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.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

MANAGEMENT CONTRACT BETWEEN KWASA SENTRAL SDN BHD ("KSSB"), A 70%-OWNED SUBSIDIARY OF MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB"), AND MRCB LAND SDN BHD ("MRCB LAND"), A WHOLLY-OWNED SUBSIDIARY OF MRCB, FOR THE APPOINTMENT OF MRCB LAND AS THE MANAGEMENT CONTRACTOR IN CONNECTION WITH THE DEVELOPMENT AND CONSTRUCTION OF A MIXED DEVELOPMENT IDENTIFIED TO BE THE TOWN CENTRE OF THE KWASA DAMANSARA TOWNSHIP, ON A PIECE OF LAND OWNED BY KSSB MEASURING 64.30 ACRES KNOWN AS MX-1, HELD UNDER HSD 315671, LOT NO. PT50854, MUKIM SUNGAI BULOH, DAERAH PETALING, SELANGOR DARUL EHSAN, FOR A PROVISIONAL TOTAL PROJECT SUM OF RM7,461,991,606 PAYABLE IN CASH ("PROPOSED MX-1 CONSTRUCTION")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED MX-1 CONSTRUCTION

PART C

(I) PROPOSED JOINT VENTURE BETWEEN RUKUN JUANG SDN BHD ("RJSB"), AN 85%-OWNED SUBSIDIARY OF MRCB LAND, AND TANJUNG WIBAWA SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE EMPLOYEES PROVIDENT FUND BOARD, FOR THE PURPOSE OF DEVELOPING THREE (3) PARCELS OF LEASEHOLD LAND LOCATED IN BUKIT JALIL, KUALA LUMPUR ("LANDS") ("PROPOSED JOINT VENTURE"); AND

(II) MANAGEMENT CONTRACT BETWEEN BUKIT JALIL SENTRAL PROPERTY SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF RJSB, AND MRCB LAND FOR THE APPOINTMENT OF MRCB LAND AS THE MANAGEMENT CONTRACTOR IN CONNECTION WITH THE DEVELOPMENT AND CONSTRUCTION OF A MIXED DEVELOPMENT ON THE LANDS FOR A PROVISIONAL TOTAL PROJECT SUM OF RM11,007,326,245 PAYABLE IN CASH ("PROPOSED CONSTRUCTION")

PART D

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED JOINT VENTURE AND PROPOSED CONSTRUCTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Parts A and C	Independent Adviser for Part B	Independent Adviser for Part D
RHB InvestmentBank **RHB Investment Bank Berhad** (Company No. 19663-P) (A Participating Organisation of Bursa Malaysia Securities Berhad)	Kenanga Kenanga Investment Bank Berhad Company No. 15678-H (A Participating Organisation of Bursa Malaysia Securities Berhad)	PUBLIC INVESTMENT BANK BERHAD (20027-W) A Participating Organisation Of Bursa Malaysia Securities Berhad (Wholly-owned Subsidiary Of Public Bank Berhad)

The notice of the Extraordinary General Meeting ("**EGM**") of MRCB which will be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 12:00 noon or immediately after the conclusion of the 47th Annual General Meeting of MRCB which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

