Malaysia	25.00	Generate and sell electricity
Kapar Energy Ventures Sdn Bhd	Malaysia	40.00	Generate and sell electricity
Lekir Bulk Terminal Sdn Bhd	Malaysia	20.00	Terminal handling services and coal
Malaysian Shoaiba Consortium Sdn Bhd	Malaysia	40.00	Investment holding
Saudi-Malaysia Water & Electricity Company Limited	Saudi Arabia	20.00	Offshore investment holding
Shuaibah Water & Electricity Company Limited	Saudi Arabia	12.00	Design, build, test, running and maintenance of fuel power plants and minerals
Shuaibah Expansion Holding Company Limited	Saudi Arabia	12.00	Production of drinking water
Shuaibah Expansion Project Company Limited	Saudi Arabia	11.70	Development, construction, maintenance, water-based products
Oman Technical Partners Limited	British Virgin Islands	43.40	Offshore investment holding
Salalah Power Holdings Limited	Bermuda	43.40	Offshore investment holding
Al-Imtiaz Operation And Maintenance Company Limited	Saudi Arabia	20.00	Handling power station and mineral processing
Saudi Malaysia Operation And Maintenance Services Company Limited	Saudi Arabia	20.00	Operation and maintenance of power plant
Hyflux-TJSB Algeria SPA	Algeria	49.00	Operation and maintenance of power plant
Hidd Power Company B.S.C	Bahrain	39.97	Building, operations and maintenance of electrical power systems for special purpose

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Joint Ventures Held Through Malakoff Corporation Berhad			
Almiyah Attilemcania SPA	Algeria	35.70	Construction, operation and management of sea water and desalination plants
Subsidiaries Held Through Columbia Asia Sdn Bhd			
Columbia Capital Berhad	Malaysia	100.00	Dormant
Grafik Gelombang Sdn Bhd	Malaysia	100.00	Dormant
Universal Medicare Pte Ltd	Singapore	100.00	Dormant
CPH Sarawak Sdn Bhd	Malaysia	72.70	Investment holding
Columbia Asia Binh Dong Ltd	Vietnam	100.00	Hospital
Subsidiaries Held Through Universal Medicare Pte Ltd			
PT Nusautama Medicanlindo	Indonesia	100.00	Medical Centre
Subsidiaries Held Through CPH Sarawak Sdn Bhd			
True Peace Sdn Bhd	Malaysia	100.00	Medical Centre
Subsidiaries Held Through True Peace Sdn Bhd			
Computerised X-ray Scanning Sdn Bhd	Malaysia	100	Scanning x-ray services
Selesa Medical Labs Sdn Bhd	Malaysia	100	Dormant
Subsidiaries Held Through Sunway South Quay Sdn Bhd			
Sunway Monash-U Residence Sdn Bhd	Malaysia	100.00	Investment property
Subsidiaries Held Through Nusa Gapurna Development Sdn Bhd			
Gapurna Builders Sdn Bhd	Malaysia	100.00	Property development and construction
Gapurna Land Sdn Bhd	Malaysia	100.00	Property development
P.J Sentral Development Sdn Bhd	Malaysia	70.00	Property development
Puncak Wangi Sdn Bhd	Malaysia	100.00	Property development
Projekmaju Sdn Bhd	Malaysia	100.00	Property development
Usahatanah Jaya Sdn Bhd	Malaysia	100.00	Property development
Nilaitera Sdn Bhd	Malaysia	100.00	Property development
Success Pact Development Sdn Bhd	Malaysia	100.00	Property development
Such Success Sdn Bhd	Malaysia	100.00	Property development
My Views Sdn Bhd	Malaysia	100.00	Property development
Subsidiaries Held Through PLUS Malaysia Sdn Bhd			
Projek Lebuhraya Usahasama Berhad (Plus Berhad)	Malaysia	100.00	Investment, development and infrastructure construction projects of roads and highways and related activities
PLUS Helicopter Services Sdn Bhd	Malaysia	100.00	Specific airline that provides helicopter charter service and aerial survey for highways
Teras Teknologi Sdn Bhd	Malaysia	100.00	Investment holding company and provides services of information technology, outsourcing, e-commerce and internet related services

3. SUBSIDIARIES AND ASSOCIATED COMPANIES (cont'd)

Subsidiaries Held Through PLUS Malaysia Sdn Bhd			
Projek Lebuhraya Utara-Selatan Berhad	Malaysia	100.00	Dormant
Expressway Lingkaran Tengah Sdn Bhd	Malaysia	100.00	Dormant
Linkedua (Malaysia) Berhad	Malaysia	100.00	Dormant
Konsortium Lebuhraya Butterworth-Kulim (KLBK) Sdn Bhd	Malaysia	100.00	Dormant
Penang Bridge Sdn Bhd	Malaysia	100.00	Dormant
Subsidiaries Held Through Teras Teknologi Sdn Bhd			
Teras Control Systems Sdn Bhd	Malaysia	100.00	Installation and maintenance of systems and equipments for the toll road projects
Teras Research Sdn Bhd	Malaysia	100.00	Dormant
Krishost.Com Sdn Bhd	Malaysia	100.00	Dormant
MyWeb Online Sdn Bhd	Malaysia	100.00	Dormant
Associates Held Through PLUS Malaysia Sdn Bhd			
Touch 'n Go Sdn Bhd	Malaysia	20.00	Involved in providing payment without connection via e-payment card prepayments known as Touch 'n Go

4. PROFIT AND DIVIDEND RECORD

The consolidated audited results of EPF for the past three (3) FYE 31 December 2009 to 2011 are as follows:

	< ----------FYE 31 December---------->		
	2009	**2010**	**2011**
	RM'000	**RM'000**	**RM'000**
Gross investment income	17,528,218	24,763,362	28,056,825
Profit/(Loss) before taxation and zakat	19,694,492	23,149,781	26,186,246
Income tax and zakat	(24,342)	(63,599)	(112,310)
Profit/(Loss) after tax and zakat	19,670,150	23,086,182	26,073,936
Minority Interest	18,755	49,628	100,080
Profit/(Loss) attributable to contributors of EPF	19,651,395	23,036,554	25,973,856
Gross dividend rate (%)	5.65	5.80	6.00

5. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of assets and liabilities of EPF for the past three (3) FYE 31 December 2009 to 2011 are as follows:

	< ----------FYE 31 December---------->		
	2009	**2010**	**2011**
	RM'000	**RM'000**	**RM'000**
Total assets	384,997,751	459,073,456	496,149,431
Total liabilities	9,632,677	12,838,959	17,138,290
Contribution Account	373,742,966	407,565,535	445,938,912
Member's Fund	374,734,061	445,575,741	478,105,281
Minority Interest	631,013	658,756	905,860

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1. HISTORY AND PRINCIPAL ACTIVITIES

GSB was incorporated under the Act on 12 March 1991 as a private limited company under its present name.

GSB is principally an investment holding company with its subsidiaries involved in property investment and land banking, commercial property development, as well as building and construction.

2. SHARE CAPITAL

The authorised and issued and fully paid-up share capital of GSB as at the LPD is as follows:

	No. of shares of RM1.00 each	Amount (RM)
Authorised	25,000,000 comprising of 20,000,000 ordinary shares and 5,000,0000 redeemable preference shares	25,000,000
Issued and paid-up	10,000,000	10,000,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of GSB (holding 5% or more in the share capital) and their shareholdings as disclosed in the Register of Substantial Shareholders' Shareholdings as at the LPD are as follows:

	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Datuk Mohamad Salim Bin Fateh Din	8,925,000	89.25	1,075,000	10.75
Datin Yasmin Binti Mohamed Ashraff	1,075,000	10.75	8,925,000	89.25

4. BOARD OF DIRECTORS

The Directors of GSB and their respective shareholdings in GSB as disclosed in the Register of Directors and Directors' Shareholding on the LPD are as follows:

Directors/ (Designation)	Nationality	Direct		Indirect	
		No. of shares held	% held	No. of shares held	% held
Datuk Mohamad Salim Bin Fateh Din *Managing Director*	Malaysian	8,925,000	89.25	1,075,000	10.75
Datin Yasmin Binti Mohamed Ashraff *Director*	Malaysian	1,075,000	10.75	8,925,000	89.25
Mohd Imran Bin Mohamad Salim *Director*	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries of GSB as at the LPD are as follows:-

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
Direct subsidiaries			
Bisraya Construction Sdn Bhd	26.09.2001 Malaysia	100.00	Construction and related activities
Bisraya Acres Sdn Bhd	21.06.1995 Malaysia	100.00	Land trading and property development activities
Bisraya Property Sdn Bhd	16.04.2002 Malaysia	100.00	Dormant
Bisraya Sentral Sdn Bhd	28.03.1996 Malaysia	100.00	Dormant
Gapurna Acres Sdn Bhd	07.12.2001 Malaysia	51.00	Dormant
Gapurna Alam Sdn Bhd	03.09.2007 Malaysia	51.00	Struck off
Gapurna Motors Sdn Bhd	23.08.2004 Malaysia	95.00	Motor vehicles related activities
Gapurna Retail Sdn Bhd	24.07.2006 Malaysia	100.00	Property development
Gapurna Permai Sdn Bhd	17.09.1999 Malaysia	51.00	Dormant
Gapurna Strategic Alliance Sdn Bhd	29.12.2010 Malaysia	100.00	Shared and management services
Indisputable Success Sdn Bhd	05.01.2012 Malaysia	100.00	Investment Holdings
Jutaria Gemilang Sdn Bhd	05.03.2012 Malaysia	100.00	Operating & managing of convenience stores
Nusa Gapurna Development Sdn Bhd	10.12.2001 Malaysia	60.00	Investment holding
Nikmat Manja Sdn Bhd	22.02.2012 Malaysia	100.00	Dormant
Tanjong Acres Sdn Bhd	13.09.1999 Malaysia	100.00	Land trading
Segi Lebar Sdn Bhd	23.03.2012 Malaysia	100.00	Dormant
Seprima Housing Development Sdn Bhd	22.02.2012 Malaysia	100.00	Dormant
Indirect			
Bisraya Land Sdn Bhd(5)	11.06.2007 Malaysia	100.00	In the process of being struck off
Gapurna Builders Sdn Bhd(4)	30.12.1999 Malaysia	60.0	Property Development
Gapurna Land Sdn Bhd(4)	03.09.1997 Malaysia	60.0	Property Development
Makmur Ulung Dev Sdn Bhd(1)	30.04.2007 Malaysia	100.00	Dormant
Modern Miracles Sdn Bhd(2)	02.10.2012 Malaysia	100.00	Dormant
Nusa Iklan Kreatif Sdn Bhd(3)	23.06.2001 Malaysia	100.00	Property development

Name of company	Date and place of incorporation	Effective equity interest %	Principal activities
My Views Sdn Bhd[4]	28.05.2012 Malaysia	60.00	Property Development
Nilaitera Sdn Bhd[4]	04.05.2012 Malaysia	60.00	Property Development
P.J Sentral Development Sdn Bhd[4]	07.03.2001 Malaysia	60.00	Property Development
Projekmaju Sdn Bhd[4]	04.05.2012	60.00	Property Development
Puncak Wangi Sdn Bhd[4]	25.09.1995 Malaysia	60.00	Property Development
Success Pact Development Sdn Bhd[4]	10.05.2012 Malaysia	60.00	Property Development
Such Sucess Sdn Bhd[4]	28.05.2012 Malaysia	60.00	Property Development
Usahatanah Jaya Sdn Bhd[4]	04.05.2012 Malaysia	60.00	Property Development

Notes:
(1) Held through Bisraya Sentral Sdn Bhd.
(2) Held through Jutaria Gemilang Sdn Bhd.
(3) Held through Tanjong Acres Sdn Bhd.
(4) Held through Nusa Gapurna Development Sdn. Bhd
(5) Held through Bisraya Construction Sdn. Bhd.

As at the LPD, GSB does not have any associated companies.

6. PROFIT AND DIVIDEND RECORD

The consolidated audited results of the GSB Group for the past three (3) FYE 31 December 2009 to 2011 are as follows:

	< ----------FYE 31 December---------- >		
	2009 RM'000	**2010 RM'000**	**2011 RM'00**
Revenue	107,996,172	177,567,254	63,520,899
Profit/(Loss) before taxation	4,559,299	103,680,168	65,719,641
Income tax expense	(4,044,498)	(33,900,981)	(7,560,070)
Profit after tax and minority interests	514,801	69,779,187	58,159,571
Minority Interest	2,878,435	(30,374,370)	(42,602,006)
Profit/(Loss) attributable to equity holders of the company	3,393,236	39,404,817	15,557,565
Basic earnings per share (sen)	33.93	394.05	155.58
Gross dividend rate (sen)	100.00	-	250.00

7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of assets and liabilities of the GSB Group for the past three (3) FYE 31 December 2009 to 2011 are as follows:

	< ----------FYE 31 December---------->		
	2009	**2010**	**2011**
	RM'000	**RM'000**	**RM'000**
Total assets	395,777,102	355,782,549	383,665,330
Total liabilities	208,709,951	208,669,544	78,371,510
Share capital	10,000,000	10,000,000	10,000,000
Net assets	142,654,092	187,884,183	314,157,450

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1. FULL NAME

Datuk Mohamad Salim Bin Fateh Din

2. NRIC No.

570801-10-6433

3. NATIONALITY

Malaysian

4. AGE

55

5. OCCUPATION

Company director and Managing Director of GSB

6. ADDRESS

66, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor

7. EQUITY INTERESTS, DIRECTORSHIPS AND / OR SUBSTANTIAL HOLDINGS IN COMPANIES / BUSINESSES

		Direct		Indirect	
Company	**Directorship**	**No. of shares held**	**%**	**No. of shares held**	**%**
Bisraya Acres Sdn Bhd	Yes	-	-	200,000[1]	100.00
Bisraya Construction Sdn Bhd	Yes	-	-	1,000,000[1]	100.00
Bisraya Land Sdn Bhd	Yes	-	-	100[1]	100.00
Bisraya Property Sdn Bhd	No	-	-	10,000[1]	100.00
Bisraya Sdn Bhd	No	180,000	90.00	20,000[2]	10.00
Bisraya Sentral Sdn Bhd	No	-	-	100,000[1]	100.00
British American Tobacco (M) Berhad	Yes	-	-	-	-
Ehsan Ikhlan Kreatif Sdn Bhd	Yes	45,000	90.00	5,000[3]	10.00
Gapurna Acres Sdn Bhd	Yes	245,000	49.00	255,000[1]	51.00
Gapurna Alam Sdn Bhd	Yes	49	49.00	51[1]	51.00
Gapurna Builders Sdn Bhd	No	-	-	1,000,000[4]	100.00
Gapurna Land Sdn Bhd	No	-	-	5,000,000[4]	100.00
Gapurna Motors Sdn Bhd	No	25,000	5.00	475,000[1]	95.00
Gapurna Permai Sdn Bhd	No	490,000	49.00	510,000[1]	51.00
Gapurna Retail Sdn Bhd	Yes			1,000,000[1]	100.00
Gapurna Strategic Alliance Sdn Bhd	No	-	-	2[1]	100.00
Gelanggan Harapan Sdn Bhd	Yes	85,000	85.00	15,000[5]	15.00
Gelombang Insentif Sdn Bhd	No	9,111	50.00	9,111[6]	50.00
GGS	No	-	-	[7]2 147,000 RPS	2.00
GHC	No	45,000	3.00	[8]1,455,000	97.00

7. EQUITY INTERESTS, DIRECTORSHIPS AND / OR SUBSTANTIAL HOLDINGS IN COMPANIES / BUSINESSES (cont'd)

		Direct		Indirect	
Company	**Directorship**	**No. of shares held**	**%**	**No. of shares held**	**%**
GSB	Yes	8,925,000	89.25	1,075,000[9]	10.75
GTC	No	-	-	1,000,000[10] 125,000 RPS[10]	100.00
Jutaria Gemilang Sdn Bhd	Yes	-	-	4,725,000 [1] 175,000 RPS[1]	30.00
Kemunis Sdn Bhd	No	-	-	1[11]	50.00
Kumpulan Petroehsan Sdn Bhd	No	22,500	90.00	2,500[12]	10.00
Kumpulan Rhegair Setia Sdn Bhd	Yes	65,000	65.00	-	-
Makmur Ulung Dev Sdn Bhd	No	-	-	2[13]	100.00
Modern Miracles Sdn Bhd	Yes	1	50.00	1[14]	50.00
NGD	No	-	-	[1]191,655,564	60.00
Nikmat Manja Sdn Bhd	No	-	-	2[1]	100.00
Nusa Iklan Kreatif Sdn Bhd	Yes	-	-	500,000[15]	100.00
Oil Ehsan Sdn Bhd	Yes	33,302	90.00	3,700[16]	10.00
Oil Eshan Station Sdn Bhd	No	-	-	150,000[4]	100.00
Oil Pact Sdn Bhd	No	12,500	50.00	12,500[17]	50.00
One Sentral Sdn Bhd	No	1	50.00	1[18]	50.00
P.J. Sentral Development Sdn Bhd	No	-	-	136,105,851 195,251 RPS[4]	70.00
Panca Segar Sdn Bhd	No	526	50.00	526[19]	50.00
Petrobumi Sdn Bhd	No	9,000	90.00	1,000[20]	10.00
Puncak Wangi Sdn Bhd	No	-	-	200,000[4]	100.00
Sagu Prestasi Sdn Bhd	No	380,240	70.00	162,960[19]	30.00
Segi Lebar Sdn Bhd	No	-	-	2[1]	100.00
Seprima Housing Development Sdn Bhd	No	-	-	2[1]	100.00
Sikap Megah Sdn Bhd	Yes	1	50.00	1[20]	50.00
Tanjong Acres Sdn Bhd	Yes	-	-	100,000[1]	100.00
Tecmega Sdn Bhd	No	75	75.00	25[21]	25.00
Terus Makmur Sdn Bhd	No	1,001	4.00	23,999[22]	96.00
348 Sentral Sdn Bhd	Yes	-	-	-	-
348 Sentral Office Sdn Bhd	Yes	-	-	-	-
348 Sentral Service Residence Sdn Bhd	Yes	-	-	-	-

Note:

(1) Deemed interested pursuant to Section 6A of the Act, through shareholdings in GSB.

(2) Deemed interested pursuant to his spouse's direct interest in Bisraya Sdn Bhd pursuant to Section 134 of the Act.

(3) Deemed interested pursuant to his spouse's direct interest in Ehsan Iklan Kreatif Sdn Bhd pursuant to Section 134 of the Act.

(4) Deemed interested pursuant to Section 6A of the Act, through shareholdings in NGD via GSB.

(5) Deemed interested pursuant to his spouse's direct interest in Gelanggan Harapan Sdn Bhd pursuant to Section 134 of the Act.

(6) Deemed interested pursuant to his spouse's direct interest in Gelombang Insentif Sdn Bhd pursuant to Section 134 of the Act.

(7) Deemed interested pursuant to his son's direct interest in GGS pursuant to Section 134 of the Act.

(8) Deemed interested pursuant to his spouse's and son's direct interest in GHC pursuant to Section 134 of the Act

(9) Deemed interested pursuant to his spouse's direct interest in GSB pursuant to Section 134 of the Act.

(10) Deemed interested pursuant to Section 134 of the Act, through her son's direct interest in GGS.

(11) Deemed interested pursuant to his son's direct interest in Kemunis Sdn Bhd pursuant to Section 134 of the Act.

(12) Deemed interested pursuant to his spouse's direct interest in Kumpulan Petroehsan Sdn Bhd pursuant to Section 134 of the Act.

(13) Deemed interested pursuant to Section 6A of the Act, through shareholdings in Bisraya Sentral Sdn Bhd via GSB.

(14) Deemed interested pursuant to Section 6A of the Act, through shareholdings in Jutaria Gemilang Sdn Bhd via GSB.

(15) Deemed interested pursuant to Section 6A of the Act, through shareholdings in Tanjong Acres Sdn Bhd via GSB.

(16) Deemed interested pursuant to his son's direct interest in Oil Ehsan Sdn Bhd pursuant to Section 134 of the Act.

(17) Deemed interested pursuant to his spouse's direct interest in Oil Pact Sdn Bhd pursuant to Section 134 of the Act.

(18) Deemed interested pursuant to his spouse's direct interest in One Sentral Sdn Bhd pursuant to Section 134 of the Act.

(19) Deemed interested pursuant to his spouse's direct interest in Panca Segar Sdn Bhd pursuant to Section 134 of the Act.

(20) Deemed interested pursuant to his spouse's direct interest in Petrobumi Sdn Bhd pursuant to Section 134 of the Act.

(21) Deemed interested pursuant to his spouse's direct interest in Sagu Prestasi Sdn Bhd pursuant to Section 134 of the Act.

(22) Deemed interested pursuant to his spouse's direct interest in Sikap Megah Sdn Bhd pursuant to Section 134 of the Act.

^ *Negligible.*

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1. FULL NAME

Datin Yasmin Binti Mohamad Ashraff

2. NRIC No.

570124-10-5065

3. NATIONALITY

Malaysian

4. AGE

56

5. OCCUPATION

Company director of GSB

6. ADDRESS

66, Jalan TR8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor

7. EQUITY INTERESTS, DIRECTORSHIPS AND / OR SUBSTANTIAL HOLDINGS IN GSB AND / OR OTHER COMPANIES / BUSINESSES

		Direct		Indirect	
Company	**Directorship**	**No. of shares held**	**%**	**No. of shares held**	**%**
Bisraya Acres Sdn Bhd	Yes	-	-	200,000[1]	100.00
Bisraya Construction Sdn Bhd	Yes	-	-	1,000,000[1]	100.00
Bisraya Land Sdn Bhd	Yes	-	-	100[1]	100.00
Bisraya Property Sdn Bhd	Yes	-	-	10,000[1]	100.00
Bisraya Sdn Bhd	No	20,000	10.00	180,000[2]	90.00
Bisraya Sentral Sdn Bhd	Yes	-	-	100,000[1]	100.00
Gapurna Acres Sdn Bhd	Yes	-	-	500,000[1]	100.00
Gapurna Alam Sdn Bhd	Yes	-	-	100[1]	100.00
Gapurna Builders Sdn Bhd	No	-	-	1,000,000[3]	100.00
Gapurna Land Sdn Bhd	No	-	-	5.000,000[3]	100.00
Gapurna Motors Sdn Bhd	Yes	-		500,000[1]	100.00
Gapurna Permai Sdn Bhd	Yes	-		1,000,000[1]	51.00
Gapurna Retail Sdn Bhd	No	-		1,000,000[1]	100.00
Gapurna Strategic Alliance Sdn Bhd	Yes	-	-	2[1]	100.00
Gelombang Insentif Sdn Bhd	Yes	9,111	50.00	9,111[4]	50.00
GGS	No	-	-	2[5] 147,000 RPS	99.33
GHC	No	30,000	2.00	1,470,000[6]	98.00
GSB	Yes	1,075,000	10.75	8,925,000[7]	89.25
GTC	No	-	-	1,000,000[8] 125,000 RPS[8]	100.00
Jutaria Gemilang Sdn Bhd	No	-	-	4,725,000[1] 175,000 RPS[1]	30.00

7. EQUITY INTERESTS, DIRECTORSHIPS AND / OR SUBSTANTIAL HOLDINGS IN GSB AND / OR OTHER COMPANIES / BUSINESSES (cont'd)

		Direct		Indirect	
Company	Directorship	No. of shares held	%	No. of shares held	%
Kemunis Sdn Bhd	No	-	-	1[9]	50.00
Kumpulan Petroehsan Sdn Bhd	Yes	2,500	10.00	22,500[10]	90.00
Makmur Ulung Dev Sdn Bhd	Yes	-	-	2[11]	100.00
Modern Miracles Sdn Bhd	Yes	1	50.00	1[12]	50.00
NGD	No	-	-	191,655,564[1]	60.00
Nikmat Manja Sdn Bhd	No	-	-	2[1]	100.00
Nusa Iklan Kreatif Sdn Bhd	Yes	-	-	500,000[13]	100.00
Oil Ehsan Sdn Bhd	Yes	-	-	37,002[14]	100.00
Oil Eshan Station Sdn Bhd	Yes	-	-	150,000[15]	100.00
Oil Pact Sdn Bhd	Yes	12,500	50.00	12,500[16]	50.00
One Sentral Sdn Bhd	Yes	1	50.00	1[17]	50.00
P.J. Sentral Development Sdn Bhd	No	-	-	136,105,851 [3] 195,251 RPS	70.00
Panca Segar Sdn Bhd	Yes	526	50.00	526[18]	50.00
Pelangi Infiniti (M) Sdn Bhd	Yes	99,000	99.58	1,000[19]	0.42
Perwira Petro Sdn Bhd	Yes	-	-	-	-
Petrobumi Sdn Bhd	Yes	1,000	10.00	9,000[20]	90.00
Puncak Wangi Sdn Bhd	No	-	-	200,000[3]	100.00
Sagu Prestasi Sdn Bhd	Yes	162,960	30.00	380,240[21]	70.00
Segi Lebar Sdn Bhd	No	-	-	2[1]	100.00
Seprima Housing Development Sdn Bhd	No	-	-	2[1]	100.00
Sikap Megah Sdn Bhd	Yes	1	50.00	1[22]	50.00
Tanjong Acres Sdn Bhd	Yes	-	-	100,000[1]	100.00
Tecmega Sdn Bhd	Yes	25	25.00	75[23]	75.00
Terus Makmur Sdn Bhd	No	23,999	96.00	1,001[24]	4.00
Ehsan Iklan Kreatif Sdn Bhd	Yes	5,000	10.00	45,000[25]	90.00
Gelanggan Harapan Sdn Bhd	Yes	15,000	15.00	85,000[26]	85.00

Note:

(1) Deemed interested pursuant to Section 6A of the Act, through shareholdings in GSB.

(2) Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Bisraya Sdn Bhd.

(3) Deemed interested pursuant to Section 6A of the Act, through shareholdings in NGD via GSB.

(4) Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Gelombang Insentif Sdn Bhd.

(5) Deemed interested pursuant to her son's direct interest in GGS pursuant to Section 134 of the Act.

(6) Deemed interested pursuant to her spouse's and son's direct interest in GHC pursuant to Section 134 of the Act

(7) Deemed interested pursuant to her spouse's direct interest in GSB pursuant to Section 134 of the Act.

(8) Deemed interested pursuant to Section 134 of the Act, through her son's direct interest in GGS.

(9) Deemed interested pursuant to Section 134 of the Act, through her son's direct interest in Kemunis Sdn Bhd.

(10) Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Kumpulan Petroehsan Sdn Bhd.

(11) Deemed interested pursuant to Section 6A of the Act, through shareholdings in Bisraya Sentral Sdn Bhd via GSB.

(12) Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Modern Miracles Sdn Bhd.

(13) Deemed interested pursuant to Section 6A of the Act, through shareholdings in Tanjong Acres Sdn Bhd via GSB.

(14) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Oil Ehsan Sdn Bhd.*
(15) *Deemed interested pursuant to Section 134 of the Act, through her spouse's and son's shareholdings in Oil Eshan Station Sdn Bhd via Oil Ehsan Sdn Bhd.*
(16) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Oil Pact Sdn Bhd.*
(17) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in One Sentral Sdn Bhd.*
(18) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Panca Segar Sdn Bhd.*
(19) *Deemed interested pursuant to Section 134 of the Act, through her son's direct interest in Pelangi Infiniti Sdn Bhd.*
(20) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Petrobumi Sdn Bhd.*
(21) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Sagu Prestasi Sdn Bhd.*
(22) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Sikap Megah Sdn Bhd.*
(23) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Tecmega Sdn Bhd.*
(24) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Terus Makmur Sdn Bhd.*
(25) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Ehsan Iklan Kreatif Sdn Bhd.*
(26) *Deemed interested pursuant to Section 134 of the Act, through her spouse's direct interest in Gelanggan Harapan Sdn Bhd.*

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1. FULL NAME

Mohd Imran Bin Mohamad Salim

2. NRIC No.

820918-14-5523

3. NATIONALITY

Malaysian

4. AGE

31

5. OCCUPATION

Company director of GSB, GHC, GGS and GTC

6. ADDRESS

66, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor

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7. EQUITY INTERESTS, DIRECTORSHIPS AND / OR SUBSTANTIAL HOLDINGS IN GSB AND / OR OTHER COMPANIES / BUSINESSES (cont'd)

Company	Position held	<----Direct---->		<---Indirect--->	
		No. of shares held	%	No. of shares held	%
Bisraya Property Sdn Bhd	Director	-	-	-	-
Bisraya Sentral Sdn Bhd	Director	-	-	-	-
Dwisigma Sdn Bhd	Director	1	50.00	-	-
Gapurna Sdn Bhd	Director	-	-	10,000,000 (1)	100.00
Gapurna Acres Sdn Bhd	Director	-	-	245,000 (1)	49.00
Gapurna Global Solutions Sdn Bhd	Director	2 147,000 RPS	-^ 99.93	-	-
Gapurna Motors Sdn Bhd	Director	-	-	500,000(5)	10.00
Gapurna Retail Sdn Bhd	Director	-	-	-	-
Gini Telekomm Sdn Bhd	Director	1	50.00	-	-
GTC	Director	-	-	1,000,000(6) 125,000 RPS(6)	100.00
GHC	Director	1,425,000	95.00	75,000 (1)	5.00
Gelombang Insentif Sdn Bhd	Director	-	-	9,111 (1)	50.00
Indisputable Success Sdn bhd	Director	-	-	-	-
Kumpulan Baiduri Sdn Bhd	Director	-	-	-	-
Kemunis Sdn Bhd	Director	1	50.00	-	-
Makmur Ulung Development Sdn Bhd	Director	-	-	-	-
Oil Ehsan Sdn Bhd	Director	3,700	10.00	33,302 (2)	90.00
Oil Eshan Station Sdn Bhd	Director	-		150,000(3)	100.00
One Sentral Sdn Bhd	Director	-	-	2 (1)	100.00
Panca Segar Sdn Bhd	Director	-	-	1,052 (1)	100.00
Petrobumi Sdn Bhd	Director	-	-	10,000 (1)	100.00
Perwira Petro Sdn Bhd	Director	-	-	-	-
Pelangi Infiniti (M) Sdn Bhd	Director	1,000	0.42	99,000(7) 140,600 RPS(7)	99.58
Photon Energies Sdn Bhd	Director	85	85.00	-	-
Sagu Prestasi Sdn Bhd	Director	-	-	543,200 (1)	100.00
Solar Power Sdn Bhd	Director	-	-	30,000(4)	60.00
Sun Beam Technologies Sdn Bhd	Director	85	85.00	-	-
Terus Makmur Sdn Bhd	Director	-	-	25,000 (1)	100.00
Tecmega Sdn Bhd	Director	-	-	100 (1)	100.00

Note:

(1) Deemed interested pursuant to Section 134 of the Act through his parent's direct shareholdings
(2) Deemed interested pursuant to Section 134 of the Act through the shareholding of his father
(3) Deemed interested pursuant to Section 6A of the Act, through shareholding in Oil Ehsan Sdn Bhd
(4) Deemed interested pursuant to Section 6A of the Act, through shareholding in Photon Energies Sdn Bhd
(5) Deemed interested pursuant to Section 134 of the Act through his father's direct shareholding and his father shareholding in GSB
(6) Deemed interested pursuant to Section 6A of the Act through his shareholding in GGS
(7) Deemed interested pursuant to Section 134 of the Act through his mother's shareholding

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1. FULL NAME

Hanif Ahmad Bin Nisar Ahmad

2. NRIC No.

771115-12-5555

3. NATIONALITY

Malaysian

4. AGE

35

5. OCCUPATION

Company director of GGS

6. ADDRESS

62, Jalan 8/149J, Bandar Baru Sri Petaling, 57000 Kuala Lumpur

7. EQUITY INTERESTS, DIRECTORSHIPS AND / OR SUBSTANTIAL HOLDINGS IN GGS AND / OR OTHER COMPANIES / BUSINESSES

		Direct		Indirect	
Company	**Directorship**	**No. of shares held**	**%**	**No. of shares held**	**%**
Gapurna Global Solutions Sdn Bhd	Yes	98	0.066	-	-
Nadi Asli Sdn Bhd	Yes	998,990	99.89	-	-

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1. DIRECTORS' RESPONSIBILITY

The Board have seen and approved this IAL and they collectively and individually accept full responsibility for the accuracy of the information given in this IAL (save for the information relating to NGD, EPF, GSB and their PACs) and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no material facts, the omission of which would make any information provided herein false and misleading.

The responsibility of the Board in respect of this IAL is limited to the accuracy of the information provided by MRCB and furnished to HwangDBS for its evaluation on respect of the MRCB Group. The responsibility of the Board in respect of the information relating to NGD, EPF, GSB and their PACs is limited to ensuring that such information is accurately reproduced in this IAL.

2. MATERIAL CONTRACTS

Save as disclosed below, the MRCB Group has not entered into any material contract (not being contracts entered into the ordinary course of business) during the 2 years immediately preceding the LPD:

(i) NGD SSA;

(ii) GHC SSA;

(iii) GGS SSA;

(iv) Profit Guarantee Agreement; and

(v) Right of First Refusal & Call Option Agreement.

3. SERVICE CONTRACTS

None of the Directors has any service contracts within the MRCB Group which are expiring or determinable by the employing company with payment of compensation within twelve (12) months from the date of this IAL. Further, no such service contracts has been entered into or amended within six (6) months from the LPD.

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INFORMATION ON THE NGD SUBSIDIARIES

1. GAPURNA BUILDERS

1.1 History and business

Gapurna Builders (Company No.: 502555-M) was incorporated in Malaysia under the Act on 30 December 1999 as a private limited company. The principal activities of Gapurna Builders are acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure. Gapurna Builders is a wholly-owned subsidiary of NGD.

As at LPD, Gapurna Builders does not have any subsidiary or associated company.

1.2 Share capital

As at LPD, Gapurna Builders has an authorised share capital of RM10,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

1.3 Substantial shareholders and substantial shareholders' shareholdings

The particulars of the substantial shareholders and their respective shareholdings in Gapurna Builders as at LPD are as set out below:-

Name	Place of incorporation/ Nationality	<--------Direct--------->		<--------Indirect--------->	
		No. of shares	%	No. of shares	%
NGD	Malaysia	1,000,000	100	-	-
GSB	Malaysia	-	-	1,000,000 (1)	100
EPF	Malaysia	-	-	1,000,000 (1)	100
Datuk Mohamad Salim	Malaysian	-	-	1,000,000 (2)	100

Notes:-

(1) *Deemed interested by virtue of their interest in NGD pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his interest in GSB pursuant to Section 6A of the Act.*

1.4 Directors and directors' shareholdings

The particulars of the directors and their respective shareholdings in Gapurna Builders as at LPD are as set out below:-

Name	Designation	Nationality	<--------Direct--------->		<--------Indirect--------->	
			No. of shares	%	No. of shares	%
Saidatul Hishan binti Mohammad Salleh	Director	Malaysian	-	-	-	-
Tan Sri Abdul Halim bin Ali	Director	Malaysian	-	-	-	-
Dato' Saw Choo Boon	Director	Malaysian	-	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

1.5 Material commitments and contingent liabilities

As at LPD, Gapurna Builders has no material commitment or contingent liability incurred or known to be incurred which upon being enforced may materially and adversely impact its financial performance or position.

1.6 Material contracts

As at LPD, Gapurna Builders has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD.

1.7 Material litigation

As at LPD, Gapurna Builders is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of Gapurna Builders and, to the best of the Board's knowledge and belief, the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of Gapurna Builders.

1.8 Snmmary of financial information and commentary

The audited financial information of Gapurna Builders for the past three (3) FYE 31 December 2012 are as set out below:-

	<---------- Audited ---------->		
	FYE 31 December 2010	**FYE 31 December 2011**	**FYE 31 December 2012**
	(RM)	**(RM)**	**(RM)**
Revenue	2,000,004 [1]	- [1]	- [1]
PBT/(LBT)	(408,719)	20,347,570 [2]	1,360,714 [3]
PAT/(LAT)	(408,719)	20,310,410 [2]	1,366,339 [3]
PATMI/(LATMI)	(408,719)	20,310,410 [2]	1,366,339 [3]
Gross EPS/ (Gross LPS)	(0.41)	20.35	1.36
Net EPS/(Net LPS)	(0.41)	20.31	1.37
Share capital	1,000,000	1,000,000	1,000,000
Shareholders' funds/NA	3,620,384	23,930,794 [2]	25,297,133
NA per share	3.62	23.93	25.30
Current ratio (times)	0.90	0.16	0.31
Total borrowings	-	-	-
Gearing (times)	-	-	-

Notes:-

[1] *Revenue in FYE 31 December 2010 was attributable to a contract with the Land Office of Petaling whereby Gapurna Builders had constructed a special purpose building for the Land Office of Pctaling in return for a piece of land located in Subang together with ten (10) units of residential properties as payment. Construction of the special purpose building commenced in 2007 and was completed in FYE 31 December 2010. The contract revenue was recognised between FYE 31 December 2007 and FYE 31 December 2010 based on the stages of completion of the construction. There was no revenue in FYE 31 December 2011 and FYE 31 December 2012 as the compony has not undertaken any property development projects since the completion of special purpose building project in 2010.*

[2] *The increase in PBT in FYE 31 December 2011 was attributable to a one-off debt waiver of approximately RM20.63 million from Gapurna Builder's ultimate holding company, GSB, in relation to the advances made to Gapurna Builders for the Land Office of Petaling project.*

[3] *PBT in FYE 31 Dccember 2012 was largely attributed by a RM1.24 million gain on disposal of ten (10) units of residential properties that were also constructed in 2009 during the construction of the special purpose building for the Land Office of Petaling.*

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

Gapurna Builders has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of Gapurna Builders for FYE 31 December 2010 to FYE 31 December 2012.

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INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

2. GAPURNA LAND

2.1 History and business

Gapurna Land (Company No.: 787242-M) was incorporated in Malaysia under the Act on 3 September 2007 as a private limited company. The principal activities of Gapurna Land are acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure. Gapurna Land is a wholly-owned subsidiary of NGD.

As at LPD, Gapurna Land does not have any subsidiary or associated company.

2.2 Share capital

As at LPD, Gapurna Land has an authorised share capital of RM10,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

2.3 Substantial shareholders and substantial shareholders' shareholdings

The particulars of the substantial shareholders and their respective shareholdings in Gapurna Land as at LPD are as set out below:-

Name	Place of incorporation/ Nationality	<--------Direct---------> No. of shares	%	<--------Indirect---------> No. of shares	%
NGD	Malaysia	5,000,000	100	-	-
GSB	Malaysia	-	-	5,000,000 (1)	100
EPF	Malaysia	-	-	5,000,000 (1)	100
Datuk Mohamad Salim	Malaysian	-	-	5,000,000 (2)	100

Notes:-

(1) *Deemed interested by virtue of their interest in NGD pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his interest in GSB pursuant to Section 6A of the Act.*

2.4 Directors and directors' shareholdings

The particulars of the directors and their respective shareholdings in Gapurna Land as at LPD are as set out below:-

Name	Designation	Nationality	<--------Direct---------> No. of shares	%	<--------Indirect---------> No. of shares	%
Saidatul Hishan binti Mohammad Salleh	Director	Malaysian	-	-	-	-
Tan Sri Abdul Halim bin Ali	Director	Malaysian	-	-	-	-
Dato' Saw Choo Boon	Director	Malaysian	-	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

2.5 Material commitments and contingent liabilities

As at LPD, Gapurna Land has no material commitment or contingent liability incurred or known to be incurred which upon being enforced may materially and adversely impact its financial performance or position.

2.6 Material contracts

As at LPD, Gapurna Land has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD.

2.7 Material litigation

As at LPD, Gapurna Land is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of Gapurna Land and, to the best of the Board's knowledge and belief, the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of Gapurna Land.

2.8 Summary of financial information and commentary

The audited financial information of Gapurna Land for the past three (3) FYE 31 December 2012 are as set out below:-

	<---------- Audited ---------->		
	FYE 31 December 2010	**FYE 31 December 2011**	**FYE 31 December 2012**
	(RM)	**(RM)**	**(RM)**
Revenue	- (1)	- (1)	- (1)
PBT/(LBT)	(125,364) (2)	41,918,836 (3)	(1,683,083) (4)
PAT/(LAT)	(131,127) (2)	41,923,696 (3)	(1,682,043) (4)
PATMI/(LATMI)	(131,127) (2)	41,923,696 (3)	(1,682,043) (4)
Gross EPS/(Gross LPS)	(0.03)	8.38	(0.34)
Net EPS/(LPS)	(0.03)	8.38	(0.34)
Share capital	5,000,000	5,000,000	5,000,000
Shareholders' funds/NA	4,910,948	46,834,644 (3)	45,152,601
NA per share	0.98	9.37	9.03
Current ratio (times)	^	0.01	0.03
Total borrowings	-	-	-
Gearing (times)	-	-	-

Notes:-

^ *Negligible.*

(1) *No revenue were recorded between FYE 31 December 2010 to FYE 31 December 2012 as the company did not undertake any property development activities.*

(2) *LBT and LAT during the FYE 31 December 2010 was mainly attributable to preliminary and planning expenses for its development projects including 3D perspective & animation for the development, signboards, flyers & banners, DBKL – Papan Iklan & Public Forum at Pangsapuri Gemilang.*

(3) *PBT and PAT during the FYE 31 December 2011 was mainly attributable ta a one-off debt waiver of approximately RM42.98 million from Gapurna Land's ultimate holding company, GSB, in relation to the advances made for the purchase of the two (2) parcels of land in Old Klang Road on 1 September 2010 that are being held by Gapurna Land.*

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

(4) *LBT and LAT during the FYE 31 December 2012 was mainly attributable to management fees for shared services paid to Gapurna Strategic Alliance Sdn Bhd ("**GSA**") (a wholly-owned subsidiary of GSB) such as finance, accounting, secretarial, business development, human resource and administration, and staff costs amounting to approximately RM1.1 million.*

Gapurna Land has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of Gapurna Land for FYE 31 December 2010 to FYE 31 December 2012.

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INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

3. PUNCAK WANGI

3.1 History and business

Puncak Wangi (Company No.: 360905-H) was incorporated in Malaysia under the Act on 25 September 1995 as a private limited company. The principal activities of Puncak Wangi are acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure. Puncak Wangi is a wholly-owned subsidiary of NGD.

As at LPD, Puncak Wangi does not have any subsidiary or associated company.

3.2 Share capital

As at LPD, Puncak Wangi has an authorised share capital of RM10,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM200,000 comprising 200,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

3.3 Substantial shareholders and substantial shareholders' shareholdings

The particulars of the substantial shareholders and their respective shareholdings in Puncak Wangi as at LPD are as set out below:-

Name	Place of incorporation/ Nationality	<--------Direct---------> No. of shares	%	<--------Indirect---------> No. of shares	%
NGD	Malaysia	200,000	100	-	-
GSB	Malaysia	-	-	200,000 (1)	100
EPF	Malaysia	-	-	200,000 (1)	100
Datuk Mohamad Salim	Malaysian	-	-	200,000 (2)	100

Notes:-

(1) *Deemed interested by virtue of their interest in NGD pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his interest in GSB pursuant to Section 6A of the Act.*

3.4 Directors and directors' shareholdings

The particulars of the directors and their respective shareholdings in Puncak Wangi as at LPD are as set out below:-

Name	Designation	Nationality	<--------Direct---------> No. of shares	%	<--------Indirect---------> No. of shares	%
Saidatul Hishan binti Mohammad Salleh	Director	Malaysian	-	-	-	-
Tan Sri Abdul Halim bin Ali	Director	Malaysian	-	-	-	-
Dato' Saw Choo Boon	Director	Malaysian	-	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

3.5 Material commitments and contingent liabilities

As at LPD, Puncak Wangi has no material commitment or contingent liability incurred or known to be incurred which upon being enforced may materially and adversely impact its financial performance or position.

3.6 Material contracts

Save as disclosed below, as at LPD, Puncak Wangi has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD.

Puncak Wangi and Celcom had on 28 February 2013 entered into a build and lease agreement whereby Puncak Wangi has agreed to design, construct and lease to Celcom a 32 storey office building as Celcom's principal corporate office on Lot PT 11 (formerly known as Lot 8), Section 52, Town of Petaling Jaya. The lease term is 15 years, with a further extension of two (2) terms of three (3) years each. Puncak Wangi had vide its letter dated 22 April 2013 informed Celcom that construction work had commenced on 1 April 2013.

3.7 Material litigation

As at LPD, Puncak Wangi is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of Puncak Wangi and, to the best of the Board's knowledge and belief, the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of Puncak Wangi.

3.8 Summary of financial information and commentary

The audited financial information of Puncak Wangi for the past three (3) FYE 31 December 2012 are as set out below:-

	<---------- Audited ---------->		
	FYE 31 December 2010	**FYE 31 December 2011**	**FYE 31 December 2012**
	(RM)	**(RM)**	**(RM)**
Revenue	8,209,246 (1)	36,657,554 (1)	- (1)
PBT/(LBT)	577,194	51,476,493 (2)	(815,351) (3)
PAT/(LAT)	407,239	44,996,136 (2)	(869,197) (3)
PATMI/(LATMI)	407,239	44,996,136 (2)	(869,197) (3)
Gross EPS/ (Gross LPS)	2.89	257.38	(4.08)
Net EPS/(Net LPS)	2.04	224.98	(4.35)
Share capital	200,000	200,000	200,000
Shareholders' funds/NA	156,672	45,152,808 (2)	44,283,611
NA/ (net liability) per share	0.78	225.76	221.42
Current ratio (times)	1.01	9.55 (4)	0.32 (4)
Total borrowings	-	-	-
Gearing (times)	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

Notes:-

(1) *Revenue in FYE 31 December 2010 and FYE 31 December 2011 were attributable to a contract with the Selangor State Government whereby Puncak Wangi had constructed a service complex for the Selangor State Government in return for a piece of land located in Petaling Jaya as payment. Construction of the service complex commenced in March 2010 and was completed in FYE 31 December 2011. The contract revenue was recognised in FYE 31 December 2010 and FYE 31 December 2011 based on the stages of completion of the construction. No revenue was recorded for the FYE 31 December 2012 as the company has not commenced any property development projects since the completion of the service complex in 2011.*

(2) *The increase in PBT and PAT during the FYE 31 December 2011 was attributable to the recognition of profits based on the stage of completion of the construction of the service complex for the Selangor State Government as well as a one-off debt waiver of RM25.7 million from Puncak Wangi's ultimate holding company, GSB, in relation to the advances made for past projects.*

(3) *The LBT and LAT during the FYE 31 December 2012 was mainly attributable to amortisation of leasehold land.*

(4) *The improvement in the current ratio for the FYE 31 December 2011 was mainly due to the one-off debt waiver from GSB as set out in Note 2 above. The subsequent decline in the current ratio in FYE 31 December 2012 was due to the reclassification of relocation costs relating to the contract with the Selangor State Government of RM15.4 million from trade receivables to land cost under non-current assets upon completion of the relocation works in January 2012.*

Puncak Wangi has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of Puncak Wangi for FYE 31 December 2010 to FYE 31 December 2012.

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INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

4. P.J SENTRAL

4.1 History and business

P.J Sentral (Company No.: 541142-D) was incorporated in Malaysia under the Act on 7 March 2001 as a private limited company. The principal activities of P.J Sentral are dealing in land, properties and other development related activities.

As at LPD, P.J Sentral does not have any subsidiary or associated company.

4.2 Share capital

As at LPD, P.J Sentral has an authorised share capital of RM502,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and 2,000,000 RPS of which RM194,436,930 comprising 194,158,000 ordinary shares of RM1.00 each and RM278,930 comprising 278,930 RPS have been issued and fully paid-up.

The RPS shall not be convertible but shall be redeemable at RM100 per RPS at any time from the issue date at the option of P.J Sentral. There is no fixed tenure for the RPS.

The salient terms of the RPS are set out below:-

Issuer	:	P.J Sentral		
Dividends	:	(a)		The rights to any dividends in the company payable out of distributable profits as determined by the Board of Directors in priority to any payment to the holders or any class of shares but the RPS shall not entitle the RPS holder to any further or other participation in the profits or assets of the company or to receive notice or attend to vote at any general meeting save for the proposals or resolutions as mentioned below; and
		(b)		Notwithstanding any other provision, no dividend shall be declared or paid unless in the sole discretion of the Board of Directors and there are sufficient distributable profits and cash available for such payment
Meetings and Votings	:	(a)		The RPS holder shall not be entitled to attend and/or has any voting rights at a general meeting of the company except on any proposal or resolution –
			(i)	Relating to or involving the winding up of the company;
			(ii)	Which directly or indirectly varies or affects any of the rights, privileges or conditions; or
			(iii)	As specifically provided under the Act in relation to redeemable preference shares
		(b)		In the event of winding up of the company, RPS holders shall redeem their RPS (after payments to creditors of the company, whether secured or unsecured) in the manner stated below
Redemption	:	The RPS shall not be convertible but shall be redeemable at any time from the issue date at the option of the company or in the event of winding up of the company		

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

4.3 Substantial shareholders and substantial shareholders' shareholdings

The particulars of the substantial shareholders and their respective shareholdings in P.J Sentral are as set out below:-

Shareholders/ RPS holders	Place of incorporation/ Nationality	<----------Direct---------->		<----------Indirect---------->	
		No. of shares/ RPS	%	No. of shares/ RPS	%
Ordinary shares					
NGD	Malaysia	135,910,600	70	-	--
PKNS	Malaysia	58,247,400	30	-	-
GSB	Malaysia	-	-	135,910,600 (1)	70
EPF	Malaysia	-	-	135,910,600 (1)	70
Datuk Mohamad Salim	Malaysian	-	-	135,910,600 (2)	70
		194,158,000	100		
RPS					
NGD	Malaysia	195,251	70	-	-
PKNS	Malaysia	83,679	30	-	-
GSB	Malaysia	-	-	195,251 (1)	70
EPF	Malaysia	-	-	195,251 (1)	70
Datuk Mohamad Salim	Malaysian	-	-	195,251 (2)	70
		278,930	100		

Notes:-

(1) *Deemed interested by virtue of their interest in NGD pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his interest in GSB pursuant to Section 6A of the Act.*

For information purposes, the RPS were issued to NGD and PKNS in FYE 31 December 2012 to capitalise earlier advances amounting to RM27.89 million from the shareholders to the company to fund the development costs of its projects.

4.4 Directors and directors' shareholdings

The particulars of the directors and their respective shareholdings in P.J Sentral as at LPD are as set out below:-

Name	Designation	Nationality	<--------Direct--------->		<-------Indirect-------->	
			No. of shares/ RPS	%	No. of shares/ RPS	%
Tan Sri Abdul Halim bin Ali	Director	Malaysian	-	-	-	-
Dato' Saw Choo Boon	Director	Malaysian	-	-	-	-
Saidatul Hishan binti Mohamınad Salleh	Director	Malaysian	-	-	-	-
Mohamed Azınin bin Ali	Director	Malaysian	-	-	-	-
Datin Paduka Norazlina binti Zakaria	Director	Malaysian	-	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

4.5 Material commitments and contingent liabilities

As at LPD, P.J Sentral has no material commitment or contingent liability incurred or known to be incurred which upon being enforced may materially and adversely impact its financial performance or position.

4.6 Material contracts

Save as disclosed below, as at LPD, P.J Sentral has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD:-

(i) Conditional sale and purchase agreement dated 12 December 2012 between P.J Sentral and MBSB Tower Sdn Bhd (formerly known as Ambang Hartamas Sdn Bhd), a wholly-owned subsidiary of Malaysia Building Society Berhad, for the sale of an office tower to be developed and identified as Tower 3 for a total cash consideration of RM239,236,750. As at LPD, P.J Sentral has submitted the relevant building plans to the relevant authorities for the development of the office tower; and

(ii) Conditional sale and purchase agreement dated 18 March 2013 between P.J Sentral and Perbadanan Harta Intelek Malaysia for the sale of a 24 storey office building to be developed and identified as Tower 6 for a total cash consideration of RM250 million. P.J Sentral and Perbadanan Harta Intelek Malaysia has vide a letter dated 3 May 2013 confirmed that certain conditions precedent of the sale and purchase agreement have been fulfilled as at 3 May 2013. As at LPD, P.J Sentral is in the midst of finalising the relevant building plans for submission to the relevant authorities for the development of the office tower.

4.7 Material litigation

As at LPD, P.J Sentral is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of P.J Sentral and, to the best of the Board's knowledge and belief, the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of P.J Sentral.

4.8 Snmmary of financial information and commentary

The audited financial information of P.J Sentral for the past three (3) FYE 31 December 2012 are as set out below:-

	<---------- Audited ---------->		
	FYE 31 December 2010	**FYE 31 December 2011**	**FYE 31 December 2012**
	(RM)	**(RM)**	**(RM)**
Revenue	154,994 (1)	693,558 (1)	-
PBT/(LBT)	(1,227,683) (2)	(1,483,747) (2)	(2,690,034) (2)
PAT/(LAT)	(1,267,084) (2)	(1,476,430) (2)	(2,690,034) (2)
PATMI/(LATMI)	(1,267,084) (2)	(1,476,430) (2)	(2,690,034) (2)
(Gross LPS)	(1.23)	(0.01)	(0.01)
(Net LPS)	(1.27)	(0.01)	(0.01)
Share capital	1,000,000	194,158,000 (3)	194,158,000
Sharcholders' funds/NA	(210,171)	191,471,399 (3)	216,674,365 (4)
NA per share	(0.21)	0.99	1.12
Current ratio (times)	^	0.14 (5)	1.94
Total borrowings	-	-	-
Gearing (times)	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

Notes:-

^ *Negligible.*

(1) *Revenue in FYE 31 December 2010 and FYE 31 December 2011 were derived from rentals for Lot 12 received from the Selangor State Development Corporation, Imej Parking Sdn Bhd and Scicom Academy Sdn Bhd. The tenancies were only for a 9-month period from December 2010 to August 2011 and were discontinued thereafter to make way for the demolition works and site clearance.*

(2) *LBT and LAT during the FYE 31 December 2010, FYE 31 December 2011 and FYE 31 December 2012 were mainly attributable to management fees for shared services paid to GSA (a wholly-owned subsidiary of GSB) such as finance, accounting, secretarial, business development, human resource and administration amounting to approximately RM1.5 million. LBT and LAT during the FYE 31 December 2012 also includes staff costs amounting to approximately RM681.0 thousand.*

(3) *In FYE 31 December 2011, P.J Sentral issued 193,158,000 new ordinary shares of RM1.00 each at par to its shareholders to finance the acquisition of a land in year 2010.*

(4) *In FYE 31 December 2012, P.J Sentral issued 278,930 RPS at RM100.00 each to its shareholders to fund the development cost of its projects. The increase in NA in FYE 31 December 2012 is mainly attributable to the share premium arising from the RPS issuance.*

(5) *The increase in the current ratio in FYE 31 December 2011 was due to the repayment of advances to a related company of approximately RM157.9 million in relation to the acquisition of Lot 12.*

P.J Sentral has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of P.J Sentral for FYE 31 December 2010 to FYE 31 December 2012.

5. INFORMATION ON THE VENDORS

5.1 NGD

NGD (Company No.: 566521-X) was incorporated in Malaysia under the Act on 10 December 2001 as a private limited company. The principal activities of NGD are investment holding and property development related activities.

