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MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No: 7994-D)

(Incorporated in Malaysia under the Companies Act, 1965)

INFORMATION CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

ACQUISITION OF 100% EQUITY INTEREST IN LANDAS UTAMA SDN BHD (“LUSB”) COMPRISING OF 320,000 ORDINARY SHARES OF RM1.00 EACH FOR A CASH CONSIDERATION OF RM88,000,591 AND THE PROVISION OF A CORPORATE GUARANTEE OF RM120,000,000 IN RELATION TO A BANK FACILITY OF LUSB

Adviser

CIMB

Commerce International Merchant Bankers Berhad

Company Number 18417-M

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Information Circular:

Acquisition	:	Acquisition of 100% equity interest in LUSB comprising 320,000 ordinary shares of RM1.00 each by MRCB from the Vendors for a total cash consideration of RM88,000,591 and the provision of a corporate guarantee of RM120,000,000 in relation to a bank facility of LUSB
Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
BCB	:	Bumiputra-Commerce Bank Berhad
CIMB	:	Commerce International Merchant Bankers Berhad
Consideration	:	Total cash consideration of RM88,000,591 agreed to be paid by MRCB to LUSB in accordance with the SPA
FIC	:	Foreign Investment Committee
Guarantee	:	Personal guarantees jointly and severally executed by the Vendors which have been secured in favour of BCB for the banking facility of LUSB amounting to up to RM134,999,409
LUSB	:	Landas Utama Sdn Bhd
MoF	:	Minister of Finance Inc.
MRCB or Company	:	Malaysian Resources Corporation Berhad
NSTP	:	The New Straits Times Press (Malaysia) Berhad
NTA	:	Net tangible assets
Realmild	:	Realmild (M) Sdn Bhd
RHB Disposal	:	Disposal by MRCB of 105,127,000 ordinary shares of RM1.00 each, representing 22.68% equity interest in Rashid Hussain Berhad to Utama Banking Group Berhad for a total cash consideration of RM504.6 million
SC	:	Securities Commission
SPA	:	Conditional sale and purchase agreement dated 15 January 2003 entered between MRCB and the Vendors in relation to the Acquisition
Supplemental Agreement	:	Supplemental agreement dated 29 May 2003 between MoF and LUSB to the share sale agreement dated 19 April 2000
TV3	:	Sistem Televisyen Malaysia Berhad
UDA	:	UDA Holdings Berhad
Vendors	:	Dato' Abdul Razak bin Hussain, Mustaffa Kamil bin Md Ismail, Rawyah Bee binti Abdul Hamid, Norhaili binti Mohd Jelani, Kamarudin bin Idris, Abdul Rashid bin Mohd Yusoff, Mustaffa bin Mohd Som, Zainol Haris bin Haji Hassan and Omar bin Abdullah
RM and sen	:	Ringgit Malaysia and sen respectively
USD	:	US Dollar

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MRCB

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

Registered Office:

Aras 10, Menara MRCB
No. 2, Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

11 August 2003

Board of Directors:

Dato' Seri Syed Anwar Jamalullail (*Chairman*)
Abdul Rahman Ahmad (*Group Managing Director/Chief Executive Officer*)
Shahril Ridza Ridzuan (*Executive Director*)
Datuk Zahari Omar (*Executive Vice President*)
Dato' Ahmad Haji Ibnihajar
Dato' Zainol Abidin Dato' Haji Salleh
Dato' Dr Mohd Shahari Ahmad Jabar

To: The shareholders of MRCB

Dear Sir / Madam,

ACQUISITION OF 100% EQUITY INTEREST IN LUSB COMPRISING OF 320,000 ORDINARY SHARES OF RM1.00 EACH FOR A CASH CONSIDERATION OF RM88,000,591 AND THE PROVISION OF A CORPORATE GUARANTEE OF RM120,000,000 IN RELATION TO A BANK FACILITY OF LUSB

1. INTRODUCTION

On 15 January 2003, CIMB announced on behalf of MRCB that the Company entered into a conditional SPA on 15 January 2003 with the Vendors with regards to the Acquisition. LUSB is principally an investment holding company with a 24.93% equity stake in UDA.

On 1 April 2003, it was announced that MRCB would provide a corporate guarantee of RM120,000,000 for the bank facility of LUSB.

The Acquisition was completed on 4 April 2003.

Accordingly, the purpose of this Information Circular is to provide you with information on the Acquisition.

2. DETAILS OF THE ACQUISITION

The Acquisition involved the acquisition by MRCB of 100% equity interest in LUSB comprising 320,000 ordinary shares of RM1.00 each for a cash consideration of RM88,000,591 and the procurement of the unconditional release of the Guarantee. On 31 March 2003, BCB agreed to release the Vendors from their respective obligations under the Guarantee in exchange for MRCB granting a corporate guarantee of RM120,000,000 for a bank facility of LUSB. The said corporate guarantee was granted by MRCB on 18 April 2003.

MRCB funded 10% of the Consideration being RM8,800,059.10 through internally generated funds and the remaining 90% being RM79,200,531.90 through bank borrowings.

Save as disclosed above, no other liabilities was assumed by MRCB for the Acquisition.

2.1 Basis of arriving at the Consideration

The Consideration was arrived at on a willing buyer-willing seller basis, after taking into consideration the following:

- (a) LUSB is an investment holding company, whose only investment comprises of 87,999,606 shares or approximately 24.93% in UDA. Based on the consolidated audited NTA of UDA for the financial year ended 31 December 2001 of RM1,203.6 million and assuming that the cost of investment in UDA is revalued by LUSB to its share of the consolidated audited NTA as at 31 December 2001, the proforma NTA of LUSB is approximately RM168 million. Therefore the Consideration represents a discount of approximately RM80 million to the proforma NTA of LUSB.

As the proforma NTA of LUSB has taken into consideration the amount owing to BCB, the provision of the guarantee by MRCB will not have any effect on the above discount.

- (b) LUSB is presently the second largest shareholder of UDA after the MoF which owns 50.01% of UDA as at 15 July 2003.

2.2 Salient terms of the SPA

Pursuant to the salient terms of the SPA:

- (a) The Consideration was satisfied in the following manner:
 - (i) RM8,800,059.10, being 10% of the Consideration was paid on execution of the SPA; and
 - (ii) The balance of RM79,200,531.90 being the remaining 90% of the Consideration was paid on completion of the SPA.
- (b) MRCB acquired the shares of LUSB free from all claims, charges, liens encumbrances and with all rights attaching thereto together with all dividends and distributions declared as at the date the SPA became unconditional. LUSB was acquired by MRCB net of cash amounts and tax credit recoverable, less all liabilities (over and above RM131,999,409 which relates to Term Loan 1 and BG/Term Loan as defined in Section 2.3) accrued at the completion date of the Acquisition (“**Outstanding Amount**”). If the Outstanding Amount is less than zero, the Vendors have warranted to pay MRCB a sum equal to the Outstanding Amount and vice versa.
- (c) The Acquisition was conditional upon the conditions being fulfilled on or before 31 March 2003 or within such extended period or periods to be mutually agreed to by MRCB and the Vendors in writing:
 - (i) The approval of the FIC, which was obtained on 8 March 2003 without any conditions imposed;
 - (ii) The agreement to rescind the agreement dated 5 December 2002 for the disposal by the Vendors of the LUSB shares contemplated under the SPA to Mesra Kejaya Sdn Bhd. The agreement was obtained on 15 January 2003; and

- (iii) The consent of BCB for the Acquisition and for the unconditional release of the Vendors from their obligations and liabilities under the Guarantee on terms to be agreed upon between MRCB and BCB, which was obtained on 31 March 2003.

2.3 Salient terms of the corporate guarantee granted by MRCB to BCB

On 18 April 2003, MRCB has granted a corporate guarantee of RM120,000,000 to BCB in exchange for the release of the Vendors from the Guarantee. The corporate guarantee is for the banking facilities of LUSB from BCB which comprise of a term loan amounting to RM13,199,940.90 (“**Term Loan 1**”) and a bank guarantee/term loan (“**BG/Term Loan**”) amounting to RM118,799,468.10 (collectively known as “**the Banking Facility**”). The Banking Facility is repayable in four (4) quarterly payments over three (3) years commencing on the third year after the aggregated amount of RM131,999,409 has been fully drawn down. The Banking Facility was fully drawn down on 18 April 2003.