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

This Circular is dated 4 May 2018

TABLE OF CONTENTS

The rest of this page has been intentionally left blank

PART A

PROPOSED MX-1 CONSTRUCTION

DEFINITIONS

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

Act	:	Companies Act, 2016
Board	:	Board of Directors of MRCB
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Circular	:	This circular dated 4 May 2018 in relation to the Proposed MX-1 Construction
Development	:	The mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by KSSB measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan
EGM	:	Extraordinary general meeting
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
FYE	:	Financial year ended/ending, as the case may be
GDC	:	Gross development cost
GDC Report	:	The report dated 21 March 2018 prepared by the QS in relation to its independent analysis of the GDC for the Development
GDV	:	Gross development value
GST	:	Goods and services tax imposed in Malaysia in accordance with the Goods and Services Tax Act 2014
IAL	:	Independent advice letter from Kenanga Investment Bank to the non-interested shareholders of MRCB in relation to the Proposed MX-1 Construction
Interested Directors	:	Collectively, Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof
Interested Major Shareholder	:	EPF
Kenanga Investment Bank or Independent Adviser	:	Kenanga Investment Bank Berhad (15678-H)
KSSB or Employer	:	Kwasa Sentral Sdn Bhd (1089956-W), a 70%-owned subsidiary of MRCB
KSSB Shares	:	Ordinary shares in KSSB
KUSB	:	Kwasa Utama Sdn Bhd (1089957-K), a company which EPF has 100% effective equity interest in
Kwasa Land	:	Kwasa Land Sdn Bhd (849896-A), a wholly-owned subsidiary of EPF
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	20 April 2018, being the latest practicable date prior to the printing of this Circular

Management Contract	:	Management contract dated 22 March 2018 entered into between KSSB and MRCB Land in relation to the Proposed MX-1 Construction
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Builders	:	MRCB Builders Sdn Bhd (300947-T), a wholly-owned subsidiary of MRCB
MRCB Group or Group	:	Collectively, MRCB and its subsidiaries
MRCB Land or Management Contractor	:	MRCB Land Sdn Bhd (62218-D), a wholly-owned subsidiary of MRCB
MRCB Shares	:	Ordinary shares in MRCB
NA	:	Net assets
Parties	:	Collectively, MRCB Land and KSSB, and "Party" shall be construed accordingly
Proposed MX-1 Construction	:	The appointment of MRCB Land by KSSB as the Management Contractor in connection with the development and construction of the Development for the Provisional Total Project Sum
Provisional Total Project Sum	:	The provisional total project sum in connection with the Proposed MX-1 Construction of RM7,461,991,606 which is payable in cash
PwC or Reporting Accountants	:	PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad (19663-P)
YMF or QS	:	Yong Dan Mohamad Faiz Sdn Bhd (13239-K)

Currency

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

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

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

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

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

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

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

The rest of this page has been intentionally left blank

EXECUTIVE SUMMARY FOR PART A OF THIS CIRCULAR

This executive summary represents only a summary of the pertinent information on the Proposed MX-1 Construction as set out in Part A of this Circular and you are advised to read and carefully consider the contents of Part A of this Circular and the IAL as set out under Part B of this Circular before voting on the resolution pertaining to the Proposed MX-1 Construction at the forthcoming EGM. Unless otherwise stated, all abbreviations used herein are as defined in Part A of this Circular.

1. SUMMARY OF THE PROPOSED MX-1 CONSTRUCTION

On 22 March 2018, RHB Investment Bank had, on behalf of your Board, announced that MRCB Land had entered into a management contract with KSSB for the appointment of MRCB Land as the Management Contractor in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by KSSB measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan for a provisional total project sum of RM7,461,991,606 payable in cash.

The Development, which will span approximately 12 years from 2018 to 2030, is expected to be a residential and commercial hub with a plot ratio of 1:3.5, of which 60% is designated for commercial use and the remaining 40% is designated for residential use. The GDV for the Development is currently estimated to be RM10,554,517,738 and the Development is expected to comprise ten (10) separate development plots ("**Plots**"), which consist of six (6) blocks of office tower, two (2) blocks of hotel, one (1) block of wellness centre, three (3) retail blocks, fifteen (15) residential blocks and recreational facilities. An outline of the types of development to be carried out on each of the Plots is set out below:-

(a) Plot A: Shopping mall, service apartment, hotel and office tower;

(b) Plot B: Hotel, wellness centre, office towers and shopping mall;

(c) Plot C: Small office/home office apartments, shop office and office towers;

(d) Plots D1, D2, E1, E2, F and G: Service apartments; and

(e) Plot H: Recreational facilities.

As at LPD, the individual development plans for the respective Plots have been submitted to the relevant authorities and are pending approval. Nevertheless, site clearing works have commenced. Based on the Management Contract, the total estimated GDC for the Development is RM8,550,517,736.