As at LPD, NGD has an authorised share capital of RM505,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and 5,000,000 RPS of which RM319,425,940 comprising 319,425,940 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Name	Nationality/ Place of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of shares held	%	No. of shares held	%
Substantial shareholders					
GSB	Malaysia	191,655,564	60	-	-
EPF	Malaysia	127,770,376	40	-	-
Datuk Mohamad Salim	Malaysian	-	-	191,655,564 (1)	60
		319,425,940	100		
Directors					
Tan Sri Abdul Halim bin Ali	Malaysian	-	-	-	-

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

Name	Nationality/ Place of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of shares held	%	No. of shares held	%
Dato' Saw Choo Boon	Malaysian	-	-	-	-
Saidatul Hishan ht Mohammad Salleh	Malaysian	-	-	-	-

Note:-

(1) *Deemed interested by virtue of his interest in GSB pursuant to Section 6A of the Act.*

5.1.1 Information on GSB

GSB (Company No.: 213716-K) was incorporated in Malaysia under the Act on 12 March 1991 as a private limited company. GSB is principally an investment holding company with its subsidiaries involved in property investment and land banking, commercial property development, as well as building and construction.

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

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

Name	Nationality/ Place of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of shares held	%	No. of shares held	%
Substantial shareholders					
Datuk Mohamad Salim	Malaysian	8,925,000	89	1,075,000 (1)	11
Datin Yasmin	Malaysian	1,075,000	11	8,925,000 (2)	89
		10,000,000	100	-	-
Directors					
Datuk Mohamad Salim	Malaysian	8,925,000	89	1,075,000 (1)	11
Datin Yasmin	Malaysian	1,075,000	11	8,925,000 (2)	89
Mohd Imran	Malaysian	-	-	-	-

Notes:-

(1) *Deemed interested by virtue of his spouse interest in GSB pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of her spouse interest in GSB pursuant to Section 6A of the Act.*

5.1.2 Information on EPF

The EPF is the social security organisation established under the Employees Provident Fund Act 1991 (Act 452) which provides retirement benefits for its members through management of their savings in an efficient and reliable manner.The principal members of EPF are the private and nonpensionable public-sector employees.

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

The principal activities of EPF are to receive and to collect contributions, to meet all withdrawals of savings and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals, and to invest the monies in the Fund for the benefit of the members.

The particulars of the members of the Board of EPF as at 10 May 2013 are as follows:-

Name	Designation	Nationality
Tan Sri Samsudin Osman	Chairman	Malaysian
Dato' Mat Noor bin Nawi	Member	Malaysian
Dato' Seri Zainal Rahim Seman	Member	Malaysian
Tan Sri Datuk Amar Haji Mohamad Morshidi Abdul Ghani	Member	Malaysian
Tan Sri Sukarti bin Wakiman	Member	Malaysian
Tan Sri Azman Shah Haron	Member	Malaysian
Datuk Mohd Hasnol Ayub	Member	Malaysian
Tan Sri Mustafa Mansur	Member	Malaysian
Datuk Abdul Hamed Haji Sepawi	Member	Malaysian
Mohd Khalid Atan	Member	Malaysian
Lok Yim Pheng	Member	Malaysian
Hadiah Leen	Member	Malaysian
Azlin Awang Chee	Member	Malaysian
Tan Sri Lee Lam Thye	Member	Malaysian
Heng Hock Cheng @ Heng Heyok Chiang	Member	Malaysian
Halim Hj. Din	Member	Malaysian
Datuk Shahril Ridza Ridzuan	Ex-Officio	Malaysian
Alternate Members		
Siti Zauyah Binti Mohd Desa	Alternate	Malaysian
Dato' Mohd Shariff Hussin	Alternate	Malaysian
Datu Haji Misnu bin Haji Taha	Alternate	Malaysian
Datuk Nordin Siman	Alternate	Malaysian

The particulars of the members of the Investment Panel of EPF as at 10 May 2013 are as follows:-

Name	Designation	Nationality
Tan Sri Samsudin Osman	Chairman	Malaysian
Dato' Mat Noor bin Nawi	Member	Malaysian
Datuk Nor Shamsiah Mohd Yunus	Member	Malaysian
Dato' Sri Mohamed Nazir Abdul Razak	Member	Malaysian
Dato' Mohammed Azlan Hashim	Member	Malaysian
David Lau Nai Pek	Member	Malaysian
Datuk Shahril Ridza Ridzuan	Ex-Officio	Malaysian

5.1.3 Information on Datuk Mohamad Salim

Datuk Mohamad Salim is the spouse of Datin Yasmin and father of Mohd Imran. Aged 56, he graduated from Tunku Abdul Rahman College with a General Certificate of Education (O Level)/ Higher School Certificate. Between 1985 to 1990, he had ventured into business by establishing set ups to manage and trade in oil and petroleum products. Subsequently in 1991 onwards, he diversified his interests into land trading initially and subsequently, into commercial property development, property, project and building management, construction, ICT and investment holdings (both locally and overseas).

Datuk Mohamad Salim is the Managing Director of GSB and sits on all the boards of the Gapurna group of companies undertaking the above businesses. He also sits on the boards of three (3) subsidiaries in MRCB Group.

He is also the Chairman of GCH Retail (Malaysia) Sdn Bhd, the flagship company that undertakes Giant supermarkets and hypermarkets and retail outlets under the brand of Giant in Malaysia. GCH Retail (Malaysia) Sdn Bhd is owned by Dairy Farm, a Hong Kong based group which is a subsidiary of the global Jardine Matheson Group. Despite his heavy commitment, he still makes time to serve as member of the Malaysian Communications & Multimedia Commission ("**MCMC**").

Datuk Mohamad Salim was appointed a Commission Member of MCMC for a two (2) year term with effect from 1 December, 2012. In addition, he sits on the Audit and Disciplinary Committees of MCMC. He also sits on the board of British American Tobacco (Malaysia) Berhad, a public company listed on the Bursa Securities as its chairman and is a member of its Audit and Remuneration Committee.

5.1.4 Information on Tan Sri Abdul Halim bin Ali

Tan Sri Abdul Halim bin Ali, aged 68, holds a Bachelor of Arts (Hons) degree from University of Malaya. He was previously the Chief Secretary to the Government of Malaysia until his retirement in 2001. He is also the Chairman of Malaysia Building Society Bhd, Cycle & Carriage Bintang Berhad, Malakoff Berhad, Phileo Allied Berhad and Esso Malaysia Berhad. He brought with him more than 30 years of extensive know how and achievements.

5.1.5 Information on Dato' Saw Choo Boon

YBbg Dato' Saw Choo Boon holds a Bachelor of Science (Chemistry) Degree from the University of Malaya. He joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Bhd. He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and Netherlands. In 1996, he was appointed as the Managing Director of Shell MDS (Malaysia) Sdn Bhd. In 1998, he assumed the position of Managing Director for Oil Products (Downstream) Shell Malaysia. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice-President of the Commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East. In 2005, he managed Shell's Global Marine Oil business.

He was appointed the Chairman of Shell Malaysia from 2006 until 2009, and Senior Adviser until 30 June 2010, when he retired from Shell after 40 years of continuous service.

Currently, he is a Non-Executive Independent Board Member of Shell Refining Company (Federation of Malaya) Bhd., RHB Capital Bhd., RHB Investment Bank Bhd, Digi.Com Bhd. and IPS Sdn. Bhd.

5.1.6 Information on Saidatul Hishan bt Mohammad Salleh

Saidatul Hishan bt Mohammad Salleh obtained her real estate management qualifications from Universiti Teknologi MARA and her Master of Business Administration (Islamic Banking & Finance) from the International Islamic University Malaysia.

She began her career with Urus Bangunan Sdn Bhd, a subsidiary of the Urban Development Authority and thereafter gained extensive experience in real estate development, marketing and investment in several property development companies including, amongst others, Land & General Berhad, Golden Hope Plantations Berhad and Island & Peninsular Berhad.

She is currently the Head of Real Estate Investment covering both domestic and regional real estate markets of EPF.

She also sits on the Board of Directors of Bandar Eko-Setia Sdn Bhd, a joint venture project between EPF, SP Setia Bhd and Great Eastern Life Assurance (M) Bhd and Affordable Homes Sdn Bhd, a wholly-owned company of EPF.

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

5.2 PKNS

PKNS (Company No.: 190684-D) was incorporated in Malaysia under the Act on 11 December 1989 as a private limited company. The principal activities of PKNS are construction, property development and investment holding.

As at LPD, PKNS has an authorised share capital of RM20,015,000 comprising 20,000,000 ordinary shares of RM1.00 each and 150,000 redeemable preference shares of RM0.10 each. Its issued and paid-up share capital is RM266,426.80 comprising 264,144 ordinary shares of RM1.00 each and 22,828 redeemable preference shares of RM0.10.

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

Name	Nationality/ Place of incorporation	<----------Direct---------->		<----------Indirect---------->	
		No. of shares held	%	No. of shares held	%
Substantial shareholder					
Perbadanan Kemajuan Negeri Selangor	Malaysia	264,144 ordinary shares 22,828 redeemable preference shares	100.0	-	-
Directors					
Datin Paduka Norazlina Binti Zakaria	Malaysian	-	-	-	-
Noraida Binti Mohd Yusof	Malaysian	-	-	-	-

As the PKNS SSA has not been executed as at the date of this Circular, our Company is not privy to information relating to the background of the substantial shareholders and directors of PKNS.

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INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

6. INFORMATION ON THE PROPERTIES

Registered owner(s)	**Gapurna Builders**	**Puncak Wangi**	**P.J Sentral**
Type/ Identification	Land/ GRN 163848, Lot 50700, Town of Subang Jaya, District of Petaling, Selangor	Land/ HSD 277413, Lot PT 11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor	Land/ PN 71105, Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor
Land area (sq. ft.)	139,360	89,620	429,221
Tenure (years)	Freehold	Leasehold 99 years expiring on 10 November 2110	Leasehold 99 years expiring on 9 February 2108
Existing/ Proposed use	Vacant/ Commercial building	Vacant/ Commercial building	Vacant/ Commercial building
Original cost of investment/ Date	RM27,900,000/ 22 September 2006	RM44,866,800/ 29 September 2005	RM193,158,000/ 3 September 2010
Audited net book value ("NBV")*	RM27,900,000	RM44,413,600	RM193,158,000
Valuation/ Date	RM57,000,000/ 23 January 2013	RM55,000,000/ 23 January 2013	RM265,000,000/ 23 January 2013
Valuer	CH Williams	CH Williams	CH Williams
Method(s) of valuation	Residual Method and Comparison Method	Residual Method and Comparison Method	Residual Method and Comparison Method
Encumbrance	Nil	Nil	Nil
Development potential (if applicable)	17-storey commercial complex comprising (i) 12-storey office; (ii) 4-storey retail; (iii) 3½-storey split level car park and basement; and (iv) other facilities	Five (5) blocks of office building and one (1) block of hotel from 25 to 60-storey with 1-storey of utility and service level together with 4-storey of basement car park	
Expected commencement/ completion date	2013/ 2016	2013/ 2020	
Expected GDV #	RM376,665,977	RM2,977,527,900	
Expected gross development cost ("GDC") #	RM304,488,990	RM2,454,336,921	
Expected profits to be derived #	RM72,176,987	RM523,190,979	
Stage of completion (%)	Yet to commence	Yet to commence	
Source of funds for development	n.a.	n.a.	
Relevant approvals obtained/ date obtained	Planning permission bearing Reference No.MPSJ.260/36/351 (25) issued by Majlis Perbandaran Subang Jaya ("**MPSJ**") on 18 September 2012	Revised Planning Approval bearing reference no. (65) dlm. MBPJ/040100/T/P23/S52/5667/2010Jld. 1 issued by Majlis Bandaraya Petaling Jaya ("**MBPJ**") was obtained on 3 December 2012. Final endorsement of the Amended DO bearing reference no. (68)dlm.MPSJ/040100/T/P23/S52/5667/2010 Jld.1 was obtained on 22 February 2013. The building plan for Phase 1 of Lot PT 11 Section 52 has been approved by MBPJ vide its letter dated 27 February 2012 bearing reference no. (MBPJ/120100/T/P10/92/2012).	

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

Registered owner(s)	**Gapurna Land**
Type/ Identification	Land/ (i) HSD 116980, PT 68, (ii) HSD 116981, PT 69, (iii) HSD 116982, PT 70, (iv) HSD 116983, PT 71 and (v) HSD 118035 PT 75, located in Section 98, Town of Kuala Lumpur, and (vi) HSD 116984, PT 8617, Mukim of Kuala Lumpur, all within District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Land area (sq. ft.)	768,080
Tenure (years)	(i), (ii), (iii), (iv) and (vi): Leasehold 99 years expiring 11 May 2109 (v): Leasehold 99 years expiring 11 May 2110
Existing/ Proposed use	Vacant/ Mixed development
Original cost of investment/ Date	RM46,625,509/ 31 March 2009, 30 September 2009
Audited NBV*	RM46,625,509
Valuation/ Date	RM120,000,000/ 23 January 2013
Valuer	CH Williams
Method(s) of valuation	Residual Method and Comparison Method
Encumbrance	Nil
Development potential (if applicable)	Parcel A: Development of a 41-storey serviced apartment (Block A) (230 units) including 8-storey car park, retail together with facility and 2-storey basement car park Parcel B: Development of three (3) blocks of serviced apartment (734 units) including 8-storey car park, retail area together with 2-storey basement car park: (i) Block B 38-storey; (ii) Block C 33-storey; and (iii) Block D 33-storey. Parcel C: Development of four (4) blocks of 44-storey serviced apartment (876 units) including (i) 8-storey car park, retail area together with facility and 2-storey basement car park; (ii) 8-storey of SOHO; and (iii) 1 unit of main distribution station. Parcel D: Development of 36-storey college including retail, 8-storey car park together with facility and 1-storey basement car park.
Expected commencement/ completion date	2013/ 2022
Expected GDV #	RM2,510,021,877
Expected GDC #	RM2,263,009,395
Expected profits to be derived #	RM247,012,482
Stage of completion (%)	Yet to commence
Source of funds for development	n.a.
Relevant approvals obtained/ date obtained	Revised DO bearing reference no. (90)dlm.DBKL.JPRB.1485/2010[OSC(B) A13 S1 120106-004] issued by Dewan Bandaraya Kuala Lumpur ("**DBKL**") on 3 August 2012. The relevant building plans were approved by DBKL on 23 October 2012 – Parcel A, 22 October 2012 – Parcel B, 8 October 2012 – Parcel C and 5 November 2012 – Parcel D.

INFORMATION ON THE NGD SUBSIDIARIES *(Cont'd)*

Notes:-

* *Based on the latest available audited financial statements.*

\# *Extracted from the Property Valuation Reports which may be subject to further changes and does not represent the actual GDV that could be derived by MRCB upon completion of the Proposed Acquisitions.*

n.a. *Not available as at the date of this Circular.*

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INFORMATION ON GHC

1. History and business

GHC (Company No.: 300947-T) was incorporated in Malaysia under the Act on 18 May 1994 as a private limited company. GHC is principally involved in construction of properties. Details on the on-going contracts and contracts awarded to GHC as at LPD are as set out in Section 11 of this Appendix.

Details of the subsidiary of GHC are set out in Section 9 of this Appendix. As at LPD, GHC does not have any associated company.

2. Share capital

As at LPD, GHC has an authorised share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

3. Substantial shareholders and substantial shareholders' shareholdings

The particulars of the substantial shareholders and their respective shareholdings in GHC as at LPD are as set out below:-

Name	Place of incorporation/ Nationality	<--------Direct---------> No. of shares	%	<--------Indirect---------> No. of shares	%
Mohd Imran	Malaysian	1,425,000	95	75,000 (1)	5
Datuk Mohamad Salim	Malaysian	45,000	3	1,455,000 (2)	97
Datin Yasmin	Malaysian	30,000	2	1,470,000 (3)	98
		1,500,000	100		

Notes:-

(1) *Deemed interested by virtue of his parent's direct interests in GHC pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his spouse and son's direct interests in GHC pursuant to Section 6A of the Act.*

(3) *Deemed interested by virtue of her spouse and son's direct interests in GHC pursuant to Section 6A of the Act.*

4. Directors and directors' shareholdings

The particulars of the directors and their respective shareholdings in GHC as at LPD are as set out below:-

Name	Designation	Nationality	<--------Direct---------> No. of shares	%	<--------Indirect---------> No. of shares	%
Mohd Imran	Director	Malaysian	1,425,000	95	75,000 (1)	5
Datuk Dell Akbar bin Hyder Khan	Director	Malaysian	-	-	-	-

Note:-

(1) *Deemed interested by virtue of his parent's direct interests in GHC pursuant to Section 6A of the Act.*

INFORMATION ON GHC (*Cont'd*)

5. Material commitments and contingent liabilities

As at LPD, GHC has no material commitment or contingent liability incurred or known to be incurred which upon being enforced may materially and adversely impact its financial performance or position.

6. Material contracts

As at LPD, GHC has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD.

7. Material litigation

As at LPD, GHC is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of GHC and, to the best of the Board's knowledge and belief, the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of GHC.

8. Summary of financial information and commentary

The audited financial information of GHC for the past three (3) FYE 31 December 2012 are as set out below:-

	<---------- Audited ---------->			
	FYE 31 May 2010	**FYE 31 May 2011**	**7 month FPE 31 December 2011**	**FYE 31 December 2012**
	(RM)	**(RM)**	**(RM)**	**(RM)**
Revenue	120,551,987 (1)	90,117,684 (1)	61,689,977 (1)	64,945,241 (1)
PBT	14,989,865 (2)	4,378,889 (2)	8,240,747 (2)	2,452,307 (2)
PAT	10,945,967 (2)	3,068,663 (2)	6,111,441 (2)	1,631,786 (2)
PATMI	10,945,967	3,068,663	6,111,441	1,631,786
Gross EPS	9.99	2.92	5.49	1.63
Net EPS	7.30	2.05	4.07	1.09
Share capital	1,500,000	1,500,000	1,500,000	1,500,000
Shareholders' funds/NA	14,438,668	8,507,331	14,618,772	10,250,558
NA per share	9.63	5.67	9.75	6.83
Current ratio (times)	1.38	1.26	1.46	1.40
Total borrowings	-	-	254,856 (3)	202,766 (3)
Gearing (times)	-	-	0.02	0.02

Notes:-

(1) *Movement in revenue for FYE 31 May 2010 to FYE 31 December 2012 was attributable to the construction of the Giant Tanjung 12, Giant Jalan Kebun and Giant USJ projects. The Giant Tanjung 12, Giant Jalan Kebun and Giant USJ projects commenced in November 2010, March 2011 and July 2011 respectively, and were completed in September 2012, February 2012 and January 2013 respectively. The respective contract revenues were recognised from FYE 31 May 2010 to FYE 31 December 2012 based on stages of completion of the construction. However, the decrease in revenue for the FPE 31 December 2011 was mainly due to the change of financial year end from 31 May to 31 December.*

(2) *Movement in PBT and PAT for the FYE 31 May 2010 to FYE 31 December 2011 were generally in line with the movement in revenue over the years after taking into consideration timing differences in recognition of revenues against costs in line with the stages of completion of the various projects. However, the decrease in PBT in FYE 31 December 2012 was attributable to an increase in administrative expenses of approximately RM5 million mainly due to an increase in staff cost to cater for new projects, management fees paid to GSA (a wholly-owned subsidiary of GSB) of approximately RM1.5 million and donations to charitable organisations, sports bodies, etc. of approximately RM2.1 million.*

INFORMATION ON GHC *(Cont'd)*

(3) *The increase in borrowings are attributable to a hire purchase agreement entered into in July 2011 for the purchase of a company motor vehicle.*

GHC has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of GHC for FYE 31 December 2010 to FYE 31 December 2012.

9. Subsidiary of GHC

As at LPD, the subsidiary of GHC is as follows:-

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Sanjung Sepang Sdn Bhd ("SSSB")	17 April 2002/ Malaysia	150,000	100	Dormant

For information purposes, GHC had acquired SSSB on 21 January 2013 and hence the financial information of SSSB are not reflected in the financial results of GHC, as set out in Section 8 above. GHC will be consolidating the financial results of SSSB from the FYE 31 December 2013. We have set out below, a summary of SSSB's audited financial results for the FYE 30 June 2012, for your information:-

	Audited FYE 30 June 2012
	(RM)
Revenue	-
PBT/(LBT)	18,829
PAT/(LAT)	18,829
PATMI/(LATMI)	18,829
Gross EPS/ (Gross LPS)	1,882.90
Net EPS/(Net LPS)	1,882.90
Share capital	10
Shareholders' funds/NA	(781)
NA per share	(78.10)
Current ratio (times)	0.01
Total borrowings	-
Gearing (times)	-

10. Information on the GHC Vendors

(i) Mohd Imran

Mohd Imran is the son of Datuk Mohamad Salim and Datin Yasmin. Mohd Imran, aged 31 has undertaken various managerial positions rauging from Chief Operating Officer (former) to Non-Executive Director of GTC. From 2007 onwards, he served as a board member of GSB, a holding company with interests in, amongst others, commercial property development, project management, construction and building, car park management services and ICT. Mohd Imran also sits on the board of GHC, a construction company and GTC, a company specialising in closed-circuit television security surveillance system implementation. He holds a Degree in Electrical and Electronics from University of Manchester Institute of Science and Technology, UK and Masters in Commerce from Deakin University, Australia. He was recently appointed as Group Chief Operating Officer of MRCB.

INFORMATION ON GHC *(Cont'd)*

(ii) Datuk Mohamad Salim

The profile of Datuk Mohamad Salim is set out in Section 5.1.3 of Appendix I of this Circular.

(iii) Datin Yasmin

Datin Yasmin is the spouse of Datuk Mohamad Salim and mother of Mohd Imran. Datin Yasmin, aged 57, assisted her father in running and managing his oil and gas interests.

Together with Datuk Mohamad Salim, they co-founded GSB, the holding company of the Gapurna group of companies. Currently, Datin Yasmin sits on the board of GSB in addition to being on the boards of several subsidiaries in the Gapurna group of companies.

Over the years, the exposure to the various aspects of managing and leading corporations have enhanced her leadership and managerial skills which she displayed in assisting her husband to run the companies under her care.

She is also active in several social activities and is a trustee on the board of Yayasan Gapurna.

11. Information on the construction projects of GHC

11.1 The recent major projects completed by GHC are set out below:-

Project name	**Giant USJ**	**Giant Tanjung 12**	**Giant, Jalan Kebun**
Type of construction	Design and build		
Project owner	GCH Retail (M) Sdn Bhd		
Contract value (RM million)	65	33	27
Commencement date	10 July 2011	15 November 2010	1 March 2011
Completion date	10 January 2013	13 September 2012	24 February 2012

Datuk Mohamad Salim, the major shareholder of GHC, is the chairman (but is not a member of the board of directors) of GCH Retail (M) Sdn Bhd ("**GCH Retail**"), the project owner of the Giant USJ, Giant Tanjung 12 and Giant, Jalan Kebun projects.

Save as disclosed above, the project owners of GHC's past completed projects were neither a director, substantial shareholder nor a person connected to GHC.

11.2 The on-going projects of GHC as at LPD are set out below:-

Project name/ Location	**Giant Kangar/ Mukim Utan Aji**	**Giant Setapak/ Setapak**
Date of award	-(1)	-(2)
Type of construction	Design and build	
Project owner	GCH Retail	
Contract value (RM million)	25.4	55.0
Expected commencement date	3rd quarter 2013	2nd quarter 2013
Expected completion date	4th quarter 2014	2nd quarter 2014

Project name/ Location	**Giant Kampar/ Kampar**	**SCOPE/ Teknologi Park Malaysia ("TPM")**
Date of award	-(3)	1 November 2012
Type of construction	Design and build	Commercial development
Project owner	GCH Retail	Gapurna Retail Sdn Bhd
Contract value (RM million)	50.7	78.4
Expected commencement date	3rd quarter 2013	1 November 2012
Expected completion date	4th quarter 2014	14 October 2013

INFORMATION ON GHC *(Cont'd)*

Notes:-

(1) *As at LPD, the letter of award is not yet available. However, GCH Retail had, in acknowledgement of a letter of offer from GSB to GCH Retail dated 28 May 2012, agreed to award the construction contract to GHC upon the lease of the land to GCH Retail.*

(2) *As at LPD, the letter of award is not yet available. However, GCH Retail had, in acknowledgement of a letter of offer from GSB to GCH Retail dated 20 April 2010, agreed to award the construction contract to GHC upon the sale of the land to GCH Retail.*

(3) *As at LPD, the letter of award is not yet available. However, GCH Retail had, in acknowledgement of a letter of offer from GSB to GCH Retail dated 8 March 2011, agreed to award the construction contract to GHC upon the sale of the land to GCH Retail.*

Datuk Mohamad Salim, the major shareholder of GHC, is the chairman (but is not a member of the board of directors) of GCH Retail, the project owner of Giant Kangar, Giant Setapak and Giant Kampar projects.

Gapurna Retail Sdn Bhd, being the project owner of TPM, is a company related to GHC by virtue of Datuk Mohamad Salim and Datin Yasmin being the substantial shareholders and directors of both GHC and Gapurna Retail Sdn Bhd.

11.3 The contracts secured by GHC as at LPD are set out below:- :

Project name/ Location	**Lot 8/ Petaling Jaya**	**Lot 12/ Petaling Jaya**
Date of award	3 April 2013	-^
Type of construction	Commercial development	Commercial development
Project owner	Puncak Wangi	P.J Sentral
Contract value (RM million)	269.55	1,349.2
Expected commencement date	2nd quarter 2013	1st quarter 2014
Expected completion date	4th quarter 2015	4th quarter 2017

Project name/ Location	**9 Seputeh/ Old Klang Road**	**Suria Subang/ Subang**
Date of award	-^	-^
Type of construction	Commercial development	Commercial development
Project owner	Gapurna Land	Gapurna Builders
Contract value (RM million)	1,457.9 and 115.0 (for infrastructure)	199.2
Expected commencement date	2nd quarter 2013	2nd quarter 2013
Expected completion date	3rd quarter 2017	4th quarter 2015

Note:-

^ *As at LPD, the letters of award for the aforesaid projects have not been made available. However, as set out in a supplemental shareholders' agreement and supplemental investment and share sale agreement between NGD, EPF and GSB dated 8 February 2013, the parties have agreed that GHC shall be appointed as the main contractor in respect of the construction and development of the Properties.*

Puncak Wangi, P.J Sentral, Gapurna Land and Gapurna Builders, being the project owners of Lot 8, Lot 12, 9 Seputeh and Suria Subang respectively, are companies related to GHC by virtue of Datuk Mohamad Salim and Datin Yasmin being substantial shareholders of GSB, the ultimate holding company of the project owners.

INFORMATION ON GGS

1. History and business

GGS (Company No.: 842248-V) was incorporated in Malaysia under the Act on 23 December 2008 as a private limited company. Its principal activities are in property and investment holding. .

Details of the subsidiary of GGS are set out in Section 9 of this Appendix. As at LPD, GGS does not have any associated companies.

2. Share capital

As at LPD, GGS has an authorised share capital of RM1,000,000 comprising 500,000 ordinary shares of RM1.00 each and 500,000 RPS of which RM147,100 comprising of 100 ordinary shares of RM1.00 each and RM147,000 comprising 147,000 RPS have been issued and fully paid-up.

The RPS shall not be convertible but shall be redeemable at RM100 per RPS at any time from the issue date at the option of GGS. There is no fixed tenure for the RPS.

3. Substantial shareholders and substantial shareholders' shareholdings

The particulars of the substantial shareholders and their respective shareholdings in GGS as at LPD are as set out below:-

		<--------Direct--------->		<--------Indirect--------->	
Name	**Place of incorporation/ Nationality**	**No. of shares/ RPS**	**%**	**No. of shares/ RPS**	**%**
Ordinary shares					
Hanif Ahmad	Malaysian	98	98	-	-
RPS					
Mohd Imran	Malaysian	147,000	100	-	-
Datuk Mohamad Salim	Malaysian	-	-	147,000 [(1)]	100
Datin Yasmin	Malaysian	-	-	147,000 [(1)]	100

Note:-

(1) Deemed interested by virtue of their son's direct interest in GGS pursuant to Section 6A of the Act.

4. Directors and directors' shareholdings

The particulars of the directors and their respective shareholdings in GGS as at LPD are as set out below:-

			<------Direct------->		<------Indirect------>	
Name	**Designation**	**Nationality**	**No. of shares/ RPS**	**%**	**No. of shares/ RPS**	**%**
Ordinary Shares						
Mohd Imran	Director	Malaysian	2	2	-	-
Hanif Ahmad	Director	Malaysian	98	98	-	-
			100	100		
RPS						
Mohd Imran	Director	Malaysian	147,000	100	-	-

INFORMATION ON GGS *(Cont'd)*

5. Material commitments and contingent liabilities

As at LPD, GGS has no material commitment or contingent liability incurred or known to be incurred which upon being enforced may materially and adversely impact its financial performance or position.

6. Material contracts

As at LPD, GGS has not entered into any material contract, not being a contract entered into in the ordinary course of business, within the two (2) years immediately preceding the LPD.

7. Material litigation

As at LPD, GGS is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of GGS and, to the best of the Board's knowledge and belief, the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of GGS.

8. Summary of financial information and commentary

The audited consolidated financial information of GGS for the past three (3) FYE 31 December 2012 are as set out below:-

	<---------- Audited ---------->		
	FYE 31 December 2010	**FYE 31 December 2011**	**FYE 31 December 2012**
	(RM)	**(RM)**	**(RM)**
Revenue	97,336,134	55,362,590 (1)	72,262,156 (2)
PBT	18,068,562	4,370,545	3,613,486
PAT	17,884,249	4,117,827	3,359,280
PATMI	13,654,961	4,291,479	3,359,280
Gross EPS	180,685.62 *	43,705.45 *	36,134.86 *
Net EPS	178,842.49 *	41,178.27 *	33,592.80 *
Share capital	100	147,100 (3)	147,100
Shareholders' funds/NA	22,567,857	47,656,864 (4)	44,746,144
NA per share	225,678.57 *	476,568.64 *	447,461.44 *
Current ratio (times)	1.60	1.44	2.07
Total borrowings	71,429,792	75,296,620 (5)	60,713,630 (5)
Gearing (times)	3.17	1.58	1.36

Notes:-

* *NA per share and EPS are computed based on 100 ordinary shares only.*

(1) *The decrease in revenue for FYE 31 December 2011 was mainly due to the decrease in revenue from Kementerian Perumahan dan Kerajaan Tempatan ("**KPKT**") leasing project as most of the project's revenue was recognised in the previous financial year. In addition, sales revenue also decreased as compared to FYE 31 December 2010.*

(2) *Revenue for FYE 31 December 2012 increased mainly due to RM24.2 million revenue from the State of Selangor leasing project. Other notable projects in FYE 31 December 2012 include the new Kuala Lumpur International Airport 2 from MAHB which contributed RM15 million, MRCB Engineering Sdn Bhd (348 Sentral) for RM10.1 million and Iskandar Regional Development Authority (IRDA) for RM7.7 million.*

INFORMATION ON GGS *(Cont'd)*

(3) *In FYE 31 December 2011, GGS issued 147,000 RPS at RM100.00 each to Datin Yasmin for working capital purposes, which was subsequently transferred to Mohd Imran.*

(4) *The increase in NA for the FYE 31 December 2011 was mainly attributable to the share premium arising from the issuance of 147,000 RPS to Datin Yasmin at RM100 each during the year as well as the elimination of minority interest in GTC, following the acquisition by GGS of the remaining 250,000 shares of RM1.00 each in GTC, not already owened by it from Gemas Idaman Sdn. Bhd. On 8 February 2011.*

(5) *The increase in borrowings from FYE 31 December 2010 to FYE 31 December 2012 was to finance the KPKT, Selangor and KLIA projects.*

GGS has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of GGS for FYE 31 December 2010 to FYE 31 December 2012.

9. Subsidiary of GGS

As at LPD, the subsidiary of GGS is as follows:-

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
GTC	25 September 2001 / Malaysia	1,000,000 ordinary shares of RM1.00 each 125,000 RPS	100	Integrated security surveillance systems and related activities

10. Information on the GGS Vendors

(i) Hanif Ahmad

Hanif Ahmad is the cousin of Mohd Imran and is the nephew of Datuk Mohamad Salim and Datin Yasmin. Hanif Ahmad, aged 36, joined Malaysia Airlines Berhad as a junior officer in 1995 and worked his way up to be a Senior Officer of the Customer Service Department. He was appointed a director of GGS since 1 November, 2010.

During his service with Malaysia Airlines Berhad, he attended numerous courses and seminars for his self-improvement and following his directorship with GGS, he has been exposed to the various aspects of management and leadership skills.

(ii) Mohd Imran

Mohd Imran is the cousin of Hanif Ahmad and is the son of Datuk Mohamad Salim and Datin Yasmin.

The profile of Mohd Imran is set out in Section 10 of Appendix II of this Circular.

VALUATION CERTIFICATE FOR THE PROPERTY HELD BY GAPURNA BUILDERS

C H Williams Talhar & Wong

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

Juruukur Berkanun Charterad Surveyors | Perunding Harta Antarabangsa Intarnational Property Consultants

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Tan Ka Leong
B Surv., FRISM, MPEPS
Peh Seng Yee
MBA, B Surv., MRICS, FRISM, MPEPS
Ainuddin Jalaini Bin Ismail
B.Sc., MRICS, MRISM
Lim Chai Yin
B.Sc., MRISM, MPEPS

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

Report and Valuation

Our Ref : WTW/01/V/000579D/12/LAI

Date : 11 March 2013

Board of Directors
Malaysian Resources Corporation Bhd
Level 20, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sir

CERTIFICATE OF VALUATION
LOT NO 50700, TOWN OF SUBANG JAYA
DISTRICT OF PETALING, SELANGOR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

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 the purpose of submission to Bursa Malaysia Securities Berhad and for inclusion in the circular to shareholders of Malaysian Resources Corporation Berhad ("MRCB") in relation to the proposed acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as 70% equity interest in P.J Sentral Development Sdn Bhd by Malaysian Resources Corporation Berhad.

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 January 2013 with permission to transfer, lease or charge and free from all encumbrances is **RM57,000,000/- (Ringgit Malaysia: Fifty Seven Million Only)**.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by 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 International Valuation Standards (IVS) and the Malaysian Valuation Standards (MVS) to be "the estimated amount for which a property 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".

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579D/12/LAI

Page 2

PROPERTY IDENTIFICATION

Type of Property	:	A parcel of vacant commercial land
Location	:	Sandwiched between Jalan Kemajuan Subang and Jalan SS 16/1, 47500 Subang Jaya, Selangor
Title No.	:	GRN 163848
Lot No	:	Lot 50700, Town of Subang Jaya, District of Petaling, Selangor Darul Ehsan
Land Area	:	12,947 square metres (139,360 square feet / 3.199 acres)
Tenure	:	Term in perpetuity (Freehold)
Registered Owner	:	GAPURNA BUILDERS SDN BHD
Category of Land Use	:	Building
Express Condition	:	Commercial Building
Encumbrances	:	Nil

GENERAL DESCRIPTION

The subject property is a parcel of vacant commercial land known as Lot No 50700, Town of Subang Jaya, District of Petaling, Selangor. It is sandwiched between Jalan Kemajuan Subang and Jalan SS 16/1, Subang Jaya, Selangor.

The site, an intermediate lot, is near rectangular in shape with a titled land area of 12,947 square metres (139,360 square feet or 3.199 acres). The site enjoys dual metalled road frontages on Jalan SS 16/1 and Jalan Kemajuan. It is generally flat in terrain and lies at about the same level with the above-mentioned frontage roads.

The site boundaries are generally demarcated with metal hoarding. During our site inspection, we noted that the site has been cleared and utilised as car parking area.

The subject property which is located within SS 16, Subang Jaya Town Centre is surrounded by shopping complexes such as Subang Parade and Carrefour Hypermarket; office towers/complex such as Menara Mesiniaga, Wisma Consplant 1 and Wisma Consplant 2; serviced apartment developments namely E-Tiara, Tiaraville, Saujana Residency, Subang Avenue Serviced Suites and Olives @ Subang (formerly known as Jana Towers); a mixed commercial development comprising a 3-storey retail podium with a SOHO tower, an office tower and a hotel/suite tower known as Empire Subang as well as the KTM Commuter Subang Jaya Station.

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Our Ref: WTW/01/V/000579D/12/LAI

Page 3

GENERAL DESCRIPTION (Cont'd)

Proposed Development

The subject property has been granted with a planning permission ("Kebenaran Merancang") by Majlis Perbandaran Subang Jaya (MPSJ) bearing Reference No.: MPSJ.260/36/351(25) on 18 September 2012 for a proposed 17-storey commercial complex comprising a 12-storey office, 4-storey retail, 3 ½-storey split level car park and basement together with other facilities.

Based on the approved layout plan prepared by the planner, MESSRS. SAM PLANNERS, together with the architect, MESSRS. 3DREID SDN BHD bearing plan no. SAMP/GBSB/MPSJ-PB/50700/06-12(361) and approved by Majlis Perbandaran Subang Jaya on 18 September 2012, details of the development of the subject property are summarised as follows:-

Components	Gross Floor Area (GFA)		Net Floor Area (NFA)	
	square metres	square feet	square metres	square feet
Retail	15,024.38	161,721.10	10,450.06	112,483.50
Office	36,764.07	395,725.20	28,139.94	302,895.80
Grand Total	**51,788.45**	**557,466.20**	**38,590.24**	**415,381.88**

Based on the information stated on the Approved Layout Plan, the facility levels for the proposed development is built on 7th floor (gymnasium and food & beverage) and 8th floor (swimming pool).

We were further furnished with the summary of development data from the architect, MESSRS. 3DREID SDN BHD and the details are as follows:-

TYPE	TOWER BLOCK 1		TOWER BLOCK 2		TOWER BLOCK 3		TOWER BLOCK 4		TOTAL	
	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)
Shoplot	5,915.84	9,078.17	30,100.84	44,074.23	31,745.78	45,169.67	30,100.84	44,074.23	97,863.32	142,396.30
Retail	-	-	11,984.65	17,948.82	12,054.07	18,018.25	11,984.65	17,948.82	36,023.36	53,915.89
Multipurpose Hall	19,913.23	21,829.64	-	-	-	-	-	-	19,913.23	21,829.64
Retail (Gym)	19,719.48	23,891 57	-	-	-	-	-	-	19,719.48	23,891.57
SOFO	-	-	66,609.98	91,223.81	-	-	66,922.13	96,540.65	133,532.12	187,764.46
Office	-	-	-	-	106,896.39	126,770.34	-	-	106,896.39	126,770.34
Car Park (Basement)	-	-	-	-	-	-	-	-	-	312,625 00
Car Park (Lower Ground)	-	-	-	-	-	-	-	-	-	121,737.00
Total	**45,548.56**	**54,799.39**	**108,695.47**	**153,246.86**	**150,696.25**	**189,958.25**	**109,007.62**	**158,563.70**	**413,947.90**	**990,930.20**

We were informed by the client that the development is expected to commence by 3rd Quarter of 2013 and complete by 2016.

Planning Provision

The subject property is designated for commercial use as per the Express Condition in the document of titles.

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

Our Ref: WTW/01/V/000579D/12/LAI

Page 4

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 of Valuation. 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, title status, plot ratio, shape/ terrain, site improvement, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

VALUE CONSIDERATION

Residual Method

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:

(a) *Gross Development Value (GDV)*

We have adopted the total Gross Development Value (GDV) at **RM376,665,977/-** as tabulated as below:-

Development	Proposed Selling Price (RM psf)	Justification
12-storey office space		
Open Plan Ofice	RM800 per square foot	Based on the analysis of the recorded transactions of SOHO units within the locality, the transaction prices range from RM749 to RM923 per square foot.
SOFO	RM850 per square foot	
4-storey Retail Podium		
Retail	RM900 – RM1,200 per square foot	Based on the analysis of the recorded transactions of retail lots within the locality, the transaction prices range from RM808 to RM1,552 per square foot.
Facilities Level		
Facilities Level	RM250 - RM650 per square foot	Based on the analysis of the recorded transactions of SOHO units within the locality, the transaction prices range from RM749 to RM923 per square foot.
Car Park		
Car Park	RM30,000 per bay	Based on the analysis of the recorded transactions of car park in a larger locality, the transaction prices range from RM60,000 per bay to RM60,302 per bay.

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Our Ref: WTW/01/V/000579D/12/LAI

Page 5

VALUE CONSIDERATION (Cont'd)

(b) Gross Development Cost (GDC)

The Gross Development Cost (GDC) is estimated at **RM304,488,990/-** based on the following material parameter: -

Items	Rate Adopted		Justification
Earthwork and Site Clearance	RM250,000 per acre		The cost is estimated on the cost for the remaining earthwork and site clearance of the subject property which is in line with the industry standard.
Building Cost	Office	RM180 psf	Based on the estimated cost by the quantity surveyors and construction cost consultants provided by the client and our investigations.
	Retail	RM190 psf	
	Facilities Level	RM120 psf - RM220 psf	
	Basement Car Park	RM150 psf	
	Podium Car Park	RM100 psf	
Infrastructure Works	RM1,000,000 per acre		The cost is estimated based on our survey and enquiries with developers which is in line with the industry standard.
Green Features	RM1,000,000 per acre		The cost is estimated based on our survey and enquiries with developers which is in line with the industry standard.
Finance Cost	8.50%		The finance cost of 8.50% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.60% per annum plus security margin of 1.00% to 2.50% per annum.
Developer's Profit	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	3 years		Estimation of total development period is 3 years with reference to other similar developments.
Discount Rate	8.50% per annum		In tandem with finance rate based on our enquiries with financial institutions.
Professional Fees	8.00% of total estimated cost of construction		The rate which is adopted at 8.00% is line with the industry standard.

The market value of the subject property is derived at RM56,507,363/-, say **RM57,000,000/-**.

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (16149-U)

Our Ref: WTW/01/V/000579D/12/LAI

Page 6

VALUE CONSIDERATION (Cont'd)

Comparison Method

Under the Comparison method, the sale evidences have been analysed and adjusted for the location, visibility / accessibility, size, tenure, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Lot No, Town, District and State	Lot 331, Town of Saujana, District of Petaling, Selangor	Lot PT 3870, Mukim of Damansara, District of Petaling, Selangor	Lot 55 Section 27, Town of Petaling Jaya, District of Petaling, Selangor
Location	PT 486, Jalan Lapangan Terbang Subang, Saujana Subang	3870, Jalan SS 6/5, 6/2, 6/7, 6/14, SS 6 Petaling Jaya (Behind Giant Kelana Jaya)	22, Lorong Utara C, Petaling Jaya Section 52 (Next to Armada Hotel)
Type	Commercial land	Commercial land	Commercial land
Tenure	Freehold	Freehold	Leasehold 99 years expiring on 15 January 2102
Land Area (sq metres)	4,735.00	19,664.00	6,999.00
Land Area (sq feet)	50,967	211,661	75,337
Land Area (acres)	1.17	4.86	1.73
Date	11/08/2010	08/06/2012	16/11/2009
Consideration	RM15,287,033/-	RM95,000,000/-	RM35,408,390/-
Vendor	Castell Tealty Sdn Bhd	Kasi A/L KL Palaniappan	Ehsan Iklan Kreatif Sdn Bhd
Purchaser	Khuan Choo Development Sdn Bhd	Reka Strategi Sdn Bhd	Mammoth Empire Property Sdn Bhd
Analysis (RM per sq metre)	RM3,229/-	RM4,831/-	RM5,059/-
Analysis (RM per sq foot)	RM300/-	RM449/-	RM470/-
Adjustment	**Upward** • Time Factor • Location • Plot Ratio • Planning approval	**Upward** • Time Factor • Visibility / accessibility • Planning approval	**Upward** • Time Factor • Tenure • Planning approval
	Downward • Size	**Downward** • Plot Ratio	**Downward** • Location • Visibility / Exposure • Size • Plot Ratio
Adjusted Value (RM per sqmetre)	RM4,548/-	RM5,200/-	RM4,604/-
Adjusted Value (RM per sq foot)	RM423/-	RM483/-	RM428/-

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579D/12/LAI

Page 7

VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

The adjusted land values range from RM423 per square foot to RM483 per square foot.

We have adopted Comparable 1 as the best comparable as it has the most similar characters with the subject property and its proximity to the subject property.

The value adopted is at RM420 per square foot.

Reconciliation of Value

Residual Method - RM57,000,000/-
Comparison Method - RM59,000,000/-

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 parcel of vacant commercial land which has obtained a planning approval.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 23 January 2013 and free from all encumbrances is **RM57,000,000/- (Ringgit Malaysia: Fifty Seven Million Only)**.

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

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

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY GAPURNA LAND

C H Williams Talhar & Wong

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

Juruukur Berkanun Chartered Surveyors | Perunding Harta Antarabangsa International Property Consultants

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

Report and Valuation

Our Ref : WTW/01/V/000579E/12/LAI

Date : 11 March 2013

Board of Directors
Malaysian Resources Corporation Bhd
Level 20, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sir

CERTIFICATE OF VALUATION
LOT NOS. PT 68 - PT 71 (INCLUSIVE) AND PT 75 SECTION 98
TOWN OF KUALA LUMPUR AND
LOT NO PT 8617, MUKIM OF KUALA LUMPUR
ALL WITHIN DISTRICT OF KUALA LUMPUR
FEDERAL TERRITORY OF KUALA LUMPUR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

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 the purpose of submission to Bursa Malaysia Securities Berhad and for inclusion in the circular to shareholders of Malaysian Resources Corporation Berhad ("MRCB") in relation to the proposed acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as 70% equity interest in P.J Sentral Development Sdn Bhd by Malaysian Resources Corporation Berhad.

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 January 2013 with permission to transfer, lease or charge and free from all encumbrances is **RM120,000,000/- (Ringgit Malaysia: One Hundred and Twenty 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 International Valuation Standards (IVS) and the Malaysian Valuation Standards (MVS) to be "the estimated amount for which a property 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".

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579E/12/LAI

Page 2

PROPERTY IDENTIFICATION

Type of Property : Six (6) parcels of vacant development land designated for mixed development (commercial and residential)

Location : Off Jalan Klang Lama, Kuala Lumpur

Title Nos./ Lot Nos and Land Area: :

Title No.	Lot No.	Mukim / Town	Land Area (sq. metres)
HSD 116980	PT 68 Section 98	Town of Kuala Lumpur	10,157
HSD 116981	PT 69 Section 98		18,621
HSD 116982	PT 70 Section 98		2,041
HSD 116983	PT 71 Section 98		14,934
HSD 118035	PT 75 Section 98		925
HSD 116984	PT 8617	Mukim of Kuala Lumpur	24,679
Total			**71,357 (768,080 sq. feet / 17.633 acres)**

All within District of Kuala Lumpur, Federal Territory of Kuala Lumpur

Tenure : Lot Nos. PT 68 - PT 71 (Inclusive) Section 98 and Lot No. PT 8617
Leasehold 99 years expiring on 11 May 2109

Lot No. PT 75 Section 98
Leasehold 99 years expiring on 11 May 2110

Registered Owner : GAPURNA LAND SDN. BHD.

Category of Land Use : Building

Express Condition : Mixed Development (Commercial and Residential)

Encumbrances : NIL

GENERAL DESCRIPTION

The subject property consists of six (6) parcels of vacant development lands designated for mixed development (commercial and residential). The combined site is irregular in shape and generally flat in terrain. The combined land area of the subject property is approximately 71,357 square metres (768,080 square feet / 17.633 acres).

The compound of the subject property is demarcated with metal cladding sheets. During our inspection, we noted that the subject property was generally overgrown with trees and bushes. We also noted that there were two (2) Chinese temples and two (2) squatters on the subject site.

Based on four (4) separate agreements between the registered owner, GAPURNA LAND SDN BHD and the illegal occupants, the illegal occupants have agreed to move from the trespassed area and to surrender vacant possession of the Tresspassed Area to the registered owner.

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579E/12/LAI

Page 3

GENERAL DESCRIPTION (Cont'd)

Surrounding Development

The immediate locality of the subject property comprises mainly commercial and residential properties. Located to the immediate south-east are 3rd Mile Square and Institut Megatech whilst Midvalley Megamall is situated a short distance to the north.

Sited across Jalan Klang Lama to the south-east of the subject property are Intec College, Laksamana Apartment and Apartment Desa Tenaga. Pearl Point, Pearl International Hotel Kuala Lumpur, Pasar Raya Besar Central and Plaza Oug are sited further to the south-east of the property across Jalan Klang Lama.

Projek Perumahan Rakyat (PPR) Block 94, 96, 100 and 102 are the flats located to the west of the subject property across Klang River which runs along the western portion of the subject property.

Other notable landmarks such as the New Pantai Expressway and Bangsar South are situated further to the west of the subject property.

Proposed Development

The proposed type of component and development period of the subject property is summarised as follows:-

Parcel	Type of Development	Phase	No. of Year	Year	Justification
Parcel A	Residence	Phase 3	4	Year 2019 - 2022	Development period for each phase is adopted at four (4) years based on the size of the development with reference to other similar developments.
	Retail/ Lobby				
	Saleable Car Park				
Parcel B	Residence	Phase 2	4	Year 2016 - 2019	
	Retail/ Lobby				
	Saleable Car Park				
Parcel C	Residence	Phase 1	4	Year 2013 - 2016	
	Retails				
	Hypermarket				
	SOHO				
	Saleable Car Park				
Parcel D	Retail	Phase 3	4	Year 2019 - 2022	
	Commercial				
	Saleable Car Park				

We were informed by the client that the development for Phase 1 is expected to commence by 3rd Quarter of 2013 and the whole development is expected to complete by 2022.

Original Development Order

The subject property has been granted with a development order ("Perintah Pembangunan") by Dewan Bandaraya Kuala Lumpur (DBKL) bearing Reference No.: (58)dlm.DBKL.JPRB.1485/2010[OSC(B) A13 S1 100416-014 (PT100907)] on 4 July 2011 for a proposed mixed development.

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (16149-U)

Our Ref: WTW/01/V/000579E/12/LAI

Page 4

GENERAL DESCRIPTION (Cont'd)

Revised Development Order

Subsequently, the proposed development has been amended and approved by Dewan Bandaraya Kuala Lumpur (DBKL). The new development order bearing Reference No.: (90)dlm.DBKL.JPRB.1485/2010[OSC(B) A13 S1 120106-004] has been granted on 3 August 2012 for a proposed mixed development consists of:-

a) Parcel A
Development of 41-storey serviced apartment (Block A) (230 units) including 8-storey car park, retail together with facility and 2-storey basement car park

b) Parcel B
Development of 3 blocks of serviced apartment (734 units) including 8-storey car park, retail area together with 2-storey basement car park
(i) Block B - 38-storey
(ii) Block C - 33-storey
(iii) Block D - 33-storey

c) Parcel C
Development of 4 blocks of 44-storey serviced apartment (876 units) including:-
(i) 8-storey car park, retail area together with facility and 2-storey basement car park
(ii) 8-storey of SOHO
(iii) 1 unit of main distribution station

d) Parcel D
Development of 36-storey college including retail, 8-storey car park together with facility and 1-storey basement car park

The summary of the revised proposed development is shown as follows:-

Usage	Gross Floor Area (Serviced Apartment) (sm)	Gross Floor Area (Commercial) (sm)	Gross Floor Area (Institution) (sm)	Gross Floor Area (Utility) (sm)	Gross Floor Area (Car Park) (sm)
Parcel A (Block A) - 230 Units	38,378.15	763.50		15,238.35	30,498.85
Parcel B (Block B, C & D) - 734 Units	90,765.15	846.20		39,944.65	75,384.23
Parcel C - 876 Units	79,820.04	33,848.80		46,903.06	96,897.60
Parcel D		1,389.50	56,465.40	17,252.75	31,966.21
Grand Total	**208,963.34**	**36,848.00**	**56,465.40**	**119,338.81**	**234,746.89**

The total car park bays for the proposed development is 5,542 bays.

The proposed buildings are to comply with the requirements of Green Building Index (GBI) of Gold level as stated in the development order.

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579E/12/LAI

Page 5

GENERAL DESCRIPTION (Cont'd)

Planning Provision

The subject property is designated for mixed development use (commercial and residential) as per the Express Condition in the document of titles.

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 of Valuation. 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.

VALUE CONSIDERATION

Residual Method

As the proposed commercial project is considered a mega project, hence, after consulting the client and our investigation, the proposed development will be divided into three (3) sub-phases with a total development period of 10 years.

Parameters adopted in the valuation are as follows:-

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

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C H Williams Talhar & Wong Sdn Bhd (16149-U)

Our Ref: WTW/01/V/000579E/12/LAI

Page 6

VALUE CONSIDERATION (Cont'd)

These parameters are further elaborated as follows:

(a) *Gross Development Value (GDV)*

We have adopted the total Gross Development Value (GDV) at **RM2,510,021,877/-** as tabulated as below:-

Usage	Proposed Selling Price (RM psf)	Justification
Serviced Apartment	RM750 psf	Based on our analysis of the transacted prices and developer's selling price of serviced apartment within the vicinity, the transactions and developer's selling prices range from RM579 to RM1,593 per square foot. Furthermore, the subject property is part of the massive development with better access (link bridges to NPE and Jalan Klang Lama) and compliance with Green Building Index – Gold.
SOHO	RM700 psf	Based on our analysis of the transacted prices and developer's selling price of serviced apartment within the vicinity, the transactions and developer's selling prices range from RM579 to RM1,593 per square foot.
Retail	RM800 psf	Based on our analysis of the transacted prices of retail units within the vicinity, the selling prices range from RM642 to RM1,370 per square foot.
Hypermarket	RM650 psf	Based on our analysis of the transacted prices of retail units within the vicinity, the selling prices range from RM642 to RM1,370 per square foot.
Office	RM800 psf	Based on our analysis of the transacted prices of office buildings within the vicinity, the adjusted values range from RM767 to RM807 per square foot.
Car Park	RM40,000 per bay	Based on our analysis of the car park transaction in a larger locality, the market values range from RM60,000 per bay to RM60,302 per bay.

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579E/12/LAI

Page 7

VALUE CONSIDERATION (Cont'd)

(b) Gross Development Cost (GDC)

The total Gross Development Cost (GDC) is estimated at **RM2,263,009,395/-** based on the following material parameter: -

Items	Rate Adopted		Justification
Earthwork and Site Clearance	RM500,000 per acre		The cost is estimated on the cost for the remaining earthwork and site clearance of the subject property which is in line with the industry standard.
Building Cost	Serviced Apartment	RM200 psf	Based on the estimated cost for Green Building by the quantity surveyors and construction cost consultants provided by the client and our investigations.
	SOHO	RM180 psf	
	Office	RM215 psf	
	Retail / Hypermarket	RM180 psf - RM190 psf	
	Bowling Centre / Swimming Pool	RM200 psf	
	Sky Garden	RM160 psf	
	Management Office	RM200 psf	
	Auditorium	RM230 psf	
	Cafetaria	RM190 psf	
	M&E	RM100 psf	
	Basement Car Park	RM150 psf	
	Podium Car Park	RM80 psf	
Infrastructure Works	RM1,000,000 per acre		The cost is estimated based on our survey and enquiries with developers which is in line with the industry standard.
Green Features	RM1,000,000 per acre		The cost is estimated based on our survey and enquiries with developers which is in line with the industry standard.
Finance Cost	8.50%		The finance cost of 8.50% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.60% per annum plus security margin of 1.00% to 2.50% per annum.
Developer's Profit	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	10 years		Estimation of development period is 10 years as the proposed development is considered quite big.
Discount Rate	8.50% per annum		In tandem with finance rate based on our enquiries with financial institutions.
Professional Fees	8.00% of total estimated cost of construction		The rate which is adopted at 8.00% is line with the industry standard.

The market value of the subject property is derived at RM121,540,732/-, say **RM120,000,000/-**.