The corporate guarantee is subject to standard covenants as accorded by financial institutions and is triggered in the event of default of the banking facility, such as non-payment of borrowings on the due date. In the event of default, MRCB would be called upon for the amount of RM120,000,000 as granted in the corporate guarantee.

2.4 Cost of investment

The cost of investment of the Vendors in LUSB was approximately RM320,000. The Vendors first invested in LUSB on 28 September 1996. Subsequently on 15 December 1997 and 28 April 2000, the Vendors subscribed for additional shares in LUSB bringing the total number of shares held in LUSB to 320,000 ordinary shares of RM1.00 each.

2.5 Post Acquisition events

Listed below are the major events that occurred after the completion of the Acquisition on 4 April 2003:

(a) Appointment of Directors of UDA

- (i) On 26 May 2003, UDA announced the appointment of Datuk Zahari Omar as Managing Director of UDA. Datuk Zahari Omar is also a Director of MRCB; and
- (ii) On 17 June 2003, UDA announced the appointment of Shahril Ridza Ridzuan as a Non Independent and Non Executive Director of UDA. Shahril Ridza Ridzuan is also a Director of MRCB.

(b) Supplemental Agreement

On 29 May 2003, LUSB entered into the Supplemental Agreement with MoF which sets out matters such as pre-emption rights, composition of the Board of Directors, procedures of appointment of Directors and senior management, procedures relating to decision making of affairs in UDA and membership in certain decision making and review committees of UDA.

3. RATIONALE FOR THE ACQUISITION

The Acquisition provides an opportunity for MRCB to invest in UDA, a company with a strong track record, experience, resources and potential in the property development and property investment industry. UDA has more than 30 years of experience in property development and property investment and has successfully completed and developed numerous townships and continues to undertake large residential township developments. UDA has a strong track record in financial terms, generating profits consistently over the years. The audited net profits for the two (2) financial years ended 31 December 2001 and 2002 were RM31.0 million and RM32.6 million respectively. UDA has a strong asset base in terms of investments in prime urban property including shopping complexes in Kuala Lumpur, undeveloped land banks and the resources to finance future property investments and developments. The strategic stake in UDA will allow MRCB to explore areas to create additional business value and potential synergies for both UDA's and MRCB's property and construction divisions.

It is expected that UDA will continue to be profitable. In terms of property investment, UDA holds strategically located urban commercial properties yielding consistent returns. In terms of property development, UDA continues to develop its land bank and is currently undertaking the development of, amongst others, Bandar UDA Utama in Johor Bahru and Bandar Tun Hussein Onn in Cheras.

MRCB is currently undertaking the predominantly commercial property development at KL Sentral and residential township development at Seri Iskandar in Perak. UDA possesses extensive management experience and resources in terms of urban property development and management, as well as residential township development. MRCB and UDA both undertake construction on government projects.

The Acquisition is expected to provide MRCB with further opportunities in terms of property development and construction as MRCB and UDA will be able to complement each other in areas such as property development and management, and sharing of management expertise and resources.

4. PROSPECTS AND RISK FACTORS

MRCB's investment in LUSB represents an investment in UDA which is mainly involved in property development and property investment, as UDA is the only investment of LUSB. As such, the prospects and risk factors related to the Acquisition would reflect the prospects and risk factors of the property development and property investment industry, an industry in which MRCB presently has operations.

4.1 Prospects

Despite the generality of the above, the Acquisition is expected to enhance the prospects of MRCB as follows:

(a) Kuala Lumpur Sentral ("KL Sentral") development

The flagship development of MRCB is the KL Sentral project, which is set to become the nation's transportation hub and major international business centre. At the core of the 72-acre development is Stesen Sentral, which integrates all major rail transportation networks including, the Express Rail Link services to Kuala Lumpur International Airport and Putrajaya. The full operation of the station has enhanced the demand and value of the overall development. KL Sentral is being developed in phases until 2012, which includes mainly commercial development in terms of office space, shopping complex and hotels, as well as residential condominiums.

UDA has extensive experience in commercial property development, owning and managing key shopping complexes such as BB Plaza, Pertama Kompleks, Sinar Kota, Greentown Mall (Ipoh) and Plaza Angsana (Johor Bahru). The Acquisition of UDA thus provides scope for sharing of management expertise and resources towards more successfully developing KL Sentral.

(b) Residential development

MRCB is currently undertaking the integrated development of the Seri Iskandar township in Perak, and completing projects at Taman Kajang Utama in Selangor. UDA is currently undertaking the township developments of Bandar UDA Utama in Johor Bahru and Bandar Tun Hussein Onn in Cheras.

MRCB has undertaken the construction for Taman Kajang Utama and is well positioned to manage other property development projects. With the overall property market experiencing an over supply of properties, there is still good demand for selected property types in specific locations but with significant competition between established developers. With the complementary nature of MRCB and UDA, there is scope to explore areas for synergies, rationalisation and better utilisation and sharing of resources, towards improving the commercial success of property development projects being undertaken by both companies.

4.2 Risk factors

(a) Property market over supply

The general market outlook for property may continue to be affected by the over supply of properties particularly for commercial space. As a result, there can be no assurance that the over supply of properties will not adversely affect the performance of UDA. However this risk is to some extent mitigated by the fact that UDA's urban properties are in prime locations and hence may result in a premium in terms of pricing and attract sufficient demand. Further, in terms of residential development, recent property launches in specific locations have been well subscribed.

(b) Management of UDA

The Acquisition resulted in MRCB becoming the second largest shareholder of UDA with 24.93% in UDA after MoF, which owns 50.01% of UDA. As the second largest shareholder in UDA, MRCB may have limited influence in the management of UDA and may not be able to fully unlock the potential value of UDA and explore areas for synergies and mutual benefit between MRCB and UDA.

However, this risk is to some extent mitigated by the presence of the Supplemental Agreement. Under the Supplemental Agreement, LUSB is given the right to nominate two (2) of the nine (9) Directors of UDA, one of which shall be the Managing Director of UDA, (subject to the approval of the Board of Directors of UDA).

Furthermore, under the Supplemental Agreement, certain important decisions governing the management of UDA shall be decided by affirmative votes of at least three (3) Directors, for which two (2) shall be from MoF and one (1) shall be from LUSB.

(c) Knowledge of UDA's business

As MRCB acquired only an associate stake of 24.93% in UDA, MRCB was not able to conduct a full due diligence of UDA in terms of its assets, liabilities and businesses. Further, given the inherent uncertainty over the future performance of UDA, MRCB may not be able to fully realise the expected benefits of the Acquisition.

(d) Timing of cash flows

There is an inherent uncertainty over the timing for the receipt of proceeds from property sales, operational surpluses from construction projects and other inflows. Given the Acquisition will be partly funded by bank borrowings, delays in proceeds from the targeted repayment source will result in additional interest costs and thus increase the effective cost of the Acquisition.

Further, there may be a timing gap when certain financial obligations in relation to the property development become due. If any such timing gap arises, MRCB may be required to seek the necessary indulgence from the relevant creditors or to draw on alternative funding sources. However, it is believed that such indulgence will be forthcoming and/or alternative funding sources will be available.

5. FINANCIAL EFFECTS OF THE ACQUISITION

5.1 Share capital and shareholding

Since the Acquisition does not involve the issuance of shares by MRCB, the Acquisition did not have any effect on the issued and paid-up share capital and shareholding of MRCB.

5.2 Earnings

The Acquisition is not expected to have any immediate material effect on the earnings of MRCB for the 16 months period ending 31 December 2003. However, the Acquisition is expected to contribute positively to the future earnings of MRCB.

5.3 NTA

Based on the audited consolidated financial statements of MRCB as at 31 August 2002, the proforma effects of the Acquisition on the NTA per share of MRCB, which is provided for illustrative purposes assuming that the Acquisition was effected on that date, is set out below:

	Audited as at 31 August 2002 RM(000)	After RHB Disposal*¹ RM(000)	After the Acquisition*² (RM 000)
Share capital	976,550	976,550	976,550
Share premium	1,008,463	1,008,463	1,008,463
Other reserves	79,065	21,132	98,414
Accumulated losses	(1,416,218)	(1,085,373)	(1,085,373)
Shareholders' fund	<u>647,860</u>	<u>920,772</u>	<u>998,054</u>
Less: Intangible assets	(368,423)	(85,002)	(85,002)
NTA	<u>279,437</u>	<u>835,770</u>	<u>913,052</u>
NTA per share (RM)	0.29	0.86	0.93

Notes:

*¹ The RHB Disposal was completed on 31 December 2002.