Pursuant to the terms and conditions of the Management Contract, MRCB Land's role as Management Contractor shall entail the following:-

(i) to construct financial models as a basis for planning the Development, which comprises the preparation of an initial feasibility study for the concept and composition of the Development ("**Concept Plan**") and an Updated Feasibility Study (as defined in Section 2.6.2(a)(ii) of Part A of this Circular) ("**Feasibility Study Preparation Services**");

(ii) to provide sales and marketing consultancy to the Employer on an exclusive basis for the buildings to be developed as part of the Development in accordance with the Concept Plan ("**Sales and Marketing Consultancy**");

(iii) to provide project management services for the Development as a whole and for each Plot and facilitate the Employer on a best endeavour basis in obtaining all authority and statutory approvals required for the Development as a whole and specifically for each Plot (collectively "**PMR Services**"); and

(iv) to provide, among others, planning, design, construction as well as testing and commissioning of the works for each Plot, details of which shall be set out in the individual EPCC Contracts (as defined herein) ("**EPCC Works**").

The services described in subparagraphs (i) to (iv) above are collectively referred to as the "**Services**".

The Provisional Total Project Sum which is payable by KSSB to MRCB Land in cash is estimated to be RM7,461,991,606 (inclusive of GST) and shall include the following:-

(a) provisional contract costs of RM6,913,726,969 ("**Provisional Contract Costs**") comprising the following (all of which are inclusive of GST):-

   (i) contract sum under the EPCC Contract(s) for all Plots of the Development which shall include the cost of the EPCC Works (excluding Professional Fees (as defined in item (ii) below)) ("**EPCC Contract Sum**");

   (ii) fees payable to the consultants engaged for the EPCC Works by the Management Contractor pursuant to the terms of the relevant letters of appointment ("**Professional Fees**");

   (iii) expenses payable for the Sales and Marketing Consultancy under the Management Contract ("**Sales and Marketing Consultancy Expenses**"); and

   (iv) the office overhead and administrative expenses incurred by the Management Contractor, in connection with managing the Development on behalf of the Employer ("**Office Overhead and Administrative Expenses**");

   and

(b) provisional management contract fees of RM548,264,637 ("**Management Contract Fees**") ("**Provisional Management Contract Fees**") (inclusive of GST) comprising the following:-

   (i) PMR Services fee;

   (ii) Feasibility Study Preparation Services fee; and

   (iii) Sales and Marketing Consultancy fee.

The Provisional Total Project Sum as set out above is provisional at this juncture and the actual costs may be higher or lower.

2. BASIS AND JUSTIFICATION OF ARRIVING AT THE PROVISIONAL TOTAL PROJECT SUM

The Provisional Total Project Sum was arrived at based on commercially negotiated terms after taking into consideration the preliminary plans for the Development, the estimated Provisional Contract Costs as agreed between the Parties and the basis for the Provisional Management Contract Fees as set out in Section 2.3 of Part A of this Circular.

Our Company has also appointed an independent QS, namely Yong Dan Mohamad Faiz Sdn Bhd, to undertake an independent analysis of the GDC for the Development. In arriving at the estimated GDC, the QS had independently derived the EPCC Contract Sum, Authority and Statutory Charges, Professional Fees, Sales and Marketing Consultancy Expenses and Sales and Marketing Consultancy fee, whilst other costs such as land cost, Feasibility Study Preparation Services fee, Office Overhead and Administrative Expenses and PMR Services fee were derived based on information furnished by our Company.

The QS had vide its GDC Report estimated the GDC (excluding financing costs) to be RM8,635,328,256.99 (inclusive of GST, where applicable). The QS' GDC estimation represents a variance of approximately 2.26% to the estimated GDC for the Development as stated under the Management Contract of RM8,444,517,736 (excluding financing cost). Premised on this, our Company is of the view that the estimated GDC as stated in the Management Contract is reasonable. After considering the GDC and the basis used to determine the amount payable to MRCB Land as set out in the table in Section 2.3 of Part A of this Circular, our Company is of the view that the Provisional Total Project Sum is reasonable.