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579E/12/LAI

Page 8

VALUE CONSIDERATION (Cont'd)

Comparison Method

Under the Comparison method, the sale evidences have been analysed and adjusted for the location, visibility / accessibility, size, tenure, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement Dated 14 March 2012	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Lot No, Town, District and State	Lot 38302, 100024, 100023 & 2838, Mukim & District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Lot 2733 & 944, Mukim of Petaling, District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Lot No. 541, Mukim of Petaling, District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Location	Lot 38302, 100024, 100023 & 2838, Jalan Awan Cina, Taman Yarl, 58200 Kuala Lumpur	Off Jalan Klang Lama Batu 4 3/4 within Tmn United	No. 58, Batu 5½, Jalan Klang Lama
Type	Development land comprises one (1) parcel of commercial land and three (3) parcels of residential land	Agriculture land with commercial potential	Commercial development land
Tenure	Freehold	Freehold	Freehold
Land Area (sq metres)	232,404	8,550.000	5,437.785
Land Area (sq feet)	2,501,573	92,030	58,532
Land Area (acres)	57.43	2.11	1.34
Date	14/03/2012	07/07/2011	08/07/2010
Consideration	RM450,000,000/-	RM18,866,355/-	RM13,800,000/-
Vendor	Eng Lian Enterprise Sdn Bhd, Shen & Sons Sdn Bhd & AMC Sdn Bhd	Hairon Bee Binti Abu Bakar +6	Yap Pang Chin +1
Purchaser	Iris Green Sdn Bhd	KP Eqioty (M) Sdn Bhd	Premium Development Sdn Bhd
Analysis (RM per sq metre)	RM1,936/-	RM2,207/-	RM2,538/-
Analysis (RM per sq foot)	RM180/-	RM205/-	RM236/-
Adjustment	**Upward** • Size • Plot Ratio • Planning approval **Downward** • Accessibility / Visibility • Shape • Tenure • Category of Land Use	**Upward** • Time Factor • Plot Ratio • Planning approval • Category of Land Use **Downward** • Accessibility / Visibility • Shape • Size • Tenure	**Upward** • Time Factor • Plot Ratio • Planning approval **Downward** • Accessibility / Visibility • Shape • Size • Tenure • Category of Land Use
Adjusted Value (RM per sq. metre)	RM1,743/-	RM1,922/-	RM1,773/-
Adjusted Value (RM per sq. foot)	RM162/-	RM179/-	RM165/-

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579E/12/LAI

Page 9

VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

The adjusted land values range from RM162 per square foot to RM179 per square foot.

We have adopted Comparable 1 as the best comparable as it has the most similar characters with the subject property.

The value adopted is at RM160 per square foot.

Reconciliation of Value

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

Residual Method	-	RM120,000,000/-
Comparison Method	-	RM125,000,000/-

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 parcel of vacant commercial land which has obtained a planning approval.

Our valuation has taken into account that the illegal occupants have agreed to move out.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 23 January 2013 with permission to transfer, lease, charge and free from all encumbrances is **RM120,000,000/- (Ringgit Malaysia: One Hundred And Twenty Million Only)**.

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

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

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY PUNCAK WANGI AND P.J SENTRAL

C H Williams Talhar & Wong

WTW INTERNATIONAL

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

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

Report and Valuation

Our Ref : WTW/01/V/000579B/12/TBC

Date : 11 March 2013

Board of Directors
Malaysian Resources Corporation Bhd
Level 20, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sir

VALUATION CERTIFICATE
LOT NO. PT 11 SECTION 52 AND LOT NO. 12 SECTION 26,
TOWN OF PETALING JAYA
DISTRICT OF PETALING
SELANGOR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

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 the purpose of submission to Bursa Malaysia Securities Berhad and for inclusion in the circular to shareholders of Malaysian Resources Corporation Berhad ("MRCB") in relation to the proposed acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as 70% equity interest in P.J Sentral Development Sdn Bhd by Malaysian Resources Corporation Berhad.

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 January 2013 with permission to sell, transfer, lease or charge and free from all encumbrances is **RM320,000,000/- (Ringgit Malaysia: Three Hundred And Twenty 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 International Valuation Standards (IVS) and the Malaysian Valuation Standards (MVS) to be "the estimated amount for which a property 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".

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY PUNCAK WANGI AND P.J SENTRAL (*Cont'd*)

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

Page 2

PROPERTY IDENTIFICATION

Type of Property : Two (2) parcels of vacant commercial land

Location : Along Persiaran Barat, Petaling Jaya, Selangor

Title Nos./ Lot Nos and Land Area :

Title No.	Lot No.	Land Area (square metres)
HSD 277413	Lot PT 11 Section 52	8,326
PN 71105	Lot 12 Section 26	39,876
Total		**48,202 (518,841 sq. feet/ 11.911 acres)**

All within Town of Petaling Jaya, District of Petaling, Selangor.

Tenure :

Lot PT 11 Section 52
Leasehold 99 years expiring on 10 November 2110
(Unexpired term of approximately 97 years)

Lot 12 Section 26
Leasehold 99 years expiring on 9 February 2108
(Unexpired term of approximately 95 years)

Registered Owners :

Lot PT 11 Section 52
PUNCAK WANGI SDN BHD

Lot 12 Section 26
P.J SENTRAL DEVELOPMENT SDN BHD

Category of Land Use : Building

Express Condition : Commercial Building

Encumbrances : NIL

GENERAL DESCRIPTION

The subject property comprises two (2) parcels of vacant commercial land namely Lot No. PT 11 Section 52 and Lot No. 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor which are situated along Persiaran Barat, Petaling Jaya, Selangor. It has a total land area of 48,202 square metres (518,841 square feet).

Lot PT 11 Section 52 which is trapezoidal in shape is sandwiched between Federal Highway on the north and Persiaran Barat on the south. This site is generally flat in terrain and lies on the same level with the existing frontage metalled road, Persiaran Barat which runs along its southern boundary whilst its northern boundary lies slightly above Federal Highway. However, the site has no direct access from Federal Highway.

Lot 12 Section 26 which is odd in shape is sandwiched between Persiaran Barat on the north and Jalan Sultan on the south. The site is generally flat in terrain and lies on the same level with the existing frontage metalled road, Persiaran Barat which runs along its northern and western boundaries and Jalan Sultan on its southern boundary.

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

GENERAL DESCRIPTION (Cont'd)

During our inspection, we noted that the lands were cleared and vacant, the site boundaries were generally demarcated with metal hoarding sheets.

We were informed by the client that the construction works for Phase 1 is expected to commence by 2nd Quarter 2013 and the whole development is expected to complete by 2020.

Surrounding Development

The subject property is located within Petaling Jaya city centre where to its immediate west are Quattro West, Hilton Hotel Petaling Jaya, Standford College and Wisma MCIS Zurich whilst Taman Jaya Light Rail Transit (LRT) Station, Amcorp Shopping Mall, Office Towers and Serviced Suites and the 32-storey office tower known as PJ Exchange (PJX) are situated to the north-east.

Hotel Singgahsana Petaling Jaya, Institut Teknologi Tun Abdul Razak Petaling Jaya, Arkib Negara, Jabatan Pengangkutan Jalan (JPJ), Jabatan Kaji Cuaca, Post Office Jalan Sultan, Bangunan Persekutuan, Jabatan Kimia Malaysia and Mahkamah Seksyen & Majistret are erected on the adjoining lots located to the east of the subject property whilst A&W Fast Food Restaurant, Kelab PJ, Kelab Syabas and Dataran Petaling Jaya are sited further to the east of the subject property across Lorong Sultan.

To the south-east of the subject property is the main commercial hub of Petaling Jaya which comprises Menara MBPJ, Petaling Jaya City Council Civic Centre, Menara Choy Fook On, Menara PKNS and so forth.

Proposed Development

a) Original Planning Approval

Originally, the subject property has been granted with a planning approval to demolish the existing buildings and to construct one (1) block of 27-storey office building, three (3) blocks of 22 to 37-storey office/ institution building, two (2) blocks of 22-storey hotel and two (2) blocks of 22-storey serviced apartment on top of 6-storey retail podium/ car park and 4 ½ -storey basement car park vide a letter issued by Majlis Bandaraya Petaling Jaya bearing reference no. (8)dlm.MBPJ/040100/T/P23/S52/5667/2010 dated 30 June 2010.

b) Revised Planning Approval

Subsequently, the subject property has been granted with a planning approval on the proposed amendments made to the original approved site layout plan. The planning approval is granted to demolish the existing buildings and to construct five (5) blocks of office building and one (1) block of hotel from 25 to 60-storey and 1-storey of utility and service level together with 4-storey of basement car park vide a letter issued by Majlis Bandaraya Petaling Jaya bearing reference no.(65)dlm.MBPJ/040100/T/P23/S52/5667/2010Jld.1 dated 3 December 2012.

The site layout plan for the revised proposed development prepared by Urban Scale bearing plan no. URBANSCALE/PJSENTRAL/KM/P.PS/01 dated August 2012 is pending to be endorsed by Majlis Perbandaran Petaling Jaya as at the date of valuation.

The summary of the revised proposed development is shown as follows:-

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY PUNCAK WANGI AND P.J SENTRAL (*Cont'd*)

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

Page 4

Building/ Floor	Usage	No. of storey	Net Floor Area (NFA) (sq m)	Gross Floor Area (GFA) (sq m)	Basement Floor area and Car Park Podium (sq m)
Lot PT 11 Section 52					
Office Tower	Basement (Parking / Plant + Service)	33	-	-	19,110
	Ground (Lobby)		1,104	2,524	1,372
	Podium 1 – Podium 6 (Parking + Service)		4,133	7,834	16,567
	Typical Level (Office)		36,669	51,106	-
		Sub Total	**41,906**	**61,464**	**37,049**
Lot 12 Section 26					
Tower 1	Basement (Parking / Plant + Service)	36	-	-	36,340
	Upper Level Plant (Plant + Service)		-	2,250	-
	Ground (Lobby)		1,575	2,250	-
	Mezzanine (Lobby)		363	518	-
	Level 1- 3 (Retail/ F&B)		4,725	6,750	-
	Typical Level (Hotel)		48,825	69,750	-
		Sub Total	**55,488**	**81,518**	**36,340**
Tower 2	Basement (Parking / Plant + Service)	60	-	-	47,697
	Upper Level Plant (Plant + Service)		-	2,720	-
	Ground (Lobby)		1,750	2,500	-
	Level 1- 3 (Retail/ Leisure)		5,250	7,500	-
	Typical Level (Office)		73,130	106,542	-
		Sub Total	**80,130**	**119,262**	**47,697**
Tower 3	Basement (Parking / Plant + Service)	29	-	-	17,000
	Upper Level Plant (Plant + Service)		-	1,178	-
	Ground (Lobby)		774	1,070	-
	Level 1- 4 (Retail)		2,877	3,981	-
	Typical Level (Office)		22,497	29,619	-
		Sub Total	**26,148**	**35,848**	**17,000**
Tower 5	Basement (Parking / Plant + Service)	36	-	-	28,806
	Upper Level Plant (Plant + Service)		-	1,900	-
	Ground (Lobby)		2,013	2,834	-
	Level 1- 3 (Retail)		3,279	4,675	-
	Typical Level (Office)		44,489	58,538	-
		Sub Total	**49,781**	**67,947**	**28,806**
Tower 6	Basement (Parking / Plant + Service)	25	-	-	24,409
	Upper Level Plant (Plant + Service)		-	2,250	-
	Ground (Lobby)		1,603	2,250	-
	Level 1- 3 (Retail)		4,808	6,750	-
	Typical Level (Office)		32,054	45,001	-
		Sub Total	**38,465**	**56,251**	**24,409**
Infrastructure Service Area	Lower Ground & Basement (Plant + Service)	5	-	-	12,272
		Grand Total	**291,918**	**422,290**	**203,573**

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

Page 5

GENERAL DESCRIPTION (Cont'd)

The proposed buildings will be complied with the requirements of Green Building Index (GBI) of Gold level, the criteria of Leadership in Environment and Energy Design (LEED) as stated in the development order and will comply with the requirements of Multimedia Super Corridor (MSC) Malaysia Cybercentre Status.

Planning Provision

The subject property is designated for commercial use as per the Express Condition in the document of titles.

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 of Valuation. 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, title status, plot ratio, shape/ terrain, site improvement, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

VALUE CONSIDERATION

Residual Method

The proposed development period of the subject property is summarised as follows:-

Tower	Phase	No. of Year	Year	Justification
Lot PT 11 Section 52				Development period for each sub-phase is adopted at three (3) years with reference to other similar developments in view that the subject property is located in a prime location coupled with one (1) office/ hotel (serviced apartment concept) building at each sub-phase only. Currently, the land has been cleared.
Office Tower	Phase 1A	3	Year 2013 - 2015	
Lot 12 Section 26				
Tower 3	Phase 1B	3	Year 2014 - 2016	
Tower 1	Phase 2A	3	Year 2015 - 2017	
Tower 2	Phase 2B	3	Year 2016 - 2018	
Tower 5	Phase 3A	3	Year 2017 - 2019	
Tower 6	Phase 3B	3	Year 2018 - 2020	

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:

(a) *Gross Development Value (GDV)*

We have adopted the total Gross Development Value (GDV) at **RM2,977,527,900/-** as tabulated as below:-

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY PUNCAK WANGI AND P.J SENTRAL (*Cont'd*)

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

Page 6

VALUE CONSIDERATION (Cont'd)

Development	Usage	Proposed Selling Price (RM psf)	Justification
Office			
Office Tower Tower 3 Tower 2 Tower 5 Tower 6	Office	RM850 per square foot	Based on the analysis of the recorded transactions of office buildings within the locality, the adjusted values range from RM853 to RM933 per square foot.
Hotel			
Tower 1	Hotel (Serviced Apartment Concept)	RM850 per square foot	Based on the analysis of the recorded serviced apartment sales in the vicinity and larger locality, the adjusted values range from RM817 to RM1,090 per square foot.
Car Park			
Office Tower, Tower 1, 2, 3, 5 & 6	Car Park	RM40,000 per bay	Based on the analysis of the recorded transactions of car park in a larger locality, the adjusted valued range from RM42,000 per bay to RM46,633 per bay.

(b) Gross Development Cost (GDC)

The Gross Development Cost (GDC) is estimated at **RM2,454,336,921/-** based on the following material parameter: -

Items	Rate Adopted		Justification
Earthwork and Site Clearance	RM250,000 per acre		The cost is estimated on the cost for the remaining earthwork and site clearance of the subject property which is in line with the industry standard.
Building Cost	Office	RM215 per square foot	Based on the estimated cost which is inclusive of Green Building by the quantity surveyors and construction cost consultants provided by the client.
	Hotel (Serviced Apartment Concept)	RM215 per square foot	
	Basement Car Park	RM150 per square foot	
	Podium Car Park	RM80 per square foot	
Infrastructure Works	RM1,500,000 per acre		The cost is estimated based on our survey and enquiries with developers which is in line with the industry standard.
Green Features	RM1,500,000 per acre		The cost is estimated based on our survey and enquiries with developers which is in line with the industry standard.
Finance Cost	8.50%		The finance cost of 8.50% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.60% per annum plus security margin of 1.00% to 2.50% per annum.
Developer's Profit	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	8 years		Estimation of development period is 8 years as the proposed development is considered quite big.
Discount Rate	8.50% per annum		In tandem with finance rate based on our enquiries with financial institutions.
Professional Fees	8.00% of total estimated cost of construction		The rate which is adopted at 8.00% is line with the industry standard.

The market value of the subject property is derived at RM320,734,750/-, say, **RM320,000,000/-**.

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY PUNCAK WANGI AND P.J SENTRAL (*Cont'd*)

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

Page 7

VALUE CONSIDERATION (Cont'd)

Comparison Method

Under the Comparison method, the sale evidences have been analysed and adjusted for the locality, visibility/ exposure, size, tenure, title status, plot ratio, shape/ terrain, site improvement, planning approval, title restrictions if any and other relevant characteristics to arrive at the market value.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4 (Part of Subject Property)
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Lot No, Town, District and State	Lot PT 3870, Mukim of Damansara, District of Petaling, Selangor	Lot 55 Section 27, Town of Petaling Jaya, District of Petaling, Selangor	Lot 67322, Mukim of Sungai Buloh, District of Petaling, Selangor	Lot 12 Section 26, Town of Petaling Jaya, Selangor
Location	3870, Jalan SS 6/5, 6/2, 6/7, 6/14, SS 6 Petaling Jaya (Behind Giant Kelana Jaya)	22, Lorong Utara C, Petaling Jaya Section 52 (Next to Armada Hotel)	Lot 67322, Mutiara Damansara	12, Persiaran Barat, Jalan Barat, Petaling Jaya Section 52
Type	Commercial land	Commercial land	Commercial land	Commercial land
Tenure	Freehold	Leasehold 99 years expiring on 15 January 2102	Freehold	Leasehold 99 years expiring on 9 February 2108
Land Area (sq metres)	19,664.00	6,999.00	5,078.00	39,876.00
Land Area (sq feet)	211,661	75,337	54,659	429,221
Land Area (acres)	4.86	1.73	1.25	9.85
Date	08/06/2012	16/11/2009	06/05/2010	03/09/2010
Consideration	RM95,000,000/-	RM35,408,390/-	RM23,613,120/-	RM193,158,000/-
Vendor	Kasi A/L KL Palaniappan	Ehsan Iklan Kreatif Sdn Bhd	Mutiara Rini Sdn Bhd	The Selangor State Development Corporation
Purchaser	Reka Strategi Sdn Bhd	Mammoth Empire Property Sdn Bhd	Satu Kahwin Sdn Bhd	P.J Sentral Development Sdn Bhd
Analysis (RM per sq metre)	RM4,831/-	RM5,059/-	RM4,650/-	RM4,844/-
Analysis (RM per sq foot)	RM449/-	RM470/-	RM432/-	RM450/-
Adjustment	Upward • Time Factor • Locality • Visibility/ Exposure • Planning Approval/ Development Order	Upward • Time Factor • Visibility/ Exposure • Planning Approval/ Development Order	Upward • Time Factor • Locality • Visibility/ Exposure • Plot Ratio • Planning Approval/ Development Order	Upward • Time Factor • Visibility/ Exposure • Planning Approval/ Development Order
	Downward • Size • Tenure • Shape/ terrain	Downward • Size • Tenure • Shape/ terrain	Downward • Size • Tenure • Shape/ terrain	Downward • Shape/ terrain
Adjusted Land Value	RM601 per square foot	RM626 per square foot	RM756 per square foot	RM648 per square foot

VALUATION CERTIFICATE FOR THE PROPERTIES HELD BY PUNCAK WANGI AND P.J SENTRAL *(Cont'd)*

C H Williams Talhar & Wong

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

Our Ref: WTW/01/V/000579B/12/TBC

Page 8

VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

The adjusted land values range from RM601 per square foot to RM756 per square foot.

We have adopted Comparable 2 as the best comparable due to its proximity to the subject property and it has the most similar characteristics with the subject property.

The value adopted is at RM620 per square foot.

Reconciliation of Value

Residual Method - RM320,000,000/-
Comparison Method - RM320,000,000/-

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 two parcels of vacant commercial land which has obtained a planning approval.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 23 January 2013 with permission to sell, transfer, lease or charge and free from all encumbrances is **RM320,000,000/- (Ringgit Malaysia: Three Hundred And Twenty Million Only)**.

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

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

AUDITED FINANCIAL STATEMENTS OF GAPURNA BUILDERS FOR THE FYE 31 DECEMBER 2012

Gapurna Builders Sdn. Bhd.

(Company No. 502555 - M)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2012

Gapurna Builders Sdn. Bhd.

(Company No. 502555 - M)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land. There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Profit for the year	1,366,339

Dividend

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Halim Bin Ali
Dato' Saw Choo Boon
Saidatul Hishan Binti Mohammad Salleh

Directors' interests in shares

None of the Directors' holding office at 31 December 2012 had any interest in the ordinary shares and options over shares of the Company and its related corporations during the financial year.

Company No. 502555 - M

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its authorised share capital from RM5,000,000 divided into 5,000,000 ordinary shares of RM1 each to RM10,000,000 by the creation of 5,000,000 Redeemable preference shares of RM1 each.

There were no other changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

Other statutory information (continued)

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company and its related companies which comprise of Gapurna Land Sdn. Bhd. and Puncak Wangi Sdn. Bhd. as well as 70% equity interest in P.J Sentral Development Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Company No. 502555 - M

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Dato' Saw Choo Boon

.....

Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur

Date: 14 FEB 2013

Gapurna Builders Sdn. Bhd.

(Company No. 502555 - M)
(Incorporated in Malaysia)

Balance sheet as at 31 December 2012

	Note	2012 RM	2011 RM
Land and buildings	2	29,210,979	34,972,000
Current assets			
Trade and other receivables	3	177,964	483,379
Tax recoverable		10,425	-
Cash and cash equivalents	4	1,604,176	1,689,640
		1,792,565	2,173,019
Current liabilities			
Trade and other payables	5	5,706,411	13,214,225
Net current liabilities		(3,913,846)	(11,041,206)
		25,297,133	23,930,794
Financed by:-			
Capital and reserves			
Share capital	6	1,000,000	1,000,000
Retained earnings	7	24,297,133	22,930,794
Shareholders' funds		25,297,133	23,930,794

The notes on pages 10 to 17 are an integral part of these financial statements.

Gapurna Builders Sdn. Bhd.

(Company No.502555 - M)
(Incorporated in Malaysia)

Income statement for the year ended 31 December 2012

	Note	2012 RM	2011 RM
Administrative expenses		(417,133)	(472,987)
Other income		1,951,809	20,785,611
Operating profit		1,534,676	20,312,624
Interest income		52,534	34,946
Interest expense		(226,496)	-
Profit before tax	8	1,360,714	20,347,570
Taxation	9	5,625	(37,160)
Profit for the year		1,366,339	20,310,410

The notes on pages 10 to 17 are an integral part of these financial statements.

Gapurna Builders Sdn. Bhd.

(Company No.502555 - M)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2012

	Share capital RM	*Distributable* Retained earnings RM	Total RM
At 1 January 2011	1,000,000	2,620,384	3,620,384
Profit for the year	-	20,310,410	20,310,410
At 31 December 2011/1 January 2012	1,000,000	22,930,794	23,930,794
Profit for the year	-	1,366,339	1,366,339
At 31 December 2012	1,000,000	24,297,133	25,297,133
	Note 6	Note 7	

The notes on pages 10 to 17 are an integral part of these financial statements.

Gapurna Builders Sdn. Bhd.

(Company No.502555 - M)
(Incorporated in Malaysia)

Cash flow statement for the year ended 31 December 2012

	2012 RM	2011 RM
Cash flows from operating activities		
Profit before tax	1,360,714	20,347,570
Adjustments for:		
Gain on disposal of land and buildings	(1,239,000)	-
Debt waiver	-	(20,628,791)
Interest income	(52,534)	(34,946)
Interest expense	226,496	-
Operating loss before changes in working capital	295,676	(316,167)
Changes in working capital:		
Amount due from a contract customer	-	1,569,279
Trade and other receivables	305,415	(383,127)
Trade and other payables	(4,123,120)	(5,115,065)
Amount due to related company	469,594	239,906
Amount due to ultimate holding company	(7,340,784)	-
Cash used in operations	(10,393,219)	(4,005,174)
Tax (paid)/refunded	(4,800)	860
Net cash used in operating activities	(10,398,019)	(4,004,314)
Cash flows from investing activities		
Additions of building in progress	(1,259,979)	(51,000)
Interest received	52,534	34,946
Proceeds from disposal of land and buildings	8,260,000	-
Net cash generated from/(used in) investing activities	7,052,555	(16,054)
Cash flows from financing activities		
Advance from ultimate holding company	-	3,704,283
Advance from immediate holding company	3,260,000	400,000
Net cash from financing activities	3,260,000	4,104,283
Net (decrease)/increase in cash and cash equivalents	(85,464)	83,915
Cash and cash equivalents at 1 January	1,689,640	1,605,725
Cash and cash equivalents at 31 December	1,604,176	1,689,640

The notes on pages 10 to 17 are an integral part of these financial statements.

Company No. 502555 - M

Cash flow statement for the year ended 31 December 2012
(continued)

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Note	2012 RM	2011 RM
Bank balances	4	70,739	208,737
Deposits with a licensed bank	4	1,533,437	1,480,903
		1,604,176	1,689,640

The notes on pages 10 to 17 are an integral part of these financial statements.

Gapurna Builders Sdn. Bhd.

(Company No. 502555 - M)
(Incorporated in Malaysia)

Notes to the financial statements

Gapurna Builders Sdn. Bhd. is a private limited company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office
Level 15
Wisma AmFIRST Tower 2
Jalan SS7/15
47301 Kelana Jaya
Selangor Darul Ehsan

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land.

The immediate and ultimate holding companies during the financial year are Nusa Gapurna Development Sdn. Bhd. and Gapurna Sdn. Bhd. respectively. Both aforesaid holding companies are incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 14 FEB 2013.

1. Significant accounting policies

The following accounting policies have been applied consistently to the periods in these financial statements.

(a) Basis of accounting

The financial statements of the Company have been prepared on the historical cost basis and in accordance with Private Entity Reporting Standards (PERS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis on the assumption that the Company is a going concern.

The Company has negative net current liabilities of RM3,913,846 but with positive shareholder's fund of RM25,297,133. Thus, the validity of the going concern assumption is based on the positive shareholder's funds of the Company.

1. Significant accounting policies (continued)

(c) Land and buildings

Freehold land and building in progress are stated at cost less accumulated impairment losses but are not depreciated. Building in progress is depreciated when the assets are ready for its intended use.

Buildings are stated at cost less accumulated depreciation and impairment losses. The straight line method is used to write off the cost of buildings over the term of their estimated useful lives at the principal annual rates of 5%.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balance and deposits with a licensed bank.

(e) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts, if any.

(f) Trade and other payables

Trade and other payables are stated at cost.

(g) Impairment

The carrying amount of assets, other than inventories, assets arising from construction contracts and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. Significant accounting policies (continued)

(h) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statements.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit (tax loss). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(i) Revenue recognition

(i) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

1. Significant accounting policies (continued)

(i) Revenue recognition (continued)

(ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(iii) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

2. Land and buildings

	Buildings RM	Freehold land RM	Building in progress RM	Total RM
Cost				
At 1 January 2012/ 31 December 2011	8,260,000	27,900,000	51,000	36,211,000
Additions	-	-	1,259,979	1,259,979
Disposal	(8,260,000)	-	-	(8,260,000)
At 31 December 2012	-	27,900,000	1,310,979	29,210,979
Accumulated depreciation				
At 1 January 2012/ 31 December 2011	1,239,000	-	-	1,239,000
Charge for the year	-	-	-	-
Disposal	(1,239,000)	-	-	(1,239,000)
At 31 December 2012	-	-	-	-
Net book value				
At 31 December 2012	-	27,900,000	1,310,979	29,210,979
At 31 December 2011	7,021,000	27,900,000	51,000	34,972,000

On 29 December 2010, Gapurna Builders has entered into an agreement with its holding company's Director, Datuk Mohamad Salim Bin Fateh Din to sell the 10 units of residential properties at RM8,260,000. During the year, the condition precedent has been met and the residential properties have been subsequently derecognised under land and buildings.

Company No. 502555 - M

3. Trade and other receivables

	2012 RM	2011 RM
Trade receivables	77,964	380,379
Other receivables and deposits	100,000	103,000
	177,964	483,379

4. Cash and cash equivalents

	2012 RM	2011 RM
Bank balances	70,739	208,737
Deposits with a licensed bank	1,533,437	1,480,903
	1,604,176	1,689,640

5. Trade and other payables

	Note	2012 RM	2011 RM
Trade payables		118,859	4,280,979
Amount due to ultimate holding company	5.1	1,033,893	8,260,000
Amount due to immediate holding company	5.1	3,771,819	400,000
Amount due to related company	5.2	709,500	239,906
Other payables and accruals		72,340	33,340
		5,706,411	13,214,225

5.1 The amounts due to ultimate holding company and immediate holding company are unsecured, subject to interest of 5.996% and 5.89% per annum respectively (2011: Nil) and repayable on demand.

5.2 Amount due to related company, excluding advances received, is unsecured, interest free and repayable on demand.

Company No. 502555 - M

6. Share capital

	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Authorised:				
Ordinary shares of RM1 each	5,000,000	5,000,000	5,000,000	5,000,000
Redeemable preference shares of RM1 each	5,000,000	5,000,000	-	-
	10,000,000	10,000,000	5,000,000	5,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	1,000,000	1,000,000	1,000,000	1,000,000

7. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank and distribute up to RM2,869,838 of its distributable reserves at 31 December 2012 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2012 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

8. Profit before tax

	2012 RM	2011 RM
Profit before tax is arrived at after charging:		
Auditors' remuneration		
- Current year	13,500	12,000
- Prior year	10,000	-
Staff costs		
- Wages, salaries and others	-	3,750
Management fee	198,721	226,326
and after crediting:		
Gain on disposal of land and buildings	(1,239,000)	-
Waiver of debt	-	(20,628,791)

The number of employees of the Company at the end of the year was Nil (2011: Nil).

Company No. 502555 - M

9. Taxation

	2012 RM	2011 RM
Current tax		
- Current year	-	5,625
- (Over)/Under provision in prior year	(5,625)	31,535
	(5,625)	37,160

Reconciliation of effective tax benefit

Profit before tax	1,360,714	20,347,570
Income tax calculated using Malaysian tax rate of 25%	340,179	5,086,893
Non-deductible expenses	15,817	41,588
Non-taxable income*	(309,750)	(5,157,198)
Effect of deferred tax assets not recognised	-	34,342
Recognition of previously unrecognised tax losses	(46,246)	-
	-	5,625
(Over)/Under provision in prior year	(5,625)	31,535
	(5,625)	37,160

* Current year non-taxable income relates to profit from disposal of residential properties which is not qualified to claim for capital allowance. Prior year non-taxable income relates to income derives from debt wavier from holding company which are capital in nature.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2012 RM	2011 RM
Tax losses carry forward	285,046	470,030

Deferred tax assets in respect of the above item has not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

10. Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

	Transactions amount	
	2012	**2011**
	RM	**RM**
Ultimate holding company:		
Waiver of debt	-	(20,628,791)
Interest on loan	114,677	-
Immediate holding company:		
Interest on loan	111,819	-
Related company:		
Management fees	198,721	226,326
Demolition works	709,500	-

11. Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company and its related companies which comprise of Gapurna Land Sdn. Bhd. and Puncak Wangi Sdn. Bhd. as well as 70% equity interest in P.J Sentral Development Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Gapurna Builders Sdn. Bhd.

(Company No.502555 - M)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 17 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2012 and its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Saw Choo Boon

.....
Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur

Date: 14 FEB 2013

Gapurna Builders Sdn. Bhd.

(Company No.502555 - M)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Imran Bin Mohamad Salim,** the officer primarily responsible for the financial management of Gapurna Builders Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 17 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in ~~Kuala Lumpur~~ Petaling Jaya on 14 FEB 2013

PESURUHJAYA SUMPAH No: B396 Nama: R. LAKSHMANAN MALAYSIA

.....
Mohd Imran Bin Mohamad Salim

Before me:

PESURUHJAYA SUMPAH No: B396 Nama: R. LAKSHMANAN MALAYSIA

21A Jalan SS 6/12
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent auditors' report to the member of Gapurna Builders Sdn. Bhd.

(Company No. 502555 - M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Gapurna Builders Sdn. Bhd., which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 17.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Company No. 502555 - M

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 14 FEB 2013

Gapurna Land Sdn. Bhd.

(Company No. 787242-M)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2012

Gapurna Land Sdn. Bhd.

(Company No. 787242-M)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2012

The Directors hereby submit their report and the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable on real property of all description and tenured.

There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Loss for the year	(1,682,043)

Dividend

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Halim Bin Ali
Dato' Saw Choo Boon
Saidatul Hishan Binti Mohammad Salleh

Directors' interests

None of the Directors holding office at 31 December 2012 had any interest in the ordinary shares and options after shares of the Company and its related corporations during the financial year.

Company No. 787242-M

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its authorised share capital from RM5,000,000 divided into 5,000,000 ordinary shares of RM1 each to RM10,000,000 by the creation of 5,000,000 redeemable preference shares of RM1 each.

There were no other changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheet and income statement of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iii) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

Company No. 787242-M

Other statutory information (continued)

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company and its related companies which comprise of Gapurna Builders Sdn. Bhd. and Puncak Wangi Sdn. Bhd. as well as 70% equity interest in P.J Sentral Development Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Company No. 787242-M

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Dato' Saw Choo Boon

.....

Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 14 FEB 2013

Gapurna Land Sdn. Bhd.

(Company No. 787242-M)
(Incorporated in Malaysia)

Balance sheet as at 31 December 2012

	Note	2012 RM	2011 RM
Non-current assets			
Plant and equipment	2	97,271	-
Land held for property development	3	77,130,905	71,929,668
		77,228,176	71,929,668
Current assets			
Other receivables	4	20,000	20,000
Cash and cash equivalents	5	1,017,502	241,420
Tax recoverable		1,040	-
		1,038,542	261,420
Current liabilities			
Trade and other payables	6	33,114,117	25,356,444
		33,114,117	25,356,444
Net current liabilities		(32,075,575)	(25,095,024)
		45,152,601	46,834,644
Financed by:			
Capital and reserves			
Share capital	7	5,000,000	5,000,000
Retained earnings		40,152,601	41,834,644
Shareholder's funds		45,152,601	46,834,644

The notes on pages 10 to 20 are an integral part of these financial statements.

Gapurna Land Sdn. Bhd.

(Company No.787242-M)
(Incorporated in Malaysia)

Income statement for the year ended 31 December 2012

	Note	2012 RM	2011 RM
Other income		-	42,978,154
Administrative expenses		(1,690,417)	(1,059,318)
Interest income		7,334	-
(Loss)/Profit before tax	8	(1,683,083)	41,918,836
Tax credit	9	1,040	4,860
(Loss)/Profit for the year		(1,682,043)	41,923,696

The notes on pages 10 to 20 are an integral part of these financial statements.

Gapurna Land Sdn. Bhd.

(Company No.787242-M)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2012

	Share capital RM	*Distributable* Retained earnings RM	Total RM
At 1 January 2011	5,000,000	(89,052)	4,910,948
Profit for the year	-	41,923,696	41,923,696
At 31 December 2011/1 January 2012	5,000,000	41,834,644	46,834,644
Loss for the year	-	(1,682,043)	(1,682,043)
At 31 December 2012	5,000,000	40,152,601	45,152,601
	Note 7		

The notes on pages 10 to 20 are an integral part of these financial statements.

Gapurna Land Sdn. Bhd.

(Company No.787242-M)
(Incorporated in Malaysia)

Cash flow statement for the year ended 31 December 2012

	2012 RM	2011 RM
Cash flows from operating activities		
(Loss)/Profit before tax	(1,683,083)	41,918,836
Adjustments for:		
Depreciation	10,808	-
Interest income	(7,334)	-
Debt waiver	-	(42,978,154)
Operating loss before changes in working capital	(1,679,609)	(1,059,318)
Changes in working capital:		
Trade and other payables	907,141	573,556
Amount owing to related company	(108,576)	996,594
Amount owing to holding company	509,108	(20,000)
Cash (used in)/generated from operations	(371,936)	490,832
Tax paid	-	(1,040)
Net cash (used in)/generated from operating activities	(371,936)	489,792
Cash flows from investing activities		
Purchase of plant and equipment	(108,079)	-
Interest received	7,334	-
Land held for property development	(5,201,237)	(4,793,066)
Net cash used in investing activities	(5,301,982)	(4,793,066)
Cash flows from financing activity		
Advances from immediate holding company	6,450,000	4,480,000
Net cash from financing activity	6,450,000	4,480,000
Net increase in cash and cash equivalents	776,082	176,726
Cash and cash equivalents at 1 January	241,420	64,694
Cash and cash equivalents at 31 December	1,017,502	241,420

The notes on pages 10 to 20 are an integral part of these financial statements.

Company No. 787242-M

Cash flow statement for the year ended 31 December 2012
(continued)

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Note	2012 RM	2011 RM
Bank balances	5	9,968	241,420
Deposits with a licensed bank	5	1,007,534	-
		1,017,502	241,420

The notes on pages 10 to 20 are an integral part of these financial statements.

Gapurna Land Sdn. Bhd.

(Company No. 787242-M)
(Incorporated in Malaysia)

Notes to the financial statements

Gapurna Land Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company are as follows:

Principal place of business and registered office
Level 15
Wisma AmFIRST Tower 2
Jalan SS7/15
47301 Kelana Jaya
Selangor Darul Ehsan

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land.

The immediate and ultimate holding companies are Nusa Gapurna Development Sdn. Bhd. and Gapurna Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 14 FEB 2013.

1. Significant accounting policies

The following accounting policies are adopted by the Company and are consistent presented with those adopted in previous year.

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis and in accordance with Private Entity Reporting Standards (PERS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis on the assumption that the Company is a going concern.

The Company has net current liabilities of RM32,075,575 and positive shareholder's funds of RM45,152,601. The validity of the going concern assumption is based on the positive shareholder's funds of the Company.

Company No. 787242-M

1. Significant accounting policies (continued)

(c) Land held for property development

Land held for property development consists of land and such portions thereof and other incidental direct costs on which no actual development activities has been undertaken or where development activities are not expected to be completed within the Company's normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses, if any.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Land held for property development is transferred to current assets where it can be demonstrated that the development activities can be completed within the Company's normal operating cycle.

(d) Other receivables

Other receivables are stated at cost less allowance for doubtful debt, if any.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and Housing Developer Account with licensed banks.

(f) Impairment

The carrying amount of assets, other than inventories, assets arising from construction contracts and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1. Significant accounting policies (continued)

(f) Impairment (continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Trade and other payables

Trade and other payables are stated at cost.

(h) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(i) Borrowing costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(j) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1. Significant accounting policies (continued)

(j) Tax expense (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences from initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. Significant accounting policies (continued)

(k) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derccognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

1. Significant accounting policies (continued)

(k) Plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful life for the asset in current periods is as follow:

- Renovation 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Company No. 787242-M

2. Plant and equipment

	Renovation RM
Cost	
At 1 January/31 December 2011	-
Additions	108,079
At 31 December 2012	108,079
Accumulated depreciation	
At 1 January/31 December 2011	-
Additions	10,808
At 31 December 2012	10,808
Net book value	
At 31 December 2012	97,271
At 31 December 2011	-

3. Land held for property development

	2012 RM	2011 RM
Leasehold land	46,625,509	46,625,509
Development costs	30,505,396	25,304,159
	77,130,905	71,929,668

Included in the development costs are interest capitalised amounting to RM1,684,337 (2011: RM1,175,229).

Company No. 787242-M

4. Other receivables

	2012 RM	2011 RM
Deposit paid	20,000	20,000

5. Cash and cash equivalents

	Note	2012 RM	2011 RM
Bank balances		9,968	241,420
Deposits with a licensed bank	5.1	1,007,534	-
		1,017,502	241,420

5.1 Deposits with a licensed bank relates to the Housing Development Account ("HDA") opened and maintained under section 7A of the Housing Development (Control and Licensing) Act 1966.

6. Trade and other payables

	Note	2012 RM	2011 RM
Accrued expenses		13,865	12,000
Trade payables		1,563,126	563,250
Amount due to immediate holding company	6.1	11,439,108	4,480,000
Amount due to related company	6.2	888,018	996,594
Provision for Committed Construction Cost	6.3	19,210,000	19,210,000
Provision for Development Cost		-	94,600
		33,114,117	25,356,444

6.1 The amount due to immediate holding company is non-trade in nature, unsecured, repayable on demand and subject to interest at 5.889% per annum (2011: Nil).

6.2 Amount due to related company, excluding advances received, is unsecured, interest free and repayable on demand.

6.3 Provision for Committed Construction Cost relates to road and drainage cost to be incurred for the conversion of land held for property development.

Company No. 787242-M

7. Share capital

	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Authorised:				
Ordinary shares of RM1 each	5,000,000	5,000,000	5,000,000	5,000,000
Redeemable preference shares of RM1 each	5,000,000	5,000,000	-	-
	10,000,000	10,000,000	5,000,000	5,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	5,000,000	5,000,000	5,000,000	5,000,000

8. (Loss)/Profit before tax

	2012 RM	2011 RM
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Auditor's remuneration		
- Current year	13,500	12,000
- Previous year	-	8,500
Interest income	(7,334)	-
Debt waiver	-	(42,978,154)
Management fee	1,116,035	940,184
Staff costs		
- Wages, salaries and others	417,484	-

The number of employees of the Company at the end of the year was 5 (2011: Nil).

9. Tax credit

Recognised in income statement

	2012 RM	2011 RM
Tax expense		
- Current tax expense	-	1,040
- Over provision in prior year	(1,040)	(5,900)
	(1,040)	(4,860)

Reconciliation of tax credit

(Loss)/Profit before tax	(1,683,083)	41,918,836
Income tax using Malaysian tax rates of 25%	(420,771)	10,479,709
Non-deductible expenses	9,984	10,186
Non-taxable income*	-	(10,744,539)
Effect of deferred tax asset not recognised	410,787	255,684
	-	1,040
Prior year overprovision	(1,040)	(5,900)
Tax credit	(1,040)	(4,860)

* Prior year non-taxable income relates to income derives from debt wavier from holding company which are capital in nature.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2012 RM	2011 RM
Tax losses carry forward	2,798,424	1,155,275

Deferred tax asset in respect of the above item has not been recognised because it is not probable that the future taxable profit will be available against which the Company can utilise the benefits there from.

10. Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

	Transactions amount	
	2012	**2011**
	RM	**RM**
Related company:		
Management fees paid	1,116,035	940,183
Ultimate holding company:		
Waiver of debts	-	(42,878,154)
Immediate holding company:		
Interest on loan capitalised	509,108	-

11. Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company and its related companies which comprise of Gapurna Builders Sdn. Bhd. and Puncak Wangi Sdn. Bhd. as well as 70% equity interest in P.J Sentral Development Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Gapurna Land Sdn. Bhd.

(Company No.787242-M)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Imran Bin Mohamad Salim,** the officer primarily responsible for the financial management of Gapurna Land Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 20 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in ~~Kuala Lumpur~~ Petaling Jaya on 14 FEB 2013

PESURUHJAYA SUMPAH NO: B 396 Name: R. LAKSHMANAN MALAYSIA

.....
Mohd Imran Bin Mohammad Salim

Before me:

PESURUHJAYA SUMPAH No: B396 Name: R. LAKSHMANAN MALAYSIA

21A Jalan SS 6/12
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Gapurna Land Sdn. Bhd.

(Company No.787242-M)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 20 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2012 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Saw Choo Boon

.....
Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 14 FEB 2013

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent Auditors' Report to the member of Gapurna Land Sdn. Bhd.

(Company No. 787242-M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Gapurna Land Sdn. Bhd., which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 20.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Company No. 787242-M

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

Petaling Jaya

Date: 14 FEB 2013

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2012

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2012

The Directors hereby submit their report and the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land.

There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Loss for the year	(869,197)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividend

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Halim Bin Ali
Dato' Saw Choo Boon
Saidatul Hishan Binti Mohammad Salleh

Directors' interests in shares

None of the Directors' holding office at 31 December 2012 had any interest in the ordinary shares and options over shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its authorised share capital from RM500,000 divided into 500,000 ordinary shares of RM1 each to RM10,000,000 by the creation of 4,500,000 ordinary shares of RM1 each and 5,000,000 of redeemable preference shares of RM1 each.

There were no other changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheet and income statement of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the value attributed to the current assets in the Company financial statements misleading, or

ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iii) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company and its related companies which comprise of Gapurna Builders Sdn. Bhd. and Gapurna Land Sdn. Bhd. as well as 70% equity interest in P.J Sentral Development Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Company No. 360905-H

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Saw Choo Boon

.....
Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 14 FEB 2013

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Balance sheet at 31 December 2012

	Note	2012 RM	2011 RM
Land and building in progress	2	48,902,895	30,400,653
Current assets			
Trade and other receivables	3	65,000	15,525,000
Tax recoverable		5,550	1,411,799
Cash and cash equivalents	4	1,984,576	90,561
		2,055,126	17,027,360
Current liabilities			
Trade and other payables	5	6,381,372	1,783,695
Net current (liabilities)/assets		(4,326,246)	15,243,665
		44,576,649	45,644,318
Represented by:			
Capital and reserves			
Share capital	6	200,000	200,000
Retained earnings		44,083,611	44,952,808
Shareholder's funds		44,283,611	45,152,808
Non-current liabilities			
Trade and other payables	5	293,038	491,510
		44,576,649	45,644,318

The notes on pages 10 to 18 are an integral part of these financial statements.

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Income statement for the year ended 31 December 2012

	Note	2012 RM	2011 RM
Revenue		-	36,657,554
Cost of sales		-	(10,879,216)
Gross profit		-	25,778,338
Other income		-	26,181,659
Administrative expenses		(804,367)	(494,038)
Operating (loss)/profit		(804,367)	51,465,959
Interest income		3,239	10,534
Interest expense		(14,223)	
(Loss)/Profit before tax	7	(815,351)	51,476,493
Taxation	8	(53,846)	(6,480,357)
(Loss)/Profit for the year		(869,197)	44,996,136

The notes on pages 10 to 18 are an integral part of these financial statements.

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2012

	Share capital RM	*Distributable* Retained earnings RM	Total RM
At 1 January 2011	200,000	(43,328)	156,672
Profit for the year	-	44,996,136	44,996,136
At 31 December 2011/1 January 2012	200,000	44,952,808	45,152,808
Loss for the year	-	(869,197)	(869,197)
At 31 December 2012	200,000	44,083,611	44,283,611
	Note 6	Note 7	

The notes on pages 10 to 18 are an integral part of these financial statements.

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Cash flow statement for the year ended 31 December 2012

	2012 RM	2011 RM
Cash flows from operating activities		
(Loss)/Profit before tax	(815,351)	51,476,493
Adjustments for:		
Debts waiver	-	(25,665,983)
Interest income	(3,239)	(10,534)
Interest expense	14,223	-
Depreciation	453,200	-
Operating (loss)/profit before working capital changes	(351,167)	25,799,976
Changes in working capital		
Inventories	-	2,974,324
Trade and other payables	879,205	(6,927,606)
Trade and other receivables	15,460,000	(34,788,577)
Cash generated from/(used in) operations	15,988,038	(12,941,883)
Tax paid	-	(6,448,319)
Interest paid	(14,223)	-
Income taxes refund	1,352,403	-
Net cash from/(used in) operating activities	17,326,218	(19,390,202)
Cash flows from investing activities		
Interest received	3,239	10,534
Additions in building in progress	(18,955,442)	(933,853)
Net cash used in investing activities	(18,952,203)	(923,319)
Cash flows from financing activities		
Advances from ultimate holding company	-	18,995,790
Advances from related company	-	187,985
Advances from immediate holding company	3,520,000	-
Net cash from financing activities	3,520,000	19,183,775
Net increase/(decrease) in cash and cash equivalents	1,894,015	(1,129,746)
Cash and cash equivalents at 1 January	90,561	1,220,307
Cash and cash equivalents at 31 December	1,984,576	90,561

The notes on pages 10 to 18 are an integral part of these financial statements.

Company No. 360905-H

Cash flow statement for the year ended 31 December 2012
(continued)

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Note	2012 RM	2011 RM
Bank balances	4	1,684,576	90,561
Deposits with a licensed bank	4	300,000	-
		1,984,576	90,561

The notes on pages 10 to 18 are an integral part of these financial statements.

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Notes to the financial statements

Puncak Wangi Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the registered office and principal place of business of the Company is as follows:

Registered office and principal place of business
Level 15
Wisma AmFIRST Tower 2
Jalan SS7/15
47301 Kelana Jaya
Selangor Darul Ehsan

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land.

The immediate and ultimate holding companies during the financial year are Nusa Gapurna Development Sdn. Bhd. and Gapurna Sdn. Bhd. respectively. Both aforesaid holding companies are incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 14 FEB 2013.

1. Significant accounting policies

The following accounting policies are adopted by the Company and are consistent with those adopted in previous period.

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis and in accordance with Private Entity Reporting Standards (PERS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis on the assumption that the Company is a going concern.

The Company has net current liabilities of RM4,326,246 and positive shareholder's funds of RM44,283,611. The validity of the going concern assumption is based on the positive shareholder's funds of the Company.

1. Significant accounting policies (continued)

(c) Land and building in progress

Leasehold land shall be depreciated over its leasehold term. Buildings in progress are stated at cost less accumulated impairment losses but are not depreciated. Buildings in progress are depreciated when the assets are ready for their intended use.

(d) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts, if any.

(e) Amount due from contract customers

Amount due from contract customers is stated at cost plus attributable profits less progress billings and recognised losses. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in trade and other payables as amount due to contract customers.

(f) Cash and cash equivalents

Cash and cash equivalents consist of bank balance and deposits with licensed bank.

(g) Impairment

The carrying amount of assets, other than inventories, assets arising from construction contracts and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1. Significant accounting policies (continued)

(g) Impairment (continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Trade and other payables

Trade and other payables are stated at cost.

(i) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. Significant accounting policies (continued)

(j) Borrowing costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(k) Revenue

Property development

Revenue from property development activities is recognised based on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a property development activities cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over defects liability period, is recognised immediately in the income statement

2. Land and building in progress

	Leasehold land RM	Building-in progress RM	Total RM
Cost			
At 1 January 2012/31 December 2011	29,466,800	933,853	30,400,653
Additions	15,400,000	3,555,442	18,955,442
At 31 December 2012	44,866,800	4,489,295	49,356,095
Accumulated depreciation			
At 1 January 2012/31 December 2011	-	-	-
Charge for the year	453,200	-	453,200
At 31 December 2012	453,200	-	453,200
Net book value			
At 31 December 2012	44,413,600	4,489,295	48,902,895
At 31 December 2011	29,466,800	933,853	30,400,653

3. Trade and other receivables

	Note	2012 RM	2011 RM
Amount due from a contract customer	3.1	-	15,400,000
Deposits and prepayments		65,000	125,000
		65,000	15,525,000

3.1 Amount due from a contract customer

	2012 RM	2011 RM
Aggregate cost incurred to date	-	18,342,167
Add: Attributable profit	-	26,524,633
	-	44,866,800
Less: Transfer to land cost	-	(29,466,800)
	-	15,400,000

3. Trade and other receivables (continued)

3.1 Amount due from a contract customer (continued)

On 29 September 2005, the Company entered into a Privatisation Agreement with The State Government of Selangor ("the Government") agreeing the Company's proposal for constructing a services complex and procuring a site for this service complex in consideration for a piece of land located in Petaling Jaya.

The replacement site for this service complex was acquired on 3 January 2008 and the construction of this services complex has commenced on March 2011. The construction has been completed during the last financial year, consequently vacant possession has been obtained for the piece of land in Petaling Jaya as consideration on 5 January 2012.

4. Cash and cash equivalents

	2012 RM	2011 RM
Deposits with a licensed bank	300,000	-
Bank balances	1,684,576	90,561
	1,984,576	90,561

5. Trade and other payables

	Note	2012 RM	2011 RM
Non-current liability			
Trade payables		293,038	491,510
Current liabilities			
Trade payables		288,903	10,964
Amount due to ultimate holding company	5.1	266,531	-
Amount due to immediate holding company	5.1	4,174,077	592,983
Amount due to related company	5.2	933,034	187,985
Other payable & accrued expenses		718,827	991,763
		6,381,372	1,783,695

5.1 The amount due to ultimate and immediate holding company are non-trade in nature, unsecured, repayable on demand and subject to interest at 5.96% and 5.889% per annum respectively (2011: Nil).

5.2 The amount due to related company, excluding advances received, is unsecured, interest free and repayable on demand.

Company No. 360905-H

6. Share capital

	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Authorised:				
Ordinary shares of RM1 each	5,000,000	5,000,000	500,000	500,000
Redeemable preference shares of RM1 each	5,000,000	5,000,000	-	-
	10,000,000	10,000,000	500,000	500,000
Issued and fully paid:				
Issued and fully paid	200,000	200,000	200,000	200,000

7. (Loss)/Profit before tax

	2012 RM	2011 RM
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration		
- Current year	22,000	22,000
- Previous year	-	11,000
Interest income	(3,239)	(10,534)
Debt waiver	-	(25,665,983)
Gain on disposal of land	-	(515,676)
Depreciation	453,200	-
Interest expense	14,223	-

8. Taxation

	2012 RM	2011 RM
Current tax expense		
- Current year	-	6,469,039
- Under provision in prior year	53,846	11,318
	53,846	6,480,357

Reconciliation of effective tax expense

(Loss)/Profit before tax	(815,350)	51,476,493
Income tax using Malaysian tax rate at 25%	(203,838)	12,869,123
Non-deductible expenses	142,570	16,412
Non-taxable income*	-	(6,416,496)
Effect of deferred tax asset not recognised	61,268	-
	-	6,469,039
Under provision in prior periods	53,846	11,318
	53,846	6,480,357

* Prior year non-taxable income relates to income derives from debt wavier from holding company which are capital in nature.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated at gross):

	2012 RM	2011 RM
Tax losses carry forward	245,071	-

Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

9. Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

Transactions amount

	2012 RM	2011 RM
Ultimate holding company:		
Waiver of debt	-	(25,665,983)
Disposal of land	-	(515,676)
Interest on loan	14,223	-
Immediate holding company:		
Interest on loan capitalised	154,821	-
Related company:		
Management fees	185,712	319,854
Demolition works	223,278	-

10. Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company and its related companies which comprise of Gapurna Builders Sdn. Bhd. and Gapurna Land Sdn. Bhd. as well as 70% equity interest in P.J Sentral Development Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 18 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2012 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Saw Choo Boon

.....
Saidatul Hishan Binti Mohammad Salleh

Date: 14 FEB 2013

Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Imran Bin Mohamad Salim**, the officer primarily responsible for the financial management of Puncak Wangi Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 18 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in ~~Kuala Lumpur~~ Petaling Jaya on 14 FEB 2013

PESURUHJAYA SUMPAH No: B396 Name: R. LAKSHMANAN MALAYSIA

Imran Salim

Mohd Imran Bin Mohamad Salim

Before me:

PESURUHJAYA SUMPAH No: B396 R. LAKSHMANAN MALAYSIA

21A Jalan SS 6/12
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent auditors' report to the member of Puncak Wangi Sdn. Bhd.

(Company No. 360905-H)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Puncak Wangi Sdn. Bhd., which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 18.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Company No. 360905-H

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 14 FEB 2013

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2012

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2012

The Directors hereby submit their report and the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in acquiring, dealing and trading in leases, landed, immovable or real property of all description and tenure, whether freehold, leasehold, or howsoever, any rights and interest therein, applying for, accept and receive, purchase, sell, surrender and deal in any licenses for petrol stations, titles and grants to land.

There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Loss for the year	(2,690,034)

Dividend

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions during year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Halim Bin Ali
Dato' Saw Choo Boon
Saidatul Hishan Binti Mohammad Salleh
Mohamed Azmin Bin Ali
Nor Azlina Binti Amran (Resigned on 4 June 2012)
Datin Paduka Norazlina Binti Zakaria (Appointed on 4 June 2012)
Nor Azlina Binti Amran (Appointed on 4 June 2012 as alternate director to Datin Paduka Norazlina Binti Zakaria)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its authorised share capital from RM500,000,000 divided into 500,000,000 ordinary shares of RM1 each to RM502,000,000 by the creation of 2,000,000 redeemable preference shares ("RPS") of RM1 each.