*² Based on the consolidated audited NTA of UDA for the financial year ended 31 December 2002 of RM1,196.3 million and assuming that the cost of investment in UDA is adjusted by LUSB to its share of the NTA as at 31 December 2002, the proforma NTA of LUSB will increase by approximately RM166.2 million. Effectively, the proforma NTA of MRCB after the Acquisition would increase by approximately RM77.3 million.

^{*3} *The proforma effects of the Acquisition on the NTA of MRCB have been prepared based on accounting policies and bases consistent with those normally adopted by MRCB in the preparation of its audited financial statements except that the assets and liabilities of LUSB at the date of acquisition have not been measured at their respective fair values. Instead, these net assets are based on net book values in LUSB's audited financial statements as at 31 December 2002 except the investment in an associated company i.e. UDA, which is based on the net book values in UDA's audited financial statements as at 31 December 2002. The Directors are in the process of ascertaining the fair values of the assets of LUSB following the completion of the Acquisition. Any adjustments to the values of net assets and liabilities of LUSB will have a corresponding effect on capital reserve on consolidation (negative goodwill) and NTA.*

6. APPROVALS OBTAINED

The Acquisition was conditional upon the following approvals:

- (a) The approval of the FIC, which was obtained on 8 March 2003 without any conditions imposed;
- (b) The agreement to rescind the agreement dated 5 December 2002 for the disposal by the Vendors of the LUSB shares contemplated under the SPA to Mesra Kejaya Sdn Bhd. The agreement was obtained on 15 January 2003; and
- (c) The consent of BCB for the Acquisition and for the unconditional release of the Vendors from their obligations and liabilities under the Guarantee on terms to be agreed upon between MRCB and BCB, which was obtained on 31 March 2003.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors of MRCB, substantial shareholders of MRCB and person(s) connected to the Directors and substantial shareholders of MRCB have any interest, directly or indirectly in the Acquisition.

8. DIRECTORS' RECOMMENDATION

The Board of Directors of MRCB, having considered all aspects of the Acquisition, is of the opinion that the terms and conditions of the Acquisition are fair and reasonable and are in the best interests of the Company.

9. ADDITIONAL INFORMATION

Shareholders are advised to refer to the attached appendices contained in this Information Circular for further information.

Yours faithfully,
For and behalf of the Board of Directors of
MALAYSIAN RESOURCES CORPORATION BERHAD

Dato' Seri Syed Anwar Jamalullail
(Chairman)

INFORMATION ON LUSB

1. GENERAL INFORMATION

LUSB was incorporated in Malaysia as a private limited company under the Act, on 24 August 1995 under the name Landas Utama Sdn Bhd. LUSB was the vehicle used by the Vendors, being senior management of UDA at the time, to undertake a management buyout of UDA from the MoF on 19 April 2000. As at 4 April 2003, the Acquisition was completed and as such, MRCB owns 100% equity interest in LUSB.

The principal activity of LUSB is that of investment holding. The principal activity of the associated company of LUSB is set out in Section 5 of this appendix.

2. SHARE CAPITAL

The authorised, issued and fully paid-up share capital of LUSB as at 15 July 2003 are as follows:

	RM
Authorised	
1,000,000 ordinary shares of RM1.00 each	<u>1,000,000</u>
Issued and paid-up	
320,000 ordinary shares of RM1.00 each	<u>320,000</u>

Details of changes in the issued and paid-up share capital of LUSB since the date of incorporation to 15 July 2003 are as follows:

Date of allotment	No. of LUSB shares issued	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
24.08.1995	2	1.00	Cash	2
28.09.1996	9,998	1.00	Cash	10,000
15.12.1997	100,000	1.00	Cash	110,000
28.04.2000	210,000	1.00	Cash	320,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders' shareholdings in LUSB based on the Register of Shareholders as at 15 July 2003 are as follows:

Substantial shareholders	-----Direct-----		-----Indirect-----	
	No. of shares held	% held	No. of shares held	% held
MRCB	320,000	100.0	-	-

Note:

* *Realmild is a substantial shareholder of MRCB and Dato' Seri Syed Anwar Jamalullail is a substantial shareholder of MRCB through Realmild.*

4. BOARD OF DIRECTORS

The Directors of LUSB and their shareholdings in LUSB based on the Register of Directors' Shareholdings as at 15 July 2003 are as follows:

Name	Nationality	-----Direct-----		-----Indirect-----	
		No. of shares held	% held	No. of shares held	% held
Johan bin Mahmood	Malaysian	-	-	-	-
Chong Chin Ann	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at 15 July 2003, LUSB does not have any subsidiaries. The details of its associated company as at 15 July 2003 are as follows:

Name	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest held %	Principal activities
UDA	01.09.96 Malaysia	352,942,003 ^{*1}	24.9	Property development and property investment

Note:

^{*1} The issued and paid-up share capital consists of 352,942,002 ordinary shares of RM1.00 each and one (1) special rights redeemable preference share of RM1.00. The one (1) special rights redeemable preference share of RM1.00 is held by MoF.

6. FINANCIAL DATA

The following is a summary of the audited consolidated financial results of LUSB for the past three (3) financial years ended 31 December 2002:

	-----Financial year ended 31 December-----		
	2000 RM	2001 RM	2002 RM
Revenue	3,526,152 ^{*2}	7,082,419 ^{*2}	7,124,669 ^{*3}
Profit before taxation	777,148 ^{*2}	4,469,945 ^{*2}	4,692,833 ^{*3}
Less : Taxation	(1,800)	(1,276,100)	(1,355,500)
Profit after taxation	775,348	3,193,845	3,337,333
Number of shares in issue	320,000	320,000	320,000
Net earnings per share (RM)	2.42	9.98	10.43
Gross dividend (%)	-	-	-

Notes:

^{*1} LUSB was dormant in 1998 and 1999.

^{*2} Revenue increased by approximately 100.9% from RM3.5 million in 2000 to RM7.1 million in 2001. This was due to the final dividend of 2000 and interim dividend of 2001 paid by UDA which were accounted for in 2001. Only the interim dividend of 2000 paid by UDA was accounted for in 2000 as LUSB only acquired its 24.93% equity stake in UDA after the 1999 dividend was paid. Consequently, the lower profit before taxation in 2000 as compared to 2001 was due to lower revenue earned and the recognition of one-off expenses such as legal fees and the write-off of pre-operating expenses in 2000.

^{*3} Revenue increased by approximately 0.6% in 2002 as compared to 2001 due to the marginally higher receipt of dividends during the year 2002. The increase in profit before taxation of 5.0% from RM4.5 million in 2001 to RM4.7 million in 2002 was due to lower operating expenses incurred in 2002.

^{*4} There were no extraordinary items and exceptional items arising for the years under review.

PROFORMA CONSOLIDATED BALANCE SHEETS OF MRCB TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



The Board of Directors
 Malaysian Resources Corporation Berhad
 Aras 10, Menara MRCB
 No. 2, Jalan Majlis 14/10
 Seksyen 14
 40000 Shah Alam

6 August 2003

PwC/LKS/sw/1107J

PricewaterhouseCoopers
 (AF 1146)
 Chartered Accountants
 11th Floor Wisma Sime Darby
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 50706 Kuala Lumpur, Malaysia
 Telephone +60 (3) 2693 1077
 Facsimile +60 (3) 2693 0997

**MALAYSIAN RESOURCES CORPORATION BERHAD
 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002**

Dear Sirs,

We have reviewed the Proforma Consolidated Balance Sheets of Malaysian Resources Corporation Berhad ('MRCB') and its subsidiaries ('MRCB Group') as at 31 August 2002 together with the notes thereto, for which the Directors of MRCB are solely responsible as set out in the attached Appendix which we have stamped for the purpose of identification. The Proforma Consolidated Balance Sheets of MRCB have been prepared for inclusion in the Information Circular to Shareholders to be dated 11 August 2003 in connection with the acquisition of 100% equity interest in Landas Utama Sdn. Bhd. ('LUSB') for a total cash consideration of RM88.0 million which was completed on 4 April 2003.

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheets of MRCB as at 31 August 2002, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets.