3. RATIONALE FOR THE PROPOSED MX-1 CONSTRUCTION

The Proposed MX-1 Construction, which is in the ordinary course of business of our Group, is the second management contract entered into by our Group for the development and construction of land within the Kwasa Damansara Township. The first development and construction undertaken by our Group for the Kwasa Damansara Township project relates to the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as Plot C8 (Part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan. The development will span approximately 12 years from 2016 to 2027, and is expected to comprise seven (7) separate development plots consisting of eight (8) office towers, one (1) block of hotel, one (1) block of auditorium and one (1) facility block. As at LPD, piling works have commenced for an office tower at Plot 1. The location of Plot C8 is shown in Section 2.1 of Part A of this Circular.

The Proposed MX-1 Construction will enable our Group to continue undertaking large scale development and construction projects which showcases our engineering and construction expertise. The Development which spans over 12 years will not only allow our Group to enhance our construction and engineering project pipeline but is also expected to provide our Group with a steady stream of income over the development and construction period, which in turn is expected to contribute positively to our Group's future earnings.

The Development forms part of the visionary Kwasa Damansara Township project being undertaken by Kwasa Land, which is being developed on 2,330 acres of land strategically located in the vicinity of the mature surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh. Kwasa Land estimates that the Kwasa Damansara Township will be able to generate a GDV of RM50 billion over the next 20 years.

Kwasa Sentral will be the Integrated Town Centre of the Kwasa Damansara Township, which is a large-scale integrated residential and commercial development based on a visionary master plan by Kwasa Land which focuses on three (3) key components, being 'Green Township', 'Inclusive' and 'Connected'. The Kwasa Damansara Township will emphasise ecological improvements and neutralisation of carbon emissions by infusing green technology into structures and infrastructure throughout the development.

Additionally, Kwasa Land envisages a township with a mix of affordable housing amidst parks and opens spaces and luxury residences in exclusive recreational spaces such as golf courses, lakeside homes and other premier environments. Security and safety rank as priorities with special road features for the elderly and the young. The Kwasa Damansara Township is also well-connected to the mass rapid transit stations (the Kwasa Damansara and Kwasa Sentral stations run thorough the development) and a network of roads and highways, such as the New Klang Valley Expressway, Guthrie Corridor and Damansara-Shah Alam Highway, linking the centre of its residents. The value of the Kwasa Damansara Township also significantly hinges on the strategic location that it commands in the matured and burgeoning surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh, which forms a captive market for the services and facilities available within the Kwasa Damansara Township.

By undertaking the Proposed MX-1 Construction, our Company ultimately gains a stronger foothold into the Kwasa Damansara Township project and a potential pipeline of construction projects which augurs well for our Company's financial performance in the mid to longer term period.

4. RISK FACTORS IN RELATION TO THE PROPOSED MX-1 CONSTRUCTION

The risk factors relating to the Proposed MX-1 Construction include the following, which are further set out in Section 5 of Part A of this Circular.

- Non-completion of the Management Contract
- Construction risk
- Dependence on subcontractors
- Demand risks
- Funding and interest rate risk
- Inability to obtain authority and/or statutory approvals
- Revision to the Development resulting in a revision to the Provisional Total Project Sum

5. EFFECTS OF THE PROPOSED MX-1 CONSTRUCTION

The pro forma effects of the Proposed MX-1 Construction on our Company's issued share capital, shareholdings of the substantial shareholders of our Company, consolidated NA per share and gearing and consolidated EPS are set out below:-

(i) Share capital and substantial shareholders' shareholding

The Proposed MX-1 Construction will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as it does not involve an issuance of new MRCB Shares.

(ii) NA per share and gearing

For information purposes, the pro forma consolidated statement of financial position of our Company in respect of the Proposed MX-1 Construction should include pro forma adjustments which are directly attributable to the event or transaction, factually supportable and consistent with our Company's applicable financial reporting framework. Directly attributable adjustments exclude those that relate to future events or are dependent on actions to be taken once the transaction has been completed, even if such actions are key to the entity entering into the transaction.