During the financial year, the Company issued 278,930 redeemable preference shares of RM1 each at RM100 for working capital purpose.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheet and income statement of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iii) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

Company No. 541142-D

Other statutory information (continued)

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

On 5 July 2012, Nusa Gapurna Development Sdn. Bhd. and PKNS Holdings Sdn. Bhd. subscribed for and was allotted a total of 278,930 redeemable preference shares of RM1 each at RM100 each.

Nusa Gapurna Development Sdn. Bhd. subscribed for and was allotted 195,251 redeemable preference shares of RM1 each at RM100 each for consideration of RM19,525,100 with the consideration netting off with amount due to immediate holding company for working capital purposes. PKNS Holdings Sdn. Bhd. subscribed for and was allotted 83,679 redeemable preference shares of RM1 each at RM100 each for cash consideration of RM8,367,900 for working capital purposes.

In addition, on 12 December 2012, the Company entered into a Sale and Purchase Agreement with Ambang Hartamas Sdn. Bhd. to sell Tower 3, Lot No. 12, Seksyen 26 No. Hakmilik 71105, Bandar Petaling Jaya, Daerah Petaling Jaya, Selangor with a total net lettable area of 281,455 square feet for total considerations of RM239,236,750. The condition precedents have not been met as at the end of the financial year ended 31 December 2012.

Subsequent events

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the 70% equity interest in the Company and entire equity interest in its related companies which comprise of Gapurna Builders Sdn. Bhd., Gapurna Land Sdn. Bhd. and Puncak Wangi Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Company No. 541142-D

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Dato' Saw Choo Boon

.....

Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 14 FEB 2013

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Balance sheet at 31 December 2012

	Note	2012 RM	2011 RM
Non-current assets			
Plant and equipment	2	117,059	-
Land held for property development	3	212,049,355	205,285,563
		212,166,414	205,285,563
Current assets			
Other receivables	4	710,136	848,746
Tax recoverable		170,657	128,907
Cash and cash equivalents	5	8,426,057	1,286,716
		9,306,850	2,264,369
Current liabilities			
Trade and other payables	6	4,798,899	16,078,533
Net current assets/(liabilities)		4,507,951	(13,814,164)
		216,674,365	191,471,399
Financed by:			
Capital and reserves			
Ordinary shares	7	194,158,000	194,158,000
Redeemable preference shares	7	278,930	-
Share premium		27,614,070	-
Accumulated losses		(5,376,635)	(2,686,601)
Shareholders' funds		216,674,365	191,471,399

The notes on pages 9 to 17 are an integral part of these financial statements.

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Income statement for the year ended 31 December 2012

	Note	2012 RM	2011 RM
Rental income		-	693,558
Administrative expenses		(2,690,034)	(2,177,305)
Loss before tax		(2,690,034)	(1,483,747)
Tax credit	9	-	7,317
Loss after tax		(2,690,034)	(1,476,430)

The notes on pages 9 to 17 are an integral part of these financial statements.

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 December 2012

	Ordinary shares RM	Redeemable preference shares RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2011	1,000,000	-	-	(1,210,171)	(210,171)
Issue of ordinary shares	193,158,000	-	-	-	193,158,000
Loss for the year	-	-	-	(1,476,430)	(1,476,430)
At 31 December 2011/ 1 January 2012	194,158,000	-	-	(2,686,601)	191,471,399
Issue of redeemable preference shares	-	278,930	27,614,070	-	27,893,000
Loss for the year	-	-	-	(2,690,034)	(2,690,034)
At 31 December 2012	194,158,000	278,930	27,614,070	(5,376,635)	216,674,365
	Note 7	Note 7			

The notes on pages 9 to 17 are an integral part of these financial statements.

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Cash flow statement for the year ended 31 December 2012

	2012 RM	2011 RM
Cash flows from operating activities		
Loss before tax	(2,690,034)	(1,483,747)
Adjustment for:		
Depreciation	16,036	-
Operating loss before changes in working capital	(2,673,998)	(1,483,747)
Changes in working capital:		
Other receivables	(380)	(505,768)
Trade and other payables	4,047,807	(35,303,250)
Amount due from related company	(1,163,915)	1,114,921
Amount due to holding company	614,433	-
Cash from/(used in) operations	823,947	(36,177,844)
Income tax paid	(41,750)	(157,334)
Net cash from/(used in) operating activities	782,197	(36,335,178)
Cash flows from investing activities		
Purchase of plant and equipment	(133,095)	-
Land held for property development	(6,763,792)	(2,363,552)
Net cash used in investing activities	(6,896,887)	(2,363,552)
Cash flows from financing activities		
Issue of shares	27,893,000	193,158,000
Advances from holding company	5,500,000	4,500,000
Repayment to holding company	(20,138,969)	-
Repayment to related company	-	(157,874,400)
Net cash from financing activities	13,254,031	39,783,600
Net increase in cash and cash equivalents	7,139,341	1,084,870
Cash and cash equivalents at 1 January	1,286,716	201,846
Cash and cash equivalents at 31 December	8,426,057	1,286,716

The notes on pages 9 to 17 are an integral part of these financial statements.

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Notes to the financial statements

P.J Sentral Development Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office
Level 15
Wisma AmFIRST Tower 2
Jalan SS7/15
47301 Kelana Jaya
Selangor Darul Ehsan

The Company is principally engaged in the businesses of dealing in land, properties and other development related activities.

The immediate and ultimate holding companies are Nusa Gapurna Development Sdn. Bhd. and Gapurna Sdn. Bhd., respectively. Both aforesaid holding companies are incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 14 FEB 2013.

1. Significant accounting policies

The following accounting policies are adopted by the Company and are consistent with those adopted in previous year.

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis and in accordance with Private Entity Reporting Standards (PERS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis on the assumption that the Company is a going concern.

The Company has accumulated losses of RM5,376,635 but with positive shareholders' fund of RM216,674,365. Thus, the validity of the going concern assumption is based on the positive shareholders' funds of the Company.

1. Significant accounting policies (continued)

(c) Land held for property development

Land held for property development consists of land and such portions thereof and other incidental direct costs on which no significant development work has been undertaken or where development activities are not expected to be completed within the Company's normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses, if any.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Land held for property development is transferred to current assets where it can be demonstrated that the development activities can be completed within the Company's normal operating cycle.

(d) Other receivables

Other receivables are stated at cost less any allowance for doubtful debt, if any.

(e) Cash and cash equivalent

Cash and cash equivalents consist of bank balances.

(f) Trade and other payables

Trade and other payables are stated at cost.

(g) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences from initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

1. Significant accounting policies (continued)

(g) Tax expense (continued)

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

1. Significant accounting policies (continued)

(h) Plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current periods are as follows:

- Computer equipment & software 2.5 years
- Renovation 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Company No. 541142-D

2. Plant and equipment

	Computer equipment & software RM	Renovation RM	Total RM
Cost			
At 1 January/31 December 2011	-	-	-
Additions	9,088	124,007	133,095
At 31 December 2012	9,088	124,007	133,095
Accumulated depreciation			
At 1 January/31 December 2011	-	-	-
Additions	3,635	12,401	16,036
At 31 December 2012	3,635	12,401	16,036
Net book value			
At 31 December 2012	5,453	111,606	117,059
At 31 December 2011	-	-	-

3. Land held for property development

	2012 RM	2011 RM
Leasehold land	193,158,000	193,158,000
Development costs	18,891,355	12,127,563
	212,049,355	205,285,563

4. Other receivables

	Note	2012 RM	2011 RM
Amount due from related company	4.1	709,756	848,746
Deposit paid		380	-
		710,136	848,746

4. Other receivables (continued)

4.1 Included in prior year amount due from related party was the rental income receivables from The Selangor State Development Corporation of RM660,762. The amount due from related company is non-trade in nature, unsecured, interest free and repayable on demand.

5. Cash and cash equivalents

	2012 RM	2011 RM
Bank balances	8,426,057	1,286,716

6. Trade and other payables

	Note	2012 RM	2011 RM
Trade payables		-	687,691
Other payables and accrued expenses	6.1	4,798,899	63,401
Amount due to immediate holding company	6.2	-	14,024,536
Amount due to related company	6.2	-	1,302,905
		4,798,899	16,078,533

6.1 Included in other payables and accrued expenses is the deposit received of RM4,784,735 from Malaysia Building Society Berhad ("MBSB"), which is the holding of Ambang Hartamas Sdn. Bhd. as per the Sale and Purchase Agreement between the Company and Ambang Hartamas Sdn. Bhd. for Tower 3, Lot 12 land.

6.2 Prior year amount due to immediate holding and related company was unsecured, interest free and repayable on demand. The amount due to related company in previous year was related to the acquisition of land from Bisraya Construction Sdn. Bhd.

Company No. 541142-D

7. Share capital

	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Authorised:				
Ordinary shares of RM1 each	500,000,000	500,000,000	500,000,000	500,000,000
Redeemable Preference Shares of RM1 each	2,000,000	2,000,000	-	-
At 31 December	502,000,000	502,000,000	500,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	194,158,000	194,158,000	194,158,000	194,158,000
Redeemable Preference Shares of RM1 each	278,930	278,930	-	-
At 31 December	194,436,930	194,436,930	194,158,000	194,158,000

7.1 Redeemable preference shares ("RPS")

The holder of the RPS of RM1 with RM99 premium each:

a) shall have the rights to any dividends in the Company payable out of distributable profits as decided by the Board of Directors in priority to any payment to the holders or any other class of shares but shall not entitled to any further or other participation in the profits or assets of the Company;

b) shall not be entitled to attend and/or has any voting rights at a general meeting of the Company except on any proposal or resolution:

   (i) relating to or involving the winding up of Company;
   (ii) which directly or indirectly varies or affects any of the rights, privileges or conditions attaching to the RPS or the exercise of any of those rights, privileges or conditions; or
   (iii) as specifically provided under the Act in relation to RPS;

c) in the event of a winding up of the Company, the RPS holders shall redeem their RPS shares after payments to creditors of the Company, whether secured or unsecured; and

d) the RPS shall not be convertible but shall be redeemable at any time from the issue date at the option of the Company.

Company No. 541142-D

8. Loss before tax

	2012 RM	2011 RM
Loss before tax is arrived at charging/(crediting):		
Auditor's remuneration		
- current year	13,500	12,000
- prior year	-	8,500
Rental income	-	(693,558)
Management fee	1,455,875	1,229,156
Staff costs		
- Wages, salaries and others	683,222	-

The number of employees of the Company at the end of the year was 6 (2011: Nil).

9. Tax credit

	2012 RM	2011 RM
Tax credit		
- Current year	-	-
- Over provision in prior year	-	(7,317)
	-	(7,317)

Reconciliation of effective tax benefit

Loss before tax	(2,690,034)	(1,483,747)
Tax at Malaysian tax rate of 25%	(672,509)	(370,937)
Non-deductible expenses	13,453	370,937
Effect of deferred tax assets not recognised	659,056	-
Over provision in prior year	-	(7,317)
Tax credit	-	(7,317)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2012 RM	2011 RM
Tax losses carry forward	3,908,366	1,275,778
Plant and equipment	3,635	-
	3,912,001	1,275,778

9. Tax credit (continued)

Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

10. Related parties

For the purposes of these financial statements, parties are considered to be related to the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

	2012 RM	2011 RM
Immediate holding company:		
Interest on loan capitalised	613,869	-
Related company:		
Management fees paid	1,455,875	1,229,156
Demolition works	1,109,942	-
Shareholder:		
Rental income	-	505,768

11. Subsequent event

On 8 February 2013, its immediate holding company, Nusa Gapurna Development Sdn. Bhd. has entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the 70% equity interest in the Company and entire equity interest in its related companies which comprise of Gapurna Builders Sdn. Bhd., Gapurna Land Sdn. Bhd. and Puncak Wangi Sdn. Bhd. for a total purchase consideration of RM459 million which will be satisfied via a combination of cash of RM70 million and up to 250,967,642 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 71,705,070 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 17 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2012 and its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Saw Choo Boon

.....
Saidatul Hishan Binti Mohammad Salleh

Kuala Lumpur,

Date: 14 FEB 2013

P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Imran Bin Mohamad Salim**, the officer primarily responsible for the financial management of P.J Sentral Development Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 17 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in ~~Kuala Lumpur~~ Petaling Jaya on 14 FEB 2013

.....
Mohd Imran Bin Mohamad Salim

Before me:

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent auditors' report to the members of P.J Sentral Development Sdn. Bhd.

(Company No. 541142-D)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of P.J Sentral Development Sdn. Bhd., which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 17.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Company No. 541142-D

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 14 FEB 2013

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Financial statements for the year ended 31 December 2012

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Directors' report for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in the business of land and property development related activities. There has been no significant change in the nature of these principal activities during the financial year.

Results

	RM
Net profit for the year	1,631,786

Dividend

Since the end of the previous financial year, the Company paid an interim single tier ordinary dividend of 400.00 sen per ordinary share totalling RM6,000,000 on 28 August, 2012 in respect of the financial year ended 31 December 2012.

The Directors do not recommend the payment of final dividend for the current financial year under review.

Reserves and provisions

There were no material transfer to or from reserves and provisions during the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Mohd Imran Bin Mohamad Salim
Datuk Dell Akbar Bin Hyder Khan

Company No. 300947 - T

Directors' interests

The holdings in the ordinary shares of the Company of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Mohd Imran Bin Mohamad Salim				
Company	1,425,000	-	-	1,425,000

The other Director who held office at the end of the year had no interest in the shares of the Company during the financial year under review

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Company No. 300947 - T

Other statutory information

Before the balance sheet and income statement of the Company were made out, the Directors took reasonable steps to ascertain that:

i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to and amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Company No. 300947 - T

Subsequent event

On 8 February 2013, the shareholders of the Company, Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din and Datin Yasmin binti Mohamed Ashraff have entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company for a total purchase consideration of RM250 million which will be satisfied via a combination of cash of RM38 million and up to 136,774,194 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 39,078,341 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....

Datuk Dell Akbar Bin Hyder Khan

.....

Mohd Imran Bin Mohamad Salim

Kuala Lumpur,

Date: 28 FEB 2013

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Balance sheet as at 31 December 2012

	Note	2012 RM	2011 RM
Plant and equipment	2	755,010	687,712
Current assets			
Trade and other receivables	3	23,128,964	28,985,113
Cash and cash equivalents	4	10,452,683	16,146,387
Tax recoverable		135,242	-
		33,716,889	45,131,500
Current liabilities			
Trade and other payables	5	24,018,575	29,656,529
Hire purchase liability	6	54,591	52,090
Tax payables		-	1,289,055
		24,073,166	30,997,674
Net current assets		9,643,723	14,133,826
		10,398,733	14,821,538
Financed by:-			
Capital and reserves			
Share capital	7	1,500,000	1,500,000
Retained profits	8	8,750,558	13,118,772
		10,250,558	14,618,772
Long term liability			
Hire purchase liability	6	148,175	202,766
		10,398,733	14,821,538

The notes on pages 10 to 19 are an integral part of these financial statements.

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Income statement for the year ended 31 December 2012

	Note	Year ended 31.12.2012 RM	1.6.2011 to 31.12.2011 RM
Contract revenue		64,945,241	61,689,977
Contract cost		(54,890,036)	(51,456,941)
Gross profit		10,055,205	10,233,036
Administrative expenses		(8,146,093)	(2,179,835)
Other operating income		242,641	270
Operating profit		2,151,753	8,053,471
Interest income		311,416	193,609
Interest expense		(10,862)	(6,333)
Profit before taxation	9	2,452,307	8,240,747
Tax expense	10	(820,521)	(2,129,306)
Net profit for the year/period		1,631,786	6,111,441

The notes on pages 10 to 19 are an integral part of these financial statements.

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Statement of changes in equity for year ended 31 December 2012

	Share capital RM	*Distributable* Retained profits RM	Total RM
At 1 June 2011	1,500,000	7,007,331	8,507,331
Net profit for the period	-	6,111,441	6,111,441
At 31 December 2011/1 January 2012	1,500,000	13,118,772	14,618,772
Net profit for the year	-	1,631,786	1,631,786
Dividend paid	-	(6,000,000)	(6,000,000)
At 31 December 2012	1,500,000	8,750,558	10,250,558
	Note 7		

The notes on pages 10 to 19 are an integral part of these financial statements.

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Cash flow statement for the year ended 31 December 2012

	Note	Year ended 31.12.2012 RM	1.6.2011 to 31.12.2011 RM
Cash flows from operating activities			
Profit before taxation		2,452,307	8,240,747
Adjustments for:			
Depreciation of equipment		141,389	67,666
Interest expense		10,862	6,333
Interest income		(311,416)	(193,609)
Operating profit before changes in working capital		2,293,142	8,121,137
Changes in working capital:			
Trade and other receivables		8,223,965	(1,874,087)
Trade and other payables		(10,857,097)	2,686,922
Amount owing to contract customers		2,851,326	(6,984,442)
Cash generated from operations		2,511,336	1,949,530
Income tax paid		(2,244,818)	(480,253)
Net cash generated from operating activities		266,518	1,469,277
Cash flows from investing activities			
Uplift of deposit pledged with a licensed bank		414,605	468,688
Purchase of equipment	(ii)	(208,688)	(435,200)
Interest received		311,416	193,609
Net cash generated from investing activities		517,333	227,097
Cash flows from financing activities			
Dividends paid		(6,000,000)	-
Interest paid		(10,862)	(6,333)
Repayment of hire purchases		(52,090)	(25,144)
Repayment from related parties		-	5,178,002
Net cash (used in)/generated from financing activities		(6,062,952)	5,146,525

Company No. 300947 - T

Cash flow statement for the year ended 31 December 2012
(continued)

	Note	Year ended 31.12.2012 RM	1.6.2011 to 31.12.2011 RM
Net (decrease)/increase in cash and cash equivalents		(5,279,099)	6,842,899
Cash and cash equivalents at beginning of year/period		11,304,707	4,461,808
Cash and cash equivalents at end of year/period	(i)	6,025,608	11,304,707

(i) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	Note	2012 RM	2011 RM
Deposits placed with a licensed bank	4	6,985,547	10,370,202
Cash and bank balances	4	967,136	776,185
Short term money market deposit	4	2,500,000	5,000,000
		10,452,683	16,146,387
Pledged deposits		(4,427,075)	(4,841,680)
		6,025,608	11,304,707

(ii) Acquisition of plant and equipment

During the year, the Company acquired plant and equipment with an aggregate cost of RM208,688 (2011: RM715,200), of which RM nil (2011: RM280,000) was acquired by means of hire purchase plans.

The notes on pages 10 to 19 are an integral part of these financial statements.

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Notes to the financial statements

Gelanggang Harapan Construction Sdn. Bhd. is a private company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company are as follows:

Principal place of business/registered office

Level 15
Wisma AmFIRST Tower 2
Jalan SS7/15
47301 Kelana Jaya
Selangor Darul Ehsan

The Company is principally engaged in the business of land and property development related activities.

These financial statements were authorised for issue by the Board of Directors on 28 FEB 2013

1. Significant accounting policies

The following accounting policies are adopted by the Company and are consistent with those adopted in previous year.

(a) Basis of accounting

The financial statements of the Company have been prepared on the historical cost basis and in accordance with Private Entity Reporting Standards (PERSs), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

(b) Change in financial year end

The Company has changed their financial year end from 31 May to 31 December in prior year. Consequently, the current year financial statements of the Company is for a year of 12 months ended 31 December 2012 whilst the comparative figures were for the previous 7 months from 1 June 2011 to 31 December 2011.

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

1. Significant accounting policies (continued)

(c) Plant and equipment (continued)

Depreciation

The straight line method is used to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Motor vehicle	20%
Office equipment	10%
Furniture and fittings	10%
Computers	40%
Renovation	10%

(d) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts. The amount due from related parties mainly represents advances/loans which were non-trade in nature, unsecured, interest free and have no fixed term of repayment.

(e) Amount due to a contract customer

Amount due to a contract customer is stated at cost plus attributable profits less progress billings and recognised losses. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in trade and other payables as amount due to contract customers.

(f) Cash and cash equivalents

Cash and cash equivalents consist of balances and deposits with banks and cash in hand.

(g) Trade and other payables

Trade and other payables are stated at cost.

(h) Hire purchase

Plant and equipment acquired under hire purchase arrangements are capitalised at the value equivalent to the principal sum of total hire purchase payable. The interest element of the hire purchase obligations is charged to the income statements over the year of the hire purchase and accounted for on a sum-of-digits method.

1. Significant accounting policies (continued)

(i) Impairment

The carrying amount of assets, other than assets arising from construction contracts and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statements.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Tax expense

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statements.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit (tax loss). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. Significant accounting policies (continued)

(k) Revenue

(i) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the year in which they are incurred.

An expected loss on a contract is recognised immediately in the income statements.

(ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(l) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and society contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined plans are recognised as an expense in the income statements as incurred.

(m) Interest expense

Interest expense incurred in connection with borrowings is expensed as incurred.

Company No. 300947 - T

2. Plant and equipment

	Motor vehicle RM	Office equipment RM	Furniture and fittings RM	Computer RM	Renovation RM	Total RM
Cost						
At 1 January 2012	465,997	23,746	21,078	7,939	376,493	895,253
Addition	-	60,421	77,105	-	71,162	208,688
At 31 December 2012	465,997	84,167	98,183	7,939	447,655	1,103,941
Accumulated depreciation						
At 1 January 2012	165,062	11,637	4,080	7,938	18,825	207,541
Charge for the year	78,390	8,417	9,818	-	44,765	141,389
At 31 December 2012	243,451	20,054	13,898	7,938	63,590	348,930
Net book value						
At 31 December 2012	222,546	64,113	84,285	1	384,064	755,010
At 31 December 2011	300,935	12,109	16,999	1	357,668	687,712
Depreciation charge for the period ended 31 December 2011	46,600	1,187	1,054	-	18,825	67,666

Company No. 300947 - T

3. Trade and other receivables

	Note	2012 RM	2011 RM
Trade receivables	3.1	16,865,124	27,242,390
Other receivables, deposit and prepayment		328,056	217,476
Amount owing from contract customers	3.2	3,893,064	1,525,247
Amount due from related companies	3.3	2,042,720	-
		23,128,964	28,985,113

3.1 Included in the trade receivables are retention sum amounting to RM7,553,736 (2011: RM6,916,316).

3.2 Amount owing to contract customers

	2012 RM	2011 RM
Costs incurred on contract to date	102,680,759	44,084,814
Attributable profit	16,380,787	7,155,976
	119,061,546	51,240,790
Progress billings	(124,883,192)	(54,211,110)
Net amount owing to contract customers	(5,821,646)	(2,970,320)

The net amount owing to contract customers comprises the following:-

Amount owing from contract customers	3,893,064	1,525,247
Amount owing to contract customers	(9,714,710)	(4,495,567)
Net amount owing to contract customers	(5,821,646)	(2,970,320)

3.3 The amount due from related companies is unsecured, interest free and repayable on demand.

Company No. 300947 - T

4. Cash and cash equivalents

	2012 RM	2011 RM
Deposits with a licensed bank	6,985,547	10,370,202
Cash and bank balances	967,136	776,185
Short term money market deposit	2,500,000	5,000,000
	10,452,683	16,146,387

Deposits with a licensed bank of the Company amounting to RM4,427,075 (2011: RM4,841,680) is pledged to a bank as security for credit facilities granted to the Company.

5. Trade and other payables

	Note	2012 RM	2011 RM
Trade payables	5.1	12,532,402	22,122,396
Other payables and accrued expenses		1,771,463	3,038,566
Amount owing to contract customers	3.2	9,714,710	4,495,567
		24,018,575	29,656,529

5.1 Included in trade payables are retention sum payable amounting to RM10,153,405 (2011: RM6,599,555).

6. Hire purchase liability

	2012 RM	2011 RM
Current	54,591	52,090
Non-current	148,175	202,766
	202,766	254,856

6. Hire purchase liability (continued)

Hire purchase liability is payable as follows:

	Payments 2012 RM	Interest 2012 RM	Principal 2012 RM	Payments 2011 RM	Interest 2011 RM	Principal 2011 RM
Less than one year	62,952	8,361	54,591	62,952	10,862	52,090
More than one year	157,340	9,165	148,175	220,292	17,526	202,766
	220,292	17,526	202,766	283,244	28,388	254,856

The hire purchase liability is subject to interest rate at 2.48% (2011: 2.48%) per annum on flat rate basis.

7. Share capital

	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Ordinary shares of RM1.00 each				
Authorised	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid	1,500,000	1,500,000	1,500,000	1,500,000

8. Retained profits

The Finance Act 2007 introduced the single tier company income tax system which took effect from 1 January 2008. Under this system, companies are not required to have tax credit under Section 108 of the Income Tax Act 1967 for dividend payment purposes. The Company has made an irrevocable election to disregard the Section 108 balance and opt to pay dividends under the single-tier tax system.

Company No. 300947 - T

9. Profit before taxation

	Year ended 31.12.2012 RM	1.6.2011 to 31.12.2011 RM
Profit before taxation is arrived at after charging/(crediting):		
Audit fee	55,000	37,000
Depreciation of equipment	141,389	67,666
Directors' remuneration	313,580	204,500
Interest income	311,416	(193,609)

10. Tax expense

	Year ended 31.12.2012 RM	1.6.2011 to 31.12.2011 RM
Current tax expense		
- Current year	1,061,095	2,127,050
- (Over)/under provision in prior year	(240,574)	2,256
	820,521	2,129,306
Reconciliation of effective tax expense		
Profit before taxation	2,452,307	8,240,747
Income tax using Malaysian tax rates of 25%	613,077	2,060,187
Non-deductible expenses	460,672	91,863
Differential in tax rates	-	(25,000)
Unrecognised temporary differences	(12,654)	-
(Over)/ Under provision in the previous financial year	(240,574)	2,256
	820,521	2,129,306

11. Employee information

	2012 RM	2011 RM
Staff costs	3,584,835	1,314,511

The number of employees of the Company (including Directors) at the end of the year was 28 (2011: 25).

Included in staff costs is contributions to the Employees' Provident Fund of RM388,685 (2011: RM130,335).

Company No. 300947 - T

12. Dividends

Dividend recognised by the Company:

2012	Sen per share	Total amount RM	Date of payment
Interim 2012, single tier	400.00	6,000,000	28 August 2012

13. Significant transactions with related parties

	2012 RM	2011 RM
Related company:		
Management fees	1,472,688	390,784
Demolition works	2,042,720	-
Computer rental	64,562	-
Telephone leasing	28,670	-
Office rental	62,530	-

14. Subsequent event

On 8 February 2013, the shareholders of the Company's Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din and Datin Yasmin binti Mohamed Ashraff have entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of the entire equity interest in the Company for a total purchase consideration of RM250 million which will be satisfied via a combination of cash of RM38 million and up to 136,774,194 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 39,078,341 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 19 are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and of its financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the Directors:

.....
Datuk Dell Akbar Bin Hyder Khan

.....
Mohd Imran Bin Mohamad Salim

Kuala Lumpur,

Date: 28 FEB 2013

Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Imran Bin Mohamad Salim**, the Director primarily responsible for the financial management of Gelanggang Harapan Construction Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 19 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 28 FEB 2013

.....
Mohd Imran Bin Mohamad Salim

Before me:

PESURUHJAYA SUMPAH
No: B396
Nama: R. LAKSHMANAN
MALAYSIA

21A Jalan SS 6/12
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent auditors' report to the members of Gelanggang Harapan Construction Sdn. Bhd.

(Company No. 300947 - T)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Gelanggang Harapan Construction Sdn. Bhd., which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 19.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 300947 - T

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 28 FEB 2013

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2012

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in property and investment holding, whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year	3,359,280	5,640,316

Dividend

Since the end of the previous financial year, the Company paid:

i) An interim single tier preference dividend of 4,262.407 sen per share totalling RM6,265,738 in respect of financial year ended 31 December 2012 on 14 December 2012.

ii) An interim single tier ordinary dividend of 4,262.407 sen per share totalling RM4,262 in respect of the financial year ended 31 December 2012 on 14 December 2012.

The Directors do not recommend the payment of final dividends for the current financial year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Company No. 842248-V

Directors of the Company

Directors who served since the date of the last report are:

Hanif Ahmad Bin Nisar Ahmad
Mohd Imran Bin Mohamad Salim (appointed on 10.03.2012)
Datin Yasmin Binti Mohamed Ashraff (resigned on 10.03.2012)

Directors' interests

The interests and deemed interest in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct interest in the Company:				
Hanif Ahmad Bin Nisar Ahmad	98	-	-	98
Datin Yasmin Binti Mohamed Ashraff	2	-	2	-
Mohd Imran Bin Mohamad Salim	-	2	-	2

	Number of redeemable preference shares of RM1 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct interest in the Company:				
Datin Yasmin Binti Mohamed Ashraff	147,000	-	147,000	-
Mohd Imran Bin Mohamad Salim	-	147,000	-	147,000

By virtue of their interests in the share of the company, the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Gapurna Global Solutions Sdn. Bhd. has an interest.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Company No. 842248-V

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when

Company No. 842248-V

Other statutory information (continued)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Subsequent event

On 8 February 2013, the shareholders of the Company, Hanif Ahmad bin Nisar Ahmad and Mohd Imran bin Mohamad Salim have entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of their entire equity interest in the Company for a total purchase consideration of RM20 million which will be satisfied via a combination of cash of RM3 million and up to 10,967,742 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 3,133,641 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Hanif Ahmad Bin Nisar Ahmad

.....

Mohd Imran Bin Mohamad Salim

Kuala Lumpur, Malaysia

Date: 28 FEB 2013

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position at 31 December 2012

	Note	Group			Company		
		31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Assets							
Equipment	3	656,459	478,418	454,096	-	-	-
Investment in subsidiaries	4	-	-	-	14,850,000	14,850,004	1,050,004
Goodwill	5	-	3,846	6,644	-	-	-
Finance lease receivables	6	49,452,783	65,409,197	34,653,839	-	-	-
Total non-current assets		50,109,242	65,891,461	35,114,579	14,850,000	14,850,004	1,050,004
Inventories		-	-	650,194	-	-	-
Trade and other receivables	7	56,698,136	71,496,242	93,770,529	11,684	-	9,830
Finance lease receivables	6	16,397,629	12,539,899	5,059,715	-	-	-
Cash and cash equivalents	8	30,160,792	14,765,007	7,764,427	45,642	666,788	1,064,270
Total current assets		103,256,557	98,801,148	107,244,865	57,326	666,788	1,074,100
Total assets		153,365,799	164,692,609	142,359,444	14,907,326	15,516,792	2,124,104

Company No. 842248-V

Statements of financial position at 31 December 2012 (continued)

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.1.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011 RM
Equity							
Share capital	9	147,100	147,100	100	147,100	147,100	100
Share premium		14,553,000	14,553,000	-	14,553,000	14,553,000	-
Retained earnings		30,046,044	32,956,764	22,567,757	176,283	805,967	911,004
Total equity attributable to owner of the Company		44,746,144	47,656,864	22,567,857	14,876,383	15,506,067	911,104
Non-controlling interest		-	-	7,571,180	-	-	-
Total equity		44,746,144	47,656,864	30,139,037	14,876,383	15,506,067	911,104
Liabilities							
Loans and borrowings	10	47,592,067	37,273,664	33,504,121	-	-	-
Deferred income	11	10,988,482	11,367,427	11,530,554	-	-	-
Deferred tax liabilities	12	36,968	-	-	-	-	-
Total non-current liabilities		58,617,517	48,641,091	45,034,675	-	-	-
Loans and borrowings	10	13,121,563	38,022,956	37,925,671	-	-	-
Deferred income	11	1,350,552	3,750,257	386,080	-	-	-
Trade and other payables	13	35,511,979	26,574,195	28,854,639	30,500	8,000	1,213,000
Tax liabilities		18,044	47,246	19,342	443	2,725	-
Total current liabilities		50,002,138	68,394,654	67,185,732	30,943	10,725	1,213,000
Total liabilities		108,619,655	117,035,745	112,220,407	30,943	10,725	1,213,000
Total equity and liabilities		153,365,799	164,692,609	142,359,444	14,907,326	15,516,792	2,124,104

The notes on pages 13 to 59 are an integral part of these financial statements.

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue					
Contract revenue		64,587,305	48,839,208	-	-
Lease income		3,918,600	4,752,684	-	-
Maintenance income		3,756,251	1,770,698	-	-
		72,262,156	55,362,590	-	-
Cost of sales		(60,907,200)	(44,508,686)	-	-
Gross profit		11,354,956	10,853,904	-	-
Administrative expenses		(7,925,261)	(6,518,078)	(161,863)	(108,433)
Other income		2,470	11,361	5,800,000	-
Results from operating activities	14	3,432,165	4,347,187	5,638,137	(108,433)
Finance income		214,457	144,496	2,142	11,473
Finance costs	15	(33,136)	(121,138)	-	-
Profit/(Loss) before tax		3,613,486	4,370,545	5,640,279	(96,960)
Income tax (expense)/credit	17	(254,206)	(252,718)	37	(8,077)
Profit/(Loss) for the year		3,359,280	4,117,827	5,640,316	(105,037)
Non-controlling interest		-	173,652	-	-
Profit/(Loss) and total comprehensive income/(expense) for the year		3,359,280	4,291,479	5,640,316	(105,037)

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Statements of changes in equity for the year ended 31 December 2012

		<----Attributable to equity holders of the Company---->					
				Distributable			
Group	**Note**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interest RM**	**Total equity RM**
At 1 January 2011		100	-	22,567,757	22,567,857	7,571,180	30,139,037
Issue of redeemable preference shares	9	147,000	14,553,000	-	14,700,000	-	14,700,000
Total comprehensive income for the year		-	-	4,291,479	4,291,479	(173,652)	4,117,827
Changes in ownership interests in a subsidiary		-	-	6,097,528	6,097,528	(7,397,528)	(1,300,000)
At 31 December 2011/1 January 2012		147,100	14,553,000	32,956,764	47,656,864	-	47,656,864
Total comprehensive income for the year		-	-	3,359,280	3,359,280	-	3,359,280
Dividends to owners of the Company		-	-	(6,270,000)	(6,270,000)	-	(6,270,000)
At 31 December 2012		147,100	14,553,000	30,046,044	44,746,144	-	44,746,144

Company No. 842248-V

Statements of changes in equity for the year ended 31 December 2012 (continued)

	Attributable to equity holders of the Company			
			Distributable	
Company	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Total RM**
At 1 January 2011	100	-	911,004	911,104
Issue of redeemable preference shares	147,000	14,553,000	-	14,700,000
Total comprehensive expense for the year	-	-	(105,037)	(105,037)
At 31 December 2011/1 January 2012	147,100	14,553,000	805,967	15,506,067
Total comprehensive income for the year	-	-	5,640,316	5,640,316
Dividends to owners of the Company	-	-	(6,270,000)	(6,270,000)
At 31 December 2012	147,100	14,553,000	176,283	14,876,383
	Note 9	Note 9		

The notes on pages 13 to 59 are an integral part of these financial statements.

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Statements of cash flows for the year ended 31 December 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from operating activities				
Profit/(Loss) before tax	3,613,486	4,370,545	5,640,279	(96,960)
Adjustments for:				
Depreciation	231,312	205,314	-	-
Interest expense	3,281,433	4,012,272	-	-
Interest income	(214,457)	(144,496)	(2,142)	(11,473)
Equipment written off	2,550	1,687	-	-
Waiver of debts	-	71,222	-	4,830
Goodwill written off	3,848	2,798	2	-
Operating profit/(loss) before changes in working capital	6,918,172	8,519,342	5,638,139	(103,603)
Changes in working capital:				
Inventories	-	650,194	-	-
Trade and other receivables	26,896,790	(16,031,597)	(11,684)	5,000
Trade and other payables	6,159,134	10,937,311	22,500	-
Cash generated from/(used in) operations	39,974,096	4,075,250	5,648,955	(98,603)
Income tax paid	(246,442)	(224,814)	(2,245)	(5,352)
Interest paid	(3,281,433)	(4,012,272)	-	-
Net cash generated from/(used in) operating activities	36,446,221	(161,836)	5,646,710	(103,955)

Company No. 842248-V

Statements of cash flows for the year ended 31 December 2012 (continued)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from investing activities				
Acquisition of shares from non-controlling interest	-	(1,300,000)	-	(1,300,000)
Proceeds/(loss) from disposal of investment in a subsidiary	-	-	2	(12,500,000)
Proceeds from issuance of redeemable preference shares	-	14,700,000	-	14,700,000
Purchase of equipment	(411,903)	(231,323)	-	-
Interest received	214,457	144,496	2,142	11,473
Net cash (used in)/generated from investing activities	(197,446)	13,313,173	2,144	911,473
Cash flows from financing activities				
Increase in deposits pledged	(5,515,240)	(2,226,534)	-	-
Repayment of finance lease liabilities	(177,619)	(271,268)	-	-
Repayment to related companies	-	(8,814,185)	-	-
Repayment of hire purchase liabilities	(33,803)	(31,882)	-	-
Repayment of secured term loan	(29,526,480)	(11,013,781)	-	-
Repayment to Directors	-	(1,203,400)	-	(1,205,000)
Proceeds from secured term loan	15,166,088	15,166,088	-	-
Dividends paid	(6,270,000)	-	(6,270,000)	-
Net cash used in financing activities	(26,357,054)	(8,394,962)	(6,270,000)	(1,205,000)
Net increase/(decrease) in cash and cash equivalents	9,891,721	4,756,375	(621,146)	(397,482)
Cash and cash equivalents at 1 January	8,730,340	3,973,965	666,788	1,064,270
Cash and cash equivalents at 31 December	18,622,061	8,730,340	45,642	666,788

Company No. 842248-V

Statements of cash flows for the year ended 31 December 2012 (continued)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amount:

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Cash and bank balances	8	19,108,361	9,227,816	45,642	666,788
Fixed deposits with a licensed bank	8	11,052,431	5,537,191	-	-
Bank overdraft	10	(486,300)	(497,476)	-	-
		29,674,492	14,267,531	45,642	666,788
Less: Deposits pledged		(11,052,431)	(5,537,191)	-	-
		18,622,061	8,730,340	45,642	666,788

The notes on pages 13 to 59 are an integral part of these financial statements.

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

Gapurna Global Solutions Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office
Level 15
Wisma AmFIRST Tower 2
Jalan SS7/15
47301 Kelana Jaya
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2012 do not include other entities.

The principal activity of the Company is that of property and investment holding while the principal activities of the subsidiaries are as stated in Note 4.

The financial statements were approved by the Board of Directors on 28 FEB 2013

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time adoption of Malaysian Financial Reporting Standards* has been applied.

In previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 23.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Company has chosen to early adopt the following:

(i) Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* which is effective for annual periods beginning on or after 1 July 2012. This amendment requires entities to separate items presented in "Other Comprehensive Income" ("OCI") in the statement of the comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

The adoption of these amendments did not have any impact on the financial results of the Group and of the Company as the changes only affect disclosures in the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)

- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Company.

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.

- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group and of the Company upon their first adoption.

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in note 2 (n) - Financial Instruments.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than those disclosed in the following notes:

- Note 2 (m) - Provisions
- Note 2 (o) - Revenue recognition

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

2. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011
For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Non-controlling interests (continued)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Equipment

(i) Recognition and measurement

Items of equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of equipment reeognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The gain and loss on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(b) Equipment (continued)

(ii) Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Motor vehicles	5 years
• Office equipment	10 years
• Furniture and fittings	10 years
• Computers	2.5 years
• Tools and equipment	5 - 10 years
• Demonstration assets	5 years
• Renovation	10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at end of the reporting date.

2. Significant accounting policies (continued)

(c) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(d) Inventories

Inventories relate to equipments and parts acquired for installation are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Leased assets

(i) Accounting as lessee

Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Accounting as lessee (continued)

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(ii) Accounting as lessor

Finance lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

When assets are leased out under finance leases, the present value of minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned interest income.

(f) Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contract work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

2. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, assets arising from contract and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(i) Equity instrument

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

2. Significant accounting policies (continued)

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that they have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(k) Employee benefits

Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employee's Provident Fund are charged to the statements of profit or loss and other comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(l) Deferred income

Deferred income is the maintenance portion of the leasing contract which has been deferred until the service has been rendered. Any residual deferred income will be recognised at the end of the maintenance obligation in accordance with the contractual arrangements.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(n) Financial instruments

Financial instruments are recognised in the financial statements when, and only when, the Group or Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. On subsequent measurement, financial assets categorised as "Loans and receivables" and financial liabilities are measured at amortised cost using the effective interest method.

(o) Revenue recognition

(i) Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statements of profit or loss and other comprehensive income in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statements of comprehensive income.

(ii) Lease income

Lease income is recognised over the term of lease using the sum-of-digit method so as to reflect a constant periodic rate of interest on the balance outstanding.

(iii) Maintenance income

Revenue from maintenance services is recognised in the statements of profit or loss and other comprehensive income upon rendering of services. Any residual deferred income will be recognised at the end of the maintenance obligation period.

Company No. 842248-V

2. Significant accounting policies (continued)

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

All borrowing costs are recognised in statements of profit or loss and other comprehensive income using the effective interest method, in the year in which they are incurred.

Company No. 842248-V

3. Equipment

Group	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Tools and equipment RM	Demonstration assets RM	Renovation RM	Total RM
Cost							
At 1 January 2011	234,081	384,568	66,798	108,618	27,954	39,845	861,864
Additions	-	100,338	31,935	-	-	99,050	231,323
Write-off	-	(14,543)	-	-	-	-	(14,543)
At 31 December 2011/ 1 January 2012	234,081	470,363	98,733	108,618	27,954	138,895	1,078,644
Additions	351,960	29,348	4,400	-	-	26,195	411,903
Write-off	-	(7,650)	-	-	-	-	(7,650)
At 31 December 2012	586,041	492,061	103,133	108,618	27,954	165,090	1,482,897
Depreciation							
At 1 January 2011	117,092	205,460	17,254	46,979	17,000	3,983	407,768
Charge for the year	38,595	118,368	9,873	19,862	4,726	13,890	205,314
Write-off	-	(12,856)	-	-	-	-	(12,856)
At 31 December 2011/ 1 January 2012	155,687	310,972	27,127	66,841	21,726	17,873	600,226
Charge for the year	100,768	79,992	10,313	19,862	3,868	16,509	231,312
Write-off	-	(5,100)	-	-	-	-	(5,100)
At 31 December 2012	256,455	385,864	37,440	86,703	25,594	34,382	826,438

Company No. 842248-V

3. Equipment (continued)

Group	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Tools and equipment RM	Demonstration assets RM	Renovation RM	Total RM
Carrying amounts							
At 1 January 2011	116,989	179,108	49,544	61,639	10,954	35,862	454,096
At 31 December 2011/ 1 January 2012	78,394	159,391	71,606	41,777	6,228	121,022	478,418
At 31 December 2012	329,586	106,197	65,693	21,915	2,360	130,708	656,459

The net book value of motor vehicles acquired under hire purchase terms amounted to RM38,817 (2011: RM64,593).

Company No. 842248-V

4. Investment in subsidiaries

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Unquoted shares, at cost	14,850,000	14,850,004	1,050,004

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
Elian Technicals * ϕ Sdn. Bhd.	Malaysia	Dormant	-	100	100
Kemunis Sdn. Bhd. * ^	Malaysia	Dormant	-	100	100
GTC Global Sdn. Bhd.	Malaysia	Leasing and trading of cellular and telecommunication equipment	100	100	75
Subsidiaries of GTC Global Sdn. Bhd.					
XNC Technologies Sdn. Bhd. * ϕ	Malaysia	Dormant	-	100	100
Valencom Sdn. Bhd. *	Malaysia	Dormant	-	-	100

* Not audited by KPMG
ϕ Struck off during the year
^ Disposed off during the year

Company No. 842248-V

5. Goodwill

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
At cost:			
As at 1 January	3,846	6,644	6,644
Less: Strike off of a subsidiary	(3,846)	(2,798)	-
As at 31 December	-	3,846	6,644

6. Finance lease receivables

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Total finance lease receivables	65,850,412	77,949,096	39,713,554
Less: Amount receivables within next 12 months	(16,397,629)	(12,539,899)	(5,059,715)
	49,452,783	65,409,197	34,653,839
Gross finance lease	76,287,939	92,305,223	50,896,145
Less: Unearned interest income	(10,437,527)	(14,356,127)	(11,182,591)
	65,850,412	77,949,096	39,713,554

The maturity structure of gross finance lease receivables is as follows:

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Maturing within one year	19,529,448	16,411,204	6,888,077
One year to five years	44,722,960	61,181,658	25,437,532
Above five years	12,035,531	14,712,361	18,570,536
	76,287,939	92,305,223	50,896,145

Company No. 842248-V

6. Finance lease receivables (continued)

The maturity structure of present value of minimum lease receivables is as follows:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Maturing within one year	16,397,629	12,539,899	5,059,715
One year to five years	38,670,958	52,995,786	20,501,712
Above five years	10,781,825	12,413,411	14,152,127
	65,850,412	77,949,096	39,713,554

Company No. 842248-V

7. Trade and other receivables

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.1.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011 RM
Trade							
Trade receivables		12,182,436	8,137,582	3,576,232	-	-	-
Amount due from contract customers	7.1	41,252,907	59,124,259	88,620,772	-	-	-
Retention sum receivables	7.2	2,850,670	1,965,860	1,104,754	-	-	-
		56,286,013	69,227,701	93,301,758	-	-	-
Non-trade							
Deposits and prepayments		389,709	2,261,508	397,549	-	-	5,000
Staff advance		10,327	6,153	-	-	-	-
Amount due from related companies	7.3	12,087	880	71,222	11,684	-	-
Amount due from subsidiaries	7.3	-	-	-	-	-	4,830
		412,123	2,268,541	468,771	11,684	-	9,830
		56,698,136	71,496,242	93,770,529	11,684	-	9,830

7. Trade and other receivables (continued)

7.1 Amount due from contract customers

The amount due from contract customers relates to the contract work-in-progress.

	Note	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Aggregate cost incurred to date		119,720,285	68,730,004	75,149,209
Add: Attributable profits		34,227,387	20,633,895	27,906,935
		153,947,672	89,363,899	103,056,144
Less: Progress billings		(112,717,244)	(30,714,244)	(16,784,303)
Total	a	41,230,428	58,649,655	86,271,841

a. The details for these amount are as follows:

	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount due from contract customers	41,252,907	59,124,259	88,620,772
Amount due to contract customers – Note 13	(22,479)	(474,604)	(2,348,931)
Total	41,230,428	58,649,655	86,271,841

Included in the above amounts are finance lease based construction contracts amounting to RM24,174,600 (2011: RM1,509,391). Upon completion, the carrying amounts will be re-classified as finance lease receivables. The unearned lease income determined at inception of lease is RM10,437,527 (2011: RM1,430,050) and this will be recognised in accordance with Note 2 (o)(ii).

Estimation uncertainty and critical judgement

The Group and the Company estimate revenue and subsequent costs for its construction contracts and lease based construction contracts (with multiple revenue arrangements) based on the following key assumptions:-

- Revenue on construction projects have been projected based on the respective fixed price contracts with variation amounts subject to mutual agreement;
- The construction costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis.

7. Trade and other receivables (continued)

7.1 Amount due from contract customers (continued)

Estimation uncertainty and critical judgement (continued)

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

7.2 Retention sum receivables

Retentions are unsecured, interest-free and are expected to be collected as follows:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Within 1 year	1,777,204	444,084	261,125
1 - 2 years	1,073,466	1,521,776	843,629
	2,850,670	1,965,860	1,104,754

7.3 Amounts due from related companies and subsidiaries

Amounts due from related companies and subsidiaries are unsecured, non-trade and repayable on demand.

8. Cash and cash equivalents

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Cash and bank balances	19,108,361	9,227,816	3,431,234	45,642	666,788	41,734
Fixed deposits with a licensed bank	11,052,431	5,537,191	4,333,193	-	-	1,022,536
	30,160,792	14,765,007	7,764,427	45,642	666,788	1,064,270

The fixed deposits have been pledged to a licensed bank as security for banking facilities granted to the Group. The interest rate of the fixed deposits ranges from 2.95% to 3.05% (2011: 2.60% to 3.00%) per annum. The fixed deposits have maturity ranging from 1 month to 12 months.

Company No. 842248-V

9. Share capital

		Group and Company					
		31.12.2012		31.12.2011		1.1.2011	
	Note	Amount RM	Number of shares	Amount RM	Number of shares	Amount RM	Number of shares
Authorised:							
Ordinary shares of RM1 each		500,000	500,000	500,000	500,000	100,000	100,000
Redeemable preferences shares of RM1 each	9.1	500,000	500,000	500,000	500,000	-	-
		1,000,000	1,000,000	1,000,000	1,000,000	100,000	100,000
Issued and fully paid:							
Ordinary shares of RM1 each		100	100	100	100	100	100
Redeemable preferences shares of RM1 each	9.1	147,000	147,000	147,000	147,000	-	-
		147,100	147,100	147,100	147,100	100	100

9. Share capital (continued)

9.1 Redeemable preference shares ("RPS")

The holder of the RPS of RM1 with RM99 premium each:

a) shall have the rights to any dividends in the Company payable out of distributable profits as decided by the Board of Directors in priority to any payment to the holders of any other class of shares but shall not entitled to any further or other participation in the profits or assets of the Company;

b) shall not be entitled to attend and/or has any voting rights at a general meeting of the Company except on any proposal or resolution:

   (i) relating to or involving the winding up of the Company;
   (ii) which directly or indirectly varies or affects any of the rights, privileges or conditions attaching to the RPS or the exercise of any of those rights, privileges or conditions; or
   (iii) as specifically provided under the Act in relation to RPS;

c) in the event of a winding-up of the Company, the RPS holders shall redeem their RPS after payments to creditors of the Company, whether secured or unsecured; and

d) the RPS shall not be convertible but shall be redeemable at any time from the issue date at the option of the Company.

10. Loans and borrowings

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Non-current			
Hire purchase liabilities	39,867	75,660	109,464
Secured term loan	47,552,200	37,197,612	33,216,646
Finance lease liabilities	-	392	178,011
	47,592,067	37,273,664	33,504,121
Current			
Hire purchase liabilities	35,793	33,804	31,882
Secured term loan	12,599,078	37,314,057	37,142,716
Finance lease liabilities	392	177,619	271,268
Unsecured bank overdraft	486,300	497,476	479,805
	13,121,563	38,022,956	37,925,671
	60,713,630	75,296,620	71,429,792

10. Loans and borrowings (continued)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 31.12.2012 RM	Interest 31.12.2012 RM	Principal 31.12.2012 RM	Payments 31.12.2011 RM	Interest 31.12.2011 RM	Principal 31.12.2011 RM	Payments 1.1.2011 RM	Interest 1.1.2011 RM	Principal 1.1.2011 RM
Less than one year	39,155	3,362	35,793	39,156	5,352	33,804	39,157	7,275	31,882
More than one year	41,531	1,664	39,867	80,686	5,026	75,660	117,420	7,956	109,464
	80,686	5,026	75,660	119,842	10,378	109,464	156,577	15,231	141,346

The hire purchase liabilities are subject to flat interest rates ranging from 2.50% to 3.25% (2011: 2.50% to 3.25%) per annum.

Secured term loan

The secured term loan is subject to profit rate ranging from 5.57% to 5.90% (2011: 4.70% to 7.00%) per annum.

Unsecured bank overdraft

The unsecured bank overdraft is subject to profit rate of 8.10% (2011: 8.03%) per annum.

Company No. 842248-V

10. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 31.12.2012 RM	Interest 31.12.2012 RM	Present value of minimum lease principal 31.12.2012 RM	Future minimum lease payments 31.12.2011 RM	Interest 31.12.2011 RM	Present value of minimum lease principal 31.12.2011 RM	Future minimum lease payments 1.1.2011 RM	Interest 1.1.2011 RM	Present value of minimum lease principal 1.1.2011 RM
Less than one year	446	54	392	190,363	12,744	177,619	302,671	31,404	271,268
More than one year	-	-	-	446	54	392	190,809	12,798	178,011
	446	54	392	190,809	12,798	178,011	493,480	44,202	449,279

Finance lease liabilities are subject to fixed interest rate ranging from 6.94% to 8.14% (2011: 6.94% to 8.14%) per annum.

11. Deferred income

Deferred income is the maintenance portion of the leasing contract which has been deferred until the service has been rendered. Any residual deferred income will be recognised at the end of the maintenance obligation in accordance with the contractual arrangements.

The Group estimates the maintenance costs based on the best estimate of the expenditure required to be incurred. The Directors normally make the estimation based on actual costs incurred previously for similar projects, adjusted by inflation rates.

Company No. 842248-V

12. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
Group and Company	RM	RM	RM	RM	RM	RM	RM	RM	RM
Equipment	-	-	-	(36,968)	-	-	(36,968)	-	-
Tax assets/(liabilities)	-	-	-	(36,968)		-	(36,968)	-	-
Set off	-	-	-	-	-	-	-	-	-
Net tax liabilities	-	-	-	(36,968)	-	-	(36,968)	-	-

Movement in temporary differences during the year

	At 1.1.2011 RM	Recognised in profit or loss (Note 17) RM	At 31.12.2011 RM	Recognised in profit or loss (Note 17) RM	At 31.12.2012 RM
Equipment	-	-	-	36,968	36,968

Company No. 842248-V

13. Trade and other payables

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.1.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011 RM
Trade							
Trade payables		17,476,937	20,982,045	10,164,401	-	-	-
Non-trade							
Other payables and accruals		14,845,896	1,115,946	1,293,589	30,500	8,000	8,000
Amount due to related companies	13.1	-	-	8,813,305	-	-	-
Advance payment		3,166,667	4,000,000	5,029,413	-	-	-
Amount due to a director	13.1	-	1,600	1,205,000	-	-	1,205,000
Amount due to contract customers - Note 7.1 (a)		22,479	474,604	2,348,931	-	-	-
		18,035,042	5,592,150	18,690,238	30,500	8,000	1,213,000
		35,511,979	26,574,195	28,854,639	30,500	8,000	1,213,000

13.1 The amounts due to a Director and related companies are unsecured, non-trade in nature and repayable on demand.

Company No. 842248-V

14. Results from operating activities

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Operating profit is arrived at after charging/(crediting):				
Auditors' remuneration				
- Statutory audit				
KPMG				
- Current year	100,000	63,000	22,500	8,000
- Under provision in prior year	-	2,000	-	2,000
Other auditors				
- Current year *	6,356	9,139	3,884	3,000
- Under provision in prior year	-	2,500	-	3,000
- Other services				
Affiliates of KPMG				
- Current year	-	23,000	-	-
- Overprovision in prior year	-	(22,500)	-	-
Commission income	(2,467)	(3,480)	-	-
Depreciation	231,312	205,314	-	-
Director remuneration	253,163	193,260	-	-
Equipment written off	2,550	1,687	-	-
Goodwill written off	3,848	2,798	2	-
Lease expense	-	1,399	-	-
Net foreign exchange gain	-	(410)	-	-
Office rental	208,800	208,800	-	-
Staff costs (including key management personnel):				
- Salaries	4,297,193	3,762,428	-	-
- Contribution to EPF	547,497	441,013	-	-
- Others	241,756	173,899	-	-
Waiver of debts	-	71,222	-	4,830

* Audit remuneration of its subsidiaries, Elian Technicals Sdn. Bhd. and Kemunis Sdn. Bhd. for the year 2012 of RM1,942 (2011: RM1,500) respectively are borne by the Company.

Company No. 842248-V

15. Finance costs

	Group	
	2012 RM	2011 RM
Finance costs of financial liabilities that are not at fair value through profit or loss:		
-Hire purchase liabilities	3,566	4,807
-Overdraft interest	29,570	116,331
	33,136	121,138

Finance costs incurred on secured term loan and finance lease liabilities amounted to RM3,235,553 (2011: RM3,859,730) and RM12,744 (2011: RM31,404) respectively are included under cost of sales.