Without qualifying our opinion, we draw attention to Note 1.2 of the Notes to the Proforma Consolidated Balance Sheets of MRCB which states that the assets and liabilities of LUSB at the date of acquisition have not been measured at their respective fair values. Instead, these net assets are based on net book values in LUSB's audited financial statements as at 31 December 2002 except for the investment in associate i.e. UDA Holdings Berhad ('UDA'), which is based on the net book values in UDA's audited financial statements as at 31 December 2002. The Directors are in the process of ascertaining the fair values of the assets of LUSB following the completion of the acquisition. Any adjustments to the values of assets and liabilities of LUSB will have a corresponding effect on capital reserve on consolidation (negative goodwill), and net tangible assets.

Yours faithfully,

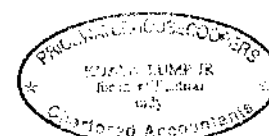
PRICEWATERHOUSECOOPERS
 (No. AF: 1146)
 Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only, to show the effects on the audited consolidated balance sheet of Malaysian Resources Corporation Berhad ('MRCB') and its subsidiaries ('MRCB Group') as at 31 August 2002 had the acquisition of Landas Utama Sdn. Bhd. ('LUSB') for a total cash consideration of RM88.0 million by MRCB been effected as at that date, after adjusting for the effects of completed material transactions prior to the acquisition of LUSB i.e. the disposal of Rashid Hussain Berhad ('RHB') and debt settlement as described in Note 2.1. The Proforma Consolidated Balance Sheets should be read in conjunction with the notes accompanying thereto.

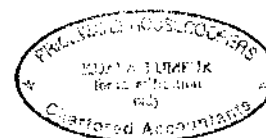
	Audited as at 31.8.2002 RM'000	Proforma I After disposal of RHB and debt settlement RM'000	Proforma II After acquisition of LUSB RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	283,259	283,259	283,259
Development properties	859,833	859,833	859,833
Associates	791,973	555,513	853,795
Jointly controlled entities	115	115	115
Other investments	467	5,729	5,729
Project development expenditure	1	1	1
Goodwill on consolidation	2,061	2,061	2,061
Deferred taxation	7,306	7,306	7,306
Trade and other receivables	131,572	131,572	131,572
	<u>2,076,587</u>	<u>1,845,389</u>	<u>2,143,671</u>
CURRENT ASSETS			
Development properties	138,205	138,205	138,205
Inventories	50,399	50,399	50,399
Trade and other receivables	260,282	260,282	261,629
Short term investment	290	290	290
Bank balances and deposits	234,689	223,338	220,112
	<u>683,865</u>	<u>672,514</u>	<u>670,635</u>
CURRENT LIABILITIES			
Provision for liabilities and charges	(22,507)	(22,507)	(22,507)
Trade and other payables	(380,180)	(329,719)	(337,640)
Short term borrowings	(552,173)	(87,173)	(288,473)
Bonds	(120,000)	(120,000)	(120,000)
Taxation	(18,690)	(18,690)	(18,690)
	<u>(1,093,550)</u>	<u>(578,089)</u>	<u>(787,310)</u>
Net current (liabilities)/assets	<u>(409,685)</u>	<u>94,425</u>	<u>(116,675)</u>



MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

	Audited as at 31.8.2002 RM'000	Proforma I After disposal of RHB and debt settlement RM'000	Proforma II After acquisition of LUSB RM'000
NON-CURRENT LIABILITIES			
Provision for liabilities and charges	(4,644)	(4,644)	(4,644)
Bonds	(791,310)	(791,310)	(791,310)
Long term borrowings	(97,112)	(97,112)	(107,012)
Long term liabilities	(11,492)	(11,492)	(11,492)
	<u>(904,558)</u>	<u>(904,558)</u>	<u>(914,458)</u>
	<u>762,344</u>	<u>1,035,256</u>	<u>1,112,538</u>
CAPITAL AND RESERVES			
Share capital	976,550	976,550	976,550
Reserves	(328,690)	(55,778)	21,504
Shareholders' funds	<u>647,860</u>	<u>920,772</u>	<u>998,054</u>
MINORITY INTEREST	114,484	114,484	114,484
	<u>762,344</u>	<u>1,035,256</u>	<u>1,112,538</u>
Net Tangible Assets ('NTA')	<u>279,437</u>	<u>835,770</u>	<u>913,052</u>
NTA per share	<u>RM0.29</u>	<u>RM0.86</u>	<u>RM0.93</u>



MALAYSIAN RESOURCES CORPORATION BERHAD

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002

1 Basis of Preparation

- 1.1 The Proforma Consolidated Balance Sheets of the MRCB Group have been prepared solely for illustrative purposes only and are based on the audited consolidated balance sheet of the MRCB Group as at 31 August 2002 and the audited balance sheets of LUSB and UDA Holdings Berhad ('UDA') as at 31 December 2002.
- 1.2 The Proforma Consolidated Balance Sheets have been prepared based on accounting policies and bases consistent with those normally adopted by MRCB in the preparation of its audited financial statements except that the assets and liabilities of LUSB at the date of acquisition have not been measured at their respective fair values. Instead, these net assets are based on net book values in LUSB's audited financial statements as at 31 December 2002 except for the investment in associate i.e. UDA, which is based on the net book values in UDA's audited financial statements as at 31 December 2002. The Directors are in the process of ascertaining the fair values of the assets of LUSB following the completion of the acquisition. Any adjustments to the values of net assets and liabilities of LUSB will have a corresponding effect on capital reserve on consolidation (negative goodwill), and net tangible assets.

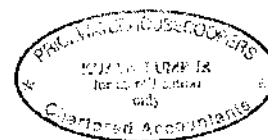
2 Proforma Consolidated Balance Sheets

2.1 Proforma I

- 2.1.1 Proforma I incorporates on a proforma basis the effects of the following completed material transactions prior to the acquisition of LUSB:

- (i) disposal of MRCB's entire 22.7% equity interest in the ordinary shares of Rashid Hussain Berhad ('RHB') for a total cash consideration of RM504.6 million ('disposal of RHB'). The disposal of RHB was approved by the shareholders of MRCB in an Extraordinary General Meeting held on 15 November 2002 and was completed on 31 December 2002; and
- (ii) settlement of MRCB's borrowings of RM465.0 million in cash from the proceeds received from the disposal of RHB and from internally generated funds.

Note: The disposal of RHB did not include the 17.224 million RHB Warrants 2001/2007 ('RHB Warrants') with a carrying book value of approximately RM5.262 million which MRCB held at the date of disposal. Following the disposal of RHB, the investment in these RHB Warrants were reclassified from 'Associates' to 'Other Investments' in the balance sheet.



MALAYSIAN RESOURCES CORPORATION BERHAD

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

2 Proforma Consolidated Balance Sheets (Continued)

2.2 Proforma II

2.2.1 Proforma II incorporates on a proforma basis the effects of Proforma I and on a proforma basis the effects of the acquisition of 100% equity interest in LUSB for a total cash consideration of RM88.0 million.

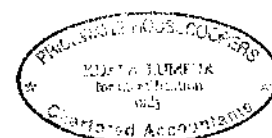
2.2.2 The acquisition of LUSB is accounted for using the acquisition method of accounting based on the audited balance sheet of LUSB as at 31 December 2002 except for the investment in associate i.e. UDA, which is based on the audited financial statements of UDA for the financial year ended 31 December 2002.

2.2.3 Pursuant to the Share Sale Agreement, LUSB was acquired by MRCB net of all cash, fixed deposits and tax credits recoverable, less all liabilities over and above the term loans with principal amounts outstanding of RM131,999,409 owing to licensed bank and the Ministry of Finance (Incorporated). Where this net amount, once determined, is greater than zero, it is to be paid to the vendors of LUSB. In this respect, based on the financial statements of LUSB for the financial year ended 31 December 2002, the proforma incorporates an amount of approximately RM7.6 million as the net amount due to vendors of LUSB and have been included under 'Trade and Other Payables' in the balance sheet.

2.2.4 Estimated expenses of RM1.0 million for the acquisition of LUSB is capitalised as part of overall cost of the acquisition.