As the Management Contract is an executory contract under which neither party has performed its obligation in respect of the Development as at the date of the Management Contract, the execution of the Management Contract will not have any effect on the pro forma consolidated statement of financial position of our Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017, save for transaction costs of approximately RM1.00 million, comprising advisory fees, regulatory fees, printing and advertising costs as well as miscellaneous expenses which will be charged to the statement of comprehensive income.

In addition, as the Development spans approximately 12 years and is subject to, among others, updated feasibility studies being undertaken prior to the commencement of the EPCC Works under the first EPCC Contract for each Plot, the Provisional Contract Costs for the Development and hence, the Provisional Management Contract Fees are still subject to change. As such, it is currently too early to ascertain the expected profits to be derived by our Group from the Proposed MX-1 Construction and the corresponding effects on the consolidated NA per share of our Company.

The actual effects on our Company's gearing will depend on the actual bank borrowings to be obtained by our Group to fund the obligations of the Management Contractor and/or the Contractor under Section 2.2 of Part A of this Circular and/or the obligations of the Employer under Section 2.3 of Part A of this Circular, if any, the quantum of which cannot be determined at this juncture.

(iii) Earnings and EPS

The Proposed MX-1 Construction is not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 December 2017 assuming that the Proposed MX-1 Construction had been effected at the beginning of that financial year.

However, the Proposed MX-1 Construction is expected to contribute positively to the future earnings and EPS of our Company over the development and construction period of the Development. Nevertheless, as the Provisional Contract Costs and the Provisional Management Contract Fees are still subject to change, it is currently too early to ascertain the expected profits to our Company from the Proposed MX-1 Construction.

The rest of this page has been intentionally left blank

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia)

Registered office:
Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

4 May 2018

Board of Directors

Tan Sri Azlan Zainol *(Non-Independent Non-Executive Chairman)*
Tan Sri Mohamad Salim Fateh Din *(Group Managing Director)*
Mohd Imran Tan Sri Mohamad Salim *(Executive Director)*
Datuk Shahril Ridza Ridzuan *(Non-Independent Non-Executive Director)*
Jamaludin Zakaria *(Senior Independent Director)*
Rohaya Mohammad Yusof *(Non-Independent Non-Executive Director)*
Hasman Yusri Yusoff *(Independent Non-Executive Director)*
To' Puan Looi Lai Heng *(Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

PROPOSED MX-1 CONSTRUCTION

---

1. INTRODUCTION

On 22 March 2018, RHB Investment Bank had, on behalf of your Board, announced that MRCB Land had entered into a management contract with KSSB for the appointment of MRCB Land as the Management Contractor in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by KSSB measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan for a provisional total project sum of RM7,461,991,606 payable in cash.

In view of the interests of the Interested Directors and the Interested Major Shareholder as set out in Section 9 of Part A of this Circular, the Proposed MX-1 Construction is deemed as a related party transaction ("**RPT**") pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Accordingly, your Board had on 22 February 2018 appointed Kenanga Investment Bank as the independent adviser to advise the non-interested directors and non-interested shareholders in respect of the Proposed MX-1 Construction.

For information purposes, based on the Provisional Total Project Sum and the audited consolidated financial statements of our Company for the FYE 31 December 2017, the highest percentage ratio for the Proposed MX-1 Construction pursuant to Paragraph 10.02(g) of the Listing Requirements exceeds 100%.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED MX-1 CONSTRUCTION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED MX-1 CONSTRUCTION TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR AND THE IAL AS SET OUT UNDER PART B OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED MX-1 CONSTRUCTION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED MX-1 CONSTRUCTION

2.1 Background of the Development

The Development, which will span approximately 12 years from 2018 to 2030, is expected to be a residential and commercial hub with a plot ratio of 1:3.5, of which 60% is designated for commercial use and the remaining 40% is designated for residential use. The GDV for the Development is currently estimated to be RM10,554,517,738 and the Development is expected to comprise ten (10) separate development plots ("**Plots**"), which consist of six (6) blocks of office tower, two (2) blocks of hotel, one (1) block of wellness centre, three (3) retail blocks, fifteen (15) residential blocks and recreational facilities. An outline of the types of development to be carried out on each of the Plots is set out below:-