16. Key management personnel compensation

The key management personnel compensations are as follows:

	Group	
	2012 RM	2011 RM
Executive Directors		
- Salaries	223,916	172,000
- Contribution to EPF	28,730	20,640
- Others	517	620
	253,163	193,260

17. Income tax expense/(credit)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current tax expense				
- current year	242,691	229,998	508	2,725
- prior year	(25,453)	22,720	(545)	5,352
Deferred tax expense				
Origination and reversal of temporary difference	36,968	-	-	-
Tax expense for the year	254,206	252,718	(37)	8,077

Reconeiliation of tax expense

Profit/(Loss) before tax	3,613,486	4,370,545	5,640,279	(96,960)
Income tax using Malaysian tax rate of 25%	903,372	1,092,636	1,410,070	(24,240)
Non-taxable income	(676,381)	(864,603)	(1,450,000)	-
Effect of different tax rate	(25,000)	(25,000)	-	
Non-deductible expenses	40,700	26,965	40,438	26,965
Under/(Over) provision in prior years	(25,453)	22,720	(545)	5,352
Origination and reversal of temporary differenee	36,968	-	-	-
Tax expense for the year	254,206	252,718	(37)	8,077

A subsidiary of the Company, GTC Global Sdn. Bhd. was granted pioneer status which is effective from 31 January 2008 to 30 December 2012. The pioneer status provides 100% tax exemption on the statutory income.

18. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

18. Related parties (continued)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group.

The Group has related party relationship with its related companies and subsidiaries.

Significant related party transactions
Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation as disclosed in Note 16, are as follows:

	Amount transacted for the year ended 31 December	
	2012	2011
Group	**RM**	**RM**
Related companies		
Waiver of debt	-	(71,222)
Rental	-	(6,486)
Sales (contract revenue)	-	270
Company		
Subsidiaries		
Waiver of debt	-	(4,830)
Related company		
Expenses paid on behalf	11,684	-

19. Dividends

Dividends recognised by the Company:

2012	**Sen per share**	**Total Amount RM**	**Date of payment**
Interim ordinary 2012, single tier	4,262.407	4,262	14 December 2012
Interim preference 2012, single tier	4,262.407	6,265,738	14 December 2012
		6,270,000	

20. Financial instruments

20.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Other financial liabilities measured at amortised cost (OL).

	Group		Company	
	Carrying amount RM	L&R/ (OL) RM	Carrying amount RM	L&R/ (OL) RM
31 December 2012				
Financial assets				
Trade and other receivables, excluding prepayments	56,661,861	56,661,861	11,684	11,684
Finance lease receivables	65,850,412	65,850,412	-	-
Cash and cash equivalents	30,160,690	30,160,690	45,540	45,540
	152,672,963	152,672,963	57,224	57,224
Financial liabilities				
Loans and borrowings	(60,713,630)	(60,713,630)	-	-
Trade and other payables	(35,511,979)	(35,511,979)	(30,500)	(30,500)
	(96,225,609)	(96,225,609)	(30,500)	(30,500)
31 December 2011				
Financial assets				
Trade and other receivables, excluding prepayments	69,602,939	69,602,939	-	-
Finance lease receivables	77,949,096	77,949,096	-	-
Cash and cash equivalents	14,765,007	14,765,007	666,788	666,788
	162,317,042	162,317,042	666,788	666,788
Financial liabilities				
Loans and borrowings	(75,296,620)	(75,296,620)	-	-
Trade and other payables	(26,574,195)	(26,574,195)	(8,000)	(8,000)
	(101,870,815)	(101,870,815)	(8,000)	(8,000)

20. Financial instruments (continued)

20.1 Categories of financial instruments (continued)

	Group		Company	
	Carrying amount RM	L&R/ (OL) RM	Carrying amount RM	L&R/ (OL) RM
1 January 2011				
Financial assets				
Trade and other receivables, excluding prepayments	93,766,029	93,766,029	9,830	9,830
Finance lease receivables	39,713,554	39,713,554	-	-
Cash and cash equivalents	7,764,427	7,764,427	1,064,270	1,064,270
	141,244,010	141,244,010	1,074,100	1,074,100
Financial liabilities				
Loans and borrowings	(71,429,792)	(71,429,792)	-	-
Trade and other payables	(28,854,639)	(28,854,639)	(1,213,000)	(1,213,000)
	(100,284,431)	(100,284,431)	(1,213,000)	(1,213,000)

20.2 Net losses arising from financial instruments

There is no significant gain or losses arising from the use of financial instruments during the year.

20.3 Financial risk management

The Group has exposures to the following risks from their use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

20. Financial instruments (continued)

20.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from trade debtors, related companies and finance lease receivables.

20.4.1 Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Depending on the nature of the transactions and the customer's risk profile, the Group may require upfront deposits as collateral.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually and impairment losses will generally be provided for unless there is objective evidence proving otherwise.

The Group receivables are concentrated in Malaysia.

20. Financial instruments (continued)

20.4 Credit risk (continued)

20.4.1 Trade receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Note	Gross RM	Individual impairment RM	Net RM
Group				
31 December 2012				
Not past due		10,076,407	-	10,076,407
Past due 1 - 30 days		1,346,989	-	1,346,989
Past due 31 - 120 days		283,154	-	283,154
Past due more than 120 days		599,051	(123,165)	475,886
	7	12,305,601	(123,165)	12,182,436
31 December 2011				
Not past due		5,648,288	-	5,648,288
Past due 1 - 30 days		1,385,891	-	1,385,891
Past due 31 - 120 days		586,192	-	586,192
Past due more than 120 days		640,376	(123,165)	517,211
	7	8,260,747	(123,165)	8,137,582
1 January 2011				
Not past due		2,708,562	-	2,708,562
Past due 1 - 30 days		327,312	-	327,312
Past due 31 - 120 days		307,213	-	307,213
Past due more than 120 days		356,310	(123,165)	233,145
	7	3,699,397	(123,165)	3,576,232

20. Financial instruments (continued)

20.4 Credit risk (continued)

20.4.1 Trade receivables (continued)

Impairment losses (continued)

The Group anticipates to fully recover the remaining amount of the trade receivables past due more than 120 days which are not impaired subsequent to year end.

The movements in the allowance for impairment loss of trade receivables during the year were:

	Group	
	2012	**2011**
	RM	**RM**
At 1 January	123,165	123,165
Impairment loss recognised	-	-
At 31 December	123,165	123,165

The allowance account in respect of the trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

20.4.2 Finance lease receivables

Risk management objectives, policies and processes for managing the risk

The Group has finance lease contract with its customers. The Group monitors the lease payments from lessees regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. The Group considers its lessees as companies associated with low credit risk as they are either government agencies or government related companies.

Impairment losses

As at the end of the reporting period, there was no indication that the amount due from finance lease receivables is not recoverable.

20. Financial instruments (continued)

20.4 Credit risk (continued)

20.4.3 Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to related, subsidiaries and holding companies. The Company monitors the results of these related companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. The Company considers its related companies as companies associated with low credit risk.

Impairment losses

As at the end of the reporting period, there was no indication that the amount due from related companies is not recoverable.

20.4.4 Deposits with banks and other financial institutions

Risk management objectives, policies and processes for managing the risk

The Group's cash and cash equivalents are deposited with licensed banks and financial institutions.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statements of financial position.

20.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

20. Financial instruments (continued)

20.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
31 December 2012							
Finance lease liabilities	392	6.94% - 8.14%	392	392	-	-	-
Bank overdraft	486,300	8.03%	486,300	486,300	-	-	-
Secured term loan	60,151,278	4.70% - 7.00%	82,621,604	17,258,547	18,274,180	16,965,222	30,123,655
Hire purchase liabilities	75,660	4.44% - 6.27%	81,796	39,155	42,641	-	-
Trade and other payables, excluding derivatives	35,511,979	-	35,511,979	35,511,979	-	-	-
	96,225,609		118,702,071	53,296,373	18,316,821	16,965,222	30,123,655
31 December 2011							
Finance lease liabilities	178,011	6.94% - 8.14%	190,808	190,363	445	-	-
Bank overdraft	497,476	8.03%	497,476	497,476	-	-	-
Secured term loan	74,511,669	4.70% - 7.00%	78,423,347	39,885,582	22,967,137	11,724,223	3,846,405
Hire purchase liabilities	109,464	4.44% - 6.27%	119,842	39,156	69,666	11,020	-
Trade and other payables, excluding derivatives	26,574,195	-	26,574,195	26,574,195	-	-	-
	101,870,815		105,805,668	67,186,772	23,037,248	11,735,243	3,846,405

Company No. 842248-V

20. Financial instruments (continued)

20.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
1 January 2011							
Finance lease liabilities	449,279	6.94% - 8.14%	493,481	302,672	190,809	-	-
Bank overdraft	479,805	7.80%	479,805	479,805	-	-	-
Secured term loan	70,359,362	4.70% - 5.95%	77,635,691	40,966,200	25,002,031	9,632,360	2,035,100
Hire purchase liabilities	141,346	4.44% - 6.27%	156,577	39,157	78,312	39,108	-
Trade and other payables, excluding derivatives	28,854,639	-	28,854,639	28,854,639	-	-	-
	100,284,431		107,620,193	70,642,473	25,271,152	9,671,468	2,035,100

20. Financial instruments (continued)

20.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and other prices will affect the Group's and Company's financial position or cash flows.

20.6.1 Currency risk

The Group does not have significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

20.6.2 Interest rate risk

The Group has fixed rate borrowings which are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Fixed rate instruments			
Finance lease receivables	65,850,412	77,949,096	39,713,554
Hire purchase liabilities	(75,660)	(109,464)	(141,346)
Finance lease liabilities	(392)	(178,011)	(449,279)
Secured term loans	(60,151,278)	(74,511,669)	(70,359,362)
	5,623,082	3,149,952	(31,236,433)
Floating rate instruments			
Unsecured overdrafts	(486,300)	(497,476)	(479,805)

20. Financial instruments (continued)

20.6 Market risk (continued)

20.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Profit or loss	
	100 bp increase	100 bp decrease
Group	**RM**	**RM**
2012		
Unsecured overdraft	(4,863)	4,863
Cash flow sensitivity (net)	(4,863)	4,863
2011		
Unsecured overdraft	(4,975)	4,975
Cash flow sensitivity (net)	(4,975)	4,975

20.7 Other price risk

The Group does not have exposure to other price risk.

20. Financial instruments (continued)

20.8 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short terms borrowings approximate fair values due to the relatively short term nature of these instruments.

The carrying amount of finance lease receivables approximate fair values as the carrying amounts of finance lease receivables is at present value of minimum lease payments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

21. Capital management

The Group's capital is represented by its total equity in the statements of financial position. The Directors monitor the adequacy of capital on ongoing basis and maintain an optimal gearing ratio that complies with debt covenants.

A subsidiary of the Company, GTC Global Sdn. Bhd. is subject to gearing ratio which has to be lower than 4.6 times at all times in accordance with the applicable debt covenants. The gearing ratios of the subsidiary at 31 December 2012 were as follows:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Total borrowings (note 10)	60,713,630	75,296,620	71,429,792
Tangible net worth	44,719,762	46,999,749	30,284,715
Gearing ratio	1.36	1.6	2.4

There were no other changes in the Group's approach to capital management during the financial year.

22. Subsequent event

On 8 February 2013, the shareholders of the Company, Hanif Ahmad bin Nisar Ahmad and Mohd Imran bin Mohamad Salim have entered into conditional share sale agreement with Malaysian Resources Corporation Berhad ("MRCB") for the disposal of their entire equity interest in the Company for a total purchase consideration of RM20 million which will be satisfied via a combination of cash of RM3 million and up to 10,967,742 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.55 per MRCB Share, together with up to 3,133,641 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB shares issued.

23. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's and the Company's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the financial statements of the Group and of the Company.

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 59 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the Directors:

.....
Hanif Ahmad Bin Nisar Ahmad

.....
Mohd Imran Bin Mohamad Salim

Kuala Lumpur, Malaysia

Date: 28 FEB 2013

Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohd Imran Bin Mohamad Salim,** the Director primarily responsible for the financial management of Gapurna Global Solutions Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 59 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in ~~Kuala Lumpur~~ Petaling Jaya on 28 FEB 2013

PESURUHJAYA SUMPAH No: B396 Nama: R. LAKSHMANAN MALAYSIA

.....
Mohd Imran Bin Mohamad Salim

Before me:

PESURUHJAYA SUMPAH
No: B396
Nama: R. LAKSHMANAN
MALAYSIA

21A Jalan SS 6/12

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Independent Auditors' Report to the members of Gapurna Global Solutions Sdn. Bhd.

(Company No. 842248-V)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Gapurna Global Solutions Sdn. Bhd., which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 59.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 842248-V

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/14(J)
Chartered Accountant

Petaling Jaya,

Date: 28 FEB 2013

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A CIRCULAR TO SHAREHOLDERS

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

4 June 2013

PwC/TSP/HC/MR/mgb-A

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Malaysian Resources Corporation Berhad ('MRCB' or 'the Company') as at 31 December 2012. The Pro Forma Consolidated Statements of Financial Position which is set out in the Appendix (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for inclusion in the Circular to Shareholders to be dated 5 June 2013 in connection with the following transactions:

(i) Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd ("NGD") for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd ("Gapurna Builders"), Gapurna Land Sdn Bhd ("Gapurna Land") and Puncak Wangi Sdn Bhd ("Puncak Wangi") as well as 70% equity interest in P.J. Sentral Development Sdn Bhd ("P.J. Sentral") (collectively, the "NGD Subsidiaries") ("NGD SSA") ("Proposed Acquisition of NGD Subsidiaries");

(ii) Conditional share sale agreement with Mohd Imran bin Mohamad Salim ("Mohd Imran"), Datuk Mohamad Salim bin Fateh Din ("Datuk Mohamad Salim") and Datin Yasmin binti Mohamed Ashraff ("Datin Yasmin") for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd ("GHC") (collectively, the "GHC Vendors") ("GHC SSA") ("Proposed Acquisition of GHC"); and

(iii) Conditional share sale agreement with Mohd Imran and Hanif Ahmad bin Nisar Ahmad ("Hanif Ahmad") for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd ("GGS") (collectively, the "GGS Vendors") ("GGS SSA") ("Proposed Acquisition of GGS");

for a total indicative consideration of RM729,000,000 which will be satisfied via a combination of cash of RM111,000,000 and up to 398,709,678 new ordinary shares of RM1.00 each in MRCB ("MRCB Shares" or "Shares") at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB Shares issued, upou the terms and subject to the conditions as set out in the NGD SSA, GHC SSA and GGS SSA.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
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The Board of Directors
Malaysian Resources Corporation Berhad
PwC/TSP/HC/MR/mgb-A
4 June 2013

(The proposed Acquisition of NGD subsidiaries, proposed acquisition of GHC and proposed acquisition of GGS are collectively referred to as the "Proposed Acquisitions")

The total fair value purchase consideration in relation to the Proposed Acquisitions amounted to cash of RM111,000,000, shares of RM618,000,000 and warrants of RM26,201,000 ("Purchase Consideration").

(NGD, the GHC vendors and GGS Vendors are collectively referred to as "Vendors")

(NGD subsidiaries, GHC aud GGS are collectively referred to as the "Acquired Companies")

In addition to the above, the Company is also proposing to undertake the following proposal:-

- Free issuance of up to 480,322,118 warrants in MRCB ("Free Warrants") (excluding the impact of 1,765,785 warrants in MRCB arising from 5,297,353 Employee Share Options Scheme ("ESOS Option") which has lapsed as at the last practical date of 15 May 2013) to all existing entitled shareholders of the Company on the basis of one (1) Free Warrant for every three (3) MRCB Shares held at an entitlement date to be determined later ("Proposed Free Warrants").

(the Proposed Acquisitions and Proposed Free Warrants are collectively referred to as the "Proposals")

2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 and Note 2 of the Appendix.

3 The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Completed and Assumed Transactions and the Proposals on the audited consolidated statement of financial position of the Company as at 31 December 2012 had the Completed and Assumed Transactions and the Proposals been effected on that date. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors from the Company's audited consolidated Statement of Financial Position as at 31 December 2012.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

4 The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 and Note 2 of the Appendix.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A (*Cont'd*)

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/TSP/HC/MR/mgb-A
4 June 2013

Our Responsibilities

5 Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in Note 1 and Note 2 of the Appendix.

6 We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 and Note 2 of the Appendix.

7 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

8 The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Circular to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide auy assurance that the actual outcome of the event or transaction at that date would have been as presented.

9 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A (*Cont'd*)

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/TSP/HC/MR/mgb-A
4 June 2013

Our Responsibilities (continued)

10 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company and its subsidiaries, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

11 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

12 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 1 and Note 2 of the Appendix.

Other Matter

13 This report is issued for the sole purpose of inclusion in the Circular to Shareholders in connection with the Proposals and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Proposals.

Yours faithfully,

PricewaterhouseCoopers

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MRCB Group

APPENDIX

Proforma Consolidated Statements of Financial Position as at 31 December 2012
Minimum Scenario
RM'000

The minimum scenario assumed that none of the outstanding ESOS Option granted as at the LPD are exercised prior to the entitlement date of Proposed Free Warrants.

		Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
		Completed transaction	Assumed transaction	<---------- Proposals ---------->		Assumed transaction
	Audited 31-Dec-12	ESOS Option granted, lapsed and/or exercised up to the LPD	After effects of Proforma I and assuming the granting of additional ESOS Option	After effects of Proforma II and issuance of Proposed Free Warrants to existing shareholders	After effects of Proforma III and Proposed Acquisitions	After Effects of Pro Forma IV and assume the full exercise of Warrants
ASSETS						
Non-current assets						
Property, plant and equipment	38,750	38,750	38,750	38,750	152,376	152,376
Investment properties	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695
Land held for property development	620,904	620,904	620,904	620,904	1,005,904	1,005,904
Service concession asset	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-
Associates	61,382	61,382	61,382	61,382	61,382	61,382
Jointly controlled entities	93,367	93,367	93,367	93,367	93,367	93,367
Loan and receivable	81,963	81,963	81,963	81,963	81,963	81,963
Available for sale financial assets	577	577	577	577	577	577
Intangible assets	74,888	74,888	74,888	74,888	478,652	478,652
Finance lease receivables	-	-	-	-	49,452	49,452
Deferred tax assets	39,108	39,108	39,108	39,108	39,108	39,108
	2,051,634	2,051,634	2,051,634	2,051,634	3,003,476	3,003,476
Current assets						
Inventories	9,749	9,749	9,749	9,749	9,749	9,749
Property development costs	481,761	481,761	481,761	481,761	482,491	482,491
Trade and other receivables	1,428,661	1,428,661	1,428,661	1,428,661	1,508,731	1,508,731
Finance lease receivables	-	-	-	-	16,398	16,398
Amount due from subsidiaries	-	-	-	-	-	-
Amount due from a jointly controlled entity	749	749	749	749	749	749
Tax recoverable	12,406	12,406	12,406	12,406	12,729	12,729
Financial assets at fair value through profit and loss	3,984	3,984	3,984	3,984	3,984	3,984
Deposits, cash and bank balances	644,201	644,201	644,201	644,201	586,847	1,912,845
	2,581,511	2,581,511	2,581,511	2,581,511	2,621,678	3,947,676
	-					
Asset held for sale	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672
TOTAL ASSETS	5,954,817	5,954,817	5,954,817	5,954,817	6,946,826	8,272,824
EQUITY						
Capital and reserves attributable to equity holders of the company						
Share capital	1,387,811	1,387,811	1,387,811	1,387,811	1,786,521	2,363,042
Reserves	-	-	-	-	-	-
-share premium	134,475	134,475	134,475	134,475	353,765	1,129,443
-other reserves	31,158	32,062	36,588	36,588	36,588	36,588
-forex reserves	1,101	1,101	1,101	1,101	1,101	1,101
-warrants reserves	-	-	-	-	26,201	-
-distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(149,774)	(149,774)
Shareholders' equity	1,418,201	1,418,201	1,418,201	1,418,201	2,054,402	3,380,400
Non controlling interests	69,144	69,144	69,144	69,144	146,060	146,060
Total equity	1,487,345	1,487,345	1,487,345	1,487,345	2,200,462	3,526,460
LIABILITIES						
Non-current liabilities						
Loan stocks	14,845	14,845	14,845	14,845	14,845	14,845
Senior and Junior Sukuk	-	-	-	-	-	-
Post - employment benefits obligations	12,666	12,666	12,666	12,666	12,666	12,666
Long term borrowings	890,040	890,040	890,040	890,040	937,632	937,632
Long term liabilities	153	153	153	153	594	594
Deferred income	-	-	-	-	10,988	10,988
Deferred tax liabilities	51,221	51,221	51,221	51,221	139,016	139,016
	968,925	968,925	968,925	968,925	1,115,741	1,115,741
Current liabilities						
Provision for other liabilities and charges	60,498	60,498	60,498	60,498	60,498	60,498
Trade and other payables	893,722	893,722	893,722	893,722	1,011,307	1,011,307
Deferred income	-	-	-	-	1,351	1,351
Amount due to subsidiaries	-	-	-	-	-	-
Current tax liabilities	9,515	9,915	9,915	9,915	9,933	9,933
Senior and Junior Sukuk	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471
Short term borrowings	1,360,941	1,360,941	1,360,941	1,360,941	1,374,063	1,374,063
Guaranteed return to a NCI	115,000	115,000	115,000	115,000	115,000	115,000
	3,498,547	3,498,547	3,498,547	3,498,547	3,630,623	3,630,623
Total liabilities	4,467,472	4,467,472	4,467,472	4,467,472	4,746,364	4,746,364
Total equity and liabilities	5,954,817	5,954,817	5,954,817	5,954,817	6,946,826	8,272,824
No. of voting shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,387,811	1,786,521	2,363,042
NA per share (RM)	1.02	1.02	1.02	1.02	1.15	1.43
Total borrowings	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488	3,385,488
Gearing (times)	2.34	2.34	2.34	2.34	1.65	1.00

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MRCB Group

APPENDIX

Proforma Consolidated Statements of Financial Position as at 31 December 2012
Maximum Scenario
RM'000

The maximum scenario assumed that all outstanding ESOS Option as at the LPD are fully exercised prior to the entitlement date of Proposed Free Warrants

		Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI
		Completed transaction	Assumed transactions		Proposals		Assumed transaction
	Audited 31-Dec-12	ESOS Option granted, lapsed and/or exercised up to the LPD	After effects of Proforma I and assume the granting of additional ESOS Option	After effects of Proforma II and assume the exercise of all outstanding ESOS Option	After effects of Proforma III and issuance of Proposed Free Warrants to existing shareholders	After effects of Proforma IV and Proposed Acquisitions	After effects of Pro Forma V and assume the full exercise of Warrants
ASSETS							
Non-current assets							
Property, plant and equipment	38,750	38,750	38,750	38,750	38,750	152,376	152,376
Investment properties	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695
Land held for property development	620,904	620,904	620,904	620,904	620,904	1,005,904	1,005,904
Service concession asset	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Associates	61,382	61,382	61,382	61,382	61,382	61,382	61,382
Jointly controlled entities	93,367	93,367	93,367	93,367	93,367	93,367	93,367
Loan and receivable	81,963	81,963	81,963	81,963	81,963	81,963	81,963
Available for sale financial assets	577	577	577	577	577	577	577
Intangible assets	74,888	74,888	74,888	74,888	74,888	478,652	478,652
Finance lease receivables	-	-	-	-	-	49,452	49,452
Deferred tax assets	39,108	39,108	39,108	39,108	39,108	39,108	39,108
	2,051,634	2,051,634	2,051,634	2,051,634	2,051,634	3,003,476	3,003,476
Current assets							
Inventories	9,749	9,749	9,749	9,749	9,749	9,749	9,749
Property development costs	481,761	481,761	481,761	481,761	481,761	482,491	482,491
Trade and other receivables	1,428,661	1,428,661	1,428,661	1,428,661	1,428,661	1,508,731	1,508,731
Finance lease receivables	-	-	-	-	-	16,398	16,398
Amount due from subsidiaries	-	-	-	-	-	-	-
Amount due from a jointly controlled entity	749	749	749	749	749	749	749
Tax recoverable	12,406	12,406	12,406	12,406	12,406	12,729	12,729
Financial assets at fair value through profit and loss	3,984	3,984	3,984	3,984	3,984	3,984	3,984
Deposits, cash and bank balances	644,201	644,201	644,201	726,534	726,534	669,180	2,035,930
	2,581,511	2,581,511	2,581,511	2,663,844	2,663,844	2,704,011	4,070,761
	-						
Asset held for sale	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672
TOTAL ASSETS	5,954,817	5,954,817	5,954,817	6,037,150	6,037,150	7,029,159	8,395,909
EQUITY							
Capital and reserves attributable to equity holders of the company							
Share capital	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,839,676	2,433,915
Reserves	-	-	-	-	-	-	-
-share premium	134,475	134,475	134,475	170,484	170,484	389,774	1,188,486
-other reserves	31,168	32,062	36,588	29,757	29,757	29,757	29,757
-forex reserves	1,101	1,101	1,101	1,101	1,101	1,101	1,101
-warrants reserves	-	-	-	-	-	26,201	-
-distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(141,774)	(149,774)	(149,774)
Shareholders' equity	1,418,201	1,418,201	1,418,201	1,500,534	1,500,534	2,136,735	3,503,485
Non controlling interests	69,144	69,144	69,144	69,144	69,144	146,060	146,060
Total equity	1,487,345	1,487,345	1,487,345	1,569,678	1,569,678	2,282,795	3,649,545
LIABILITIES							
Non-current liabilities							
Loan stocks	14,845	14,845	14,845	14,845	14,845	14,845	14,845
Senior and Junior Sukuk	-	-	-	-	-	-	-
Post - employment benefits obligations	12,666	12,666	12,666	12,666	12,666	12,666	12,666
Long term borrowings	890,040	890,040	890,040	890,040	890,040	937,632	937,632
Long term liabilities	153	153	153	153	153	594	594
Deferred income	-	-	-	-	-	10,988	10,988
Deferred tax liabilities	51,221	51,221	51,221	51,221	51,221	139,016	139,016
	968,925	968,925	968,925	968,925	968,925	1,115,741	1,115,741
Current liabilities							
Provision for other liabilities and charges	60,498	60,498	60,498	60,498	60,498	60,498	60,498
Trade and other payables	893,722	893,722	893,722	893,722	893,722	1,011,307	1,011,307
Deferred income	-	-	-	-	-	1,351	1,351
Amount due to subsidiaries	-	-	-	-	-	-	-
Current tax liabilities	9,915	9,915	9,915	9,915	9,915	9,933	9,933
Senior and Junior Sukuk	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471
Short term borrowings	1,360,941	1,360,941	1,360,941	1,360,941	1,360,941	1,374,063	1,374,063
Guaranteed return to a NCI	115,000	115,000	115,000	115,000	115,000	115,000	115,000
	3,498,547	3,498,547	3,498,547	3,498,547	3,498,547	3,630,623	3,630,623
Total liabilities	4,467,472	4,467,472	4,467,472	4,467,472	4,467,472	4,746,364	4,746,364
Total equity and liabilities	5,954,817	5,954,817	5,954,817	6,037,150	6,037,150	7,029,159	8,395,909
No. of voting shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,839,676	2,433,915
NA per share (RM)	1.02	1.02	1.02	1.04	1.04	1.16	1.44
Total borrowings	3,324,774	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488	3,385,488
Gearing (times)	2.34	2.34	2.34	2.22	2.22	1.58	0.97

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD **APPENDIX**

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

1 INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company"), for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only, in connection with the following transactions:

(i) Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd ("NGD") for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd ("Gapurna Builders"), Gapurna Land Sdn Bhd ("Gapurna Land") and Puncak Wangi Sdn Bhd ("Puncak Wangi") as well as 70% equity interest in P.J. Sentral Development Sdn Bhd ("P.J. Sentral") (collectively, the "NGD Subsidiaries") ("NGD SSA") ("Proposed Acquisition of NGD Subsidiaries");

(ii) Conditional share sale agreement with Mohd Imran bin Mohamad Salim ("Mohd Imran"), Datuk Mohamad Salim bin Fateh Din ("Datuk Mohamad Salim") and Datin Yasmin binti Mohamed Ashraff ("Datin Yasmin") for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd ("GHC") (collectively, the "GHC Vendors") ("GHC SSA") ("Proposed Aequisition of GHC"); and

(iii) Conditional share sale agreement with Mohd Imran and Hanif Ahmad bin Nisar Ahmad ("Hanif Ahmad") for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd ("GGS") (collectively, the "GGS Vendors") ("GGS SSA") ("Proposed Acquisition of GGS");

for a total indicative consideration of RM729,000,000 which will be satisfied via a combination of cash of RM111,000,000 and up to 398,709,678 new ordinary shares of RM1.00 each in MRCB ("MRCB Shares" or "Shares") at an issue price of RM1.55 per MRCB Share, together with up to 113,917,052 free detachable warrants ("Free Detachable Warrants") on the basis of two (2) free detachable warrants for every seven (7) MRCB Shares issued, upon the terms and subject to the conditions as set out in the NGD SSA, GHC SSA aud GGS SSA.

(The proposed Aequisition of NGD subsidiaries, proposed acquisition of GHC and proposed acquisition of GGS are collectively referred to as the "Proposed Acquisitions")

The total fair value purchase consideration in relation to the Proposed Acquisitions amounted to eash of RM111,000,000, shares of RM618,000,000 and warrants of RM26,201,000. ("Purchase Consideration").

(NGD, the GHC vendors and GGS Vendors are collectively referred to as "Vendors")

(NGD subsidiaries, GHC and GGS are collectively referred to as the "Acquired Companies")

In addition to the above, the Company is also proposing to undertake the following proposal:-

Free issuance of up to 480,322,118 warrants in MRCB ("Free Warrants") (excluding the impact of 1,765,785 warrants in MRCB arising from 5,297,353 Employee Share Options Scheme ("ESOS Option") which has lapsed as at the last practical date of 15 May 2013) to all existing entitled shareholders of the Company on the basis of one (1) Free Warrant for every three (3) MRCB Shares held at an entitlement date to be determined later ("Proposed Free Warrants").

(the Proposed Acquisitions and Proposed Free Warrants are collectively referred to as the "Proposals")

The Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC and the Proposed Acquisition of GGS are inter-conditional upon each other.

The Proposed Acquisitions are not inter-conditional with the Proposed Free Warrants.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

The Pro Forma Consolidated Statements of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of: (i) the Completed Transaction as set out in Note 1.1; (ii) the Assumed Transactions as set out in Note 1.2; and (iii) the Proposals; on the audited Consolidated Statement of Financial Position of the Company as at 31 December 2012, had these transactions been effected on that date.

The Pro Forma Consolidated Statements of Financial Position are prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the Completed and Assumed Transactions and the Proposals on the financial position of the MRCB Group presented had the transactions or events occurred on 31 December 2012. Further, such information does not purport to predict the MRCB Group's future financial position.

The Completed and Assumed Transactions are as follows:

1.1 Completed Transaction

(a) Exercise, lapse and/or granting of Employee Share Options Scheme ("ESOS Option") up to the last practical Date ("LPD")*

There was no ESOS Option exercised from 1 January 2013 up to 15 May 2013. As at 15 May 2013, 28,155,176 ESOS Option remains unexercised. Share option expense arising from the granting of ESOS from 1 January 2013 to 15 May 2013 amounted to RM1,670,000.

5,297,353 ESOS Option have lapsed from 1 January 2013 up to 15 May 2013, resulting in the transfer of RM776,000 from the ESOS reserve to the retained earnings.

1.2 Assumed Transactions

(a) Granting of additional ESOS Option

A total of 25,000,000 additional ESOS Option is granted as at 15 May 2013. Share option expense arising from the granting of the additional ESOS amounted to RM4,526,000.

(b) Exercise of all outstanding ESOS Option as at the LPD*

- A total of 28,155,176 ESOS Option which are still outstanding as at 15 May 2013 is assumed to be exercised at an average price of RM1.65; and
- A total of 25,000,000 additional ESOS Option is assumed to be fully exercised as at 15 May 2013 at an average price of RM1.44.

**LPD is defined as 15 May 2013*

2 BASIS OF PREPARATION

2.1 The Pro Forma Consolidated Statements of Financial Position, for which the Directors of the Company are solely responsible, have been prepared based on the audited consolidated financial statements of the Company as at 31 December 2012 in accordance with the Financial Reporting Standards and in a manner consistent with both the format of the financial statements and current accounting policies adopted by the Company except for the following:

WARRANTS RESERVE

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to the share premium reserve upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Issuance of free warrants is not recognised in the financial statements, except for warrants issued in a business combination in which case the warrants are fair valued as part of the purchase consideration.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Minimum scenario:-
The minimum scenario assumed that none of the outstanding ESOS Option granted as at the LPD are exercised prior to the entitlement date of Proposed Free Warrants.

Maximum scenario:-
The maximum scenario assumed that all outstanding ESOS Option as at the LPD are fully exercised prior to the entitlement date of Proposed Free Warrants.

The Pro Forma Consolidated Statement of Financial Position are prepared for illustrative purposes only based on two (2) scenarios:

Minimum Scenario

3.1 Pro forma I – After ESOS Option exercised, lapsed and/or granted up to the LPD

Pro forma I incorporates the effects of the Audited 31 December 2012 consolidated statement of financial position and the Completed Transaction as set out in Note 1.1(a). This adjustment reflects the recognition of share option expense of RM1,670,000 for the 26,531,953 ESOS Option granted in January 2013 and the transfer of RM776,000 from the ESOS reserve to retained earnings as a result of the 5,297,353 ESOS Option which has lapsed from 1 January 2013 up to 15 May 2013.

There was no ESOS Option exercised from 1 January 2013 up to 15 May 2013.

3.2 Pro forma II – After effects of Pro forma I and assuming the granting of additional ESOS Option

Pro forma II incorporates the effects of Pro forma I and the Assumed Transaction as set out in Note 1.2(a). This adjustment reflects the granting of 25,000,000 additional ESOS Option resulting in the recognition of share option expense of RM4,526,000.

3.3 Pro forma III – After effects of Pro forma II and issuance of Proposed Free Warrants to existing shareholders

Pro forma III incorporates the effects of Pro forma II and the proposed issuance of 462,603,726 free warrants at no consideration, on the basis of one (1) warrant for every three (3) shares held.

The actual number of Free Warrants to be issued will depend on the number of MRCB Shares on the entitlement date of the Proposed free warrants.

3.4 Pro forma IV – After effects of Pro forma III and the Proposed Acquisitions

Pro forma IV incorporates the effects of Pro forma III and the Proposed Acquisitions. The Proposed Acquisitions have been accounted for in accordance with FRS 3(revised) "Business Combination". The determination of goodwill for the acquisition of NGD subsidiaries, GHC and GGS is subject to the finalisation of the purchase price allocation exercise which may vary the amounts presented.

The estimated transaction cost recognised in relation to the Proposed Acquisitions is RM8,000,000.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Minimum Scenario (continued)

3.4 Pro forma IV – After effects of Pro forma III and the Proposed Acquisitions (continued)

Details of the provisional fair value of assets acquired are as follows:

Provisional fair value of net assets acquired:	As at 31 December 2012 (RM'000)
Property, plant and equipment	113,626
Land held for property development	385,000
Finance lease receivables	65,851
Property development costs	730
Trade and other receivables	80,070
Tax recoverable	323
Cash and bank balances	53,646
Trade and other payables	(109,586)
Deferred income	(12,339)
Deferred tax liabilities	(87,795)
Current tax liabilities	(18)
Short term borrowings	(13,122)
Long term borrowings	(47,592)
Long term liabilities	(441)
Non controlling interests	(76,916)
	351,437
Intangible assets on acquisition	221,324
Goodwill on acquisition	182,440
Total Intangible assets and Goodwill on acquisition	403,764
Purchase consideration	755,201

The fair value purchase consideration comprise:	
- Cash	111,000
- Shares issued (398,709,678 @ RM1.55/share)	618,000
- Free Detachable Warrants issued (113,917,052 @ RM0.23/warrant)	26,201
	755,201

The Directors are of the view that the valid approvals in principle will be issued for the grant of the projects on the targeted lands (i.e. Lot 1 & 2 of Section 26, Petaling Jaya and Lot 2 Section 27, Petaling Jaya) to a subsidiary company of NGD by the relevant authorities on or before the completion date of the Proposed Acquisitions by the relevant authorities and GHC will be appointed as the main contractor in respect of the construction and development of the targeted lands. Consequently, the purchase consideration for GHC includes the RM70,000,000 in respect of these targeted lands.

The Directors are of the view that the fair value of the profit guarantee by Gapurna Sdn Bhd ("GSB") for the acquisition of GHC is nil.

The fair value of the new MRCB shares is based on MRCB's share price quoted on 31 December 2012. The fair value of the Free Detachable Warrants is based on observable market data on 31 December 2012.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

3.4 Pro forma IV – After effects of Pro forma III and the Proposed Acquisitions (continued)

Minimum Scenario (continued)

The principal terms of the Free Detachable Warrants are as follows:
(a) The exercise price of the warrants is fixed at RM2.30 per warrant. The exercise price is subject to adjustments under certain circumstances in accordance with the provisions of the deed poll to be executed by the Company;
(b) The warrants may be exercised at any time after the date of the issue of the Warrants and ending on or before the maturity date falling 5 years from the date of issue of the Warrants. Any warrants not exercised during the period shall thereafter lapse and cease to be valid;
(c) The warrants will rank pari passu without any preference or priority among themselves including in an event of liquidation; and
(d) The warrants are to be listed on Bursa Malaysia.

The Free Detachable Warrants have been accounted for as an equity instrument.

3.5 Pro forma V – After effects of Pro forma IV and assuming the full exercise of all Warrants issued

Pro forma V incorporates the effects of Pro forma IV and the following:

a) the full exercise of all Warrants at an average price of RM2.30 per warrant into 576,520,778 new MRCB shares resulting in cash proceeds of RM1,325,998,000; and

b) the recognition of RM749,477,000 share premium arising from the exercise of all the Warrants.

Maximum Scenario

3.6 Pro forma I – After ESOS Option exercised, lapsed and/or granted up to the LPD

Pro forma I incorporates the effects of the Audited 31 December 2012 consolidated statement of financial position and the Completed Transaction as set out in Note 1.1(a). The assumption and effects of Pro forma I are as described in Pro forma I under the Minimum Scenario (Note 3.1).

3.7 Pro forma II – After effects of Pro forma I and assuming the granting of additional ESOS Option

Pro forma II incorporates the effects of Pro forma I and the Assumed Transaction as set out in Note 1.2(a). The assumptions and effects of Pro forma II are as described in Pro forma II under Minimum Scenario (Note 3.2).

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Maximum Scenario (continued)

3.8 Pro forma III – After effects of Pro forma II and assuming the exercise of all outstanding ESOS Option as at the LPD

Pro forma III incorporates the effects of Pro forma II and the Assumed Transaction as set out in Note 1.2(b).

This adjustment reflects the following:

a) the exereise of 53,155,176* ESOS Option as at 15 May 2013 resulting in the increase in share capital, share premium and cash inflow of RM53,155,000, RM29,178,000 and RM82,333,000 respectively; and

b) the reversal of ESOS reserve of RM6,831,000 for the 53,155,176* ESOS Option exercised.

**Representing existing unexercised ESOS Option as at 31 December 2012 of 1,623,223, newly granted ESOS Option in January 2013 of 26,531,953 and 25,000,000 new ESOS Option to be granted.*

3.9 Pro forma IV – After effects of Pro forma III and issuance of Proposed Free Warrants to existing shareholders

Pro forma IV incorporates the effects of Pro forma III and the proposed issuance of 480,322,118 free warrants at no consideration, on the basis of one (1) warrant for every three (3) shares held.

The actual number of Free Warrants to be issued will depend on the number of MRCB Shares on the entitlement date of the Proposed free warrants.

3.10 Pro forma V – After effects of Pro forma IV and the Proposed Acquisitions

Pro forma V incorporates the effects of Pro forma IV and the Proposed Acquisitions. The assumptions and effects of Pro forma V are as described in Pro forma IV under the Minimum Scenario (Note 3.4).

3.11 Pro forma VI – After effects of Pro forma V and assuming the full exercise of all Warrants issued

Pro forma VI incorporates the effects of Pro forma V and the following:

a) the full exercise of all Warrants at an average price of RM2.30 per warrant into 594,239,170 new MRCB shares resulting in cash proceeds of RM1,366,750,000; and

b) the recognition of RM772,511,000 share premium arising from the exercise of all the Warrants.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Property, Plant and Equipment

Minimum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma III	38,750
Adjustment for Pro Forma IV– Proposed Acquisitions	
- Acquisition of subsidiaries	79,740
- Fair value adjustment on property, plant and equipment acquired*	33,886
Total adjustments for Pro Forma IV	113,626
As per Pro Formas IV – V	**152,376**

Maximum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma IV	38,750
Adjustment for Pro Forma V – Proposed Acquisitions	
- Acquisition of subsidiaries	79,740
- Fair value adjustment on property, plant and equipment acquired*	33,886
Total adjustments for Pro Forma V	113,626
As per Pro Formas V – VI	**152,376**

4.2 Land Held for Property Development

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	620,904
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Acquisition of subsidiaries	289,180
- Fair value adjustment on land held for property development acquired*	95,820
Total adjustments for Pro Forma IV	385,000
As per Pro Formas IV– V	**1,005,904**

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma IV	620,904
Adjustments for Pro Forma V – Proposed Acquisitions	
- Acquisition of subsidiaries	289,180
- Fair value adjustment on land held for property development acquired*	95,820
Total adjustments for Pro Forma V	385,000
As per Pro Formas V – VI	**1,005,904**

* The fair value of the property, plant and equipment and land held for property development is determined based on the valuation of the properties held by NGD subsidiaries appraised by the independent valuers, CH William Talhar & Wong in the valuation reports dated 11 March 2013 and 13 May 2013.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.3 Intangible Assets

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	74,888
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Intangible assets arising from the Proposed Acquisitions*	221,324
- Goodwill arising from the Proposed Acquisitions	182,440
Total adjustments for Pro Forma IV	403,764
As per Pro Formas IV – V	**478,652**

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma IV	74,888
Adjustments for Pro Forma V – Proposed Acquisitions	
- Identifiable intangible assets arising from the Proposed Acquisitions*	221,324
- Goodwill arising from the Proposed Acquisitions	182,440
Total adjustments for Pro Forma V	403,764
As per Pro Formas V – VI	**478,652**

*Identifiable intangible assets arising from the Proposed Acquisitions is categorised as Construction and Leasing Order Book.

4.4 Deposits, Cash and Bank Balances

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro forma III	644,201
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Cash outflow as a result of the Proposed Acquisitions	(111,000)
- Cash acquired	53,646
Net cash outflow from the Proposed Acquisitions	**(57,354)**
As per Pro Forma IV	**586,847**
Adjustment for Pro Forma V	
- full exercise of all warrants at an average price of RM2.30 per warrant into 576,520,778 new MRCB shares	1,325,998
As per Pro Forma V	**1,912,845**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.4 Deposits, Cash and Bank Balances (Continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma II	644,201
Adjustment for Pro Forma III – Assumed Transaction	
- Exercise of ESOS of 53,155,176 options as at 15 May 2013 (Note 1.2(b))	82,333
As per Pro Forma III and IV	**726,534**
Adjustments for Pro Forma V – Proposed Acquisitions	
- Cash outflow as a result of the Proposed Acquisitions	(111,000)
- Cash acquired	53,646
Net cash outflow from the Proposed Acquisitions	**(57,354)**
As per Pro Forma V	**669,180**
Adjustment for Pro Forma VI	
- full exercise of all warrants at an average price of RM2.30 per warrant into 594,239,170 new MRCB shares	1,366,750
As per Pro Forma VI	**2,035,930**

4.5 Share capital

Minimum scenario	No. of shares ('000)	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	1,387,811	1,387,811
Adjustments for Pro Forma IV – Proposed Acquisitions		
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 398,709,678 new MRCB shares at RM1.55 each	398,710	398,710
As per Pro Forma IV	**1,786,521**	**1,786,521**
Adjustment for Pro Forma V		
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 576,520,778 new MRCB shares	576,521	576,521
As per Pro Forma V	**2,363,042**	**2,363,042**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.5 Share capital (Continued)

Maximum scenario	No. of shares ('000)	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma II	1,387,811	1,387,811
Adjustment for Pro Forma III – Assumed Transaction (Note 1.2(b))		
- Exercise of ESOS of 53,155,176 options as at 15 May 2013	53,155	53,155
As per Pro Forma III and IV	1,440,966	1,440,966
Adjustments for Pro Forma V – Proposed Acquisitions		
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 398,709,678 new MRCB shares at RM1.55 each	398,710	398,710
As per Pro Forma V	**1,839,676**	**1,839,676**
Adjustment for Pro Forma VI		
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 594,239,170 new MRCB shares	594,239	594,239
As per Pro Forma VI	**2,433,915**	**2,433,915**

4.6 Share Premium

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	134,475
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 398,709,678 new MRCB shares at RM1.55 each	219,290
As per Pro Forma IV	**353,765**
Adjustment for Pro Forma V	
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 576,520,778 new MRCB shares	749,477
- Reversal of warrants reserve upon full exercise of all warrants	26,201
Total adjustments for Pro Forma V	775,678
As per Pro Forma V	**1,129,443**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.6 Share Premium (Continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma II	134,475
Adjustment for Pro Forma III – Assumed Transaction	
- Exercise of ESOS of 53,155,176 options as at 15 May 2013	29,178
- Reversal of ESOS reserve of RM6,831,000 upon exercise of ESOS option	6,831
Total adjustments for Pro Forma III	36,009
As per Pro Forma III and IV	**170,484**
Adjustments for Pro Forma V – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 398,709,678 new MRCB shares at RM1.55 each	219,290
As per Pro Forma V	**389,774**
Adjustment for Pro Forma VI	
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 594,239,170 new MRCB shares	772,511
- Reversal of warrants reserve upon full exercise of all warrants	26,201
Total adjustments for Pro Forma VI	798,712
As per Pro Forma VI	**1,188,486**

4.7 Warrant Reserve

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	-
Adjustment for Pro forma IV – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by 113,917,052 free detachable warrants (two (2) free detachable warrants for every seven (7) shares issued) with a fair value of RM0.23	26,201
As per Pro Forma IV	**26,201**
Adjustment for Pro Forma V	
- Reversal of warrants reserve assuming full exercise of all warrants	(26,201)
As per Pro Forma V	**-**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.7 Warrant Reserve (continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro forma IV	-
Adjustment for Pro forma V – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by 113,917,052 free detachable warrants (two (2) free detachable warrants for every seven (7) shares issued) with a fair value of RM0.23	26,201
As per Pro Forma V	**26,201**
Adjustment for Pro Forma VI	
- Reversal of warrants reserve assuming full exercise of all warrants	(26,201)
As per Pro Forma VI	**-**

4.8 Distributable Reserve/(Accumulated Losses)

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012	(136,354)
Adjustment for Pro Forma I – Completed Transaction	
- share option expense recognised for 26,531,953 ESOS Option granted in January 2013	(1,670)
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	776
	(894)
As per Pro Forma I	**(137,248)**
Adjustment for Pro Forma II– Assumed Transaction	
- share option expense recognised for 25,000,000 new ESOS Option to be granted	(4,526)
As per Pro Formas II – III	**(141,774)**
Adjustment for Pro Forma IV – Proposed Acquisitions	
- transaction cost for Proposed Acquisitions	(8,000)
As per Pro Formas IV - V	**(149,774)**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.8 Distributable Reserve/(Accumulated Losses) (continued)

Maximum scenario		**RM'000**
Per audited balance of the Group as at 31 December 2012		(136,354)
Adjustment for Pro Forma I – Completed Transaction		
- share option expense recognised for 26,531,953 ESOS Option granted in January 2013	(1,670)	
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	776	
		(894)
As per Pro Forma I		**(137,248)**
Adjustment for Pro Forma II - Assumed Transaction		
- share option expense recognised for 25,000,000 new ESOS Option to be granted		(4,526)
As per Pro Formas II – IV		**(141,774)**
Adjustment for Pro forma V – Proposed Acquisitions		
- transaction cost for Proposed Acquisitions		(8,000)
As per Pro Formas V – VI		**(149,774)**

4.9 Other Reserve

Minimum scenario		**RM'000**
Per audited balance of the Group as at 31 December 2012		31,168
Adjustment for Pro Forma I – Completed Transaction		
- Recognition of ESOS reserve upon 26,531,953 ESOS Option granted in January 2013	1,670	
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	(776)	
		894
As per Pro Forma I		**32,062**
Adjustment for Pro Forma II – Assumed Transaction		
- Recognition of ESOS reserve for 25,000,000 new ESOS Option to be granted		4,526
As per Pro Formas II – V		**36,588**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 **NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

4.9 Other Reserve (continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012	31,168
Adjustment for Pro Forma I – Completed Transaction	
- Recognition of ESOS reserve upon 26,531,953 ESOS Option granted in January 2013	1,670
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	(776)
	894
As per Pro Forma I	**32,062**
Adjustment for Pro Forma II – Assumed Transaction	
- Recognition of ESOS reserve for 25,000,000 new ESOS Option to be granted	4,526
As per Pro Forma II	**36,588**
Adjustment for Pro Forma III – Assumed Transaction	
- Reversal of ESOS reserve upon the exercise of existing 1,623,223 ESOS Option	(635)
- Reversal of ESOS reserve upon the exercise of existing 26,531,953 ESOS Option	(1,670)
- Reversal of ESOS reserve upon the exercise of 25,000,000 new ESOS Option	(4,526)
Total adjustment for Pro Forma III	(6,831)
As per Pro Formas III – VI	**29,757**

4.10 Non Controlling Interests

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	69,144
Adjustment for Pro forma IV – Proposed Acquisitions	
- Non controlling interest acquired*	65,002
- Fair value arising from the Proposed Acquisitions	11,914
	76,916
As per Pro Formas IV – V	**146,060**

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma IV	69,144
Adjustment for Pro forma V – Proposed Acquisitions	
- Non controlling interest acquired*	65,002
- Fair value arising from the Proposed Acquisitions	11,914
	76,916
As per Pro Formas V- VI	**146,060**

* Non controlling interests acquired represents 30% interest in PJ Sentral Sdn Bhd held by PKNS.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO A *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.11 Deferred Tax Liabilities

Minimum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma III	51,221
Adjustment for Pro Forma IV– Proposed Acquisitions	
- Deferred tax liabilities acquired	38
- Deferred tax liabilities arising from the provisional fair value adjustment of property, plant and equipment, land held for property development and intangible assets (Income tax rate of 25% on the provisional fair value adjustment of RM351,030,019)	87,757
	87,795
As per Pro Formas IV – V	**139,016**

Maximum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma IV	51,221
Adjustment for Pro Forma V– Proposed Acquisitions	
- Deferred tax liabilities acquired	38
- Deferred tax liabilities arising from the provisional fair value adjustment of property, plant and equipment, land held for property development and intangible assets (Income tax rate of 25% on the provisional fair value adjustment of RM351,030,019)	87,757
	87,795
As per Pro Formas V – VI	**139,016**

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Malaysian Resources Corporation Berhad in accordance with a resolution dated 4 June 2013.

CHONG CHIN ANN
CHIEF FINANCIAL OFFICER

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A CIRCULAR TO SHAREHOLDERS

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

4 June 2013

PwC/TSP/HC/MR/mgb-B

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position

1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Malaysian Resources Corporation Berhad ('MRCB' or 'the Company') as at 31 December 2012. The Pro Forma Consolidated Statements of Financial Position which is set out in the Appendix (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for inclusion in the Circular to Shareholders to be dated 5 June 2013 in connection with the following transactions:

(i) Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd ("NGD") for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd ("Gapurna Builders"), Gapurna Land Sdn Bhd ("Gapurna Land") and Puncak Wangi Sdn Bhd ("Puncak Wangi") as well as 70% equity interest in P.J. Sentral Development Sdn Bhd ("P.J. Sentral") (collectively, the "NGD Subsidiaries") ("NGD SSA") ("Proposed Acquisition of NGD Subsidiaries");

(ii) Conditional share sale agreement with Mohd Imran bin Mohamad Salim ("Mohd Imran"), Datuk Mohamad Salim bin Fateh Din ("Datuk Mohamad Salim") and Datin Yasmin binti Mohamed Ashraff ("Datin Yasmin") for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd ("GHC") (collectively, the "GHC Vendors") ("GHC SSA") ("Proposed Acquisition of GHC");

(iii) Conditional share sale agreement with Mohd Imran and Hanif Ahmad bin Nisar Ahmad ("Hanif Ahmad") for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd ("GGS") (collectively, the "GGS Vendors") ("GGS SSA") ("Proposed Acquisition of GGS"); and

(iv) Conditional share sale agreement to be entered into with PKNS Holdings Sdn Bhd ("PKNS") for the acquisition of the balance 30% equity interest in P.J. Sentral ("PKNS SSA") ("Proposed Acquisition of 30% of P.J. Sentral")

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/TSP/HC/MR/mgb-B
4 June 2013

for a total indicative consideration of RM814,300,000 which will be satisfied via a combination of cash of RM124,008,715 and up to 445,349,217 new ordinary shares of RM1.00 each in MRCB ("MRCB Shares" or "Shares") at an issue price of RM1.55 per MRCB Share, together with up to 127,242,635 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) MRCB Shares issued, upon the terms and subject to the conditions as set out in the NGD SSA, GHC SSA, GGS SSA and PKNS SSA.

(The proposed Acquisition of NGD subsidiaries, proposed acquisition of 30% of P.J. Sentral, proposed acquisition of GHC and proposed acquisition of GGS are collectively referred to as the "Proposed Acquisitions")

The total fair value purchase consideration in relation to the Proposed Acquisitions amounted to cash of RM124,008,715, shares of RM690,291,000 and warrants of RM29,266,000 ("Purchase Consideration").

(NGD, PKNS, the GHC vendors and GGS Vendors are collectively referred to as "Vendors")

(NGD subsidiaries, GHC and GGS are collectively referred to as the "Acquired Companies")

In addition to the above, the Company is also proposing to undertake the following proposal:-

- Free issuance of up to 480,322,118 warrants in MRCB ("Free Warrants") (excluding the impact of 1,765,785 warrants in MRCB arising from 5,297,353 Employee Share Options Scheme ("ESOS Option") which has lapsed as at the last practical date of 15 May 2013) to all existing entitled shareholders of the Company on the basis of one (1) Free Warrant for every three (3) MRCB Shares held at an entitlement date to be determined later ("Proposed Free Warrants").

(the Proposed Acquisitions and Proposed Free Warrants are collectively referred to as the "Proposals")

2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 and Note 2 of the Appendix.

3 The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Completed and Assumed Transactions and the Proposals on the audited consolidated statement of financial position of the Company as at 31 December 2012 had the Completed and Assumed Transactions and the Proposals been effected on that date. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors from the Company's audited consolidated Statement of Financial Position as at 31 December 2012.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/TSP/HC/MR/mgb-B
4 June 2013

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

4 The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 and Note 2 of the Appendix.

Our Responsibilities

5 Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in Note 1 and Note 2 of the Appendix.

6 We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 1 and Note 2 of the Appendix.

7 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

8 The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Circular to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/TSP/HC/MR/mgb-B
4 June 2013

Our Responsibilities (continued)

9 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

10 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company and its subsidiaries, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

11 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

12 In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 1 and Note 2 of the Appendix.

Other Matter

13 This report is issued for the sole purpose of inclusion in the Circular to Shareholders in connection with the Proposals and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Proposals.