3 Movement of reserves

	Share premium RM'000	Accumulated losses RM'000	Capital reserve on consolidation RM'000	Other reserves RM'000	Total RM'000
Audited consolidated balance sheet as at 31 August 2002	1,008,463	(1,416,218)	-	79,065	(328,690)
Gain on disposal of RHB	-	272,912	-	-	272,912
Release of share of statutory reserves on disposal of RHB	-	57,933	-	(57,933)	-
As shown in Proforma I	1,008,463	(1,085,373)	-	21,132	(55,778)
Negative goodwill arising on acquisition of LUSB	-	-	77,282	-	77,282
As shown in Proforma II	1,008,463	(1,085,373)	77,282	21,132	21,504



THE AUDITED ACCOUNTS OF LUSB FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002
TOGETHER WITH THE AUDITORS' REPORT THEREON

Company Number: 356652-U



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AUDITORS' REPORT TO THE MEMBERS OF

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement, together with the notes thereto.

The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the state of affairs of the Company at 31 December 2002, its results and cash flows for the year ended on that date ; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements of the Company; and

(forward)

Company Number: 356652-U

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

- (b) 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.



CF KOK, CHOW & CO.
AF 1245
Chartered Accountants



KOK CHOO FOOK
1255/08/03 (J)
Partner of the Firm
26 MAR 2003

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 DECEMBER 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSET			
Investment in associated company	3	131,999,409	131,999,409
CURRENT ASSETS			
Interest receivables		36,874	27,236
Tax recoverable	4	1,310,782	695,091
Fixed deposits with licensed banks	5	6,538,276	3,700,000
Cash and bank balances		35,750	46,977
		<u>7,921,682</u>	<u>4,469,304</u>
Less : CURRENT LIABILITIES			
Other payables and accruals		295,082	178,311
Term loan	6	3,299,985	-
Minister of Finance (Incorporated)	7	118,799,468	79,199,645
Provision for taxation		74	1,800
		<u>122,394,609</u>	<u>79,379,756</u>
NET CURRENT LIABILITIES		<u>(114,472,927)</u>	<u>(74,910,452)</u>
		<u>17,526,482</u>	<u>57,088,957</u>
Financed by :			
SHARE CAPITAL	8	320,000	320,000
RETAINED EARNINGS	9	<u>7,306,526</u>	<u>3,969,193</u>
SHAREHOLDERS' EQUITY		7,626,526	4,289,193
LONG TERM LIABILITIES			
Minister of Finance (Incorporated)	7	-	39,599,823
Term loan	6	<u>9,899,956</u>	<u>13,199,941</u>
		<u>17,526,482</u>	<u>57,088,957</u>

The accompanying Notes form an integral part of the Financial Statements.

Company Number: 356652-U

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM	2001 RM
Revenue	10	7,124,669	7,082,419
Direct expenses	11	(2,298,717)	(2,525,098)
Other operating expenses		<u>(133,119)</u>	<u>(87,376)</u>
Profit before taxation	12	4,692,833	4,469,945
Income tax expense		<u>(1,355,500)</u>	<u>(1,276,100)</u>
Net profit after taxation		<u>3,337,333</u>	<u>3,193,845</u>

The accompanying Notes form an integral part of the Financial Statements.

Company Number: 356652-U

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Share Capital RM	Retained Earnings RM	Total RM
Balance at 1 January 2001	320,000	775,348	1,095,348
Net profit after taxation	-	<u>3,193,845</u>	<u>3,193,845</u>
Balance at 31 December 2001	320,000	3,969,193	4,289,193
Net profit after taxation	-	<u>3,337,333</u>	<u>3,337,333</u>
Balance at 31 December 2002	<u>320,000</u>	<u>7,306,526</u>	<u>7,626,526</u>

The accompanying Notes form an integral part of the Financial Statements.

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,692,833	4,469,945
Adjustments for :		
Interest income	(84,701)	(42,451)
Interest expense	<u>1,056,635</u>	<u>1,272,006</u>
Operating profit before working capital changes	5,664,767	5,699,500
Other payables and accruals	<u>(58,457)</u>	<u>285</u>
Cash generated from operations	5,606,310	5,699,785
Tax paid	<u>(1,972,917)</u>	<u>(1,971,191)</u>
Net cash generated from operating activities	<u>3,633,393</u>	<u>3,728,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>75,063</u>	<u>21,383</u>
Net cash generated from investing activities	<u>75,063</u>	<u>21,383</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Term loan interest paid	<u>(881,407)</u>	<u>(1,097,730)</u>
Net cash used in financing activities	<u>(881,407)</u>	<u>(1,097,730)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,827,049	2,652,247
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,746,977</u>	<u>1,094,730</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>6,574,026</u>	<u>3,746,977</u>
Cash and cash equivalents comprise :		
Fixed deposits with licensed banks	6,538,276	3,700,000
Cash and bank balances	<u>35,750</u>	<u>46,977</u>
	<u>6,574,026</u>	<u>3,746,977</u>

The accompanying Notes form an integral part of the Financial Statements.

LANDAS UTAMA SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2002

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The principal activity of the Company is that of investment holding. There has been no changes in this activity during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are located at Level 14 Uptown 1, 1 Jalan SS21/58 Damansara Uptown, 47000 Petaling Jaya, Selangor Darul Ehsan.

At the end of the current and previous financial years, the Company does not have any employee.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Investment in Associated Company

An associated a company is a Company in which the Company has a long term equity interest of between 20% to 50% and where the Company has representation on the Board and also in a position to exercise significant influence over the financing and operating policies. The investment is stated at cost and its results are not equity accounted for as no group financial statements are prepared.

Provision for diminution in value is made when, in the opinion of the directors, there is a permanent diminution in the value of the investment.

Revenue Recognition

Dividend income arising from investment is taken into the Income Statement on receipt basis.

Fixed deposit interest is recognised on accrual basis.

Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the end of the balance sheet date.

Cash Equivalents

The Company adopts the indirect method in the preparation of the cash flow statement. Cash equivalents are short-term, highly-liquid investments and are readily convertible to cash with insignificant risk of changes in value.

3. INVESTMENT IN ASSOCIATED COMPANY

	2002 RM	2001 RM
Quoted shares in Malaysia, at cost	<u>131,999,409</u>	<u>131,999,409</u>
Market value at 31 December	<u>99,439,555</u>	<u>91,519,590</u>

The investment represents 24.9% interest in UDA Holdings Berhad, a company incorporated in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange. The investee company is principally involved in developing and implementing urban development projects in certain geographical location in Malaysia and other related activities in relation to it.

The investment is registered under the name of a nominee company to be held as security for banking facilities obtained to finance the investment by the Company. The Company is restricted to dispose of 90% of the investment within three years from the date of acquisition.

Had the equity method of accounting been adopted for the associated company, the carrying value of the investment for the year would have been as follows :

	2002 RM	2001 RM
Investment at cost	131,999,409	131,999,409
Share of post-acquisition profit	<u>7,012,849</u>	<u>4,065,818</u>
	<u>139,012,258</u>	<u>136,065,227</u>

Had the equity method of accounting been adopted, the effect on the Income Statement for the year would have been as follows :

	2002 RM	2001 RM
Profit before taxation	4,692,833	4,469,945
Share of profit from associated company	<u>12,859,107</u>	<u>11,199,000</u>
	17,551,940	15,668,945
Dividend received during the year	<u>(7,039,968)</u>	<u>(7,039,968)</u>
	<u>10,511,972</u>	<u>8,628,977</u>

(forward)

	2002 RM	2001 RM
Taxation :		
- The Company	(1,355,500)	(1,276,100)
- Associated Company	<u>(4,843,299)</u>	<u>(3,458,000)</u>
	(6,198,799)	(4,734,100)
- 28% tax on dividend income	1,971,191	1,971,191
	<u>(4,227,608)</u>	<u>(2,762,909)</u>
Net profit after taxation	6,284,364	5,866,068
Retained earnings at beginning of year	<u>8,035,011</u>	<u>2,168,943</u>
Retained earnings at end of year	<u>14,319,375</u>	<u>8,035,011</u>
<i>Retained by :</i>		
The Company	7,306,526	3,969,193
Associated Company	<u>7,012,849</u>	<u>4,065,818</u>
	<u>14,319,375</u>	<u>8,035,011</u>

4. TAX RECOVERABLE

The amount comprises of income tax deducted from dividend in excess of the Company's liabilities subject to agreement with the Inland Revenue Board.

5. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are held as sinking fund for service of interest and settlement of loan.

6. TERM LOAN

This amount represents 10% of the total term loan obtained to finance the cost of investment in associated company. The term loan bears interest at 1.5% above the Bank's Base Lending Rates and is repayable by 12 quarterly payments after the full release of the total term loan. It is secured by facility agreement, memorandum of deposit of shares, jointly and severally guaranteed by all directors and a sinking fund generated through sales of shares or dividend received from the investment concern.