(a) Plot A: Shopping mall, service apartment, hotel and office tower;

(b) Plot B: Hotel, wellness centre, office towers and shopping mall;

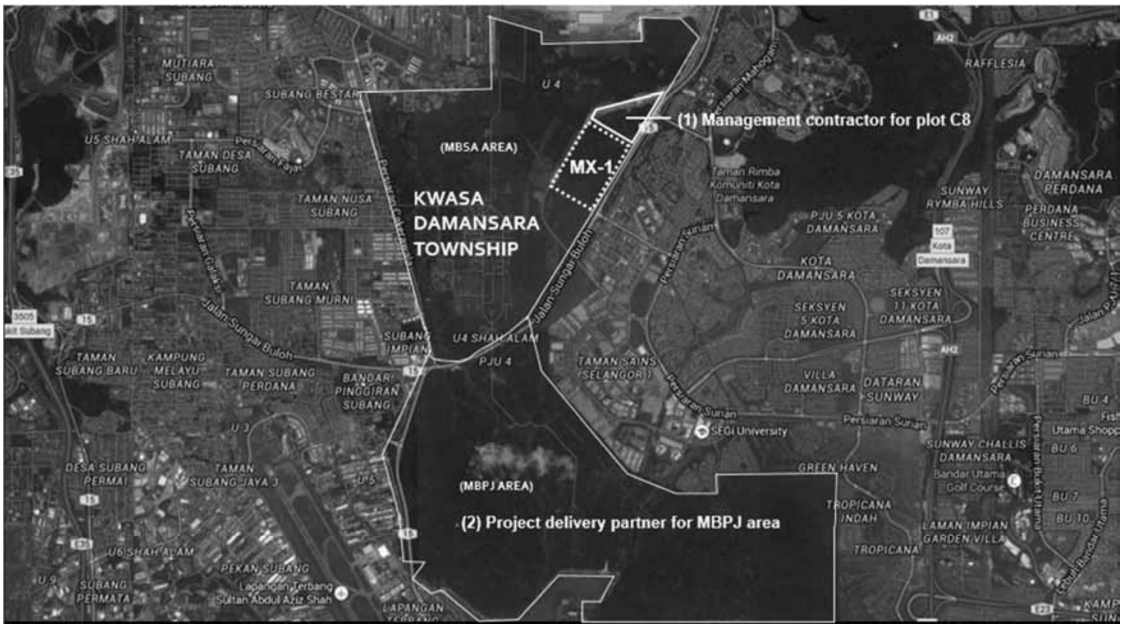
(c) Plot C: Small office/home office ("**SOHO**") apartments, shop office and office towers;

(d) Plots D1, D2, E1, E2, F and G: Service apartments; and

(e) Plot H: Recreational facilities.

As at LPD, the individual development plans for the respective Plots have been submitted to the relevant authorities and are pending approval. Nevertheless, site clearing works have commenced. Based on the Management Contract, the total estimated GDC for the Development is RM8,550,517,736.

For information purposes, the location map for the Development is as follows:-



(Source: Management of MRCB)

Notes:-

(1) *Plot C8, a piece of land owned by KUSB, measuring 29.82 acres, for which MRCB Land had been appointed as the management contractor for the development and construction of a commercial development named Kwasa Utama.*

(2) *Majlis Bandaraya Petaling Jaya (MBPJ) area of the Kwasa Damansara Township, for which MRCB Builders had been appointed as the project delivery partner ("**PDP**") for the construction and completion of common infrastructure.*

2.2 Provision of services by MRCB Land

(a) Pursuant to the terms and conditions of the Management Contract, MRCB Land's role as the Management Contractor shall entail the following:-

(i) to construct financial models as a basis for planning the Development, which comprises the preparation of an initial feasibility study for the concept and composition of the Development ("**Concept Plan**") ("**Initial Feasibility Study**") and an Updated Feasibility Study (as defined in Section 2.6.2(a)(ii) of Part A of this Circular) ("**Feasibility Study Preparation Services**");