Yours faithfully,

PricewaterhouseCoopers

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MRCB Group

APPENDIX

Proforma Consolidated Statements of Financial Position as at 31 December 2012
Minimum Scenario
RM'000

The minimum scenario assumed that none of the outstanding ESOS Option granted as at the LPD are exercised prior to the entitlement date of Proposed Free Warrants.

		Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
		Completed transaction	Assumed transaction	← Proposals →		Assumed transaction
	Audited 31-Dec-12	ESOS Option granted, lapsed and/or exercised up to the LPD	After effects of Proforma I and assuming the granting of additional ESOS Option	After effects of Proforma II and Issuance of Proposed Free Warrants to existing shareholders	After effects of Proforma III and Proposed Acquisitions	After Effects of Pro Forma IV and assume the full exercise of Warrants
ASSETS						
Non-current assets						
Property, plant and equipment	38,750	38,750	38,750	38,750	152,376	152,376
Investment properties	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695
Land held for property development	620,904	620,904	620,904	620,904	1,005,904	1,005,904
Service concession asset	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-
Associates	61,382	61,382	61,382	61,382	61,382	61,382
Jointly controlled entities	93,367	93,367	93,367	93,367	93,367	93,367
Loan and receivable	81,963	81,963	81,963	81,963	81,963	81,963
Available for sale financial assets	577	577	577	577	577	577
Intangible assets	74,888	74,888	74,888	74,888	490,101	490,101
Finance lease receivables	-	-	-	-	49,452	49,452
Deferred tax assets	39,108	39,108	39,108	39,108	39,108	39,108
	2,051,634	2,051,634	2,051,634	2,051,634	3,014,925	3,014,925
Current assets						
Inventories	9,749	9,749	9,749	9,749	9,749	9,749
Property development costs	481,761	481,761	481,761	481,761	482,491	482,491
Trade and other receivables	1,428,661	1,428,661	1,428,661	1,428,661	1,508,731	1,508,731
Finance lease receivables	-	-	-	-	16,398	16,398
Amount due from subsidiaries	-	-	-	-	-	-
Amount due from a jointly controlled entity	749	749	749	749	749	749
Tax recoverable	12,406	12,406	12,406	12,406	12,729	12,729
Financial assets at fair value through profit and loss	3,984	3,984	3,984	3,984	3,984	3,984
Deposits, cash and bank balances	644,201	644,201	644,201	644,201	573,888	1,930,486
	2,581,511	2,581,511	2,581,511	2,581,511	2,608,669	3,965,317
	-					
Asset held for sale	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672
TOTAL ASSETS	5,954,817	5,954,817	5,954,817	5,954,817	6,945,266	8,301,914
EQUITY						
Capital and reserves attributable to equity holders of the company						
Share capital	1,387,811	1,387,811	1,387,811	1,387,811	1,833,160	2,423,007
Reserves	-	-	-	-	-	-
-share premium	134,475	134,475	134,475	134,475	379,417	1,175,484
-other reserves	31,168	32,062	36,588	36,588	36,588	36,588
-forex reserves	1,101	1,101	1,101	1,101	1,101	1,101
-warrants reserves	-	-	-	-	29,266	-
-distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(149,774)	(149,774)
Shareholders' equity	1,418,201	1,418,201	1,418,201	1,418,201	2,129,758	3,486,406
Non controlling interests	69,144	69,144	69,144	69,144	69,144	69,144
Total equity	1,487,345	1,487,345	1,487,345	1,487,345	2,198,902	3,555,550
LIABILITIES						
Non-current liabilities						
Loan stocks	14,845	14,845	14,845	14,845	14,845	14,845
Senior and Junior Sukuk	-	-	-	-	-	-
Post - employment benefits obligations	12,666	12,666	12,666	12,666	12,666	12,666
Long term borrowings	890,040	890,040	890,040	890,040	937,632	937,632
Long term liabilities	153	153	153	153	594	594
Deferred income	-	-	-	-	10,988	10,988
Deferred tax liabilities	51,221	51,221	51,221	51,221	139,016	139,016
	968,925	968,925	968,925	968,925	1,115,741	1,115,741
Current liabilities						
Provision for other liabilities and charges	60,498	60,498	60,498	60,498	60,498	60,498
Trade and other payables	893,722	893,722	893,722	893,722	1,011,307	1,011,307
Deferred income	-	-	-	-	1,351	1,351
Amount due to subsidiaries	-	-	-	-	-	-
Current tax liabilities	9,915	9,915	9,915	9,915	9,933	9,933
Senior and Junior Sukuk	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471
Short term borrowings	1,360,941	1,360,941	1,360,941	1,360,941	1,374,063	1,374,063
Guaranteed return to a NCI	115,000	115,000	115,000	115,000	115,000	115,000
	3,498,547	3,498,547	3,498,547	3,498,547	3,630,623	3,630,623
Total liabilities	4,467,472	4,467,472	4,467,472	4,467,472	4,746,364	4,746,364
Total equity and liabilities	5,954,817	5,954,817	5,954,817	5,954,817	6,945,266	8,301,914
No. of voting shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,387,811	1,833,160	2,423,007
NA per share (RM)	1.02	1.02	1.02	1.02	1.16	1.44
Total borrowings	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488	3,385,488
Gearing (times)	2.34	2.34	2.34	2.34	1.59	0.97

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MRCB Group

APPENDIX

Proforma Consolidated Statements of Financial Position as at 31 December 2012
Maximum Scenario
RM'000

TThe maximum scenario assumed that all outstanding ESOS Option as at the LPD are fully exercised prior to the entitlement date of Proposed Free Warrants.

		Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI
		Completed transaction	<-------- Assumed transactions		<-------- Proposals		Assumed transaction
	Audited 31-Dec-12	ESOS Option granted, lapsed and/or exercised up to the LPD	After effects of Proforma I and assume the granting of additional ESOS Option	After effects of Proforma II and assume the exercise of all outstanding ESOS Option	After effects of Proforma III and issuance of Proposed Free Warrants to existing shareholders	After effects of Proforma IV and Proposed Acquisitions	After effects of Pro Forma V and assume the full exercise of Warrants
ASSETS							
Non-current assets							
Property, plant and equipment	38,750	38,750	38,750	38,750	38,750	152,376	152,376
Investment properties	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695	1,040,695
Land held for property development	620,904	620,904	620,904	620,904	620,904	1,005,904	1,005,904
Service concession asset	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Associates	61,382	61,382	61,382	61,382	61,382	61,382	61,382
Jointly controlled entities	93,367	93,367	93,367	93,367	93,367	93,367	93,367
Loan and receivable	81,963	81,963	81,963	81,963	81,963	81,963	81,963
Available for sale financial assets	577	577	577	577	577	577	577
Intangible assets	74,888	74,888	74,888	74,888	74,888	490,101	490,101
Finance lease receivables	-	-	-	-	-	49,452	49,452
Deferred tax assets	39,108	39,108	39,108	39,108	39,108	39,108	39,108
	2,051,634	2,051,634	2,051,634	2,051,634	2,051,634	3,014,925	3,014,925
Current assets							
Inventories	9,749	9,749	9,749	9,749	9,749	9,749	9,749
Property development costs	481,761	481,761	481,761	481,761	481,761	482,491	482,491
Trade and other receivables	1,428,661	1,428,661	1,428,661	1,428,661	1,428,661	1,508,731	1,508,731
Finance lease receivables	-	-	-	-	-	16,398	16,398
Amount due from subsidiaries	-	-	-	-	-	-	-
Amount due from a jointly controlled entity	749	749	749	749	749	749	749
Tax recoverable	12,406	12,406	12,406	12,406	12,406	12,729	12,729
Financial assets at fair value through profit and loss	3,984	3,984	3,984	3,984	3,984	3,984	3,984
Deposits, cash and bank balances	644,201	644,201	644,201	726,534	726,534	656,171	2,053,570
	2,581,511	2,581,511	2,581,511	2,663,844	2,663,844	2,691,002	4,088,401
	-						
Asset held for sale	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672	1,321,672
TOTAL ASSETS	5,954,817	5,954,817	5,954,817	6,037,150	6,037,150	7,027,599	8,424,998
EQUITY							
Capital and reserves attributable to equity holders of the company							
Share capital	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,886,315	2,493,880
Reserves	-	-	-	-	-	-	-
-share premium	134,475	134,475	134,475	170,484	170,484	415,426	1,234,526
-other reserves	31,168	32,062	36,588	29,757	29,757	29,757	29,757
-forex reserves	1,101	1,101	1,101	1,101	1,101	1,101	1,101
-warrants reserves	-	-	-	-	-	29,266	-
-distributable reserves	(136,354)	(137,248)	(141,774)	(141,774)	(141,774)	(149,774)	(149,774)
Shareholders' equity	1,418,201	1,418,201	1,418,201	1,500,534	1,500,534	2,212,091	3,609,490
Non controlling interests	69,144	69,144	69,144	69,144	69,144	69,144	69,144
Total equity	1,487,345	1,487,345	1,487,345	1,569,678	1,569,678	2,281,235	3,678,634
LIABILITIES							
Non-current liabilities							
Loan stocks	14,845	14,845	14,845	14,845	14,845	14,845	14,845
Senior and Junior Sukuk	-	-	-	-	-	-	-
Post - employment benefits obligations	12,666	12,666	12,666	12,666	12,666	12,666	12,666
Long term borrowings	890,040	890,040	890,040	890,040	890,040	937,632	937,632
Long term liabilities	153	153	153	153	153	594	594
Deferred income	-	-	-	-	-	10,988	10,988
Deferred tax liabilities	51,221	51,221	51,221	51,221	51,221	139,016	139,016
	968,925	968,925	968,925	968,925	968,925	1,115,741	1,115,741
Current liabilities							
Provision for other liabilities and charges	60,498	60,498	60,498	60,498	60,498	60,498	60,498
Trade and other payables	893,722	893,722	893,722	893,722	893,722	1,011,307	1,011,307
Deferred income	-	-	-	-	-	1,351	1,351
Amount due to subsidiaries	-	-	-	-	-	-	-
Current tax liabilities	9,915	9,915	9,915	9,915	9,915	9,933	9,933
Senior and Junior Sukuk	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471	1,058,471
Short term borrowings	1,360,941	1,360,941	1,360,941	1,360,941	1,360,941	1,374,063	1,374,063
Guaranteed return to a NCI	115,000	115,000	115,000	115,000	115,000	115,000	115,000
	3,498,547	3,498,547	3,498,547	3,498,547	3,498,547	3,630,623	3,630,623
Total liabilities	4,467,472	4,467,472	4,467,472	4,467,472	4,467,472	4,746,364	4,746,364
Total equity and liabilities	5,954,817	5,954,817	5,954,817	6,037,150	6,037,150	7,027,599	8,424,998
No. of voting shares in issue ('000)	1,387,811	1,387,811	1,387,811	1,440,966	1,440,966	1,886,315	2,493,880
NA per share (RM)	1.02	1.02	1.02	1.04	1.04	1.17	1.45
Total borrowings	3,324,774	3,324,774	3,324,774	3,324,774	3,324,774	3,385,488	3,385,488
Gearing (times)	2.34	2.34	2.34	2.22	2.22	1.53	0.94

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD **APPENDIX**

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

1 INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company"), for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only, in connection with the following transactions:

(i) Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd ("NGD") for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd ("Gapurna Builders"), Gapurna Land Sdn Bhd ("Gapurna Land") and Puncak Wangi Sdn Bhd ("Puncak Wangi") as well as 70% equity interest in P.J. Sentral Development Sdn Bhd ("P.J. Sentral") (collectively, the "NGD Subsidiaries") ("NGD SSA") ("Proposed Acquisition of NGD Subsidiaries");

(ii) Conditional share sale agreement with Mohd Imran bin Mohamad Salim ("Mohd Imran"), Datuk Mohamad Salim bin Fateh Din ("Datuk Mohamad Salim") and Datin Yasmin binti Mohamed Ashraff ("Datin Yasmin") for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd ("GHC") (collectively, the "GHC Vendors") ("GHC SSA") ("Proposed Acquisition of GHC");

(iii) Conditional share sale agreement with Mohd Imran and Hanif Ahmad bin Nisar Ahmad ("Hanif Ahmad") for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd ("GGS") (collectively, the "GGS Vendors") ("GGS SSA") ("Proposed Acquisition of GGS"); and

(iv) Conditional share sale agreement to be entered into with PKNS Holdings Sdn Bhd ("PKNS") for the acquisition of the balance 30% equity interest in P.J. Sentral ("PKNS SSA") ("Proposed Acquisition of 30% of P.J. Sentral")

for a total indicative consideration of RM814,300,000 which will be satisfied via a combination of cash of RM124,008,715 and up to 445,349,217 new ordinary shares of RM1.00 each in MRCB ("MRCB Shares" or "Shares") at an issue price of RM1.55 per MRCB Share, together with up to 127,242,635 free detachable warrants ("Free Detachable Warrants") on the basis of two (2) free detachable warrants for every seven (7) MRCB Shares issued, upon the terms and subject to the conditions as set out in the NGD SSA, GHC SSA, GGS SSA and PKNS SSA.

(The proposed Acquisition of NGD subsidiaries, proposed acquisition of 30% of P.J. Sentral, proposed acquisition of GHC and proposed acquisition of GGS are collectively referred to as the "Proposed Acquisitions")

The total fair value purchase consideration in relation to the Proposed Acquisitions amounted to cash of RM124,008,715, shares of RM690,291,000 and warrants of RM29,266,000. ("Purchase Consideration").

(NGD, PKNS, the GHC vendors and GGS Vendors are collectively referred to as "Vendors")

(NGD subsidiaries, GHC and GGS are collectively referred to as the "Acquired Companies")

In addition to the above, the Company is also proposing to undertake the following proposal:-

Free issuance of up to 480,322,118 warrants in MRCB ("Free Warrants") (excluding the impact of 1,765,785 warrants in MRCB arising from 5,297,353 Employee Share Options Scheme ("ESOS Option") which has lapsed as at the last practical date of 15 May 2013) to all existing entitled shareholders of the Company on the basis of one (1) Free Warrant for every three (3) MRCB Shares held at an entitlement date to be determined later ("Proposed Free Warrants").

(the Proposed Acquisitions and Proposed Free Warrants are collectively referred to as the "Proposals")

The Proposed Acquisition of NGD Subsidiaries, the Proposed Acquisition of GHC and the Proposed Acquisition of GGS are inter-conditional upon each other.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

1 INTRODUCTION (CONTINUED)

The Proposed Acquisition of 30% of P.J. Sentral is conditional upon the Proposed Acquisition of NGD Subsidiaries but not vice versa.

The Proposed Acquisitions are not inter-conditional with the Proposed Free Warrants.

The Pro Forma Consolidated Statements of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of: (i) the Completed Transaction as set out in Note 1.1; (ii) the Assumed Transactions as set out in Note 1.2; and (iii) the Proposals; on the audited Consolidated Statement of Financial Position of the Company as at 31 December 2012, had these transactions been effected on that date.

The Pro Forma Consolidated Statements of Financial Position are prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the Completed and Assumed Transactions and the Proposals on the financial position of the MRCB Group presented had the transactions or events occurred on 31 December 2012. Further, such information does not purport to predict the MRCB Group's future financial position.

The Completed and Assumed Transactions are as follows:

1.1 Completed Transaction

(a) Exercise, lapse and/or granting of Employee Share Options Scheme ("ESOS Option") up to the last practical Date ("LPD")*

There was no ESOS Option exercised from 1 January 2013 up to 15 May 2013. As at 15 May 2013, 28,155,176 ESOS Option remains unexercised. Share option expense arising from the granting of ESOS from 1 January 2013 to 15 May 2013 amounted to RM1,670,000.

5,297,353 ESOS Option have lapsed from 1 January 2013 up to 15 May 2013, resulting in the transfer of RM776,000 from the ESOS reserve to the retained earnings.

1.2 Assumed Transactions

(a) Granting of additional ESOS Option

A total of 25,000,000 additional ESOS Option is granted as at 15 May 2013. Share option expense arising from the granting of the additional ESOS amounted to RM4,526,000.

(b) Exercise of all outstanding ESOS Option as at the LPD*

- A total of 28,155,176 ESOS Option which are still outstanding as at 15 May 2013 is assumed to be exercised at an average price of RM1.65; and
- A total of 25,000,000 additional ESOS Option is assumed to be fully exercised as at 15 May 2013 at an average price of RM1.44.

**LPD is defined as 15 May 2013*

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

2 BASIS OF PREPARATION

2.1 The Pro Forma Consolidated Statements of Financial Position, for which the Directors of the Company are solely responsible, have been prepared based on the audited consolidated financial statements of the Company as at 31 December 2012 in accordance with the Financial Reporting Standards and in a manner consistent with both the format of the financial statements and current accounting policies adopted by the Company except for the following:

WARRANTS RESERVE

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to the share premium reserve upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Issuance of free warrants is not recognised in the financial statements, except for warrants issued in a business combination in which case the warrants are fair valued as part of the purchase consideration.

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Minimum scenario:-

The minimum scenario assumed that none of the outstanding ESOS Option granted as at the LPD are exercised prior to the entitlement date of Proposed Free Warrants.

Maximum scenario:-

The maximum scenario assumed that all outstanding ESOS Option as at the LPD are fully exercised prior to the entitlement date of Proposed Free Warrants.

The Pro Forma Consolidated Statement of Financial Position are prepared for illustrative purposes only based on two (2) scenarios:

Minimum Scenario

3.1 Pro forma I – After ESOS Option exercised, lapsed and/or granted up to the LPD

Pro forma I incorporates the effects of the Audited 31 December 2012 consolidated statement of financial position and the Completed Transaction as set out in Note 1.1(a). This adjustment reflects the recognition of share option expense of RM1,670,000 for the 26,531,953 ESOS Option granted in January 2013 and the transfer of RM776,000 from the ESOS reserve to retained earnings as a result of the 5,297,353 ESOS Option which has lapsed from 1 January 2013 up to 15 May 2013.

There was no ESOS Option exercised from 1 January 2013 up to 15 May 2013.

3.2 Pro forma II – After effects of Pro forma I and assuming the granting of additional ESOS Option

Pro forma II incorporates the effects of Pro forma I and the Assumed Transaction as set out in Note 1.2(a). This adjustment reflects the granting of 25,000,000 additional ESOS Option resulting in the recognition of share option expense of RM4,526,000.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Minimum Scenario (continued)

3.3 Pro forma III – After effects of Pro forma II and issuance of Proposed Free Warrants to existing shareholders

Pro forma III incorporates the effects of Pro forma II and the proposed issuance of 462,603,726 free warrants at no consideration, on the basis of one (1) warrant for every three (3) shares held.

The actual number of Free Warrants to be issued will depend on the number of MRCB Shares on the entitlement date of the Proposed free warrants.

3.4 Pro forma IV – After effects of Pro forma III and the Proposed Acquisitions

Pro forma IV incorporates the effects of Pro forma III and the Proposed Acquisitions. The Proposed Acquisitions have been accounted for in accordance with FRS 3(revised) "Business Combination". The determination of goodwill for the acquisition of NGD subsidiaries, GHC and GGS is subject to the finalisation of the purchase price allocation exercise which may vary the amounts presented.

The estimated transaction cost recognised in relation to the Proposed Acquisitions is RM8,000,000.

Details of the provisional fair value of assets acquired are as follows:

Provisional fair value of net assets acquired:	As at 31 December 2012 (RM'000)
Property, plant and equipment	113,626
Land held for property development	385,000
Finance lease receivables	65,851
Property development costs	730
Trade and other receivables	80,070
Tax recoverable	323
Cash and bank balances	53,646
Trade and other payables	(109,586)
Deferred income	(12,339)
Deferred tax liabilities	(87,795)
Current tax liabilities	(18)
Short term borrowings	(13,122)
Long term borrowings	(47,592)
Long term liabilities	(441)
	428,353
Intangible assets on acquisition	221,324
Goodwill on acquisition	193,889
Total Intangible assets and Goodwill on acquisition	415,213
Purchase consideration	843,566

The fair value purchase consideration comprise:	
- Cash	124,009
- Shares issued (445,349,217 @ RM1.55/share)	690,291
- Free Detachable Warrants issued (127,242,635 @ RM0.23/warrant)	29,266
	843,566

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Minimum Scenario (continued)

3.4 Pro forma IV – Effects of Pro forma III and the Proposed Acquisitions (continued)

The Directors are of the view that the valid approvals in principle will be issued for the grant of the projects on the targeted lands (i.e. Lot 1 & 2 of Section 26, Petaling Jaya and Lot 2 Section 27, Petaling Jaya) to a subsidiary company of NGD by the relevant authorities on or before the completion date of the Proposed Acquisitions by the relevant authorities and GHC will be appointed as the main contractor in respect of the construction and development of the targeted lands. Consequently, the purchase consideration for GHC includes the RM70,000,000 in respect of these targeted lands.

The Directors are of the view that the fair value of the profit guarantee by Gapurna Sdn Bhd ("GSB") for the acquisition of GHC is nil.

The fair value of the new MRCB shares is based on MRCB's share price quoted on 31 December 2012. The fair value of the Free Detachable Warrants is based on observable market data on 31 December 2012.

The principal terms of the Free Detachable Warrants are as follows:
(a) The exercise price of the warrants is fixed at RM2.30 per warrant. The exercise price is subject to adjustments under certain circumstances in accordance with the provisions of the deed poll to be executed by the Company;
(b) The warrants may be exercised at any time after the date of the issue of the Warrants and ending on or before the maturity date falling 5 years from the date of issue of the Warrants. Any warrants not exercised during the period shall thereafter lapse and cease to be valid;
(c) The warrants will rank pari passu without any preference or priority among themselves including in an event of liquidation; and
(d) The warrants are to be listed on Bursa Malaysia.

The Free Detachable Warrants have been accounted for as an equity instrument.

3.5 Pro forma V – After effects of Pro forma IV and assuming the full exercise of all Warrants issued

Pro forma V incorporates the effects of Pro forma IV and the following:

a) the full exercise of all Warrants at an average price of RM2.30 per warrant into 589,846,361 new MRCB shares resulting in cash proceeds of RM 1,356,648,000; and

b) the recognition of RM766,801,000 share premium arising from the exercise of all the Warrants.

Maximum Scenario

3.6 Pro forma I – After ESOS Option exercised, lapsed and/or granted up to the LPD

Pro forma I incorporates the effects of the Audited 31 December 2012 consolidated statement of financial position and the Completed Transaction as set out in Note 1.1(a). The assumption and effects of Pro forma I are as described in Pro forma I under the Minimum Scenario (Note 3.1).

3.7 Pro forma II – After effects of Pro forma I and assuming the granting of additional ESOS Option

Pro forma II incorporates the effects of Pro forma I and the Assumed Transaction as set out in Note 1.2(a). The assumptions and effects of Pro forma II are as described in Pro forma II under Minimum Scenario (Note 3.2).

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Maximum Scenario (continued)

3.8 Pro forma III – After effects of Pro forma II and assuming the exercise of all outstanding ESOS Option as at the LPD

Pro forma III incorporates the effects of Pro forma II and the Assumed Transaction as set out in Note 1.2(b).

This adjustment reflects the following:

a) the exercise of 53,155,176* ESOS Option as at 15 May 2013 resulting in the increase in share capital, share premium and cash inflow of RM53,155,000, RM29,178,000 and RM82,333,000 respectively; and

b) the reversal of ESOS reserve of RM6,831,000 for the 53,155,176* ESOS Option exercised.

**Representing existing unexercised ESOS Option as at 31 December 2012 of 1,623,223, newly granted ESOS Option in January 2013 of 26,531,953 and 25,000,000 new ESOS Option to be granted.*

3.9 Pro forma IV – After effects of Pro forma III and issuance of Proposed Free Warrants to existing shareholders

Pro forma IV incorporates the effects of Pro forma III and the proposed issuance of 480,322,118 free warrants at no consideration, on the basis of one (1) warrant for every three (3) shares held.

The actual number of Free Warrants to be issued will depend on the number of MRCB Shares on the entitlement date of the Proposed free warrants.

3.10 Pro forma V – After effects of Pro forma IV and Proposed Acquisitions

Pro forma V incorporates the effects of Pro forma IV and the Proposed Acquisitions. The assumptions and effects of Pro forma V are as described in Pro forma IV under the Minimum Scenario (Note 3.4).

3.11 Pro forma VI – After effects of Pro forma V and assuming the full exercise of all Warrants issued

Pro forma VI incorporates the effects of Pro forma V and the following:

a) the full exercise of all Warrants at an average price of RM2.30 per warrant into 607,564,753 new MRCB shares resulting in cash proceeds of RM1,397,399,000; and

b) the recognition of RM789,834,000 share premium arising from the exercise of all the Warrants.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Property, Plant and Equipment

Minimum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma III	38,750
Adjustment for Pro Forma IV– Proposed Acquisitions	
- Acquisition of subsidiaries	79,740
- Fair value adjustment on property, plant and equipment acquired*	33,886
Total adjustments for Pro Forma IV	113,626
As per Pro Formas IV – V	**152,376**

Maximum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma IV	38,750
Adjustment for Pro Forma V – Proposed Acquisitions	
- Acquisition of subsidiaries	79,740
- Fair value adjustment on property, plant and equipment acquired*	33,886
Total adjustments for Pro Forma V	113,626
As per Pro Formas V – VI	**152,376**

4.2 Land Held for Property Development

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	620,904
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Acquisition of subsidiaries	289,180
- Fair value adjustment on land held for property development acquired*	95,820
Total adjustments for Pro Forma IV	385,000
As per Pro Formas IV– V	**1,005,904**

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma IV	620,904
Adjustments for Pro Forma V – Proposed Acquisitions	
- Acquisition of subsidiaries	289,180
- Fair value adjustment on land held for property development acquired*	95,820
Total adjustments for Pro Forma V	385,000
As per Pro Formas V – VI	**1,005,904**

* The fair value of the property, plant and equipment and land held for property development is determined based on the valuation of the properties held by NGD subsidiaries appraised by the independent valuers, CH William Tahar & Wong in the valuation report dated 11 March 2013 and 13 May 2013.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.3 Intangible Assets

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	74,888
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Intangible assets arising from the Proposed Acquisitions*	221,324
- Goodwill arising from the Proposed Acquisitions	193,889
Total adjustments for Pro Forma IV	415,213
As per Pro Formas IV – V	**490,101**

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma IV	74,888
Adjustments for Pro Forma V – Proposed Acquisitions	
- Identifiable intangible assets arising from the Proposed Acquisitions*	221,324
- Goodwill arising from the Proposed Acquisitions	193,889
Total adjustments for Pro Forma V	415,213
As per Pro Formas V – VI	**490,101**

*Identifiable intangible assets arising from the Proposed Acquisitions is categorised as Construction and Leasing Order Book.

4.4 Deposits, Cash and Bank Balances

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro forma III	644,201
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Cash outflow as a result of the Proposed Acquisitions	(124,009)
- Cash acquired	53,646
Net cash outflow from the Proposed Acquisitions	**(70,363)**
As per Pro Forma IV	**573,838**
Adjustment for Pro Forma V	
- full exercise of all warrants at an average price of RM2.30 per warrant into 589,846,361 new MRCB shares	1,356,648
As per Pro Forma V	**1,930,486**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.4 Deposits, Cash and Bank Balances (Continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma II	644,201
Adjustment for Pro Forma III – Assumed Transaction	
- Exercise of ESOS of 53,155,176 options as at 15 May 2013 (Note 1.2(b))	82,333
As per Pro Forma III and IV	**726,534**
Adjustments for Pro Forma V – Proposed Acquisitions	
- Cash outflow as a result of the Proposed Acquisitions	(124,009)
- Cash acquired	53,646
Net cash outflow from the Proposed Acquisitions	**(70,363)**
As per Pro Forma V	**656,171**
Adjustment for Pro Forma VI	
- full exercise of all warrants at an average price of RM2.30 per warrant into 607,564,753 new MRCB shares	1,397,399
As per Pro Forma VI	**2,053,570**

4.5 Share capital

Minimum scenario	No. of shares ('000)	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	1,387,811	1,387,811
Adjustments for Pro Forma IV – Proposed Acquisitions		
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 445,349,217 new MRCB shares at RM1.55 each	445,349	445,349
As per Pro Forma IV	**1,833,160**	**1,833,160**
Adjustment for Pro Forma V		
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 589,846,361 new MRCB shares	589,847	589,847
As per Pro Forma V	**2,423,007**	**2,423,007**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.5 Share capital (Continued)

Maximum scenario	No. of shares ('000)	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma II	1,387,811	1,387,811
Adjustment for Pro Forma III – Assumed Transaction (Note 1.2(b))		
- Exercise of ESOS of 53,155,176 options as at 15 May 2013	53,155	53,155
As per Pro Forma III and IV	1,440,966	1,440,966
Adjustments for Pro Forma V – Proposed Acquisitions		
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 445,349,217 new MRCB shares at RM1.55 each	445,349	445,349
As per Pro Forma V	**1,886,315**	**1,886,315**
Adjustment for Pro Forma VI		
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 607,564,753 new MRCB shares	607,565	607,565
As per Pro Forma VI	**2,493,880**	**2,493,880**

4.6 Share Premium

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	134,475
Adjustments for Pro Forma IV – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 445,349,217 new MRCB shares at RM1.55 each	244,942
As per Pro Forma IV	**379,417**
Adjustment for Pro Forma V	
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 589,846,361 new MRCB shares	766,801
- Reversal of warrants reserve upon full exercise of all warrants	29,266
Total adjustments for Pro Forma V	796,067
As per Pro Forma V	**1,175,484**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.6 Share Premium (Continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma II	134,475
Adjustment for Pro Forma III – Assumed Transaction	
- Exercise of ESOS of 53,155,176 options as at 15 May 2013	29,178
- Reversal of ESOS reserve of RM6,831,000 upon exercise of ESOS option	6,831
Total adjustments for Pro Forma III	36,009
As per Pro Forma III and IV	**170,484**
Adjustments for Pro Forma V – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by issuance of 445,349,217 new MRCB shares at RM1.55 each	244,942
As per Pro Forma V	**415,426**
Adjustment for Pro Forma VI	
- Assuming full exercise of all warrants at an average price of RM2.30 per warrant into 607,564,753 new MRCB shares	789,834
- Reversal of warrants reserve upon full exercise of all warrants	29,266
Total adjustments for Pro Forma VI	819,100
As per Pro Forma VI	**1,234,526**

4.7 Warrant Reserve

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro Forma III	-
Adjustment for Pro forma IV – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by 127,242,635 free detachable warrants (two (2) free detachable warrants for every seven (7) shares issued) with a fair value of RM0.23	29,266
As per Pro Forma IV	**29,266**
Adjustment for Pro Forma V	
- Reversal of warrants reserve assuming full exercise of all warrants	(29,266)
As per Pro Forma V	**-**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.7 Warrant Reserve (continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012 and Pro forma IV	-
Adjustment for Pro forma V – Proposed Acquisitions	
- Acquisition of NGD subsidiaries, GHC and GGS satisfied by 127,242,635 free detachable warrants (two (2) free detachable warrants for every seven (7) shares issued) with a fair value of RM0.23	29,266
As per Pro Forma V	**29,266**
Adjustment for Pro Forma VI	
- Reversal of warrants reserve assuming full exercise of all warrants	(29,266)
As per Pro Forma VI	**-**

4.8 Distributable Reserve/(Accumulated Losses)

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012	(136,354)
Adjustment for Pro Forma I – Completed Transaction	
- share option expense recognised for 26,531,953 ESOS Option granted in January 2013	(1,670)
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	776
	(894)
As per Pro Forma I	**(137,248)**
Adjustment for Pro Forma II– Assumed Transaction	
- share option expense recognised for 25,000,000 new ESOS Option to be granted	(4,526)
As per Pro Formas II – III	**(141,774)**
Adjustment for Pro Forma IV – Proposed Acquisitions	
- transaction cost for Proposed Acquisitions	(8,000)
As per Pro Formas IV – V	**(149,774)**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.8 Distributable Reserve/(Accumulated Losses) (continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012	(136,354)
Adjustment for Pro Forma I – Completed Transaction	
- share option expense recognised for 26,531,953 ESOS Option granted in January 2013	(1,670)
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	776
	(894)
As per Pro Forma I	**(137,248)**
Adjustment for Pro Forma II - Assumed Transaction	
- share option expense recognised for 25,000,000 new ESOS Option to be granted	(4,526)
As per Pro Formas II – IV	**(141,774)**
Adjustment for Pro forma V – Proposed Acquisitions	
- transaction cost for Proposed Acquisitions	(8,000)
As per Pro Formas V – VI	**(149,774)**

4.9 Other Reserve

Minimum scenario	RM'000
Per audited balance of the Group as at 31 December 2012	31,168
Adjustment for Pro Forma I – Completed Transaction	
- Recognition of ESOS reserve upon 26,531,953 ESOS Option granted in January 2013	1,670
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	(776)
	894
As per Pro Forma I	**32,062**
Adjustment for Pro Forma II – Assumed Transaction	
- Recognition of ESOS reserve for 25,000,000 new ESOS Option to be granted	4,526
As per Pro Formas II – V	**36,588**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.9 Other Reserve (continued)

Maximum scenario	RM'000
Per audited balance of the Group as at 31 December 2012	31,168
Adjustment for Pro Forma I – Completed Transaction	
- Recognition of ESOS reserve upon 26,531,953 ESOS Option granted in January 2013	1,670
- Reversal of ESOS reserve for the 5,297,353 ESOS Option which have lapsed from 1 January 2013 up to 15 May 2013	(776)
	894
As per Pro Forma I	**32,062**
Adjustment for Pro Forma II – Assumed Transaction	
- Recognition of ESOS reserve for 25,000,000 new ESOS Option to be granted	4,526
As per Pro Forma II	**36,588**
Adjustment for Pro Forma III – Assumed Transaction	
- Reversal of ESOS reserve upon the exercise of existing 1,623,223 ESOS Option	(635)
- Reversal of ESOS reserve upon the exercise of existing 26,531,953 ESOS Option	(1,670)
- Reversal of ESOS reserve upon the exercise of 25,000,000 new ESOS Option	(4,526)
Total adjustment for Pro Forma III	(6,831)
As per Pro Formas III – VI	**29,757**

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MRCB AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON FOR SCENARIO B (*Cont'd*)

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.10 Deferred Tax Liabilities

Minimum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma III	51,221
Adjustment for Pro Forma IV– Proposed Acquisitions	
- Deferred tax liabilities acquired	38
- Deferred tax liabilities arising from the provisional fair value adjustment of property, plant and equipment, land held for property development and intangible assets (Income tax rate of 25% on the provisional fair value adjustment of RM351,030,019)	87,757
	87,795
As per Pro Formas IV – V	**139,016**

Maximum scenario	RM'000
Per audited of the Group as at 31 December 2012 and Pro Forma IV	51,221
Adjustment for Pro Forma V– Proposed Acquisitions	
- Deferred tax liabilities acquired	38
- Deferred tax liabilities arising from the provisional fair value adjustment of property, plant and equipment, land held for property development and intangible assets (Income tax rate of 25% on the provisional fair value adjustment of RM351,030,019)	87,757
	87,795
As per Pro Formas V – VI	**139,016**

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Malaysian Resources Corporation Berhad in accordance with a resolution dated 4 June 2013.

CHONG CHIN ANN
CHIEF FINANCIAL OFFICER

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORTS

KHONG & JAAFAR SDN BHD (31218-T)

VALUERS (REAL ESTATE, BUSINESSES, INTANGIBLES & PLANT & MACHINERY)-ESTATE AGENTS
PROPERTY CONSULTANTS-PROPERTY MANAGERS-PROPERTY INVESTMENT ADVISORS
MARKET & FEASIBILITY RESEARCHERS-LITIGATION SUPPORT-TENANT REPRESENTATION
DISPUTE RESOLUTION (EXPERT DETERMINATION)
PENILAI (HARTA TANAH, PERNIAGAAN, HARTA TANAH TAK KETARA & LOJI)-EJEN HARTA TANAH
PERUNDING HARTA TANAH-PENASIHAT PELABURAN HARTA TANAH-PENYELIDIK PASARAN DAN KEMUNGKINAN
SOKONGAN TINDAKAN UNDANG-UNDANG-PERWAKILAN PENYEWA-PENGURAIAN PEMBANTAHAN (PENENTUAN PAKAR)

benchmark IN QUALITY ISO 9001:2000

RICS

57-1 Jalan Telawi Tiga, Bangsar Baru, 59100 Kuala Lumpur, Malaysia Tel : +6 03 2282 9699 Fax : +6 03 2282 9799
Email : khongja@po.jaring.my Website : www.khongjaafar.com.my
Twitter : twitter.com/khongjaafar Facebook : facebook.com/khongjaafar

Our Ref: M&FS (G) 918/2012 (A), (C) & (D)

28 March 2013

The Board of Directors
MRCB Group Berhad
Level 20, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sirs

MARKET AND FEASIBILITY STUDY CERTIFICATE

MARKET AND FEASIBILITY STUDIES OF THREE (3) PROJECTS NAMELY:-

1. **AN 11.911-ACRE PARCEL OF COMMERCIAL LAND, LOCATED ALONG THE FEDERAL HIGHWAY ROUTE II AND WITH DIRECT FRONTAGE TO AND ACCESS FROM PERSIARAN BARAT, WITHIN SECTIONS 26 AND 52 OF THE CITY OF PETALING JAYA, DISTRICT OF PETALING, SELANGOR DARUL EHSAN**

2. **A 3.20-ACRE PARCEL OF COMMERCIAL LAND, LOCATED PARALLEL TO JALAN SS16/1 AND PERSIARAN KEMAJUAN SUBANG, WITHIN SECTION SS16 OF THE MUNICIPALITY OF SUBANG JAYA, DISTRICT OF PETALING, SELANGOR DARUL EHSAN.**

3. **A 17.633-ACRE PARCEL OF BUILDING LAND APPROVED FOR MIXED DEVELOPMENT AND LOCATED OFF THE WEST SIDE OF JALAN KLANG LAMA, PARTLY WITHIN SECTION 98 OF THE CITY OF KUALA LUMPUR, AND PARTLY WITHIN THE MUKIM OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR**

HEREINAFTER REFERRED TO AS ("THE PROJECTS")

FOR THE MANAGEMENT OF MRCB, IN CONNECTION WITH AN ACQUISITION EXERCISE INVOLVING GAPURNA BUILDERS SDN BHD, GAPURNA LAND SDN BHD, PUNCAK WANGI SDN BHD, P.J SENTRAL DEVELOPMENT SDN BHD, GELANGGANG HARAPAN CONSTRUCTION SDN BHD AND GAPURNA GLOBAL SOLUTIONS SDN BHD ["TARGET GROUP"]

This Market and Feasibility Study Certificate has been prepared for inclusion in the Circular to the shareholders of MRCB Group Berhad dated 5 June 2013 in relation with the abovementioned acquisition exercise.

In accordance with your instructions to undertake a market and feasibility study of the Projects for purposes of the management of MRCB, we have inspected the Projects several times between December 2012 and January 2013, extracted particulars of title from the Documents of Title at the Registry of Land Titles, Shah Alam/Kuala Lumpur on 23 November 2012 and completed our investigations, searches and calculations to prepare the said market and feasibility studies.

89A, LEBUH FARQUHAR 10200 PULAU PINANG. TEL: 04-2614184 & 2613501 FAX: 04-2621075 1ST FLOOR, 8 JALAN SULTAN IDRIS SHAH. 30000 IPOH. TEL: 05-2411322 (2 lines) FAX: 05-2552828

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

As instructed, we are specifically required to base our study on the approved site layout plans provided us by Nusa Gapurna Development Sdn Bhd.

These Market and Feasibility studies have been prepared in full compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

Brief details of our market and feasibility report are as follows:-

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

Reference No : M&FS (G) 918/2012 (A)

Date of Inspection : On 28 December 2012

1.0 Identification of Project:

1.1 The Project is an 11.911-acre parcel of commercial land, located along the Federal Highway Route II and with direct frontage to and access from Persiaran Barat, within Sections 26 and 52 of the City of Petaling Jaya, District of Petaling, Selangor Darul Ehsan. It consists of two parcels of commercial land with a combined land area of about 48,202 square metres (i.e. approximately 4.8202 hectares or 11.911 acres) as follows:-

Lot Nos.	Title/ Provisional Land Area		
	(In Square Metres)	(In Hectares)	(In Acres)
Lot 12	39,876	3.9876	9.8536
PT 11 (previously Lot 8)	8,326	0.8326	2.0574
TOTAL	**48,202**	**4.8202**	**11.9110**

Locality: City of Petaling Jaya, District of Petaling, Selangor Darul Ehsan

Express Condition: "Bangunan Perniagaan"

Tenure:

Lot 12
Leasehold for a term of 99 years expiring on 9 February 2108 (the unexpired term is about 95.11 years)

PT 11 (previously Lot 8)
Leasehold for a term of 99 years expiring on 10 November 2110 (the unexpired term is about 97.87 years)

Registered Proprietors:

Lot 12
P.J SENTRAL DEVELOPMENT SDN BHD

PT 11 (previously Lot 8)
PUNCAK WANGI SDN BHD

2.0 Location and General Neighbourhood:

2.1 The Project is located within Section 52 of the City of Petaling Jaya, District of Petaling, Selangor Darul Ehsan. It lies on the south-eastern side of the Federal Highway Route II, near its elevated intersection and two major arterial roads of the City of Petaling Jaya, namely Jalan Barat and Jalan Utara and has frontage onto Jalan Barat, Persiaran Barat and Jalan Sultan.

2.2 The main access road however is from Persiaran Barat with a major part of the Project site (Lot 12) lying to the south and east sides of this road. PT 11 (formerly Lot 8), which consists of the smaller of the two lots forming the Project site, is situated at the northern part of the Project site and is sandwiched by the Federal Highway Route II and Persiaran Barat.

2.3 The Project site is also in close proximity to the Kelana Jaya LRT Line with access to two stations, namely the Taman Jaya and Asia Jaya Stations. Broadly, the Project is surrounded by commercial developments such as the PJ Hilton, Stamford College, Naza World Auto Mall and Naza Italia Sdn Bhd on the west; Hotel Armada Petaling Jaya and Tun Hussein Onn National Eye Hospital on the north-west; Wisma MCIS-Zurich, Wisma IJM, PJ De Inn Hotel and Wisma Thrifty on the south and south-west; and Amcorp Mall, Singgahsana Hotel and Shah's Village Hotel on the east and north-east.

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

3.0 General Description:

3.1 Generally, the terrain of the Project is flat and the two lots together form an irregular shaped parcel of land.

3.2 During the course of our inspection, we observed that the previous buildings erected on the site have been demolished and the site has been cleared and prepared ready for building construction. No development works have commenced as yet.

3.3 The perimeter of the Project site is fenced with metal deck hoarding with the exception of the eastern side which is not demarcated with any form of fencing.

3.4 The Project under consideration is separated by Persiaran Barat, bounded by Quattro West and PJ Hilton on the north-west, Wisma MCIS Zurich and Stamford College on the south-west, Jalan Sultan on the south, the Federal Highway Route II on the north of PT 11, and Hotel Singgahsana, Malaysia Productivity Corporation and Bangunan Persekutuan Petaling Jaya on the east.

3.5 We note that Puncak Wangi Sdn Bhd had entered a Privatisation Agreement with The Selangor State Government on 29 September 2005. The Government had approved in principle the Company's proposal for the commercial development of a parcel of land identified as Lot 8, Section 26, Town of Petaling Jaya which was reserved for a Veterinary Office and Laboratory. The land area is 89,618 square feet.

3.6 The State Government has agreed that by way of privatisation, Puncak Wangi was to procure a replacement site at a suitable location agreed by the Government and construct thereon a Veterinary Services Complex subject to the necessary approvals and/or changes as required by the relevant authorities.

4.0 The Project

4.1 The Project was granted planning approval for the demolition of the existing buildings and for the development of a 27-storey office block, 3 22- to 37-storey office/institutional blocks, 2 22-storey hotel blocks, 2 22-storey serviced apartment blocks atop a 6-level retail/car park podium and a 4½-level basement car park, from the Majlis Bandaraya Petaling Jaya vide a Letter of Planning Approval bearing reference number (8)dlm.MBPJ/040100/T/P23/S52/5667/2010 dated 30 June 2010.

4.2 The Site Layout Plan and Pre-Computation Plan of the Project were also approved by the Majlis Bandaraya Petaling Jaya vide two letters, both bearing the reference number (35)dlm.MBPJ/040100/T/P23/S52/5667/2010 and dated 30 July 2010.

4.3 The Project was granted building plan approval from Majlis Bandaraya Petaling Jaya vide a Letter of Building Approval bearing reference number (8)dlm.MBPJ/120100/T/P10/92/2012 dated 27 February 2012 for the development of the first phase of the Project consisting of a 36-storey office building comprising 27-storey office, 6-storey podium and 3-storey basement car park.

4.4 Subsequently, amendments to the approved plan were submitted and Majlis Bandaraya Petaling Jaya has approved the development of five 25- to 60- storey office buildings and one 25- to 60-storey hotel building inclusive of 1 level for utility and service space and 4-level basement car park vide a Letter of Planning Approval bearing reference number (68)dlm.MBPJ/040100/T/P23/ S52/5667/2010 Jld.1 dated 22 February 2013.

4.5 For purposes of this Market and Feasibility Study, we have adopted the approved amended development content as follows:-

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

TOWER	Floors	Description	No of Levels	Gross Floor Area (in sq.m.)	Gross Floor Area (in sq.ft.)	Net Floor Area (in sq.m.)	Net Floor Area (in sq.ft.)
Lot 8 (Celcom)	B1 - B3	Carparks/Plant + Service	3	19,110.00	205,624.00	-	-
	Ground	Lobby	1	2,524.00	27,158.00	1,104.00	11,879.00
	Ground	Car Park	1	1,372.00	14,763.00	-	-
	P1 - P6	Parking + Service	6	24,401.00	262,555.00	4,133.00	44,471.00
	1 - 26	Office (Level 1 - 26)	26	51,106.00	549,901.00	36,669.00	394,558.00
				98,513.00	**1,060,001.00**	**41,906.00**	**450,908.00**
1	B1 - B5	Carparks/Plant + Service	5	36,340.00	391,018.00	-	-
	UP Ground	Plant + Services	1	2,250.00	24,210.00	-	-
	Ground & Mezzanine	Lobby	1	2,768.00	29,784.00	1,938.00	20,853.00
	1 - 3	Retail & F&B	3	6,750.00	72,630.00	4,725.00	50,841.00
	4 - 34	Hotel	31	69,750.00	750,510.00	48,825.00	525,357.00
				117,858.00	**1,268,152.00**	**55,488.00**	**597,051.00**
2	B1 - B5	Carparks/Plant + Service	5	47,697.00	513,220.00	-	-
	UP Ground	Plant + Services	1	2,000.00	21,520.00	-	-
	Ground	Lobby	1	2,500.00	26,900.00	1,750.00	18,830.00
	1 - 3	Retail & F&B	3	7,500.00	80,700.00	5,250.00	56,490.00
	4 - 58	Office/Institution	55	110,000.00	1,183,600.00	73,130.00	786,879.00
				169,697.00	**1,825,940.00**	**80,130.00**	**862,199.00**
3	B1 - B5	Carparks/Plant + Service	5	17,000.00	182,920.00	-	-
	UP Ground	Plant + Services	1	2,323.00	24,995.00	-	-
	Ground	Lobby	1	1,020.00	10,975.00	774.00	8,328.00
	1 - 4	Retail	4	4,876.00	52,466.00	2,877.00	30,957.00
	5 - 27	Office/Institution	23	24,891.00	267,827.00	22,497.00	242,068.00
				50,110.00	**539,183.00**	**26,148.00**	**281,353.00**
5	B1 - B5	Carparks/Plant + Service	5	28,806.00	309,953.00	-	-
	UP Ground	Plant + Services	1	1,900.00	20,444.00	-	-
	Ground	Lobby	1	2,834.00	30,494.00	2,013.00	21,660.00
	1 - 3	Retail	3	4,675.00	50,303.00	3,279.00	35,282.00
	4 - 34	Office/Institution	31	58,538.00	629,869.00	44,489.00	478,702.00
				96,753.00	**1,041,063.00**	**49,781.00**	**535,644.00**
6	B1 - B5	Management office/Facilities	5	24,409.00	262,641.00	-	-
	UP Ground	Plant + Services	1	2,250.00	24,210.00	-	-
	Ground	Lobby	1	2,250.00	24,210.00	1,603.00	17,248.00
	1 - 3	Retail	3	6,750.00	72,630.00	4,808.00	51,734.00
	4 - 23	Office/Institution	20	45,001.00	484,211.00	32,054.00	344,901.00
				80,660.00	**867,902.00**	**38,465.00**	**413,883.00**
Podium	B1 - B4	Plant + Services	4	11,145.00	119,920.00	-	-
	LG	Plant + Services	1	1,127.00	12,127.00	-	-
				12,272.00	**132,047.00**	-	-
				625,863.00	**6,734,288.00**	**291,918.00**	**3,141,038.00**

5.0 Town Planning:

5.1 Enquiries made at the Majlis Bandaraya Petaling Jaya reveal that the Project is presently zoned for commercial use at a permissible plot ratio of 1:6. The plinth area should not exceed 60 per cent of the land area.

6.0 Cash Flow Analysis:

6.1 Cash flow analysis is used to test the viability and feasibility of the Project. We have carried out a project feasibility study based on the Approved Amended Site Layout Plan in order to test the viability and profitability of the development.

6.2 The Gross Development Value (sales revenue) is estimated as follows:-

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

PHASES	DESCRIPTION	TOTAL SALE VALUE
	Lot 8	
	Celcom Tower	
Phase 1	Tower 1 (Lobby & Office)	RM383,271,800
	Lot 12	
	MBSB Tower	
	Tower 3 (Lobby & Office)	RM212,836,600
	Tower 3 (Retail/F & B)	RM26,313,450
	Sub-total	**RM622,421,850**
Phase 2	Tower 1 (Lobby & Hotel)	RM436,968,000
	Tower 1 (Retail/F & B)	RM61,009,200
	Tower 2 (Lobby & Office)	RM644,567,200
	Tower 2 (Retail)	RM67,788,000
	Sub-total	**RM1,210,332,400**
Phase 3	Tower 5 (Lobby & Office)	RM400,289,600
	Tower 5 (Retail)	RM42,338,400
	Tower 6 (Lobby & Office)	RM289,719,200
	Tower 6 (Retail)	RM62,080,800
	Sub-total	**RM794,428,000**
	Sub-total	RM2,627,182,250
	Car Park	RM301,560,000
Total Estimated Gross Development Value		**RM2,928,742,250**

6.3 The main development cost is derived from our estimate of the prevailing industry average costs as follows:-

	Description	Cost
1)	Project Land Cost	RM617 psf
2)	Development Charges	RM4,645,926
3)	Statutory Contributions	RM77,676,377
4)	Strata Titles and survey Plans	RM1,286,770
5)	Site Clearing & Earthworks	RM250,000 per acre
6)	Infrastructure Cost	RM1,500,000 per acre
7)	Landscaping & Green Features	RM1,500,000 per acre
8)	Building Cost :	
	Office/Hotel	RM215 psf
	Ground Floor lobby	RM180 psf
	Retail Podium (Retail/F&B)	RM190 psf
	Ground Floor car park	RM80 psf
	Podium car park (plant & services)	RM80 psf
	Basement car park	RM150 psf
	District Cooling System (plant & services):	
	Basement	RM150 psf
	Lower Ground	RM100 psf
9)	i. Agreed additional cost (Lot 8)	10%
	ii. Agreed additional cost (Lot 12)	12%
10)	Professional Fees	8%
11)	Marketing & Management	3%
12)	Interest on capital	50%
13)	Contingencies	3%

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

6.4 Premised on the sales revenue and costs shown in 6.2 and 6.3 above, the returns from our base calculation are as follows:-

Gross Development Value	RM2,928,742,250
Gross Development Cost (including land cost)	RM2,179,749,224
Projected Profit spread over a 8-year period	RM748,993,026
Gross Development Cost (including the land cost) over the Gross Development Value (total sales revenue)	74.43%
Return on Sales (Profit over the Gross Development Value)	25.57%
Return on Cost (Profit over the Development Cost (including land cost)	34.36%
Pre-tax Internal Rate of Return for the Project	40.59%

6.5 The sensitivities of the major variables such as the proposed selling prices and building costs are as follows:-

Sale Price	Building Cost	Profit	Resultant IRR	Return on Cost	Return On Sales
RM2,928,742,250	**RM1,248,062,320**	**RM748,993,026**	**40.59%**	**34.36%**	**25.57%**
What if Sale Price changes:-					
RM3,221,616,475 (+10%)	RM1,248,062,320	RM1,026,645,113 37.07%	52.82% 30.14%	46.77% 36.11%	31.87% 24.62%
RM3,514,490,700 (+20%)	RM1,248,062,320	RM1,304,297,200 74.14%	64.54% 59.02%	59.01% 71.73%	37.11% 45.11%
RM2,635,868,025 (-10%)	RM1,248,062,320	RM471,340,938 -37.07%	27.49% -32.27%	21.78% -36.61%	17.88% -30.08%
RM2,342,993,800 (-20%)	RM1,248,062,320	RM193,688,851 -74.14%	12.67% -68.78%	9.01% -73.78%	8.27% -67.66%
What if Building Cost changes:-					
RM2,928,742,250	RM1,372,868,552 (+10%)	RM587,493,578 -21.56%	33.25% -18.08%	25.09% -26.98%	20.06% -21.56%
RM2,928,742,250	RM1,497,674,784 (+20%)	RM425,994,131 -43.12%	25.48% -37.22%	17.02% -50.47%	14.54% -43.15%
RM2,928,742,250	RM1,123,256,088 (-10%)	RM910,492,473 21.56%	47.63% 17.36%	45.11% 31.28%	31.09% 21.57%
RM2,928,742,250	RM998,449,856 (-20%)	RM1,071,991,920 43.12%	54.47% 34.21%	57.73% 68.01%	36.60% 43.11%

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

6.6 Based on our findings and take-up rate of neighbouring development projects, the proposed development types within the Project and their respective selling prices of the units ought to be as follows:-

Phases	Description	Saleable Area (in sq.ft.)	Proposed Selling Price (psf/bay)
Phase 1	Lot 8		
	Celcom Tower		
	Tower 1 (Lobby & Office)	450,908	RM850
	Lot 12		
	MBSB Tower		
	Tower 3 (Lobby & Office)	250,396	RM850
	Tower 3 (Retail/F & B)	30,957	RM850
	Sub-total	**732,261**	
Phase 2	Tower 1 (Lobby & Hotel)	546,210	RM800
	Tower 1 (Retail/F & B)	50,841	RM1,200
	Tower 2 (Lobby & Office)	805,709	RM800
	Tower 2 (Retail)	56,490	RM1,200
	Sub-total	**1,459,250**	
Phase 3	Tower 5 (Lobby & Office)	500,362	RM800
	Tower 5 (Retail)	35,282	RM1,200
	Tower 6 (Lobby & Office)	362,149	RM800
	Tower 6 (Retail)	51,734	RM1,200
	Sub-total	**949,527**	
	Grand total (saleable area)	**3,141,308**	
	Car Park	7,539 bays	RM40,000 per bay

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

6.7 The above proposed selling prices are based on prices of similar properties in various developments within the neighbourhood as follows:-

Summary of Retail Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (psf/ per unit)	Asking Price (psf/ per unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Tropicana City	Dijaya Land Sdn Bhd	4-level Shopping Mall	1	450,000	RM12 psf - RM20 psf	n/a	n/a	95%	2006	2009
2	Icon City, Petaling Jaya	Mah Sing Group Berhad	30 Jewels Commercial Centre (7- and 8- shop offices)	30	1,672 - 1,750	from RM7.7 million	n/a	93%	n/a	2011	2015
3			The Gourmet Street- Retail Shops	49	1650 - 3300	from RM4.8 million	n/a	73%	n/a		
4			The Central Park			from RM2.68 milllion					
5	Centrestage	Cherish Springs Sdn Bhd	Duple Boulevard	33	n/a	From RM1,100 psf	n/a	n/a	n/a	2011	2014
6	Bangsar South	UOA Group	3-storey Retail Space	n/a	From 2,000 onwards	From RM5 psf	Lease only	n/a	95%	n/a	n/a
7	Phase 1 Jaya One	Tetap Tiara Sdn Bhd	7- to 9-storey Offices	n/a	n/a	n/a	From RM1,350 psf	100%	95	2004	2009
8	Phase 2 Jaya One		Retail Shop Lots	30	1,200 - 3,500	RM850 psf - RM1,300 psf	n/a	85%	n/a	2011	2014

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

Summary of Office Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (psf/ per unit)	Asking Price (psf/ per unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Empire Tower	Couture Homes Sdn Bhd	12-storey Office Suites	n/a	1,282 - 4,800	From RM445 psf	From RM550 psf	n/a	95%	2007	2009
2	Empire SOHO		8-storey Small Office Home Office	240	793 – 1,193	RM203,800	n/a	100%	97%	2007	2010
3	VSQ Commercial Centre	Malton Berhad	Office units	82	921 - 1,211	From RM480 psf	From RM550 psf	100%	n/a	2007	2012
4	PJ City	PJ City Development Sdn Bhd	Phase 2 - Office	n/a	15,000	From RM500 psf	From RM514 psf	n/a	70%	2006	2009
5	Tropicana City	Dijaya Land Sdn Bhd	12-storey Office Tower	n/a	8,620	n/a	n/a	67%	100%	2006	2009
6	PJ 8	IJM Properties Sdn Bhd	12-storey Office Suites	n/a	1,485 - 4,595	From RM392 psf - RM404 psf	From RM831,600	100%	n/a	2005	2009
7	KL Eco City	SP Setia and DBKL	Boutique Office	n/a	4,381 – 4,489	RM 70 million	n/a	75%	n/a	2011	2016
8			35-storey Office Suite	n/a	1,035 – 1,459	From RM1,200 psf	n/a	100%	n/a	2011	2017
9	Bangsar South	UOA Group	The Horizon – Office Blocks	14	53,000 – 80,000	From RM40,000,000 per block	n/a	92%	n/a	2006	2009
10	Phase 1 Jaya One	Tetap Tiara Sdn Bhd	7- to 9-storey Offices	n/a	n/a	n/a	From RM500 psf	100%	95%	2004	2009
13	Icon City, Petaling Jaya	Mah Sing Group Berhad	30 Jewels Commercial Centre (7- and 8- Shop Offices)	30	1,672 - 1,750	From RM7.7 million	n/a	93%	n/a	2012	2016

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

Summary of Hotel Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (RM psf/ per unit)	Asking Price (RM psf/ per unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Empire Hotel Subang	Couture Homes Sdn Bhd	Hotel Suites	198	366 – 1,259	From RM280,000	n/a	n/a	n/a	2007	2009
2	Best Western Permier Dua Sentral	Amanahraya Hartanah	Hotel Rooms and Suites	362	577 - 1,009	From RM1,092 psf - RM1,140 psf	n/a	n/a	n/a	n/a	2012
3	Camellia Serviced Suites, Bangsar South	UOA Group	Hotel Suites	720	638 - 1,419	From RM630,000 to RM1,200,000	n/a	80%	n/a	n/a	2014
4	Best Western Plus Centrestage	Cherish Springs Sdn Bhd	Service Suites	352	200 - 270	From RM950 psf	n/a	70%	n/a	2011	2014

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

7.0 SWOT Analysis:

7.1 Strengths of the project include its strategic location along the Federal Highway Route II, which grants excellent visibility and a high level of exposure thus giving it the potential to be an iconic landmark of the City of Petaling Jaya, its connectivity to other major thoroughfares within the City Centre of Petaling Jaya, its sizeable area and its concept i.e. as an integrated development. In addition, the locality within which the Project is located is a matured township that consists of mostly conventional type developments, therefore this Project will be a fresh new entry into the market that offers vibrant and contemporary options within the property market which will have wider relevance, economic competitiveness and provide investment opportunities particularly to the young urban population. It may be able to tap into the unsatisfied demand present within the ready catchment of purchasers/ investors.