	2002 RM	2001 RM
Amount repayable within 12 months	3,299,985	-
Amount repayable after 12 months	<u>9,899,956</u>	<u>13,199,941</u>
	<u>13,199,941</u>	<u>13,199,941</u>

7. MINISTER OF FINANCE (INCORPORATED)

	2002 RM	2001 RM
Amount payable within 12 months	118,799,468	79,199,645
Amount payable after 12 months	<u>-</u>	<u>39,599,823</u>
	<u>118,799,468</u>	<u>118,799,468</u>

The amount represents balance of purchase consideration for investment in associated company payable by three equal annual payments from the date of the sale and purchase agreement. The amount is guaranteed by a licensed commercial bank under which a term loan to be released through three tranches is provided to the Company to finance the investment. Two tranches were due and the loan was not released in accordance to the Sale and Purchase Agreement. The loan if released, carry an interest of 1.5% above the Bank's Base Lending Rates and is repayable over a period of 5 years. There is no specific clause in respect of defaults on these two payments. The Directors of Landas Utama Sdn. Bhd. has appealed to MOF for waiver of default interest or reduction of rate, if interest is chargeable.

The third tranche is due on the 19th April 2003 after which interest at a rate of ten per cent (10%) per annum shall be paid by the Company to Minister of Finance in respect of such outstanding sum after the Final Payment Date until full settlement of the said payments.

8. SHARE CAPITAL

	2002 RM	2001 RM
<u>Authorised</u> 1,000,000 ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>
<u>Issued and fully paid</u> 320,000 ordinary shares of RM1 each	<u>320,000</u>	<u>320,000</u>

9. RETAINED EARNINGS

The Company has in its exempt account a balance of RM3,519,984.00.

Subject to the agreement by the Inland Revenue Board, the Company can frank the balance of its retained earnings by way of dividend without incurring additional tax liability.

10. REVENUE

Revenue comprises of dividend and interest income.

11. DIRECT EXPENSES

Included in the direct expenses is an amount of RM1,056,635 (2001 : RM1,272,006) being the term loan and overdraft interest.

12. PROFIT BEFORE TAXATION

	2002	2001
	RM	RM
The profit before taxation is arrived at after charging :		
Directors' fee	-	70,000
Audit fee	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of financial statements.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Information Circular has been seen and approved by the Directors of MRCB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

2. CONSENTS

CIMB, CF Kok, Chow & Co, and PricewaterhouseCoopers have given and have not subsequently withdrawn their written consents to the inclusion in this Information Circular of their names and/or letters and all references to them in the form and context in which they appear in this Information Circular.

3. MATERIAL LITIGATION

(a) MRCB Group

Save as disclosed below, neither MRCB nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of MRCB do not have any knowledge of any proceedings pending or threatened against the MRCB Group or of any fact likely to give rise to any proceeding which might materially affect the position or business of the MRCB Group:

(i) CLAIM BY HT MALTEC CONSULTANTS SDN BHD AGAINST SERI IPOH-LUMUT EXPRESSWAY SDN BHD FOR THE SUM OF RM10,092,800

By a letter of demand dated 2 August 2001, HT Maltec Consultants Sdn Bhd ("Maltec") has claimed against Seri Ipoh-Lumut Expressway Sdn Bhd ("Silex"), a subsidiary of MRCB the sum of RM10,092,800 owing by Silex to Maltec pursuant to a consultancy agreement dated 27 October 1999. The parties have referred the matter for arbitration and appointed Dato' Syed Ahmad Aidid as the arbitrator. Silex disputes any such liability pertaining to the said outstanding sum and filed their defence and counter-claims against Maltec on 27 June 2003. The hearing of the arbitration will commence on 10 November 2003.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(ii) HIGH COURT OF SABAH & SARAWAK IN THE FEDERAL TERRITORY OF LABUAN WRIT SUMMONS NO. L22-05-2002 SYARIKAT DAYAUSAHA BUMIPUTRA-PUTRA ENTREPRENEUR JV (SUING AS A FIRM) V MRCB ENGINEERING SDN BHD AND MRCB

A Writ of Summons dated 11 March 2002 was served on MRCB Engineering Sdn Bhd ("MESB"), a subsidiary of MRCB, and MRCB by Syarikat Dayausaha Bumiputra-Putra Entrepreneur JV ("SDBPE") whereby SDBPE has made a total claim of RM16,612,611 against MESB (or alternatively, MRCB) for wrongful and premature termination of a sub-contract allegedly entered into between SDBPE and MESB in relation to the construction and completion of a proposed matriculation college at Jalan OKK Daud, Jalan Merinding, Labuan.

A Striking Out application and a Stay of Proceeding application were subsequently filed by MESB and MRCB on 24 April 2002. The Court had dismissed these two (2) applications on 21 January 2003. MESB and MRCB have filed their appeal against the decision on 28 January 2003. The appeals are scheduled to be heard on 12 February 2004.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(iii) **CLAIM AGAINST MRCB BY SUEDY SUWENDY, SUWENDY, ISKANDAR KADRY BIN ABDUL KADIR, DEWI SUWENDY, ADIL, ROSAINI BINTI HAJI ABDUL LATIF, AND SAW KHENG HOE (COLLECTIVELY "THE CLAIMANTS") FOR A SUM OF APPROXIMATELY RM30,350,000**

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

Alleging delays and/or failure on the part of MPD in completing the transaction, Messrs. KT Tan & Co (solicitors for the Claimants) had by letter dated 28 February 2002 demanded the following:

- a sum of RM10,563,000 to be released to Messrs. KT Tan & Co (as stakeholders of the Claimants) for the purpose of disbursement to TRSB's creditors;
- a sum of RM9,020,000 to be disbursed to Aseambankers Malaysia Berhad ("Aseambankers");
- a sum of RM9,417,000 to be paid to the Claimants' authorised representative, Mr. Suedy Suwendy;
- a sum amounting to approximately RM600,000 to be paid to Messrs. KT Tan & Co as stakeholders for late payment interest on the balance sum (excluding the sum to be paid to Aseambankers) from the date of the FIC approval until end February 2002; and
- a sum of approximately RM750,000 being penalty or late payment interest owing to Aseambankers.

MPD has denied liability and alleged that the conditions precedent to the SSA have not been fulfilled. At the same time, MPD has demanded repayment of RM6,000,000 being the monies already by paid by MPD under the terms of the SSA. Subsequently, MPD had filed an application to serve summons outside jurisdiction against the Claimants on 23 October 2002. Summons were issued against all defendants within jurisdiction on 9 May 2003. As for the Claimants outside jurisdiction, order to serve summons was obtained on 28 May 2003. A writ was filed at Court on 5 June 2003 and agents were appointed in Indonesia and Singapore to serve the respective writs to the relevant Claimants.

The Directors of MRCB are of the opinion that MPD has reasonable grounds of defence to the Claimants' demands and that MPD's claim has merit and a reasonable chance of success.

(iv) **HIGH COURT OF MALAYA AT KUALA LUMPUR PETITION NO. D3-26-14 OF 2003**
PETITIONER: MILMIX SDN BHD (FORMERLY KNOWN AS MRCB CONSTRUCTION SDN BHD)

Milmix Sdn Bhd (*formerly known as MRCB Construction Sdn Bhd*) (“**Milmix**”) had petitioned the Court to sanction a scheme of arrangement (“**Scheme**”) between Milmix and its creditors pursuant to Section 176 of the Act. Earlier, the Court had on 23 September 2002 granted Milmix a restraining order (“**RO**”) pursuant to Subsection 176(10) of the Act for a period of three (3) months from the date of the RO as well as ordered a meeting of the creditors of Milmix to be convened for the purpose of considering and, if thought fit, approving the Scheme. On 18 December 2002, Milmix’s creditors had approved the Scheme. The Court sanctioned the Scheme on 24 April 2003 and the Scheme became effective on 15 July 2003 when the court order was lodged with the Registrar of Companies. Milmix is in the process of making payments under the Scheme to settle its creditors’ claims as stated under items (v) to (viii) below.