(ii) to provide sales and marketing consultancy to the Employer on an exclusive basis for the buildings to be developed as part of the Development in accordance with the Concept Plan ("**Sales and Marketing Consultancy**");

(iii) to provide project management services for the Development as a whole and for each Plot ("**PM Services**") and facilitate the Employer on a best endeavour basis in obtaining all authority and statutory approvals required for the Development as a whole and specifically for each Plot ("**Regulatory Services**") (collectively "**PMR Services**"); and

(iv) to provide, among others, planning, design, construction as well as testing and commissioning of the works for each Plot, details of which shall be set out in the individual EPCC Contracts (as defined herein) ("**EPCC Works**").

The services described in subparagraphs (i) to (iv) above are collectively referred to as the "**Services**".

(b) MRCB Land shall appoint MRCB Builders, or any subsidiary of our Company, as the contractor ("**Contractor**") for the provision of EPCC Works for one or more Plots, on terms and conditions set out in the EPCC Contract(s) (as defined herein) to be executed between the Contractor and the Management Contractor.

"**EPCC Contract(s)**" means the contract between the Management Contractor and the Contractor for the EPCC Works for one or more Plots, which shall substantially be in the form as appended to the Management Contract, as may be amended in accordance with the terms of the EPCC Contract or with the mutual agreement of the Management Contractor and the Contractor.

(c) The Management Contractor shall directly appoint consultants for the Development in accordance with our Company's procurement procedure, and shall have the right to novate all of the appointments to the Contractor at the Management Contractor's discretion.

(d) If the Employer requires the Management Contractor to perform any design works for the Development falling outside the scope of the EPCC Contract(s) and the Services, the Employer shall propose the terms and conditions for the said design works including the proposed scope for the said design works and additional fees to be paid to the Management Contractor, which is subject to mutual agreement between the Parties.

2.3 Provisional Total Project Sum

The Provisional Total Project Sum which is payable by KSSB to MRCB Land in cash is estimated to be RM7,461,991,606 (inclusive of GST) and shall include the following:-

(a) provisional contract costs of RM6,913,726,969 ("**Contract Costs**") ("**Provisional Contract Costs**") comprising the following (all of which are inclusive of GST):-

(i) contract sum under the EPCC Contract(s) for all Plots of the Development which shall include the cost of the EPCC Works (excluding Professional Fees (as defined in Section 2.3(a)(ii) of Part A of this Circular)) ("**EPCC Contract Sum**");

(ii) fees payable to the consultants engaged for the EPCC Works by the Management Contractor pursuant to the terms of the relevant letters of appointment ("**Professional Fees**");

(iii) expenses payable for the Sales and Marketing Consultancy under the Management Contract ("**Sales and Marketing Consultancy Expenses**"); and

(iv) the office overhead and administrative expenses incurred by the Management Contractor, in connection with managing the Development on behalf of the Employer ("**Office Overhead and Administrative Expenses**");

and

(b) provisional management contract fees of RM548,264,637 ("**Management Contract Fees**") ("**Provisional Management Contract Fees**") (inclusive of GST) comprising the following:-

(i) PMR Services fee;

(ii) Feasibility Study Preparation Services fee; and

(iii) Sales and Marketing Consultancy fee.

The breakdown of the GDC components as set out in the Management Contract as well as the components making up the Provisional Total Project Sum are as follows:-

GDC components	**Estimated GDC (RM)**	**Provisional Total Project Sum payable to MRCB Land (RM)**	**Basis for the amount payable to MRCB Land [1]**
Land cost	826,231,465 [2]	-	-
Authority and Statutory Charges	156,294,665 [3]	-	-
Financing cost	106,000,000 [4]	-	-
Subtotal	**1,088,526,130**	-	
<u>Provisional Contract Costs (inclusive of GST)</u>			
(i) EPCC Contract Sum	6,011,333,286 [5]	6,011,333,286	Lump sum, to be determined based on the final account provisions of the EPCC Contract(s)
(ii) Professional Fees	480,906,663 [6]	480,906,663	To be based on the actual costs incurred