7.2 Weaknesses of the Project include the large existing and future supply of office space within the Klang Valley, the possible difficulties in the Project capturing the market share with its current development contents if design and segmentation are not detailed out properly and the possible constrained ingress and egress of the Project due to its proposed high density.

7.3 Opportunities include the timeliness of the Project coinciding with the NEM, 10 MP and ETP thrusts, the emergence of Asia as the new global economic powerhouse and the central location of Malaysia as the midway of global connectivity, the strong demand for commercial properties present in the locality, the still relatively low interest rates in Malaysia and the potential of uprise within the property market. Other opportunities include the fact that this Project can be considered as an urban regeneration project and thus may be able to garner support from the State and Federal governments and that this project could be branded as a prestigious development that is set to introduce state-of-the-art buildings to the PJ skyline

7.4 Some threats include the possible redevelopment of other brownfield areas in and around Petaling Jaya, the redevelopment of other major sites within the Klang Valley and within the closer locality the redevelopment of the Star and F&N sites into integrated developments. Other possible threats include objections from the residents with most concerns focused on the traffic volume and congestion, the high inflow of foreign labour which may lead to an increase in labour cost if tighter and stricter regulations are imposed and rising inflation due to possible increase in labour and building costs.

8.0 Conclusions:

8.1 The Project under consideration as a whole should be carried out over phases, and this is advantageous because the developer will be able to test the market as the development progresses. Periodic updates on market needs and demand trends are needed to ascertain the feasibility of the development components as the project is carried out.

8.2 Through the adoption of innovative product design, quality finishes, additional features, unique design with sizeable built-up areas and also through efficient marketing and a fair selling price, this project has a competitive edge against other developments in the immediate neighbourhood.

8.3 The rapid growth of the economy and the high purchasing power amongst the population will lead to demand for quality retail merchandise hence increasing the demand for commercial properties from retailers.

8.4 There are still many property investors in the market with capital who are keen to invest to reap capital appreciation and rental yields.

8.5 Many developers are putting in more thought into the design of their products. As our society becomes more discerning and better travelled, expectations are getting higher on how we want to live. Many developers are adopting ideas from other countries to introduce into local market needs.

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

8.6 This type of development would require a competent property management team (either in house or outsourced) to properly manage, control and administer the areas known as 'common property' for the retail and office of the Project. A good property management team would enhance the property value of the Project. The property management functions and team members must be planned well in advance prior to the completion of the Project.

8.7 In all developments, sales revenue is the most sensitive variable in the cash flow. Therefore, the marketing of the units of development should be given priority.

8.8 End financing should be obtained ready in advance and promotional marketing could be offered and tailored to the needs of individual purchasers.

8.9 Execution must be market driven and swift in order to stay ahead of the anticipated fierce competition. Early securing of end purchasers and tenants will be a key factor in ensuring the success of the Project. Especially for the retail content within the Project, reputable tenants must be secured early to ensure that the retail areas are substantially occupied by the time the Project is completed and commence operations.

8.10 As the market consolidates and improves, there could be increases in terms of sales revenues and this in turn may increase the pre-tax internal rate of return.

8.11 As markets change over time, there could be changes that may impinge on the future anticipated cash flows and this may in turn affect the profitability of the Project. Hence periodic updates of the market and feasibility study should be undertaken.

8.12 In conclusion, with a pre-tax internal rate of return (IRR) for the Project at about 41.38% per annum over an 8-year lifespan, and based on assumptions in our model, the Project is eminently viable but much will depend on designing and executing the Project well.

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

Reference No : **M&FS (G) 918/2012 (C)**

Date of Inspection : On 28 December 2012

1.0 Identification of Project:

1.1 The Project is a 3.20-acre parcel of commercial land, located parallel to Jalan SS16/1 and Persiaran Kemajuan Subang, within Section SS16 of the Municipality of Subang Jaya, District of Petaling, Selangor Darul Ehsan.

Locality: Bandar Subang Jaya, District of Petaling, Selangor Darul Ehsan

Category of Land Use: "Bangunan"

Express Condition: "Bangunan Perniagaan"

Tenure: Grant-in-perpetuity (commonly referred to as freehold)

Registered Proprietors: GAPURNA BUILDERS SDN BHD

2.0 Location and General Neighbourhood:

2.1 The Project site is located within Section SS16 of the Municipality of Subang Jaya, District of Petaling, Selangor Darul Ehsan. It lies on the south side of the Federal Highway Route II at about 12 kilometres and 19 kilometres south-west of the City Centres of Petaling Jaya and Kuala Lumpur respectively.

2.2 The Project is within the main commercial precinct of the Municipality of Subang Jaya with direct frontages onto and access from two main roads i.e. Jalan SS16/1 and an unnamed internal service road that runs parallel with Persiaran Kemajuan Subang.

2.3 The Project site is broadly bounded by Jalan SS16/1 on the north, an unnamed internal service road on the south, Wisma Consplant 1 and 2 on the east and a Toyota Showroom/Service Centre on the west. It is also in close proximity to the Subang Jaya KTM Komuter Station, which lies along the Kuala Lumpur-Port Klang Komuter route and also the proposed Kelana Jaya LRT extension line from Kelana Jaya to Putra Heights.

2.4 Broadly, the Project is surrounded by commercial and residential developments such as the Empire Subang, Saujana Residency, Wisma Consplant 1 and 2, Subang Parade Shopping Centre, AEON Big Hypermarket, Subang Avenue, E-Tiara, Casa Tiara Serviced Apartments and Bangunan Mesiniaga on the north, north-east and east, the SS15 residential area on the south-east, the SS17 residential area on the south, the SS19 residential area on the south-west and a Toyota Showroom/Service Centre and Subang Olives on the west and north-west.

3.0 General Description:

3.1 Generally, the terrain of the Property is flat and is a near rectangular shaped parcel of commercial land.

3.2 During the course of our inspection, we observed that the buildings previously erected on the site have been demolished and the site has been cleared and laid with tarmac. It is currently used as a temporary open car park. Our enquiries at the Majlis Perbandaran Subang Jaya indicate that the landowner has obtained a temporary Development Order for car park use for a period of three years commencing 2012 and expiring in 2015.

3.3 The perimeter of the Project site is fenced with metal hoarding whilst the entrance gate is also of metal hoarding hinged onto metal gate posts.

3.4 The Project under consideration has dual frontages i.e. onto Jalan SS16/1 and an unnamed internal service road that runs parallel with Persiaran Kemajuan Subang. Broadly it is bounded by the said Jalan SS16/1 on the north, the said unnamed internal service road on the south, Wisma Consplant 1 and 2 on the east and a Toyota Showroom/Service Centre on the west.

3.5 We note that Gapurna Builders Sdn Bhd had entered a Privatisation Agreement with the Selangor State Government on 22 September 2006, whereby the state government had approved the alienation of the land (i.e. Project) to Gapurna Builders Sdn Bhd which was formerly built upon with the Kompleks Pejabat Kerajaan Daerah Petaling, and an approval in principle for commercial development.

3.6 The State Government agreed that as a land swap, Gapurna Builders Sdn Bhd is to construct a new government office complex and 4 units of detached houses together with infrastructure and furniture ("Replacement Complex") at an alternative site on a "design and build" basis at a total cost of RM24.6 million. The new government office complex in Sungai Buloh has been completed in 2011 and handed over to the state government.

4.0 The Project:

4.1 The Project was granted planning approval for the development of a 17-storey commercial building comprising 12 levels of office space and 4 levels of retail podium with 3½-storey basement car park together with other facilities from Majlis Perbandaran Subang Jaya vide a Letter of Planning Approval bearing reference number MPSJ.260/36/351 (25) dated 18 September 2012 together with the Approved Site Layout Plan bearing reference number MPSJ. PS 260/36/351.

4.2 For purposes of this Market and Feasibility Study, we have adopted the approved development content as follows:-

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

TYPE	TOWER BLOCK 1		TOWER BLOCK 2		TOWER BLOCK 3		TOWER BLOCK 4		TOTAL	
	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)	NFA (sq ft)	GFA (sq ft)
Shoplot	5,915.84	9,078.17	30,100.84	44,074.23	31,745.78	45,169.67	30,100.84	44,074.23	**97,863.32**	**142,396.30**
Retail	-	-	11,984.65	17,948.82	12,054.07	18,018.25	11,984.65	17,948.82	**36,023.36**	**53,915.89**
Multi purpose Hall	19,913.23	21,829.64	-	-	-	-	-	-	**19,913.23**	**21,829.64**
Retail (Gym)	19,719.48	23,891.57	-	-	-	-	-	-	**19,719.48**	**23,891.57**
Sofo	-	-	66,609.98	91,223.81	-	-	66,922.13	96,540.65	**133,532.12**	**187,764.46**
Office	-	-	-	-	106,896.39	126,770.34	-	-	**106,896.39**	**126,770.34**
	45,548.56	**54,799.39**	**108,695.47**	**153,246.86**	**150,696.25**	**189,958.25**	**109,007.62**	**158,563.70**	**413,947.90**	**556,568.20**
			Total Area (as per Approved Site Layout Plan dated 18 September 2012)						**415,381.88**	**557,446.20** **
								DIFFERENCE	**(1,433.98)**	**(878.00)**

* NFA - Net Floor Area
GFA - Gross Floor Area
** Total Gross Floor Area (GFA) excluding Car Park

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

5.0 Town Planning:

5.1 Enquiries made at the Majlis Perbandaran Subang Jaya reveal that the Project site is presently zoned for commercial use at a permissible plot ratio of 1:4. The setback requirement from the frontage road is 50 feet while the setback requirement from the side and rear frontages are 30 feet respectively.

6.0 Cash Flow Analysis:

6.1 Cash flow analysis is used to test the viability and feasibility of the Project. We have carried out a project feasibility study based on the development content in the Approved Site Layout Plan.

6.2 The Gross Development Value (sales revenue) is estimated as follows:-

Development Content	Total Sale Value
TOWER 1	
Shoplot	RM5,620,200
Multi-Purpose Hall	RM5,177,380
Retail/Gymnasium	RM12,817,350
TOWER 2	
Shoplot	RM28,595,950
Retail	RM10,786,500
SOFO	RM46,627,000
TOWER 3	
Shoplot	RM30,158,700
Retail	RM10,848,600
Open Plan Office	RM80,172,000
TOWER 4	
Shoplot	RM28,595,950
Retail	RM10,786,500
SOFO	RM46,845,400
Car Park	
Car parking Bays	RM59,600,000
Total	**RM376,631,530**

6.3 The main development cost is derived from our estimate of the prevailing industry average costs as follows:-

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

Item	Description	Cost
1)	Project land cost	RM409 psf
2)	Development Charges	RM468,917 per acre
3)	Statutory Contributions	RM2,711,913 per acre
4)	Strata Tiles and Survey Plans	RM52,102 per acre
5)	Site Clearance & Earthworks	RM250,000 per acre
6)	Internal Infrastructure	RM500,000 per acre
7)	Landscaping & Green Features	RM500,000 per acre
8)	Building Costs:-	
	Shoplot/Void (Tower 1)	RM340 psf
	Shoplot (Tower 2, 3 & 4)	RM190 psf
	Retail/Gymnasium (Tower 1)	RM190 psf
	Retail (Tower 2, 3 & 4)	RM190 psf
	Open Plan Office (Tower 3)	RM180 psf
	SOFO (Tower 4)	RM180 psf
	Multi Purpose Hall (Tower 1)	RM220 psf
	Dedicated Hall Ancillary Space (Tower 1)	RM120 psf
	Car park (Basement 1 to 3)	RM150 psf
	Car park (Lower Ground)	RM100 psf
9)	Agreed Additional Cost (to Main Contractor)	10%
10)	Professional fees	7%
11)	Marketing & Management	3%
12)	Interest on capital	50%
13)	Contingencies	3%

6.4 Premised on the sales revenue and costs shown in 6.2 and 6.3 above, the returns from our base calculation are as follows:-

Gross Development Value	RM376,631,530
Gross Development Cost	RM293,251,544
Projected Profit spread over a 4-year period	RM83,379,986
Gross Development Cost (including land cost) over the estimated Gross Development Value	77.87%
Return on Sales (Profit over the Gross Development Value)	22.14%
Return on Cost (Profit over the Gross Development Cost [including land cost])	28.43%
Pre-tax Internal Rate of Return for the Project	48.33%

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

6.5 The sensitivities of the major variables such as the proposed selling prices and building costs are as follows:-

Sale Price	Building Cost	Profit	Resultant IRR	Return on Cost	Return On Sales
RM376,631,530	**RM162,726,020**	**RM83,379,986**	**48.33%**	**28.43%**	**22.14%**
What if Sale Price changes:-					
RM414,294,683 (+10%)	RM162,726,020	RM119,085,596 42.82%	66.19% 36.96%	40.34% 41.88%	28.74% 29.82%
RM451,957,836 (+20%)	RM162,726,020	RM154,791,207 85.65%	83.17% 72.09%	52.09% 83.20%	34.25% 54.71%
RM338,968,377 (-10%)	RM162,726,020	RM47,674,375 -42.82%	29.17% -39.64%	16.37% -42.43%	14.06% -36.49%
RM301,305,224 (-20%)	RM162,726,020	RM11,968,764 -85.65%	7.89% -83.67%	4.14% -85.44%	3.97% -82.07%
What if Building Cost changes:-					
RM376,631,530	RM178,998,622 (+10%)	RM62,510,374 -25.03%	37.17% -23.09%	19.90% -30.01%	16.60% -25.02%
RM376,631,530	RM195,271,224 (+20%)	RM41,640,761 -50.06%	25.52% -47.20%	12.43% -56.28%	11.06% -50.04%
RM376,631,530	RM146,453,418 (-10%)	RM104,249,598 25.03%	59.12% 22.33%	38.27% 34.60%	27.68% 25.03%
RM376,631,530	RM130,180,816 (-20%)	RM125,119,210 50.06%	69.61% 44.03%	49.75% 74.97%	33.22% 50.06%

6.6 Based on our findings and take-up rate of neighbouring development projects, the proposed development types within the Project and their respective selling prices of the units ought to be as follows:-

Development Content	Total Saleable Area (in sq.ft./No. of bays)	Proposed Selling Price (per sq.ft./per bay)
Tower 1		
a) Shoplot	5,916	RM950
b) Multi-Purpose Hall	19,913	RM260
c) Retail/Gymnasium	19,719	RM650
Tower 2		
a) Shoplot	30,101	RM950
b) Retail	11,985	RM900
c) SOFO	66,610	RM700
Tower 3		
a) Shoplot	31,746	RM950
b) Retail	12,054	RM900
c) Open Plan Office	106,896	RM750
Tower 4		
a) Shoplot	30,100	RM950
b) Retail	11,985	RM900
c) SOFO	66,922	RM700
Car Park		
Car Parking Bays	1,490 bays	RM40,000

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

6.7 The above proposed selling prices are based on prices of similar properties in various developments within the neighbourhood as follows:-

Summary of Retail Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (psf/ per unit)	Asking Price (psf/ per unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Empire Shopping Gallery, Jalan 16/1	Conture Homes Sdn Bhd	5-level shopping mall	180	Total of 600,000	n/a	From RM25 psf (Lease)	n/a	98%	n/a	2010
2	Subang Parade, Section SS16	Hektar REIT	3-storey shopping centre	124	Total of 494,541	n/a	From RM1,372 psf	n/a	100%	n/a	1998
3	Sunway Pyramid, Bandar Sunway	Sunway REIT	4-storey retail and entertainment shopping mall	800	Total of 1.54 million	n/a	n/a	n/a	98.60%	n/a	1997
4	The Strand Mall, Kota Damansara	Must Ehsan Development Berhad	Retail mall	n/a	n/a	RM8 to RM20 per square foot (Lease)	n/a	n/a	n/a	n/a	2013
5	Sunway Nexis, corner of Persiaran Surian and PJU5/1a	Sunway Integrated Properties Sdn Bhd	3-storey retail shops	n/a	4,133 to 8,718	RM4 million	n/a	98%	n/a	2011	2014
			SOHO	n/a	850 to 1,980	From RM600,000	n/a	95%	n/a	2011	2014

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

Summary of Office Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (psf/ per unit)	Asking Price (psf/ per unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Empire Tower	Couture Homes Sdn Bhd	12-storey office suites	n/a	1,282 - 4,800	From RM445 psf	From RM550 psf	n/a	95%	2007	2009
2	Empire SOHO		8-storey small office home office	240	793 – 1,193	RM203,800	n/a	100%	97%	2007	2010
3	First Subang	Titijaya Group	16-storey and 17-storey office suites	130	458 - 926	From262,600	From RM430,000	n/a	n/a	n/a	2010
4	PJ City	PJ City Development Sdn Bhd	Phase 2-office	n/a	15,000	From RM500 psf	From RM514 psf	n/a	70%	2006	2009
5	Tropicana City	Dijaya Land Sdn Bhd	12-storey office tower	n/a	8,620	n/a	n/a	67%	100%	2006	2009
6	Icon City, Petaling Jaya	Mah Sing Group Berhad	30 Jewels Commercial Centre (7- and 8- shop offices)	30	1,672 - 1,750	From RM7.7 million	n/a	93%	n/a	2012	2016
7	PJ 8	IJM Properties Sdn Bhd	12-storey office suites	n/a	1,485 - 4,595	From RM392 psf - RM404 psf	From RM831,600	100%	n/a	2005	2009

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

7.0 SWOT Analysis:

7.1 Strengths of the Project include its strategic location with good proximity and frontage to the Federal Highway Route II and Persiaran Kemajuan Subang enabling excellent visibility and a high level of exposure. Within the locality there are successful, completed and ongoing high-rise serviced apartment and commercial buildings which are supported by its substantial residential catchment. The Project also lies in close proximity to the existing KTM Komuter station and the proposed extension of the Kelana Jaya LRT line from Kelana Jaya to Putra Heights. Furthermore the NEM, the 10MP and the ETP may help in boosting the development.

7.2 Weaknesses include competition from the existing retail malls within the vicinity and the constrained ingress and egress of the Project which may create traffic congestion and noise pollution from the expected high traffic volume from patrons of the retail development.

7.3 Opportunities include the ETP and its effort in achieving levels as a high income nation, timeliness of the project coinciding as it does with the NEM and ETP thrusts, the young population of Malaysia with increasing incomes and the success of the existing serviced apartments within the vicinity.

7.4 Some threats include the possibility of incoming development within the immediate vicinity, the tendency of the local authority to impose a single-directional vehicular traffic movement in the immediate neighbourhood, the high inflow of foreign labour which may lead to an increase in labour cost if tighter and stricter regulations are imposed and rising inflation due to possible increase in labour and building costs.

8.0 Conclusions:

8.1 The site layout plan of the Project should also pay particular focus on the current ingress and egress with regard to potential constraints as this is a proposed high density development.

8.2 With a stable employment market, improved economy and household income and a high savings rate among the population, demand for commercial/residential properties will remain strong. However, there is a rising awareness and discernment among purchasers over location, pricing, security features, quality and reputation of developers.

8.3 In all developments, sales revenue is the most sensitive variable in the cash flow. Therefore, the marketing of the development should be given priority.

8.4 Sales in each launch should be carefully monitored to act as a benchmark for subsequent launches. If the take-up rate is good, a marginal increase of the developer's selling price must be factored into subsequent launches to implicitly denote that the selling prices are going up.

8.5 End financing should be obtained in advance and promotional marketing could be offered and tailored to the needs of individual purchasers.

8.6 Execution must be market driven and swift in order to stay ahead of the anticipated fierce competition. Early securing of end purchasers and tenants will be a key factor in ensuring the success of the Project. Especially for the retail content within the Project, reputable tenants must be secured early to ensure that the retail areas are substantially occupied by the time the Project is completed and commences operations.

8.7 As the market consolidates and improves, there could be increases in terms of sales revenues and this in turn may increase the pre-tax internal rate of return.

8.8 As markets change over time, there could be changes that may impinge on the future anticipated cash flows and this may in turn affect the profitability of the Project. Hence periodic updates of the Market and Feasibility Study should be undertaken.

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

Reference No : **M&FS (G) 918/2012 (D)**

Inspection : On 28 December 2012

1.0 Identification of Project:

1.1 The Project is a 17.633-acre parcel of building land approved for mixed development and located off the west side of Jalan Klang Lama, partly within Section 98 of the City of Kuala Lumpur, and partly within the Mukim of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. It consists of six contiguous parcels of building land with a combined provisional land area of about 17.633 acres (or 71,357 square metres of 768,080 square feet) made up as follows:-

Lot Nos.	Provisional Land Area		
	in square metres	in square feet	in acres
PT 68	10,157	109,329	2.510
PT 69	18,621	200,435	4.601
PT 70	2,041	21,969	0.504
PT 71	14,934	160,748	3.690
PT 75	925	9,957	0.229
PT 8617	24,679	265,642	6.098
TOTAL	**71,357**	**768,080**	**17.633**

1.2 The Project is further segmented into four parcels as follows:-

Parcel	Lot Nos.	Land area	
		in acres	in square feet
A	PT 68	2.51	109,336
B	PT 69	4.60	200,376
C	PT 70, PT 71, PT 75 and Part of PT 8617	7.96	346,738
D	Part of PT 8617	2.56	111,514
	TOTAL	**17.63**	**767,964**

Locality:

Lots PT 68, PT 69, PT 70, PT 71 & PT 75, Section 98, City of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

Lot PT 8617, Mukim of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

Category of Land Use: "Bangunan"

Express condition:

"Tanah ini hendaklah digunakan hanya untuk tujuan tapak pembangunan bercampur (perdagangan dan kediaman) sahaja."

Restrictions-in-Interest:
"Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur"

Tenure:

Lots PT 68, PT 69, PT 70, PT 71 & PT 8617
Leasehold for a term of 99 years expiring on 11 May 2109
(the unexpired term is about 96.37 years)

Lots PT 75
Leasehold for a term of 99 years expiring on 11 May 2110
(the unexpired term is about 97.37 years)

Registered Proprietor: GAPURNA LAND SDN BHD

2.0 Location and General Neighbourhood:

2.1 The Project site is located within the City/Mukim of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. It lies off the west side of Jalan Klang Lama and off the east side of the New Pantai Expressway (NPE), alongside the eastern bank of Sungai Klang, at about 5 kilometres south-west of the City Centre of Kuala Lumpur.

2.2 Broadly, the Project is bounded by the 3rd Mile Square, Gemilang Indah Apartment and showrooms located on the east, Sungai Klang on the west and vacant lands on the remaining sides.

2.3 Prominent commercial developments in the immediate neighbourhood of the Project include the Pearl International Hotel, The Scott Garden, Rapid KL Office, Wisma Rockwills, Plaza OUG, Wisma Elken, Bangunan Tan Lai Kim, Taman Desa Medical Centre, Plaza Prima, Wisma Shun Li, Central C Supermarket, Wisma TCK Teoh Chin Kee and Wisma Teok Chin Lee.

3.0 General Description:

3.1 The Project consists of six contiguous lots and jointly they form an irregular shaped parcel of land.

3.2 At present, no development works have commenced within the Project site. Generally the site is overgrown with shrubs and bushes. However we note that there is a Chinese Temple of semi-permanent structure and three (3) squatter houses sited on part of Parcel B (PT 69) and we have been informed that the occupants have agreed to move from the trespassed area.

3.3 The perimeter is fenced with corrugated metal sheet cladding on the eastern boundary whilst the remaining sides are not demarcated with any sort of fencing.

4.0 The Project:

4.1 This Project was approved for a mixed development by Dewan Bandaraya Kuala Lumpur and issued with a Development Order bearing reference number (58)dlm.DBKL.JPRB.1485/2010 [OSC(B) A13 S1 100416-014 (PT 100907)] on 4 July 2011, in line with the Approved Sub-Division and/or Land Amalgamation Plan bearing reference number 0844/J/K OSC Khas 28.1.2011/2.

The approved development content is as follows:-

(a) a 41-storey serviced apartment block comprising 312 units inclusive of a 9-storey car park/facilities podium on Parcel A;

(b) a 32-storey serviced apartment block comprising 649 units inclusive of an 8-storey car park/facilities podium on Parcel B;

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

(c) a 43-storey serviced apartment block comprising 680 units inclusive of a 9-storey podium consisting of commercial space/car park/facilities podium and basement car park and retail space on Parcel C; and

(d) a 38-storey college building inclusive of retail space, an 8-storey car park/facilities podium and a basement car park on Parcel D.

4.2 Subsequently, an application to amend the Development Order was approved by Dewan Bandaraya Kuala Lumpur vide a Development Order bearing reference number (90)dlm.DBKL.JPRB.1485/2010 [OSC (B) A13 S1 120106-004] dated 3 August 2012, to modify the development content as follows:-

(a) a 41-storey block comprising 230 units of serviced apartments inclusive of an 8-storey car park with retail space/facilities and a 2-level basement car park on Parcel A;

(b) one 38-storey block (Block B) and two 33-storey blocks (Block C and Block D) comprising 734 units of serviced apartments, inclusive of an 8-storey car park with retail space and a 2-level basement car park on Parcel B;

(c) four 44-storey blocks (Nova 1,2,3 & 4) comprising 876 units of serviced apartments, inclusive of an 8-storey car park with retail space/facilities and a 2-level basement car park, 8 levels of SoHo units and a main distribution substation (PPU) on Parcel C; and

(d) a 36-storey retail space/college building inclusive of an 8-storey car park/facilities together with a basement car park on Parcel D.

4.3 For purposes of this Market and Feasibility Study, we have adopted the approved amended development content as follows:-

Parcel	Type of Development	Description	No. of Units	Total Gross Floor Area (in square feet)
A	A 41-storey Block of Serviced Apartments (Block A)	Retail, Lobby, Lift Lobby	-	25,805
		Serviced Apartments	230	559,537
		Basement Car Parking Bays	} 767	134,678
		Podium Car Parking Bays		193,609
		Total		**913,629**
B	A 38-storey and 2 33-storey Blocks of Serviced Apartments (Blocks B, C & D)	Retail, Lobby, Lift Lobby	-	48,647
		Serviced Apartments	734	1,358,409
		M & E	-	9,000
		Basement Car Parking Bays	} 1,846	257,042
		Podium Car Parking Bays		554,387
		Total		**2,227,485**
C	4 44-storey Blocks of Serviced Apartments (Nova 1, 2, 3 & 4)	Retail Space/ Hypermarket	-	353,281
		SoHo	-	117,286
		Bowling Centre & Swimming Pool	-	70,028
		Serviced Apartments	876	1,150,980
		Sky Garden	-	34,105
		M & E	-	2,702
		Basement Car Parking Bays	} 2,468	443,699
		Podium Car Parking Bays		599,298
		Total		**2,771,379**
D	A 36-storey College Building	Retail Space	-	39,767
		College Space (inclusive of Management Office, Cafeteria & Auditorium)	-	768,181
		M & E	-	510
		Basement Car Park	} 653	93,277
		Podium Car Parking Bays		250,804
		Total		**1,152,539**
		Total No. of Serviced Apartments	1,840	
		Total No. of Car Parking Bays	5,734	
Total Gross Floor Area (including the car park areas)				**7,065,032**
Total Gross Floor Area (excluding the car park areas)				**4,538,238**

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

5.0 Town Planning:

5.1 Enquiries made at the Jabatan Perancang Bandar Dewan Bandaraya Kuala Lumpur reveal that the Project is presently zoned for residential use in the Kuala Lumpur Structure Plan 2020 at a permissible density of 320 persons per acre. However, this Project has been approved for mixed residential and commercial development with a permissible plot ratio of 1:6 as stated in the Development Order dated 3 August 2012.

6.0 Cash Flow Analysis:

6.1 Cash flow analysis is used to test the viability and feasibility of the Project. We have carried out a project feasibility study based on the development content in the Approved Site Layout Plan.

6.2 The Gross Development Value (sales revenue) is estimated as follows:-

Development Content	Total Units	Net Floor Area (in sq.ft.)	Value (Per Sq. Ft.)	Total Sale Value
Parcel A				
A 41-storey block of Serviced Apartments (Block A)	230	408,967	RM650	RM265,828,550
Retail Space		8,218	RM800	RM6,574,400
Parcel B				
Two blocks of 33-storey block and a 38-storey of Serviced Apartments (Blocks B, C & D)	734	967,803	RM650	RM629,071,950
Retail Space		9,108	RM800	RM7,286,400
Parcel C				
4 blocks of 44-storey Serviced Apartments (Nova 1,2,3 & 4)	876	859,176	RM700	RM601,423,200
SoHo		137,360	RM650	RM89,284,000
Retail Space		139,792	RM800	RM111,833,600
Hypermarket		69,073	RM650	RM44,897,450
Parcel D				
A 36-storey College Building		607,788	RM750	RM455,841,000
Retail Space		14,956	RM800	RM11,964,800
Car Park				
Parcel A	767		RM35,000	RM26,845,000
Parcel B	1,846		RM35,000	RM64,610,000
Parcel C	2,468		RM35,000	RM86,380,000
Parcel D	653		RM35,000	RM22,855,000

These estimates are before Bumiputra discount amounts to 5% discount off the estimated selling price applicable to 30% of the serviced apartments and commercial units.

6.3 The main development cost is derived from our estimate of the prevailing industry average costs as follows:-

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

Item	Description	Cost
1)	Project land cost	RM156 psf
2)	Estimated Statutory Contributions	RM50,362,478
3)	Strata Tiles and survey plans	RM1,231,777
4)	Site clearance & earthworks	RM1,000,000 per acre
5)	Compensation to the Squatters	RM45,000
6)	Infrastructure cost (inclusive of bridge construction)	RM1,300,000 per acre
7)	Landscaping & green features	RM1,000,000 per acre
8)	Building Costs:-	
	Parcel A	
	A 41-storey block of Serviced Apartments (Block A)	RM200 psf
	Retail Space	RM180 psf
	Car Park (Basement)	RM150 psf
	Car Park (Podium)	RM80 psf
	Parcel B	
	Two blocks of 33-storey block and a 38-storey of Service Apartments (Blocks B, C and D)	RM200 psf
	Retail Space	RM180 psf
	Car Park (Basement)	RM150 psf
	Car Park (Podium)	RM80 psf
	M & E	RM100 psf
	Parcel C	
	4 blocks of 44-storey Service Apartments (Nova 1, 2 ,3 and 4)	RM200 psf
	SoHo	RM180 psf
	Retail/Hypemarket	RM190 psf
	Bowling Centre & swimming pool	RM200 psf
	Sky Garden	RM160 psf
	Car Park (Basement)	RM150 psf
	Car Park (Podium)	RM80 psf
	M & E	RM100 psf
	Parcel D	
	A 36-storey College Building	RM215 psf
	Retail Space	RM190 psf
	Management Office	RM200 psf
	Auditorium	RM230 psf
	Cafeteria	RM190 psf
	M & E (Roof Top)	RM100 psf
	Car Park (Basement)	RM150 psf
	Car Park (Podium)	RM80 psf
9)	Agreed Additional Cost (to Main Contractor)	10.00%
10)	Professional Fees	6.50%
11)	Marketing & Management	3.00%
12)	Interest on Capital	50.00%
13)	Contingencies	3.00%

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

6.4 Premised on the sales revenue and costs shown above, the returns from our base calculation as follow:-

Gross Development Value	RM2,391,335,270
Gross Development Cost	RM1,805,322,825
Projected Profit spread over a 10-year period	RM586,012,445
Gross Development Cost (including land cost) over the Gross Development Value	75.49%
Return on Sales (Profit over the Gross Development Value)	24.51%
Return on Cost (Profit over the Gross Development Cost [including land cost])	32.46%
Pre-tax Internal Rate of Return for the Project	53.23%

6.5 The sensitivities of the major variables such as the proposed selling prices and building costs are as follows:-

Sale Price	Building Cost	Profit	Resultant IRR	Return on Cost	Return On Sales
RM2,391,335,270	**RM1,173,543,080**	**RM586,012,445**	**53.23%**	**32.46%**	**24.51%**
What if Sale Price changes:-					
RM2,630,468,797 (+10%)	RM1,173,543,080	RM812,842,552 38.71%	74.10% 39.20%	44.72% 37.77%	30.90% 26.09%
RM2,869,602,324 (+20%)	RM1,173,543,080	RM1,039,672,659 77.41%	95.13% 78.71%	56.81% 75.01%	36.23% 47.84%
RM2,152,201,743 (-10%)	RM1,173,543,080	RM359,182,338 -38.71%	32.70% -38.57%	20.03% -38.29%	16.69% -31.89%
RM1,913,068,216 (-20%)	RM1,173,543,080	RM132,352,231 -77.41%	12.36% -76.78%	7.43% -77.11%	6.92% -71.76%
What if Building Cost changes:-					
RM2,391,335,270	RM1,290,897,388 (+10%)	RM438,234,032 -25.22%	39.35% -26.08%	22.44% -30.87%	18.33% -25.20%
RM2,391,335,270	RM1,408,251,696 (+20%)	RM290,455,620 -50.44%	25.83% -51.48%	13.83% -57.39%	12.15% -50.42%
RM2,391,335,270	RM1,056,188,772 (-10%)	RM733,790,857 25.22%	67.39% 26.60%	44.27% 36.38%	30.69% 25.24%
RM2,391,335,270	RM938,834,464 (-20%)	RM881,569,269 50.44%	81.72% 53.52%	58.39% 79.88%	36.87% 50.46%

6.6 Based on our findings and take-up rate of neighbouring development projects, the proposed development types within the Project and their respective selling prices of the units ought to be as follows:-

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

Development Content	Total Units	Total Saleable Area	Proposed Selling Price (Per Sq. Ft.)	Avg. Proposed Selling Price (per unit/per bay)
Parcel A				
A 41-storey block of serviced apartment (Block A)	230	408,967	RM650	RM1,155,776
Retail Space	-	8,218	RM800	-
Sub-Total		**417,185**		
Parcel B				
Two blocks of 33-storey block and a 38-storey of serviced apartment (Blocks B, C & D)	734	967,803	RM650	RM857,046
Retail Space		9,108	RM800	-
Sub-Total		**976,911**		
Parcel C				
Four blocks of 44-storey serviced apartments (Nova 1,2,3 & 4)	876	859,176	RM700	RM686,556
SoHo		137,360	RM650	-
Retail Space		139,792	RM800	-
Hypermarket		69,073	RM650	-
Sub-Total		**1,205,401**		
Parcel D				
A 36-storey college building		607,788	RM750	-
Retail Space		14,956	RM800	-
Sub-Total		**622,744**		
Total Saleable Area		**3,222,241**		
Car Park (commercial)				
Parcel A	767			RM35,000
Parcel B	1,846			RM35,000
Parcel C	2,468			RM35,000
Parcel D	653			RM35,000
Total Car Parking Bays	**5,734**			

6.7 The above proposed selling prices are based on prices of similar properties in various developments within the neighbourhood as follows:-

Summary of Residential Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (psf/per unit)	Asking Price (psf/per unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Northpoint Serviced Apartments, Mid Valley	IGB Corporation Berhad and Dewan Bandaraya Kuala Lumpur	Serviced Apartments	204	1,819 – 3,466	From RM510 psf	From RM735 psf	n/a	100%	n/a	2006
2	Metro Centre (The Scott Garden)	Aston Villa Sdn Bhd	17-storey SoHo	1,080	775 – 1,905	From RM464 psf	n/a	n/a	n/a	n/a	June 2013
3	Gaya Bangsar	UDA Holdings Berhad	34-storey Serviced Apartments	285	671 – 1,610	From RM500 psf	From RM750 psf	n/a	80%	2008	2011
4	Merc Residence	AM-EL Development Sdn Bhd	Boutique Condominium	36	1,021 – 1,317	From RM280 to RM316 psf	From RM585 psf	n/a	100%	2006	2008
5	Saville Residence	Gabung Wajib Sdn Bhd	30-storey Serviced Apartments	181	1,237 – 1,388	From RM330 psf	From RM540 psf	n/a	70%	2007	2009
6	Centrio Pantai	Syarikat Kemajuan Perumahan Negara	SoHo	238	440 – 2,614	From RM280 psf	From RM529 psf	n/a	n/a	2006	2010
7	Bangsar South, Kampung Kerinchi, off Federal Highway Route II	UOA Group	Park Residence (Acacia & Begonia)	470	1,260 - 2,095	From RM490,000	From RM578,000	90%	50%	2008	2011
8			Park Residence (Camellia)	720	638 - 1,419	From RM640 psf	n/a	80%	n/a	2011	2014
9	Suasana Bangsar	UM Development Sdn Bhd	25-storey Condominium	190	1,112 – 2,147	From RM550 to RM650 psf	From RM700 psf	n/a	50%	2008	2012
10	KL Eco City	SP Setia and DBKL	60-storey Residential Tower (Vogue)	708	650 - 3,800	From RM1,200 psf	n/a	80%	n/a	2011	2016
11			Phase 2 - Residential Tower 2	960	n/a	n/a	n/a	n/a	n/a	n/a	2017
12	Bangsar Trade Centre	Twin Pavillion Development	SoHo Suites	n/a	441 - 1,049	From RM800 psf	n/a	75%	n/a	2011	2015
13	Suasana Sentral Condominium	MRCB and CapitaLand Residential Limited of Singapore	2-blocks of Condominium	400	n/a	n/a	From RM730 psf	n/a	85%	2005	2008
14	Suasana Sentral Loft	MRCB, UM Land and CapitaLand Residential Limited of Singapore	2-blocks of Condominium	600	800 - 3,004	From RM350 psf	From RM728 psf	100%	75%	2005	2008

Summary of Retail Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (RM/Unit)	Asking Price (RM/Unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Metro Centre, Old Klang Road	Aston Villa Sdn Bhd	5-storey shop/office	67	From 5,346 onwards	From RM400 psf	From RM530 psf	100%	70%	n/a	n/a
2	Saville Residence	Gabung Wajib Sdn Bhd	3 levels of showrooms/ offices	9	3,195 - 4,119	n/a	n/a	n/a	n/a	2007	2009
3	Bangsar South, Kampung Kerinchi, off Federal Highway Route II	UOA Group	3-storey retail space	n/a	From 2,000 onwards	From RM5 psf (Lease)	Lease only	n/a	95%	n/a	n/a

Summary of Office Development

No.	Scheme	Name of Developer	Type of Development	No. of Units	Size (Sq. Ft.)	Developer's Selling Price (RM/Unit)	Asking Price (RM/Unit)	Take Up Rate	Occupancy Rate	Launching Date	Expected Completion/ Completion Date
1	Boulevard Signature Office, Mid Valley	IGB Corporation Berhad and Dewan Bandaraya Kuala Lumpur	4 11-storey office buildings	30	1,712 – 2,024	From RM320 psf	From RM912	n/a	90%	n/a	2006
2	Northpoint Office Towers		Office suites	204	1,819 – 3,466	From RM490 psf	From RM850	n/a	90%	n/a	2006
3	Metro Centre (The Scott Garden)	Aston Villa Sdn Bhd	5-storey office	67	From 5,346	From RM400 psf	RM530 psf	n/a	n/a	n/a	2010
4	KL Eco City	SP Setia and DBKL	Boutique office	n/a	4,381 - 4,489	RM 60 million (en bloc)	n/a	75%	n/a	2011	2016
5			35 - storey office suite	n/a	1,035 - 1,459	From RM1,200 psf	n/a	100%	n/a	2011	2016
6			Phase 2 - Office Towers	up to 19 levels	737,630	From RM70 million (en bloc)	n/a	98%	n/a	2011	2017
7	KL Sentral	n/a	Office space	majority of the office space are for lease only from RM5.50 psf while penthouse office space are from RM14.00 psf					85% onwards	n/a	n/a

7.0 SWOT Analysis:

7.1 Strengths of the project include its location, sizeable area, its planned and improved accessibility, encouraging take-up rates on residential units in the immediate neighbourhood, and its concept matching market preferences.

7.2 Weaknesses include the close proximity to an oxidation pond, existing accessibility causing the Project to lack good frontage and visibility, higher costs of construction due to its location by the river bank, inferior views of some residential units and the relatively small size of retail content in the Project.

7.3 Opportunities include potential buyers sourcing for more affordable homes and investments, rejuvenation of Jalan Klang Lama locality due to the planned cleaning up of Sungai Klang as an urban renewal project, the success of the existing serviced apartments in the vicinity and a continuous growth in the residential market as majority of the population is young.

7.4 Some threats include rising inflation due to possible increase in labour and building costs, uncertainties of some greenfield areas just across the Sungai Klang and several brownfield areas located within the immediate neighbourhood which have been zoned as commercial or high density residential development in the Kuala Lumpur Structure Plan 2020.

8.0 Conclusions:

8.1 The Project under consideration as a whole should be carried out over phases, and this is advantageous because the developer will be able to test the market as the development progresses. Periodic updates on market needs and demand trends are needed to ascertain the feasibility of the development components as the project is carried out.

8.2 Through the adoption of innovative product design, quality finishes, additional features, unique design with sizeable built-up areas and also through efficient marketing and a fair selling price, this project has a competitive edge against other developments in the immediate neighbourhood.

8.3 Many developers are putting in more thought into the design of their products. As our society becomes more discerning and better travelled, expectations are getting higher on how we want to live. Many developers are adopting ideas from other countries to introduce into the local market.

8.4 Sales in each launch should be carefully monitored to act as a benchmark for subsequent launches. If the take-up rate is good, a marginal increase of the developer's selling price must be factored into subsequent launches to implicitly denote that the selling prices are going up.

8.5 This type of development would require a competent property management team (either in house or outsourced) to properly manage, control and administer the areas known as 'common property' for the retail and serviced apartment of the Project. A good property management team would enhance the property value of the Project. The property management function and team members must be planned well in advance prior to the completion of the Project.

8.6 In all developments, sales revenue is the most sensitive variable in the cash flow. Therefore, the marketing of the units of development should be given priority.

8.7 End financing should be obtained in advance and promotional marketing could be offered and tailored to the needs of individual purchasers.

8.8 Execution must be market driven and swift in order to stay ahead of the anticipated fierce competition. Early securing of end purchasers and tenants will be a key factor in ensuring the success of the Project. Especially for the retail content within the Project, reputable tenants must be secured early to ensure that the retail areas are substantially occupied by the time the Project is completed and commences operations.

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

8.9 As the market consolidates and improves, there could be increases in terms of sales revenues and this in turn may increase the pre-tax internal rate of return.

8.10 As markets change over time, there could be changes that may impinge on the future anticipated cash flows and this may in turn affect the profitability of the Project. Hence periodic updates of the Market and Feasibility Study should be undertaken.

Yours faithfully

For and on behalf of
KHONG & JAAFAR SDN BHD

Sr ELVIN FERNANDEZ, PPRISM, FRISM, FRICS
REGISTERED PROPERTY CONSULTANT, V-170
CHARTERED SURVEYOR
MANAGING DIRECTOR

SUMMARY VALUATION LETTER OF GHC

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SUMMARY VALUATION LETTER
(Prepared for inclusion in the Circular to Shareholders)

The Board of Directors
Malaysian Resources Corporation Berhad
Level 20, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

19 April 2013

INDEPENDENT SHARE VALUATION OF 100% EQUITY INTEREST IN GELANGGANG HARAPAN CONSTRUCTION SDN BHD ("GHC")

Dear Sir:

This letter is prepared for the purpose of inclusion in the Circular to Shareholders of Malaysian Resources Corporation Berhad ("MRCB") in relation to the proposed acquisition of 1,500,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up ordinary share capital, of GHC ("Proposed GHC Acquisition").

This letter has been prepared as a summary of our valuation report on the entire equity interest in GHC. Readers are advised to refer to our valuation report dated 19 April 2013 for an overview of the business operations of GHC and its financial performance and, in particular, for the details of the assumptions used, methodology applied and the limitations of the valuation.

This letter is not intended as, and does not constitute, a recommendation by us on the Proposed GHC Acquisition by MRCB. It is also not intended to be relied on to address all business concerns and risks pertaining to GHC. This letter should be read in conjunction with other reports or advice commissioned by MRCB for the Proposed GHC Acquisition as deemed appropriate.

1. Purpose of the valuation

The Board of Directors ("BOD") of MRCB have on 6 November 2012 appointed Ernst & Young to provide an independent share valuation of the entire equity interest in GHC in connection with the Proposed GHC Acquisition. The date of the valuation is 31 December 2012 ("Valuation Date").

The basis of value is the fair market value and we have determined the fair market value in accordance with the following definition: -

"... the price at which an entity would change hands between a willing buyer and willing seller, neither being under compulsion to buy or sell and both having reasonable knowledge of all relevant facts, acting in an arm's length transaction, in an open and unrestricted market, as of the applicable valuation date."

The actual price to be transacted may be different from that computed in this valuation and is dependent on the negotiations between the parties concerned, and our valuation is not intended to be binding on any party.

A member firm of Ernst & Young Global Limited

2. Scope and limitations

In arriving at our opinion, we have held discussions with the management of GHC ("Management") and we have relied on the information provided to us by the Management. The documents, information and explanations provided to us by the Management included, inter-alia, the audited financial statements for the financial years ended 31 May 2008 to 31 May 2011, audited financial statements for the financial period from 1 June 2011 to 31 December 2011, audited financial statements for the financial year ended 31 December 2012 and in addition, the financial projections and the assumptions thereto of GHC's future business operations for the period commencing from 1 January 2013 to 31 December 2022 which was approved and adopted by the BOD of GHC on 5 March 2013 ("GHC BOD Approved Financial Projections"). Further, we have considered and relied on the market and feasibility study reports dated 28 March 2013 prepared by an independent registered property valuer, Khong & Jaafar Sdn Bhd ("K&J") as well as the quantity surveyor's reports dated 8 February 2013 prepared by Yong Dan Mohamad Faiz Sdn Bhd (collectively referred to as the 'Experts' Report' herein).

We have assumed that all information provided to us is true, accurate, not misleading and complete in all respects. In this connection, it must be noted that the accuracy and reliability of the information provided to us are the sole responsibility of GHC. In addition to relying on the aforesaid Experts' Reports, we have also conducted such other enquiries and analyses on the financial, economic and market criteria deemed appropriate in arriving at our opinion.

Whilst we have considered all information provided to us, we have not carried out the work which constitutes an audit or a review of the financial information in respect of GHC nor confirmation as to the correctness or completeness of information and financial projections provided.

In rendering our opinion, we have considered and relied on the financial projections, together with the bases and assumptions thereto as approved by the BOD of GHC, for which the Directors of GHC are solely responsible.

Further thereto, the Directors of GHC have represented to us the following: -

- The financial projections reflect the best judgement of the Directors of GHC based on the present circumstances, expected future market conditions as well as the strategic course of business actions or measures to be taken by GHC;

- The bases and assumptions made are complete and have been consistently applied during the forecast and projection periods and that any material key factor(s) that may be relevant to the subject forecast and projections have not been wilfully omitted; and

- The financial projections are prepared and presented on a basis consistent with the accounting policies normally adopted by GHC in its financial statements.

ERNST & YOUNG

2.1 Restrictions

This valuation letter has been prepared for the BOD of MRCB for inclusion in the Circular to Shareholders of MRCB in respect of the Proposed GHC Acquisition. It is not to be included in any document to be circulated to third parties without our prior written approval and the use thereof is subject to our approval on the form and context of its release.

Accordingly, we are not responsible or liable for any losses to any third party as a result of the use of or reliance on this Summary Valuation Letter, in whole or in part, contrary to the provisions set out herein and in our Engagement Letter.

2.2 Valuation Date

The Valuation Date is 31 December 2012. Therefore, this letter does not provide any guidance for the value of GHC at any other date.

3. Shares being valued

The shares being valued is the entire equity interest in GHC. The company was incorporated on 18 May 1994 as a private limited liability company, under the name of Ribuan Jasa Sdn Bhd. Subsequently on 3 September 2003, the company's name was changed to its current name of GHC.

GHC is engaged in the business of land and property development related activities and has been involved in the construction of Giant hypermarkets since 2006. As a project coordinator, GHC performs project management and coordination activities that are necessary to ensure that its development projects are executed and completed on schedule, in an efficient manner and within approved budget.

This valuation was performed based on GHC's existing project pipeline consisting of the "Giant" projects, Technology Park Malaysia ("TPM") project; and in addition, Lot PT 11 and Lot 12 projects, Old Klang Road ("OKR") project, Suria Subang project; as well as two (2) prospective projects where the land parcels have yet to be alienated, namely Lots 1 & 2 and Lot 2 PJ (Filem Negara) projects (collectively referred to as the "PJ Projects").

GHC has been formally appointed as the project co-ordinator or main contractor for the Lot PT 11 and Lot 12 projects, OKR project, Suria Subang project and any future development and construction of the properties on all land which are already legally and/or beneficially owned by the subsidiaries of Nusa Gapurna Development Sdn Bhd ("NGD"), and in addition, which would be acquired in the future by the subsidiaries of NGD. In addition, GHC will be paid based on the cost plus model, with payments of a sum equal to the total cost of construction for the development plus a percentage (ranging from 10% to 12%) of the total cost of construction for the development.

Brief details of the aforesaid projects are summarised in Appendix I hereto.

In this connection, it must be noted that the aforesaid GHC BOD Approved Financial Projections that was used for the purpose of this valuation do not incorporate any other projects other than those reflected in Appendix I herein.

ERNST & YOUNG

4. Bases of valuation

For the purpose of the valuation of the entire equity interest in GHC, we have considered the Discounted Cash Flow ("DCF") method of Income Approach as the primary basis in arriving at our opinion of GHC's fair market value.

The DCF was applied to the following two (2) sets of financial projections:-

(i) Base case - GHC BOD Approved Financial Projections, i.e. the ten (10) years financial projections together with the underlying bases and assumptions of GHC from 1 January 2013 to 31 December 2022 prepared by the Management and referenced to the quantity surveyor's reports prepared by Yong Dan Mohamad Faiz Sdn Bhd.

(ii) Scenario 1 - Thereafter, the GHC BOD Approved Financial Projections were adjusted for an extended estimated construction tenure from ten (10) years ending year 2022 to sixteen (16) years ending year 2028 for the PJ Projects with reference to the market and feasibility reports prepared by K&J.

The DCF valuation is then benchmarked against the Market Approach (as set out in Section 6 of this Summary Valuation Letter) as a cross-check.

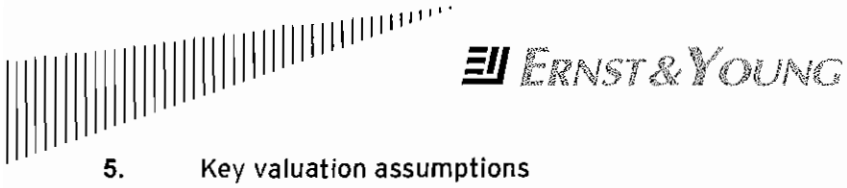
In arriving at our judgement of the discount rates to be applied, we have considered the risk free return on investment in long term Malaysian Government Securities, Malaysia's market return as well as systematic risk, capital structure and after-tax cost of debt of similar publicly-traded local companies based on various internal and external resources, as follows: -

Parameters	Percentage
Risk free rate, Rf (nominal terms)	3.5% - 3.7%
Risk free rate, Rf *(real terms)	1.0% - 2.1%
Expected inflation rate	1.6% - 2.5%
Expected market risk premium, Rm - Rf	7.5%
Systematic risk of equity, β	1.16 - 1.22
Debt ratio	45.9% - 49.0%
After-tax cost of debt	4.9% - 5.3%
Tax rate	25.0%

** Based on nominal yields on the ten (10) to twenty (20) years tenure to maturity Malaysian Government Securities of 3.5% to 3.7% as at 31 December 2012, as extracted from BNM's website; and adjusted for average expected inflation rate from year 2013 to year 2017 of 2.5%, as extracted from IMF Market Economic Outlook October 2012, and average expected inflation rate from year 2013 to year 2022 of 1.6%, as extracted from IHS Global Insight dated 10 November 2012.*

In addition, we have taken into account certain differences between GHC and the other comparable companies, and these include their market size and composition of business activities. We have also considered the risk profile specific to the construction related activities and the risks associated with GHC in arriving at our opinion.