(v) **WINDING-UP NOTICE BY HOHUA GLAZIER SDN BHD V MILMIX**

Milmix had been served with a Winding-Up Notice under Section 218 of the Act on 9 July 2002 by Hohua Glazier Sdn Bhd (“**HGSB**”) who are claiming payment amounting to RM31,615 for works completed by the Claimant for the Kota Kemuning Project.

In view of the Scheme, the matter is pending for Milmix to settle HGSB’s claim in accordance with the terms of the Scheme, which are binding for HGSB.

(vi) **HIGH COURT OF MALAYA AT SHAH ALAM WINDING-UP PETITION NO: 28-187-2002 BY CLASSIC ALUMINIUM & GLAZIER SDN BHD V MILMIX**

Milmix had been served with a Winding-Up Notice under Section 218 of the Act dated 9 July 2002 by Classic Aluminium & Glazier Sdn Bhd (“**CAGSB**”) who are claiming payment of up to RM134,048 for works completed by the claimant in relation to the Kota Kemuning Project. A Winding-Up petition was served on Milmix on 2 October 2002.

In view of the Scheme, the matter is pending for Milmix to settle CAGSB’s claim in accordance with the terms of the Scheme, which are binding for CAGSB.

(vii) **HIGH COURT OF MALAYA AT KUALA LUMPUR WINDING-UP PETITION NO: 28-675-2002 BY EVERTREND (M) SDN BHD V MILMIX**

Milmix had been served with a Winding-Up Notice under Section 218 of the Act dated 28 June 2002 by Evertrend (M) Sdn Bhd (“**Evertrend**”) who are claiming an amount of RM186,303.30 being payment due and owing to Evertrend from Milmix. Evertrend is a subcontractor for the supply and instalment of parquet for the Company.

In view of the Scheme, the matter is pending for Milmix to settle Evertrend’s claim in accordance with the terms of the Scheme, which are binding for Evertrend.

(viii) **NOTICE OF DEMAND (PURSUANT TO SECTION 218 OF THE ACT) BY APEXJAYA INDUSTRIES SDN BHD AGAINST MILMIX FOR THE SUM OF RM14,506**

Vide a Notice of Demand dated 30 July 2002 sent by their solicitors Messrs. Yip & Co., Apexjaya Industries Sdn Bhd (“Apexjaya”) has made a claim for the sum of RM14,506 (the “Said Sum”) being the balance due and payable for goods sold and delivered and services rendered to Milmix. The said Notice of Demand has given Milmix a total of 21 days from receipt thereof to repay the Said Sum, failure of which action will be taken to wind up Milmix under Section 218 of the Act. Milmix received the said Notice of Demand on 31 July 2002.

In view of the Scheme, the matter is pending for Milmix to settle Apexjaya’s claim in accordance with the terms of the Scheme, which are binding for Apexjaya.

(ix) **HIGH COURT OF MALAYA AT KUALA LUMPUR CIVIL SUIT NO: D4-22-1666-02 BETWEEN EKOVEST-KMZ-DRAGAGES SDN BHD AND HSBC BANK MALAYSIA BERHAD AND KUALA LUMPUR SENTRAL SDN BHD**

Pursuant to a contract between Kuala Lumpur Sentral Sdn Bhd (“KLSSB”), a subsidiary of MRCB and Ekovest-KMZ-Drageges Sdn Bhd (“EKDSB”) whereby EKDSB had agreed to be the main contractor for the KL Sentral development and its related infrastructure works (the “KL Sentral Project”), EKDSB had provided a performance security by way of a bank guarantee issued by HSBC Bank Malaysia Berhad, the first defendant on this case (“HSBC”) in favour of the KLSSB for the amount of RM35,687,400 on 30 April 1997 and which was further renewed by another bank guarantee issued on 12 January 2001 (the “Bank Guarantee”).

Subsequently, KLSSB refused to issue the Taking Over Certificate on the basis that there still remained uncompleted works. In response, EKDSB issued a Writ of Summons dated 17 October 2002 whereby EKDSB accused KLSSB of having acted fraudulently, unconscionably and in bad faith and in breach of the contract.

EKDSB also filed an ex-parte application on 17 October 2002 whereby EKDSB has prayed for, inter alia, an injunction that HSBC be restrained from making payment to KLSSB on any claim and/or demand made by KLSSB on the Bank Guarantee or an injunction that KLSSB be restrained from calling or demanding payment on the Bank Guarantee.

The Court has dismissed the said application for an injunction on 29 January 2003. EKDSB has applied for an Erinford Injunction and such application has been fixed for further mention on 9 October 2003.

The parties have on 25 July 2003 executed a settlement agreement, and EKDSB has agreed to withdraw all suits with immediate action.

The Directors of MRCB expect the matter to be amicably settled.

(x) **HIGH COURT OF MALAYA AT KUALA LUMPUR PETITION NO. D-26-17 OF 2003
PETITIONER: MRCB**

On 17 March 2003, MRCB had applied to the Court by way of petition for a confirmation of the Court of a reduction of MRCB’s paid-up share capital, and cancellation of the share premium account of MRCB, which would entail a repayment of assets by way of a distribution in specie of certain shares held by MRCB to its members as well as the reduction of its deficit in the profit and loss account. The aforesaid proposed capital reduction is the final part of a debt and corporate restructuring exercise presently undertaken by MRCB and its subsidiaries and associated companies.

In essence, MRCB had sought the Court's confirmation of the proposed reduction of MRCB's paid-up capital and share premium account as that proposed in a special resolution of MRCB duly passed at an Extraordinary General Meeting of MRCB held on 25 February 2003.

On 21 April 2003, upon an application for Summons for Directions dated 25 March 2003, an order had been obtained and directions were given.

As at the date hereof, a list of creditors in terms of Form 5 of the Capital Reduction Rules had been advertised in compliance with the aforesaid order, and an affidavit in terms of Form 6 of the Capital Reduction Rules has been filed before 5 June 2003. The hearing of the petition for capital reduction of MRCB was heard on 8 July 2003 and the court has granted the order for the petition. Sealed copies of the order have been extracted and lodged with Registrar of Companies on 30 July 2003.

(b) LUSB

LUSB is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of LUSB do not have any knowledge of any proceedings pending or threatened against LUSB or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of LUSB.

4. MATERIAL CONTRACTS

(a) MRCB Group

Save as disclosed below, there are no other material contracts (not being contracts entered into the ordinary course of business) which have been entered into by MRCB or its subsidiaries within the two (2) years immediately preceding the date of this Information Circular:

- (i) A conditional agreement dated 22 October 2001 between MRCB, TV3 and Media Prima Berhad ("Newco"), in respect of the parties' mutual intention and obligation to carry out the Proposed Schemes (as referred to in the Circular of MRCB dated 31 January 2003 and approved by its shareholders on 25 February 2003).
- (ii) A conditional agreement dated 22 October 2001 between MRCB and Newco (as varied by a supplemental agreement dated 21 January 2002 and another supplemental agreement dated 26 November 2002) wherein MRCB agreed to sell, and Newco agreed to purchase, 94,035,540 ordinary shares of RM1.00 each representing approximately 43.5% of the issued and paid-up capital of NSTP for the total purchase consideration of RM399,651,045 or RM4.25 per share based on a willing buyer-willing seller basis and to be satisfied as follows:
 - (aa) the issuance to MRCB of RM180.0 million nominal amount of Newco irredeemable convertible unsecured loan stocks ("ICULS") at par;
 - (bb) the issuance to MRCB at an issue price of RM1.10 per share of 199,682,768 new ordinary shares of RM1.00 each in Newco ranking pari passu in all respects with the existing issued shares in Newco as at the date of issue and allotment; and
 - (cc) Newco writing (at the request of MRCB) one (1) or more put options in favour of one (1) or more of the lenders of MRCB (whose identities shall be subject to the approval of Newco and such approval not to be unreasonably withheld) whereby the holders of the put option can require Newco to purchase up to all the Newco ICULS. The put options shall be secured by a charge over 47,368,421 NSTP shares comprising part of the sale shares, which represent 21.9% of the entire issued and paid-up capital of NSTP.