Accordingly, we have applied the risk adjusted discount rates of 12% and 11% on real terms to the projected net future cash flows to the firm for the Base Case and Scenario 1 respectively to take into consideration of GHC's relatively shorter estimated construction tenure of ten (10) years for the PJ Projects as compared to K&J's estimated industry benchmark of sixteen (16) years.



5. Key valuation assumptions

In arriving at the independent share valuation, amongst other factors, we have placed reliance upon the following, which have a significant bearing on the outcome of this valuation:-

(i) There will be no material changes in the structure and principal activities of GHC and that its sole subsidiary will remain dormant;

(ii) GHC's modus operandi will essentially be that of a project co-ordinator/ manager and that all the construction works for the subject projects will entirely be sub-contracted;

(iii) The financial projections and its underlying assumptions prepared by the Management represent a fair reflection of GHC's future business plan;

(iv) GHC's financial projections is prepared on "real terms" as at 31 December 2012. GHC has referred to the total construction costs estimated by the quantity surveyor, Yong Dan Mohamad Faiz Sdn Bhd, which were prepared in "real terms", i.e. the costing is based on the current market pricing without incorporating any future inflationary effects to the subject financial projections;

(v) GHC will be able to secure or renew all appropriate and necessary licences to undertake any scale of civil works, including the requisite "Class A" licence;

(vi) GHC has secured all the formal contractual rights to undertake the project co-ordination and management activities for all the projects set out in Appendix I of this Summary Valuation Letter, except for Lots 1 & 2 and Lot 2 PJ (Filem Negara) projects. Accordingly, it is assumed that GHC will also secure the contractual rights to these projects on a timely basis to be consistent with its financial projections;

(vii) It is assumed that the respective property developers (who are GHC's clients) will be able to secure all the necessary approvals and the requisite development orders for all the subject projects on a timely basis to facilitate the commencement dates of the respective subject projects as reflected in the financial projections;

(viii) All the projects will commence and will be completed in accordance with Management's stipulated project timeline that is reflected in the financial projections and that GHC will not be subject to any type of penalty(ies);

(ix) For all the NGD group projects, it is assumed that the performance bond will be provided directly by the sub-contractors of GHC to NGD as the property developer. Hence, GHC is not expected to provide any performance bond to NGD or any other group property developer of the relevant projects;

(x) GHC will be able to achieve the projected revenue and operating profits as planned;

(xi) It is assumed that the projected operating expenditure and capital expenditure are sufficient and adequate for GHC to achieve the projected business growth;

(xii) There will be no significant incidence of bad debts and liquidated ascertained damages or claims against GHC for defects by previous, current and prospective developers/clients;

5. Key valuation assumptions (cont'd)

(xiii) Adequate funding will be available to finance GHC's business activities when necessary;

(xiv) GHC will be able to not only retain the current key personnel but would be in a position to attract the requisite future talents to ensure the continuity and development of the business;

(xv) Management represented that there are no material litigations and contingent liabilities as at the Valuation Date that would negatively impact GHC going forward;

(xvi) The audited financial statements for the financial year ended 31 December 2012 of GHC represent the best available indication of the fair values of the assets and liabilities of GHC as at 31 December 2012 and GHC has a good title to or security interest in all assets recorded in the financial statements, and these assets are free from hypothecation, liens and encumbrances;

(xvii) No adverse developments in the economic and market conditions; and

(xviii) There will be no force majeure and significant changes in the present legislation, government regulations, inflation rates, taxation rates, prevailing conditions, economic and political climate which will directly or indirectly affect the business activities of GHC or the market in which it operates.

Our opinion of value is fundamentally predicated on the aforesaid key assumptions and the achievement of projected performance. In this connection, it would be appreciated that any significant under-achievement or delay would have a consequential impact on this valuation opinion.

6. Valuation summary

Using DCF method and discounting to 31 December 2012 the expected future cash flows of GHC based on GHC BOD Approved Financial Projections (Base Case) and adjusted GHC BOD Approved Financial Projections (Scenario 1) at discount rates of 12% and 11% respectively, the equity value of GHC after adjusting the cash and cash equivalent and borrowings are as follows: -

Case	Description	Fair market value of entire equity interest of GHC
Base Case	GHC BOD Approved Financial Projections - estimated construction tenure over ten (10) years ending year 2022	RM310m
Scenario 1	GHC BOD Approved Financial Projections adjusted for K&J's estimated industry benchmark construction tenure over sixteen (16) years ending year 2028	RM260m

6. Valuation summary (cont'd)

Valuation cross-check

For the Market Approach cross-check, we have considered the Enterprise Value ("EV")/Earnings before interest, tax, depreciation and amortisation ("EBITDA") multiples of the guideline companies and applied against the EBITDA of GHC as follows: -

	Low	High
Indicative EV – Base Case	RM250m	RM300m
Based on first year forecast, i.e. year 2013's projected EBITDA of RM38.0 million		
Implied EV/EBITDA multiples (times)	6.6x	7.9x
Based on the average EBITDA of historical five (5) years and ten (10) years projections of RM45.3 million		
Implied EV/EBITDA multiples (times)	5.5x	6.6x

Further, the guideline companies considered are summarised as follows: -

Guideline company	EV/EBITDA multiple (times)
Gadang Holdings Berhad	6.4x
Ireka Corp. Bhd	13.6x
Ekovest Berhad	8.5x
EnCorp. Bhd	11.2x
Melati Ehsan Holdings Bhd	5.2x
Crest Builder Holdings Bhd	7.0x
MRCB	44.4x
PJI Holdings Bhd	45.8x
Minimum	5.2x
Median	9.9x
Mean	17.8x
Maximum	45.8x

Source: S&P Capital IQ

Based on the DCF valuation outcomes, the implied EV/EBITDA multiples range from 5.5 times to 7.9 times which fall between the minimum and median of the range of the guideline companies' EV/EBITDA multiples of 5.2 times to 9.9 times.

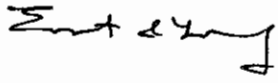
Please note that these listed comparable companies are not directly comparable to GHC due to differences in size and composition of activities.

These guideline companies were selected as they are turnkey contractors or are involved in the construction of hypermarkets, commercial or mixed development and with projects in the Klang Valley, and are referenced to merely for the limited purpose of providing an indication of the level of multiple that the market places on such companies.

7. **Opinion of value**

On the basis of the foregoing, we are of the opinion that the fair market value of the entire equity interest in GHC as at 31 December 2012 ranges from **RM260 million to RM310 million**.

Yours faithfully



SUMMARY VALUATION LETTER OF GHC (*Cont'd*)

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Appendix I: GHC's project summary

Currency RM million

	Project pipeline	Project owner	Cost plus margin	Gross floor area (square feet)	Estimated contract value	Estimated construction cost	Estimated margin	Description	Status	Estimated commencement date	Estimated completion date
	Secured projects										
1	**TPM**	Gapurna Retail Sdn Bhd	10%	340,355	78.4	71.3	7.1	Nine (9) storey commercial building	Received letter of award.	1 Nov 2012	14 Oct 2013
2	**Giant** *				131.1	118.0	13.1				
2a	Giant Setapak	GCH Retail (Malaysia) Sdn Bhd ("GCH Retail")	N/A	140,278	55.0	49.5	5.5	Hypermarket	Letter of offer to sell the land. ^	Q1 2013	Q2 2014
2b	Giant Kampar	GCH Retail	N/A	109,986	50.7	45.6	5.1	Hypermarket	Letter of offer to sell the land. ^	Q3 2013	Q4 2014
2c	Giant Kangar	GCH Retail	N/A	92,991	25.4	22.9	2.5	Hypermarket	Letter of offer to lease the land. ^	Q3 2013	Q4 2014
3	**OKR** i)PT 68-71, PT 75, Section 98, KL. ii)PT8617, Mukim of KL.	Gapurna Land Sdn Bhd	10%	7,065,032	1,457.9	1,325.4	132.5	Parcel A and B - Parking, lobby, retail, lift lobby, serviced apartment, sky garden and mechanical and electrical ("M&E"). Parcel C - Parking, retail, food court, recreation hub, small office home office (SOHO), bowling centre, swimming pool, residential block facilities, residential, sky garden, reading area and M&E. Parcel D - Parking, retail, management offices, cafeteria, auditorium, institution area/office and M&E.	Development order ("DO") obtained on 3 August 2012.	Q2 2013	Q3 2017
4	**Infrastructure cost – OKR**		10%	N/A	115.0	104.5	10.5	N/A	Amount approved by Unit Kerjasama Awam Swasta (UKAS).	Year 2013	Year 2014
5	**Suria Subang** Lot 50700, Bandar Subang Jaya.	Gapurna Builders Sdn Bhd	10%	990,930	199.2	181.1	18.1	Parking, parking & service, shoplot, dedicated hall ancillary space, multi-purpose hall, retail, small office flexible office (SOFO) and open office.	DO obtained on 18 September 2012.	Q2 2013	Q4 2015
6a	**PT 11** PT 11, Section 52, PJ.	Puncak Wangi Sdn Bhd	10%	1,060,001	218.3	198.5	19.8	Parking, lobby, parking & service and office.	DO obtained on 3 December 2012.	Q2 2013	Q4 2015
6b	**Lot 12** Lot 12, Section 26, PJ.	PJ Sentral Development Sdn Bhd	12%	5,674,287	1,349.2	1,204.6	144.6	Parking, plant & service, lobby, retail, food and beverage, hotel, leisure and office.	DO obtained on 3 December 2012.	Q1 2014	Q4 2017
	Subtotal (i)				**3,549.1**	**3,203.4**	**345.7**				
	To be secured projects										
7	**Lots 1 & 2** Lot 1-2, Section 26, PJ.	N/A	10%	13,562,904	3,492.7	3,175.2	317.5	Office, mall, retail, hotel, serviced apartment, medical facilities, mosque, parking and infrastructure services area.	Land has yet to be alienated.	Q2 2016	Q3 2022
8	**Lot 2 PJ Filem Negara** Lot 2, Section 27, PJ.	N/A	10%	2,026,731	448.6	407.8	40.8	Shopping complex, shop/office, serviced apartment.	Land has yet to be alienated.	Q4 2016	Q4 2019
9	**Relocation cost**				400.4	364.0	36.4				
9a	i) Lot 2 PJ (Filem Negara)	N/A	10%	N/A	114.4	104.0	10.4	N/A	N/A	Year 2013	Year 2015
9b	ii) Lots 1 & 2	N/A	10%	N/A	286.0	260.0	26.0	N/A	N/A	Year 2013	Year 2015
	Subtotal (ii)				**4,341.7**	**3,947.0**	**394.7**				
	Total				**7,890.8**	**7,150.4**	**740.4**				

Source: Management

* The estimated construction contract value is provided by the GHC internal quantity surveyor

^ As per the letter of offer from Gapurna to GCH Retail for the sale or lease of the land, GCH Retail had acknowledged and shall agree to award the contract for the construction of the hypermarkets which shall include but not limited to construction of earthwork and the hypermarket building to be erected on the land to GHC

Note: No 3, 5, 6, 7 and 8 are collectively referred to as the "PJ Projects"

DIRECTORS' REPORT ON GAPURNA BUILDERS

گاڤورنا بيلدرس سنديريـن برحد

GAPURNA BUILDERS SDN BHD

(Co. No. 502555-M)

B-1601, Level 16 (Penthouse), Kelana Brem Tower 2
Jalan SS 7/15 (Jalan Stadium) 47301 Kelana Jaya, Selangor Darul Ehsan
tel : 603 7492 2280 fax : 603 7492 2281 email : gapurna@tm.net.my

4 JUN 2013

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir/Madam,

PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD OF THE ENTIRE EQUITY INTEREST IN GAPURNA BUILDERS SDN BHD ("GAPURNA BUILDERS")

On behalf of the Board of Directors of Gapurna Builders ("**Board**"), I wish to report that after due inquiries by the Board in relation to the interval between 31 December 2012, being the date to which the last audited financial statements of Gapurna Builders have been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular, that:-

i) the business of Gapurna Builders has, in the opinion of the Board, been satisfactorily maintained;

ii) in the opinion of the Board, no circumstance has arisen since the last audited financial statements of Gapurna Builders, which has adversely affected the trading or the value of the assets of Gapurna Builders;

iii) the current assets of Gapurna Builders appear in the books at values which are believed to be realisable in the ordinary course of business;

iv) there is no contingent liability which has arisen by reason of any guarantee or indemnity given by Gapurna Builders;

v) since the last audited financial statements of Gapurna Builders, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of Gapurna Builders; and

vi) there has been no material change in the published reserves or any unusual factor affecting the profits of Gapurna Builders since the last audited financial statements of Gapurna Builders.

Yours faithfully
For and on behalf of the Board
Gapurna Builders Sdn Bhd

Dato' Saw Choo Boon
Director

TLY/AWT/CT/GLK

DIRECTORS' REPORT ON GAPURNA LAND

GAPURNA LAND SDN BHD

(Co. No. 787242-M)
Level 15, Wisma AmFIRST Tower 2,
Jalan SS 7/15,
47301 Kelana Jaya, Selangor.

4 JUN 2013

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir/Madam,

PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD OF THE ENTIRE EQUITY INTEREST IN GAPURNA LAND SDN BHD ("GAPURNA LAND")

On behalf of the Board of Directors of Gapurna Land (**"Board"**), I wish to report that after due inquiries by the Board in relation to the interval between 31 December 2012, being the date to which the last audited financial statements of Gapurna Land have been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular, that:-

i) the business of Gapurna Land has, in the opinion of the Board, been satisfactorily maintained;

ii) in the opinion of the Board, no circumstance has arisen since the last audited financial statements of Gapurna Land, which has adversely affected the trading or the value of the assets of Gapurna Land;

iii) the current assets of Gapurna Land appear in the books at values which are believed to be realisable in the ordinary course of business;

iv) there is no contingent liability which has arisen by reason of any guarantee or indemnity given by Gapurna Land;

v) since the last audited financial statements of Gapurna Land, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of Gapurna Land; and

vi) there has been no material change in the published reserves or any unusual factor affecting the profits of Gapurna Land since the last audited financial statements of Gapurna Land.

Yours faithfully
For and on behalf of the Board
Gapurna Land Sdn Bhd

Dato' Saw Choo Boon
Director

TLY/AWT/CTGLK

DIRECTORS' REPORT ON PUNCAK WANGI

PUNCAK WANGI SDN BHD

(Company No. 360905-H)
B-1601, Level 16 (Penthouse), Kelana Brem Tower 2
Jalan SS 7/15, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan
tel : 603 749 22280 fax : 603 749 22281

4 JUN 2013

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir/Madam,

PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD OF THE ENTIRE EQUITY INTEREST IN PUNCAK WANGI SDN BHD ("PUNCAK WANGI")

On behalf of the Board of Directors of Puncak Wangi (**"Board"**), I wish to report that after due inquiries by the Board in relation to the interval between 31 December 2012, being the date to which the last audited financial statements of Puncak Wangi have been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular, that:-

i) the business of Puncak Wangi has, in the opinion of the Board, been satisfactorily maintained;

ii) in the opinion of the Board, no circumstance has arisen since the last audited financial statements of Puncak Wangi, which has adversely affected the trading or the value of the assets of Puncak Wangi;

iii) the current assets of Puncak Wangi appear in the books at values which are believed to be realisable in the ordinary course of business;

iv) there is no contingent liability which has arisen by reason of any guarantee or indemnity given by Puncak Wangi;

v) since the last audited financial statements of Puncak Wangi, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of Puncak Wangi; and

vi) there has been no material change in the published reserves or any unusual factor affecting the profits of Puncak Wangi since the last audited financial statements of Puncak Wangi.

Yours faithfully
For and on behalf of the Board
Puncak Wangi Sdn Bhd

Dato' Saw Choo Boon
Director

TLY/AWT/CT/GLK

DIRECTORS' REPORT ON P.J SENTRAL

PJ SENTRAL DEVELOPMENT SDN BHD

(Company No. 541142-D)

B-701, Level 7, Wisma AmFIRST Tower 2
Jalan SS 7/15 (Jalan Stadium), 47301 Kelana Jaya, Selangor Darul Ehsan
Tel : 603 7492 2280 Fax : 603 7492 2281

4 JUN 2013

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir/Madam,

(I) PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB") OF THE 70% EQUITY INTEREST IN P.J SENTRAL DEVELOPMENT SDN BHD ("P.J SENTRAL") FROM NUSA GAPURNA DEVELOPMENT SDN BHD; AND

(II) PROPOSED ACQUISITION BY MRCB OF THE 30% EQUITY INTEREST IN P.J SENTRAL FROM PKNS HOLDINGS SDN BHD

On behalf of the Board of Directors of P.J Sentral ("**Board**"), I wish to report that after due inquiries by the Board in relation to the interval between 31 December 2012, being the date to which the last audited financial statements of P.J Sentral have been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular, that:-

i) the business of P.J Sentral has, in the opinion of the Board, been satisfactorily maintained;

ii) in the opinion of the Board, no circumstances has arisen since the last audited financial statements of P.J Sentral, which has adversely affected the trading or the value of the assets of P.J Sentral;

iii) the current assets of P.J Sentral appear in the books at values which are believed to be realisable in the ordinary course of business;

iv) there is no contingent liability which has arisen by reason of any guarantee or indemnity given by P.J Sentral;

v) since the last audited financial statements of P.J Sentral, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of P.J Sentral; and

vi) there has been no material change in the published reserves or any unusual factor affecting the profits of P.J Sentral since the last audited financial statements of P.J Sentral.

DIRECTORS' REPORT ON P.J SENTRAL (*Cont'd*)

Yours faithfully
For and on behalf of the Board
P.J Sentral Development Sdn Bhd

Dato' Saw Choo Boon
Director

TLY/AWT/CTV/GLK

DIRECTORS' REPORT ON GHC

GELANGGANG HARAPAN CONSTRUCTION Sdn. Bhd. (Company No. 300947-T)

B-701, Level 7, Wisma AmFIRST Tower 2
Jalon SS 7/15 (Jalan Stadium) 47301 Kelana Jaya, Selangor Darul Ehsan
tel : 603 7492 2280 (Hunting Line) fax : 603 7492 2281
email : gapurna@tm.net.my

4 JUN 2013

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir/Madam,

PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD OF THE ENTIRE EQUITY INTEREST IN GELANGGANG HARAPAN CONSTRUCTION SDN BHD ("GHC")

On behalf of the Board of Directors of GHC ("**Board**"), I wish to report that after due inquiries by the Board in relation to:-

(a) GHC, for the interval from 31 December 2012 being the date to which the last audited financial statements of GHC have been made up; and

(b) Sanjung Sepang Sdn Bhd ("**SSSB**"), a wholly-owned subsidiary of GHC, for the interval from 21 January 2013, being the date GHC acquired SSSB ("**Acquisition Date**"),

to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular, that:-

i) the businesses of GHC and SSSB have, in the opinion of the Board, been satisfactorily maintained;

ii) in the opinion of the Board, no circumstance has arisen since the last audited financial statements of GHC and the Acquisition Date, which has adversely affected the trading or the value of GHC and SSSB respectively;

iii) the current assets of GHC and SSSB appear in the books at values which are believed to be realisable in the ordinary course of business;

iv) there is no contingent liability which has arisen by reason of any guarantee or indemnity given by GHC and SSSB;

v) since the last audited financial statements of GHC and the Acquisition Date, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of GHC and SSSB respectively; and

vi) there has been no material change in the published reserves or any unusual factor affecting the profits of GHC and SSSB since the last audited financial statements of GHC and the Acquisition Date respectively.

Yours faithfully
For and on behalf of the Board
Gelanggang Harapan Construction Sdn Bhd

Mohd Imran bin Mohamad Salim
Director

TLY/AWT/CT/GLK

ISO 9001 BUREAU VERITAS Certification
Cer.No : 208102/B
ISO 9001:2008 Certified

DIRECTORS' REPORT ON GGS

GAPURNA GLOBAL SOLUTIONS SDN BHD

(Co. No. 842248-V)
Level 15, Wisma AmFIRST Tower 2,
Jalan SS 7/15,
47301 Kelana Jaya, Selangor.

4 JUN 2013

The Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir/Madam,

PROPOSED ACQUISITION BY MALAYSIAN RESOURCES CORPORATION BERHAD OF THE ENTIRE EQUITY INTEREST IN GAPURNA GLOBAL SOLUTIONS SDN BHD ("GGS")

On behalf of the Board of Directors of GGS (**"Board"**), I wish to report that after due inquiries by the Board in relation to the interval between 31 December 2012, being the date to which the last audited financial statements of GGS and its subsidiary (**"Group"**) have been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular, that:-

i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

ii) in the opinion of the Board, no circumstance has arisen since the last audited financial statements of the Group, which has adversely affected the trading or the value of the assets of the Group;

iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

iv) there is no contingent liability which has arisen by reason of any guarantee or indemnity given by the Group;

v) since the last audited financial statements of the Group, the Board is not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of the Group; and

vi) there has been no material change in the published reserves or any unusual factor affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully
For and on behalf of the Board
Gapurna Global Solutions Sdn Bhd

Mohd Imran bin Mohamad Salim
Director

TLY/AWT/CT/GLK

SALIENT TERMS OF THE WARRANTS

The salient terms of the Warrants to be issued pursuant to the Proposed Acquisitions and Proposed Free Warrants are as follows:-

Issuer	:	MRCB
Issue size	:	Up to 127,242,635 Consideration Warrants and up to 482,087,903 Free Warrants
Issue price	:	The Consideration Warrants and the Free Warrants are issued at no cost to the Vendors and the Entitled Shareholders respectively on the following basis: (i) Consideration Warrants: Two (2) Consideration Warrants for every seven (7) Consideration Shares issued (ii) Free Warrants: One (1) Free Warrant for every existing three (3) MRCB Shares held
Form	:	The Warrants shall be issued in registered form and constituted by the deed poll to be executed by the Company
Board lot	:	The Warrants shall be tradable upon listing on Bursa Securities in board lots of 100 Warrants or sueh other denominations as permitted by Bursa Securities from time to time
Tenure	:	Five (5) years from and inclusive of the date of issuanee of the Warrants
Exereise Period	:	The Warrants may be exercised at any time within a period commencing on or including the date of issue of the Warrants and ending at 5.00 p.m. on the Expiry Date Any Warrants not exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose
Exercise Price	:	RM2.30 per new MRCB Share The Exereise Price is subject to adjustments under certain circumstances in accordance with the provisions of the deed poll to be executed by the Company
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new MRCB Share at any time during the Exercise Period at the Exercise Price subject to any adjustment in accordance with the provisions of the deed poll to be executed by the Company
Expiry Date	:	A date being five (5) years from and ineluding the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day
Mode of Exercise	:	The registered holder of the Warrants shall pay cash for the Exercise Price when exercising the Warrants for new MRCB Shares
Rights of the Warrants	:	The holders of the Warrants are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such holder of the Warrants are issued with new MRCB Shares arising from their exercise of the Warrants
Status of the new MRCB Shares to be issued upon exercise of the Warrants	:	The new MRCB Shares to be issued upon exercise of the Warrants shall, upon allotment and issue, be of the same class and rank *pari passu* in all respects with the then existing MRCB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the new MRCB Shares arising from the exercise of the Warrants
Adjustments to the Exercise Price and/or number of Warrants	:	The Exercise Price and number of Warrants in issue may be adjusted from time to time in accordance with the provisions of the deed poll to be executed by the Company

SALIENT TERMS OF THE WARRANTS *(Cont'd)*

Rights of the holders of the Warrants in the event of winding-up, compromise and/or arrangement	:	Where a resolution has been passed by the Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies:- (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants; and (b) in any other case, every holder of the Warrants shall be entitled at any time within 6 weeks after the passing of such resolution or the granting of the court order, by irrevocable surrender of his Warrants together with payment of the relevant subscription monies to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by such Warrants and be entitled to receive out of the assets which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly
Listing	:	The approval in-principle from Bursa Securities has been obtained for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and the new MRCB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities
Transferability	:	The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd
Deed Poll	:	The Warrants will be constituted under a deed poll to be executed by the Company
Governing Law	:	Laws of Malaysia

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

Information relating to the Vendors, the Acquiree Companies and the Properties has been obtained from publicly available documents (where available) and other information/documents provided by such parties/companies and their directors/management. The sole responsibility of our Board has been to ensure that the information in relation to such parties/companies had been accurately reproduced.

2. CONSENTS

RHB Investment Bank, Astramina Advisory, HwangDBS, CH Williams, Khong & Jaafar, EY and PwC have given and have not subsequently withdrawn their written consents to the inclusion of their names, letters and reports (where applicable) and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

3.1 RHB Investment Bank

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

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

As at 8 May 2013, RHB Investment Bank and its related companies (collectively referred to as "**RHB Banking Group**") have extended various credit facilities amounting to approximately RM1.14 billion (with an amount of approximately RM324.71 million outstanding as at 8 May 2013).

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 Proposals, save for the professional fees as the Main Adviser for the Proposals.

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 by virtue of RHB Investment Bank's appointment as Main Adviser for the Proposals.

3.2 Astramina Advisory

Astramina Advisory is the appointed Transaction Arranger of MRCB in respect of the Proposals. Astramina Advisory was first appointed as lead financial advisor for the GSB Group of companies ("**GSB Group**") in respect of the proposed divestment of certain assets and companies of GSB, including NGD and other companies related to GSB, and subsequently to assist the GSB Group in the structuring and presentation of preliminary proposals in relation to the Proposals for the consideration of your Board. In view of their familiarity with the businesses of the GSB Group, Astramina Advisory was subsequently appointed by your Company as Transaction Arranger for the Proposals. Further details of the role undertaken by Astramina Advisory are set out in Section 1 of Part A of this Circular.

FURTHER INFORMATION *(Cont'd)*

The dual roles undertaken by Astramina Advisory for both your Company and GSB in relation to the Proposals may potentially give rise to a conflict of interest on the part of Astramina Advisory but any such conflict of interest is mitigated by the fact that the terms of engagement of Astramina Advisory as the Transaction Arranger for MRCB are limited to ensuring an expeditious and accurate flow of information between the Vendors and your Company and the arrangement and coordination of implementation of the Proposals so as to assist in the timely implementation of the Proposals. Astramina Advisory has not been appointed as financial nor principal adviser to MRCB in respect of the Proposals and does not derive any advisory fee from your Company.

3.3 HwangDBS

HwangDBS is not aware of any conflict of interest which exists or is likely to give rise to a possible conflict of interest by virtue of its role as Independent Adviser for the Proposed Acquisitions (save for the Proposed Acquisition of 30% of P.J Sentral) and Proposed Exemption.

3.4 CH Williams

CH Williams is not aware of any conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of its role as Valuer for the Properties.

3.5 Khong & Jaafar

Khong & Jaafar is not aware of any conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of its role in preparing the Feasibility Reports for the Properties as well as for certain identified prospective lands for our management.

3.6 EY

EY is not aware of any conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of its role as the independent valuer on the share valuation of GHC in relation to the Proposed Acquisition of GHC.

3.7 PwC

PwC is not aware of any conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of its role as the Reporting Accountants for the Proposals.

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	24,369

FURTHER INFORMATION *(Cont'd)*

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	217,226
Litigations arising from business transactions [1]	128,252

Note:-

(1) *The litigations 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. MATERIAL LITIGATION

Save as disclosed below, neither we nor any of our subsidiaries are involved in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position of our Group and, to the best of your Board's knowledge and belief, your Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of our Group.

(a) Court of Appeal Malaysia Civil Appeal No. W-02-63-01/2013 MRCB v. Juranas Sdn Bhd

By Writ of Summons dated 29 February 2008 and Statement of Claim dated 28 February 2008, Juranas Sdn Bhd commenced an action against our Company and claimed, *inter-alia*, damages of RM43,899,100 on the ground of our breach of settlement agreement dated 30 April 2003 made between Juranas Sdn Bhd and our Company. By the judgment dated 21 December 2012, the High Court ordered our Company to pay RM43,899,100 together with interests on the aforementioned sum at the rate of 5% per annum from the date of the judgment until full settlement and costs of RM25,000,000 ("**Judgment**"). By a notice of appeal dated 28 February 2012, we filed an appeal in the Court of Appeal against the Judgment ("**Appeal**"). By a notice of application dated 2 January 2013, we have filed an application in the High Court to stay the execution of the Judgment pending the full and final determination of the Appeal. The Court had on 13 May 2013 granted our Company a Stay of Execution Order subject to our Company providing Juranas Sdn Bhd with a bank guarantee on the judgment sum within 30 days from 13 May 2013. The Stay of Execution Order is valid until disposal of our Company's appeal at the Court of Appeal.

The Appeal is fixed for hearing on 17 July 2013.

Our solicitors are of the opinion that we have reasonable grounds for the Appeal.

FURTHER INFORMATION *(Cont'd)*

(b) **Federal Court of Malaysia Civil Application No. 08(f)-74-02/2013(J)**
Selia Pantai Sdn Bhd v. Pentadbir Tanah Daerah Johor Bahru & 2 Ors

This suit involving Selia Pantai Sdn Bhd ("**Selia Pantai**"), Pentadbir Tanah Daerah Johor Bahru, MRCB Lingkaran Selatan Sdn Bhd ("**MLSSB**"), our wholly-owned subsidiary, and Lembaga Lebuhraya Malaysia commenced when the land administrator of Johor Bahru issued the Form M dated 9 April 2010 under section 36 of the Land Acquisition Act 1960 to refer to the court for determination on the person entitled to a right or interest in land and the person to whom such compensation is payable. Selia Pantai was awarded RM10,578,860 by Pentadbir Tanah Daerah Johor Bahru. By a Form N dated 17 February 2010 under Land Acquisition Act 1960, Selia Pantai sought for a compensation of RM60,453,000.00. By the judgment dated 25 February 2011 ("**Judgment**"), the High Court has adjudged, *inter-alia*, that the government of Johor is entitled to and has interest on the land held under PTD 148153 HS(D) 310869 Mukim Plentong, Johor Bahru which has been acquired pursuant to the Land Acquisition Act 1960 vide the Government Gazette No. 6938 dated 11 September 2008, and a sum of RM10,578,860 deposited in the account of the court under the order dated 28 July 2009 to be returned to Lembaga Lebuhraya Malaysia and a nominal value of RM10.00 shall be paid to Selia Pantai.

Selia Pantai filed an appeal to the Court of Appeal against the Judgment and the appeal was dismissed on 18 January 2013 ("**Appeal Order**"). Subsequently, the Applicant filed a motion for leave to appeal to the Federal Court against the Appeal Order ("**Leave to Appeal**").
The Leave to Appeal is fixed for hearing on 9 July 2013.

The solicitors of MLSSB are of the opinion that MLSSB has reasonable grounds of defence to Selia Pantai's claim.

(c) **Arbitration on a dispute pertaining to allegation of wrongful termination of contract between Asali Bin Haji Mahlod (trading as Syarikat Dayausaha Bumiputra) together with Bungso Bin Mohamad (trading as Putra Entrepreneur) (collectively, referred to as "Claimants") and MRCB Engineering Sdn Bhd ("MESB")**

In this matter, the Claimants claimed against MESB, our wholly-owned subsidiary, the sum of RM9,153,168.62 being final claim for work done and for materials on site, machinery and equipments and scaffolding hired and placed on site as at 10 October 2001 or in the alternative damages to be assessed on a *quantum meruit* basis for work done and for materials on site, machinery and equipments and scaffolding placed on site as at 10 October 2001, interest and costs ("**Claimants' Claim**"). MESB counterclaimed damages, loss and/or expense amounting to RM4,127,062.37 for loss and damage suffered by reason of the termination of Claimants' employment under sub-contract for, *inter-alia*, failure to proceed with the works regularly and diligently ("**Counterclaim**").

By an interim award made on 21 June 2011, the arbitrator determined that the Claimants' Claim be dismissed with costs. The arbitrator has indicated that the decision on the Counterclaim will be made and published by end of May 2013.

The solicitors of MESB highlighted that the Claimants have not delivered their submission and the solicitors of MECB are of the opinion that if the termination of the Claimant's employment is held to be lawful, MESB will be entitled to the Counterclaim.

(d) **Kuala Lumpur High Court Suit No. D2-22-648-2003**
MRCB Property Development Sdn Bhd ("MPD") v. Suedy Suwendy & 6 Ors ("Defendants")

By Writ of Summons and Statement of Claim both dated 18 April 2003, MPD, our wholly-owned subsidiary, commenced an action against the Defendants for breach of the sale of shares agreement dated 2 January 2001 and claimed, *inter-alia*, the sum of RM6,000,000 being the total amount paid by MPD to the Defendants under the sale of shares agreement dated 2 January 2001 ("**Action**").

FURTHER INFORMATION *(Cont'd)*

On 6 March 2008, the High Court entered judgment against the Defendants and ordered the Defendants to pay RM6,000,000 together with interest on the sum of RM6,000,000 at the base lending rate of Malayan Banking Berhad per annum from 29 March 2002 until full settlement and costs ("**Judgment**"). The 1st, 3rd, 6th and 7th Defendants filed an application to set aside the Judgment and it was dismissed by the High Court ("**Dismissal**"). On 12 October 2011, the 1st, 3rd, 6th and 7th Defendants' appeal to the Court of Appeal against the Dismissal was allowed and the Court of Appeal ordered that the Action be tried by the High Court.

The High Court has not fixed a trial date for the Action.

The solicitors of MPD are of the opinion that MPD has reasonable grounds of success in its claim.

(e) (i) **Kuala Lumpur High Court Suit No. S-22-846-2010**
Thanarajah A/L Kanagaratnam (suing as lawful husband and dependant of Dr. Yogeswary a/p Narayanan (deceased), executor of the estate of the deceased and in his personal capacity) & 4 Ors v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(ii) **Kuala Lumpur High Conrt Suit No. S-22-847-2010**
Harveen Kaur a/p Balbhir Singh v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(iii) **Kuala Lumpur High Court Suit No. S-22-848-2010**
Dato' Amanullah Bin Mohamed Ynsoof v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(iv) **Kuala Lumpur High Court Suit No. S-22-NCvC-171-2010**
Lian Warn Jian & Anor v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(v) **Kuala Lumpur High Court Suit No. S-22-NCvC-172-2010**
Jamilah Bt Mohd Kassim (suing as lawful mother of Shaiful Khas Bin Shaharuddin (deceased) and in her personal capacity) v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(vi) **Kuala Lumpur High Court Suit No. S-22-NCvC-183-2010**
Soh Hoo Hong v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(vii) **Kuala Lumpur High Conrt Suit No. S-22-NCvC-184- 2010**
Ungku Farid Ungku Abd Rahman & Anor v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(viii) **Kuala Lumpur High Court Snit No. S-22-NCvC-209-2010**
Wong Pan & 3 Ors v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(ix) **Kuala Lumpur High Court Suit No. S-22-NCvC-39-2011**
Nezamuthdeen Bin Mohamed Shamsudin v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(x) **Kuala Lumpur High Court Suit No. S-22-NCvC-316-2011**
Ng Tiong Tat (suing as lawful husband and dependant of Ng Yee Ping (deceased)) administrator of the estate of the deceased & Anor v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(xi) **Kuala Lumpur High Court Suit No. S-22-NCvC-317-2011**
Ng Eng Soon v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

FURTHER INFORMATION *(Cont'd)*

(xii) **Kuala Lumpur High Court Suit No. S-22-NCvC-1398-2012**
Liza Wathi Binti Hamdan Dass v. Superview Development Sdn Bhd ("Superview") and Syarikat Bekalan Air Selangor Sdn Bhd

(xiii) **Kuala Lumpur High Court Suit No. S-22-NCvC-321-04/2013**
Mohamed Tajudeen Bin Abdul Wahab v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(xiv) **Kuala Lumpur High Court Suit No. S-22-NCvC-322-04/2013**
Hishamudin Bin Tan Sri Ibrahim v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

(xv) **Kuala Lumpur High Court Suit No. S-22-NCvC-342-05/2013**
Iskandar Mizal Bin Mahmood v. Superview Development Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd

A total of 15 actions were brought against Superview Development Sdn Bhd ("**Superview**"), our wholly-owned subsidiary, and Syarikat Bekalan Air Selangor Sdn Bhd by residents whom were affected by the landslide incident at Bukit Antarabangsa on or about 6 December 2008. The total claim amounts to RM32,649,551.03. The first 12 actions (as set out from paragraphs (i) to (xii)) were directed by the court to be heard/tried together before a single judge whilst the plaintiffs and the defendants for the remaining 3 new cases (set out from paragraphs (xiii) to (xv)) have agreed that any decisions made by the court in the first case set out in paragraph (i) above will be bound on the parties for the remaining 3 suits set out in paragraphs (xiii), (xiv) and (xv) respectively.

The High Court has directed that the issue of liability will first be determined by the High Court in the action (i) above in which the decision shall be binding on the remaining actions and issue of quantum for each plaintiff will be adjudicated thereafter. The court has fixed case management on 17 June 2013.

The solicitors of Superview are of the opinion that Superview has reasonable defence to the claims made by the plaintiffs.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 21, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, 50470 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

(i) M&A of our Company and the M&As of each of the Acquiree Companies, respectively;

(ii) Our Group's audited financial statements for the past two (2) FYE 31 December 2011 and FYE 31 December 2012;

(iii) Audited financial statements for each of the Acquiree Companies for the past three (3) FYE 31 December 2010, FYE 31 December 2011 and FYE 31 December 2012;

(iv) The SSAs, the Supplemental SSAs, the Drag Along Notice, the Right of First Refusal & Call Option Agreement and the Profit Guarantee Agreement;

(v) The material contracts of each of the Acquiree Companies as disclosed in the respective sections in Appendices I to III;

(vi) The Valuation Certificates referred to in Appendix IV and the Property Valuation Reports prepared by CH Williams for the Properties dated 11 March 2013;

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

(vii) The proforma consolidated statements of financial position of MRCB as at 31 December 2012 together with the reporting accountants' letter thereon referred to in Appendix VI;

(viii) The Executive Summary of the Feasibility Reports referred to in Appendix VII and the Feasibility Reports for the Properties as well as for certain identified prospective lands prepared by Khong & Jaafar dated 28 March 2013;

(ix) The Summary Valuation Letter of GHC referred to in Appendix VIII and the GHC Valuation Report dated 19 April 2013 prepared by EY;

(x) The Directors' Report on the Acquiree Companies referred to in Appeudix IX;

(xi) The letters of consent referred to in Section 2 above;

(xii) The relevant cause papers in respect of the material litigation of our Group referred to in Section 6 above; and

(xiii) The draft Deed Poll.

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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 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 Thursday, 20 June 2013 at 11.30 a.m. or immediately following the conclusion of the 42nd Annual General Meeting of MRCB which will be held at the same place and on the same day at 10.00 a.m. or at any adjournment thereof, whichever is later for the purpose of considering and, if thought fit, to pass with or without any modification the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITIONS BY MRCB OF THE ENTIRE EQUITY INTEREST IN –

(A) GAPURNA BUILDERS SDN BHD ("GAPURNA BUILDERS"), GAPURNA LAND SDN BHD ("GAPURNA LAND") AND PUNCAK WANGI SDN BHD ("PUNCAK WANGI") AS WELL AS 70% EQUITY INTEREST IN P.J SENTRAL DEVELOPMENT SDN BHD ("P.J SENTRAL") FROM NUSA GAPURNA DEVELOPMENT SDN BHD ("NGD");

(B) GELANGGANG HARAPAN CONSTRUCTION SDN BHD ("GHC") FROM MOHD IMRAN BIN MOHAMAD SALIM, DATUK MOHAMAD SALIM BIN FATEH DIN AND DATIN YASMIN BINTI MOHAMAD ASHRAFF; AND

(C) GAPURNA GLOBAL SOLUTIONS SDN BHD ("GGS") FROM MOHD IMRAN BIN MOHAMAD SALIM AND HANIF AHMAD BIN NISAR AHMAD;

FOR A TOTAL INDICATIVE CONSIDERATION OF UP TO RM729,000,000 WHICH WILL BE SATISFIED VIA A COMBINATION OF CASH OF RM111,000,000 AND THE ISSUANCE OF UP TO 398,709,678 NEW ORDINARY SHARES OF RM1.00 EACH IN MRCB ("MRCB SHARES") AT AN ISSUE PRICE OF RM1.55 PER MRCB SHARE, TOGETHER WITH UP TO 113,917,052 FREE DETACHABLE WARRANTS ON THE BASIS OF TWO (2) FREE DETACHABLE WARRANTS FOR EVERY SEVEN (7) MRCB SHARES ISSUED

"**THAT,** subject to the passing of Ordinary Resolution 3 and the resolutions relating to the (i) proposed increase in the authorised share capital of the Company from RM2,000,000,000 to RM5,000,000,000 ("**Proposed IASC**"), and (ii) proposed amendments to the memorandum and articles of association of the Company ("**Proposed M&A**") which will be tabled during the annual general meeting of the Company at 10.00 a.m. on Thursday, 20 June 2013, and subject to the approval of all the relevant authorities or parties being obtained (if required) and the conditions precedent in the respective conditional share sale agreements all dated 8 February 2013 entered into by the Company with the respective vendors, namely NGD, Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din, Datin Yasmin binti Mohamad Ashraff and Hanif Ahmad bin Nisar Ahmad (collectively the "**SSAs**") being fulfilled or waived (as the case may be), approval be and is hereby given for the Company and/or its nominee(s) to acquire the entire equity interest in –

(a) Gapurna Builders, Gapurna Land and Puncak Wangi as well as 70% equity interest in P.J Sentral from NGD;

(b) GHC from Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din and Datin Yasmin binti Mohamad Ashraff; and

(c) GGS from Mohd Imran bin Mohamad Salim and Hanif Ahmad bin Nisar Ahmad,

for a total indicative consideration of up to RM729,000,000 (which shall be subject to adjustments in accordance with the terms of the respective SSAs) to be satisfied via a combination of cash amounting to RM111,000,000 and the issuance to the respective vendors and/or their nominee(s) (if applicable) of up to 398,709,678 new MRCB Shares at an issue price of RM1.55 per MRCB Share ("**Consideration Shares**"), together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) Consideration Shares issued ("**Consideration Warrants**") upon and subject to the terms and conditions as stipulated in the respective SSAs ("**Proposed Acquisitions**");

THAT pursuant to the terms of the respective SSAs, approval be and is hereby given for the Company to allot and issue the Consideration Shares and Consideration Warrants to the respective vendors and/or their nominee(s) (if applicable);

THAT approval be and is hereby given for the Company to allot and issue new MRCB Shares pursuant to the exercise of the Consideration Warrants;

THAT the Board of Directors of the Company ("**Board**") is hereby authorised to –

(1) enter into and execute the Deed Poll constituting the Consideration Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and with full powers to implement, finalise and give full effect to the terms and conditions of the Deed Poll;

(2) allot and issue such appropriate number of Consideration Warrants in accordance with the provisions of the Deed Poll, including any additional Consideration Warrants as may be required or permitted to be issued as a consequence of any adjustment in accordance with the provisions of the Deed Poll and to adjust from time to time the exercise price and/or number of the Consideration Warrants to which the holder(s) of the Consideration Warrants are entitled to be issued as a consequence of an adjustment under the provisious of the Deed Poll; and

(3) allot and issue an appropriate number of MRCB Shares, credited as fully paid-up, to the holder(s) of Consideration Warrants arising from the exercise of the Consideration Warrants by the holders of the Consideration Warrants of their exercise rights in accordance with the provisions of the Deed Poll, including such appropriate number of new MRCB Shares arising from the exercise of the subscription rights represented by additional Consideration Warrants issued;

THAT the Consideration Shares and new MRCB Shares to be allotted and issued pursuant to the exercise of the Consideration Warrants shall upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing MRCB Shares, save and except that the holders of such Consideration Shares and the new MRCB Shares to be issued pursuant to the exercise of the Consideration Warrants shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares or such new MRCB Shares to be issued pursuant to the exercise of the Consideration Warrants;

THAT the proceeds arising from the exercise of the Consideration Warrants, if any, be utilised for the purposes set out in the Circular to Shareholders of the Company dated 5 June 2013, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby authorised and empowered to give full effect to the Proposed Acquisitions and the SSAs with full power to complete and implement the Proposed Acquisitions in such manner as the Board may deem fit or necessary, to negotiate, approve, agree and/or assent to any conditions, variations, revaluations, modifications and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute and deliver and/or cause to be executed and delivered the SSAs, the Deed Poll and such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assigmnents, confirmations, declarations and/or guarantees to or with any party or parties, and to do all such acts, things and matters as it may deem fit, necessary and/or expedient or in the best interests of the Company."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY MRCB OF THE REMAINING 30% EQUITY INTEREST OF P.J SENTRAL FROM PKNS HOLDINGS SDN BHD ("PKNS") FOR A TOTAL INDICATIVE PURCHASE CONSIDERATION OF UP TO RM85,300,000 WHICH WILL BE SATISFIED VIA A COMBINATION OF CASH OF RM13,008,715 AND THE ISSUANCE OF UP TO 46,639,539 NEW MRCB SHARES AT AN ISSUE PRICE OF RM1.55 PER MRCB SHARE, TOGETHER WITH UP TO 13,325,583 FREE DETACHABLE WARRANTS ON THE BASIS OF TWO (2) FREE DETACHABLE WARRANTS FOR EVERY SEVEN (7) MRCB SHARES ISSUED

"**THAT,** subject to the passing of Ordinary Resolution 1, Ordinary Resolution 3 and the resolutions relating to the Proposed IASC and the Proposed Amendments which will be tabled during the annual general meeting of the Company at 10.00 a.m. on Thursday, 20 June 2013, and subject to the approval of all the relevant authorities or parties being obtained (if required) and the conditions precedent in the conditional share sale agreement to be entered into between the Company and PKNS ("**PKNS SSA**") being fulfilled or waived (as the case may be), approval be and is hereby given for the Company and/or its nominee(s) to acquire the remaining 30% equity interest in P.J Sentral from PKNS for a total indicative consideration of up to RM85,300,000 (which may be subject to adjustments in accordance with the terms of the PKNS SSA to be entered into) to be satisfied via a combination of cash amounting to RM13,008,715 and the issuance to PKNS and/or its nominee(s) (if applicable) of up to 46,639,539 new MRCB Shares at an issue price of RM1.55 per MRCB Share ("**PKNS Consideration Shares**"), together with up to 13,325,583 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) PKNS Consideration Shares issued ("**PKNS Consideration Warrants**") upon and subject to the terms and conditions as stipulated in the PKNS SSA ("**Proposed Acquisition of 30% of P.J Sentral**");

THAT pursuant to the terms of the PKNS SSA, approval be and is hereby given for the Company to allot and issue the PKNS Consideration Shares and PKNS Consideration Warrants to PKNS and/or its nominee(s) (if applicable);

THAT approval be and is hereby given for the Company to allot and issue new MRCB Shares pursuant to the exercise of the PKNS Consideration Warrants;

THAT the Board is hereby authorised to –

(1) enter into and execute the Deed Poll constituting the PKNS Consideration Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and with full powers to implement, finalise and give full effect to the terms and conditions of the Deed Poll;

(2) allot and issue such appropriate number of PKNS Consideration Warrants in accordance with the provisions of the Deed Poll, including any additional PKNS Consideration Warrants as may be required or permitted to be issued as a consequence of any adjustment in accordance with the provisions of the Deed Poll and to adjust from time to time the exercise price and/or number of the PKNS Consideration Warrants to which the holder(s) of the PKNS Consideration Warrants are entitled to be issued as a consequence of an adjustment under the provisions of the Deed Poll; and

(3) allot and issue an appropriate number of MRCB Shares, credited as fully paid-up, to the holder(s) of PKNS Consideration Warrants arising from the exercise of the PKNS Consideration Warrants by the holders of the PKNS Consideration Warrants of their exercise rights in accordance with the provisions of the Deed Poll, including such appropriate number of new MRCB Shares arising from the exercise of the subscription rights represented by additional PKNS Consideration Warrants issued;

THAT the PKNS Consideration Shares and new MRCB Shares to be allotted and issued pursuant to the exercise of the PKNS Consideration Warrants shall upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing MRCB Shares, save and except that the holders of such PKNS Consideration Shares and the new MRCB Shares to be issued pursuant to the exercise of the PKNS Consideration Warrants shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the PKNS Consideration Shares or such new MRCB Shares to be issued pursuant to the exercise of the PKNS Consideration Warrants;

THAT the proceeds arising from the exercise of the PKNS Consideration Warrants, if any, be utilised for the purposes set out in the Circular to Shareholders of the Company dated 5 June 2013, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby authorised and empowered to give full effect to the Proposed Acquisition of 30% of P.J Sentral and the PKNS SSA with full power to complete and implement the Proposed Acquisition of 30% of P.J Sentral in such manner as the Board may deem fit or necessary, to negotiate, approve, agree and/or assent to any conditions, variations, revaluations, modifications and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute and deliver and/or cause to be executed and delivered the PKNS SSA, the Deed Poll and such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all such acts, things and matters as it may deem fit, necessary and/or expedient or in the best interests of the Company."

ORDINARY RESOLUTION 3

PROPOSED EXEMPTION TO NUSA GAPURNA DEVELOPMENT SDN BHD ("NGD"), THE EMPLOYEES PROVIDENT FUND BOARD ("EPF") AND GAPURNA SDN BHD ("GSB") AS WELL AS PERSONS ACTING IN CONCERT ("PAC") WITH THEM, FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR THE REMAINING MRCB SHARES NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED ACQUISITIONS

"**THAT,** subject to the passing of the Ordinary Resolution 1 and Ordinary Resolution 2 and subject to the approval of all the relevant authorities or parties being obtained (if required), approval be and is hereby given for EPF, NGD and GSB as well as their PACs to be exempted from the obligation to undertake a mandatory offer under the Malaysian Code on Take-Overs and Mergers, 2010 for the remaining MRCB Shares not already owned by them upon completion of the Proposed Acquisitions ("**Proposed Exemption**");

AND THAT the Board be and is hereby authorised and empowered to take all such necessary steps to give effect to the Proposed Exemption with full power to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Exemption and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner and to execute, sign and deliver on behalf of the Company all such documents as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Exemption in the best interests of the Company."

ORDINARY RESOLUTION 4

PROPOSED FREE ISSUANCE OF UP TO 482,087,903 WARRANTS IN MRCB ("FREE WARRANTS") TO ALL ENTITLED SHAREHOLDERS OF THE COMPANY ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY THREE (3) EXISTING MRCB SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER

"**THAT,** subject to the passing of the resolutions relating to the Proposed IASC and the Proposed Amendments which will be tabled during the annual general meeting of the Company at 10.00 a.m. on Thursday, 20 June 2013, and subject to the approval of all the relevant authorities or parties being obtained (if required), the Board is hereby authorised to issue up to 482,087,903 Free Warrants to the shareholders of the Company whose names appear on the Record of Depositors of the Company at the close of business on the entitlement date to be determined and announced later, on the basis of one (1) Free Warrant for every three (3) existing MRCB Shares held ("**Proposed Free Warrants**");

THAT approval be and is hereby given for the Company to allot and issue new MRCB Shares pursuant to the exercise of the Free Warrants;

THAT the Board is hereby authorised to –

(1) enter into and execute the Deed Poll constituting the Free Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and with full powers to implement, finalise and give full effect to the terms and conditions of the Deed Poll;

(2) allot and issue such appropriate number of Free Warrants in accordance with the provisions of the Deed Poll, including any additional Free Warrants as may be required or permitted to be issued as a consequence of any adjustment in accordance with the provisions of the Deed Poll and to adjust from time to time the exercise price and/or number of the Free Warrants to which the holder(s) of the Free Warrants are entitled to be issued as a consequence of an adjustment under the provisions of the Deed Poll; and

(3) allot and issue an appropriate number of MRCB Shares, credited as fully paid-up, to the holder(s) of Free Warrants arising from the exercise of the Free Warrants by the holders of the Free Warrants of their exercise rights in accordance with the provisions of the Deed Poll, including such appropriate number of new MRCB Shares arising from the exercise of the subscription rights represented by additional Free Warrants issued;

THAT the new MRCB Shares to be allotted and issued pursuant to the exercise of the Free Warrants shall upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing MRCB Shares, save and except that the holders of such new MRCB Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of such new MRCB Shares;

THAT the Board be and is hereby authorised to deal with any fractional entitlements that may arise from the Proposed Free Warrants in such manner and on such terms and conditions as the Board shall at its absolute discretion deems fit, necessary and/or expedient and in the best interest of the Company (including without limitation to disregard such fractional entitlements);

THAT the proceeds arising from the exercise of the Free Warrants, if any, be utilized for the purposes set out in the Circular to shareholders of the Company dated 5 June 2013, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

AND THAT the Board be and is hereby authorised and empowered to give full effect to the Proposed Free Warrants with full power to assent to and accept any conditions, modifications, variations arrangements and/or amendments in any manner as may be required/permitted by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company the Deed Poll and all such other documents with any party or parties and to take all such steps and to do all acts and things as they may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Free Warrants."

By order of the Board

Mohd Noor Rahim Yahaya
MAICSA 0866820
Company Secretary

Kuala Lumpur
5 June 2013

Notes: -

1. *Only a depositor whose name appears on the Record of Depositors as at 13 June 2013 shall be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.*
3. *The Form of Proxy must be signed by the appointer, or his attorney duly authorised in writing. 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.*
4. *The instrument appointing the proxy must be deposited with the Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*

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

FORM OF PROXY

I/We (Full name in block letters).....

of (Full address) .....

.....

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

Chairman of the Meeting and/or (Full name in block letters) .....

of (Full address) .....

.....

or failing *him/her (Full name in block letters).....

of (Full address) .....

.....

as *my/our proxy to attend and to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 20 June 2013 at 11.30 a.m. or immediately following the conclusion of the 42nd Annual General Meeting of the Company which will be held at the same place and on the same day at 10.00 a.m. or at any adjournment thereof, whichever is later. *My/our proxy is to vote as indicated below: -

	FOR	AGAINST
ORDINARY RESOLUTION 1 – PROPOSED ACQUISITIONS		
ORDINARY RESOLUTION 2 – PROPOSED ACQUISITION OF 30% OF P.J SENTRAL		
ORDINARY RESOLUTION 3 – PROPOSED EXEMPTION		
ORDINARY RESOLUTION 4 – PROPOSED FREE WARRANTS		

(Please indicate with a cross (X) in the space whether you wish your vote to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.)

Number of shares held	

Dated this _____ day _____ 2013

_____
Signature / Common Seal

* *Delete if not applicable.*

Notes: -

1. *Only a depositor whose name appears on the Record of Depositors as at 13 June 2013 shall be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.*
2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.*
3. *The Form of Proxy must be signed by the appointer, or his attorney duly authorised in writing. 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.*
4. *The instrument appointing the proxy must be deposited with the Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

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