- (iii) A conditional share subscription agreement dated 22 October 2001 between MRCB and Newco wherein MRCB agreed to subscribe for 77,300,000 ordinary shares of RM1.00 each in Newco at the subscription price of RM1.10 per share or a total subscription price of RM85,030,000.
- (iv) A share sale agreement dated 23 November 2001 between MRCB and Tenaga Nasional Berhad (“TNB”) whereby MRCB agreed to dispose to TNB its entire 70% equity interest in Sepang Power Sdn Bhd (amounting to 700,000 sale shares) for a total cash consideration of RM115,000,000. This transaction was completed on 20 May 2002.
- (v) A share sale agreement dated 9 February 2002 between MRCB and TNB whereby MRCB agreed to dispose to TNB its entire 20% equity interest in Fibrecomm Network (M) Sdn Bhd for a cash consideration of RM22,000,000. This transaction was completed on 28 August 2002.
- (vi) A Letter of Award dated 25 February 2002 issued by Sabah Electricity Sdn Bhd (“SESB”) to Transmission Technology Sdn Bhd, a subsidiary of MRCB and Sharikat Permodalan Kebangsaan Berhad (collectively, “TTSB-SPK Consortium”) whereby SESB agreed to award the Survey Works and Wayleave Services for the East-West Grid Interconnection Project (“**Sabah East-West Project**”) to the TTSB-SPK Consortium. Further to the abovementioned Letter of Award, on 25 March 2002, SESB and the TTSB-SPK Consortium entered into a Survey Works & Wayleave Services Agreement for the TTSB-SPK Consortium to undertake, carry out, execute and complete the Survey Works and Wayleave Services in relation to the Sabah East-West Project for a consideration of RM8,245,000.
- (vii) A Letter of Award dated 26 March 2002 from SESB to the TTSB-SPK Consortium wherein TTSB-SPK Consortium was awarded the Implementation of 275 kilovolt (“kV”) and 132kV Transmission Lines Project for the Sabah East-West Project subject to the final approval from the Federal Treasury, Ministry of Finance at a contract price of RM425,000,000. On 12 July 2002, SESB issued its Letter of Acceptance based on a contract price of RM400,000,000. Subsequently, on 4 October 2002, the TTSB-SPK Consortium entered into a main contract with SESB in relation to the Sabah East-West Project. The total contract price is RM400,000,000 which includes a provisional sum of RM10,000,000 for telecommunication equipment.
- (viii) The conditional sale and purchase agreement dated 20 March 2002 entered into between MRCB and Utama Banking Group Berhad in relation to the RHB Disposal which was duly completed on 31 December 2002.
- (ix) A conditional sale and purchase of share agreement dated 29 August 2002 between Zelleco (M) Sdn Bhd, a subsidiary of MRCB (“ZMSB”), Sasaran Bahagia Sdn Bhd (“SBSB”) and Zelleco Engineering Sdn Bhd, also a subsidiary of MRCB (“ZESB”) whereby ZMSB has agreed to sell to SBSB 11,983,300 ordinary shares of RM1.00 each representing 70% of the enlarged issued and paid-up capital of ZESB. This transaction was completed on 31 January 2003.

- (x) A joint venture and shareholders' agreement dated 24 October 2002 between MRCB and Wira Kristal Sdn Bhd ("**WKS**") whereby the parties herein have agreed to establish a joint venture company known as Nuzen Corporation Sdn Bhd ("**NCS**") which in turn will wholly own a company known as Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("**KL**"). By a Letter of Exclusivity dated 10 May 2001, the Government of Malaysia (the "**Government**") has agreed to privatise the design, construction, operation and management of the Kuala Lumpur North-East Expressway ("**Expressway Project**") and KLUT has been awarded with the Expressway Project. Both MRCB and WKS via NCS have agreed to use KLUT as the vehicle for the joint venture between the parties to undertake the implementation of the Expressway Project in accordance with the terms and conditions of a concession agreement to be negotiated and entered into with the Government. 70% of the issued share capital of NCS shall be held by WKS with the remaining 30% held by MRCB.
- (xi) A conditional sale and purchase agreement dated 15 January 2003 entered into between MRCB and the Vendors for the Acquisition.
- (xii) A deed of assignment dated 15 January 2003 entered into between BP Plantations Sdn Bhd ("**BPS**") and MRCB Cahaya Mutiara Sdn Bhd ("**MRCB Cahaya**"), whereby BPS assigns all its estates, rights, title, interests and benefits under the Principal Agreements (as defined below) to MRCB Cahaya. BPS is the beneficial and registered proprietor of a piece of land ("**Land**"). By a sale and purchase agreement dated 29 January 2000 and as varied/amended by a supplemental agreement dated 7 February 2002 (collectively "**Principal Agreements**"), BPS agreed to sell a portion of the Land to MRCB Cahaya for a purchase price of RM16,121,619. MRCB Cahaya had paid in full the purchase price to BPS.
- (xiii) A supplemental joint venture agreement dated 19 February 2003 entered into between MRCB and Keretapi Tanah Melayu Berhad ("**KTMB**") and Pembinaan Redzai Sdn Bhd ("**RS**") to vary and supplement the terms of the joint venture agreement dated 18 April 1996 which governs the mutual rights and obligations of MRCB, KTMB and RS as shareholders in KLSSB.
- (xiv) A sale and purchase agreement dated 7 April 2003 entered into between MRCB and Anchor Developments Pte. Ltd. ("**ADPL**") and Fraser & Neave Holdings Bhd ("**F&N**") whereby MRCB agreed to purchase:
- (aa) one (1) ordinary share in Harmonic Fairway Sdn Bhd from each of ADPL and F&N, for a consideration of RM2.00 payable in cash; and
- (bb) to acquire all rights and interests of ADPL and F&N in relation to a sum of RM44,560,000 which had been advanced by ADPL and F&N jointly to Promising Quality Sdn Bhd, a wholly owned subsidiary of Harmonic Fairway Sdn Bhd, for a consideration of RM4,999,998 payable in cash.
- The transaction was completed on 17 July 2003.
- (xv) A settlement agreement dated 30 April 2003 entered into between Juranas and MRCB to settle all disputes and claims between the parties thereto. Under the terms of the settlement, Juranas agreed to discontinue all civil actions against MRCB.
- (xvi) MRCB and Malaysian Resources International Sdn. Bhd. ("**MRI**"), a wholly owned subsidiary of the Company, executed a conditional sale agreement on 30 June 2003 with Golden Bay International Management Inc. ("**GBI**") and another conditional sale agreement with Table Mountain Holdings Sdn Bhd ("**TMH**") (collectively "**Purchasers**") for the disposal of the entire equity interest in MRCB Mauritius Limited ("**MML**") and the sale of MRCB's advances to Novelway Investments (Proprietary) Limited ("**Novelway**") for a total cash consideration for RM38.0 million ("**Proposed Disposal**").

The Proposed Disposal involves the sale of the entire equity of MML comprising 100 ordinary shares of USD1.00 each by MRI to GBI and TMH in the proportion of 80% and 20% respectively, and the sale of MRCB's advances to Novelway for RM32.0 million and RM6.0 million to GBI and TMH respectively.

A deposit of RM10.4 million was paid upon signing by the Purchasers whilst the remaining balance will be paid as follows:

- RM5.0 million within three (3) months of the sale agreements;
- RM19.8 million within 12 months of the sale agreements; and
- RM2.8 million within 24 months of the sale agreements.

The sale agreement with GBI is expected to be completed within 12 months whilst that with TMH is expected to be completed within 24 months from the date of the agreement.

(b) LUSB

Save as disclosed below, there are no other material contracts (not being contracts entered into the ordinary course of business) which have been entered into by LUSB within the two (2) years immediately preceding the date of this Information Circular.

The Supplemental Agreement in relation to matters such as pre-emption rights, composition of Board of Directors, procedures of appointment of Directors' and senior management, procedures with regards to the decision making of affairs of UDA and membership in certain decision making and review committees of UDA.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours on any business day at the Registered Office of the Company at Aras 10, Menara MRCB, No. 2, Jalan Majlis 14/10, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan from the date of this Information Circular up to two (2) weeks following its publication:

- (a) Memorandum and Articles of Association of MRCB and LUSB;
- (b) Audited financial statements of MRCB for the past two (2) financial years ended 31 August 2001 and 2002 and the unaudited quarterly report for the nine (9) months ended 31 May 2003;
- (c) Audited financial statements of LUSB for the past two (2) financial years ended 31 December 2001 and 2002;
- (d) Proforma consolidated balance sheets of MRCB together with the Reporting Accountants' letter;
- (e) Letters of consent referred to paragraph 2 above;
- (f) The writ of summons and/or statement of claim referred to in paragraph 3 above; and
- (g) Material contracts referred to paragraph 4 above.