GDC components	Estimated GDC	Provisional Total Project Sum payable to MRCB Land	Basis for the amount payable to MRCB Land [(1)]
	(RM)	(RM)	
(iii) Sales and Marketing Consultancy Expenses	211,090,355 [(7)]	211,090,355	To be based on the actual costs incurred
(iv) Office Overhead and Administrative Expenses	210,396,665 [(8)]	210,396,665	To be based on the actual costs incurred
Subtotal	**6,913,726,969**	**6,913,726,969**	
<u>Provisional Management Contract Fees</u>			
(i) PMR Services fee			
• EPCC Contract Sum	300,566,664	300,566,664	To be based on 5% of final EPCC Contract Sum [(9)]
• Professional Fees	24,045,333	24,045,333	To be based on 5% of actual Professional Fees [(9)]
• Regulatory Services	7,814,733	7,814,733	To be based on 5% of actual Authority and Statutory Charges paid by the Employer [(9)]
(ii) Feasibility Study Preparation Services fee	100,000	100,000	(i) Initial Feasibility Study: A fixed fee of RM100,000 (ii) Updated Feasibility Study: A minimum rate of RM20,000 per month calculated from the date of the Employer's request for the Updated Feasibility Study to the date of delivery of the Updated Feasibility Study
(iii) Sales and Marketing Consultancy fee	184,704,060 [(10)]	184,704,060	To be based on actual costs incurred and calculated in the following manner:- (a) Two (2) months of net rental (being gross rental excluding the leased building's service charge) of the lease should the Management Contractor successfully secure a lessee and the lessee signs an agreement for the Employer to lease a building in a Plot; or (b) 1.75% of GDV (being proceeds of the sale of such part of the Development) should the Employer sell a part of the Development and the buyer is secured by the Management Contractor

GDC components	Estimated GDC	Provisional Total Project Sum payable to MRCB Land	Basis for the amount payable to MRCB Land [1]
	(RM)	(RM)	
(iv) GST	31,033,847	31,033,847	The prevailing GST rate of 6% is subject to change, as may be implemented by the Government of Malaysia from time to time
Subtotal	**548,264,637**	**548,264,637**	
Grand total	**8,550,517,736**	**7,461,991,606**	

Notes:-

(1) *The basis for the amount payable to MRCB Land was commercially negotiated between the Parties and MRCB Land deems it to be reasonable.*

(2) *Represents the land acquisition cost and land related costs incurred by KSSB amounting to RM560,366,998 and RM265,864,467 respectively. Land related costs refers to the infrastructure costs shared between Kwasa Land and KSSB in respect of infrastructure works undertaken by Kwasa Land at the boundary of the MX-1 land, such as roadworks, drainage works, water supply pipes, sewerage system, telecommunications system and mechanical and electrical infrastructure.*

(3) *Authority and statutory charges are fees to be charged by the relevant authorities in relation to the application for, and obtaining of, the approvals required for the Development or the EPCC Works by the Employer ("**Authority and Statutory Charges**"). Such charges have been estimated at a rate of 2.6% of the EPCC Contract Sum, which is a rate adopted by KSSB and our Group deems the rate to be reasonable based on our Group's experience and involvement in large scale construction and property development projects. Such authorities include any statutory authority having jurisdiction over the Development or the EPCC Works and any company or body authorised to provide water, electricity, telephone, sewerage and other related services.*

(4) *Represents financing costs which are expected to be incurred by KSSB in respect of bank borrowings to be obtained to fund the initial phase of the Development at a rate of 7% per annum based on internal estimates as well as the expected funding requirements of each development component and the mode of funding for each Plot. The initial phase of the Development will include infrastructure works such as site clearing and preparation works, utilities such as electricity and water, district cooling system and landscaping as well as for the development and construction of the shopping mall located at Plot A.*

(5) *The estimated EPCC Contract Sum of RM6,011,333,286 was determined based on the feasibility study undertaken for the Development as outlined in Section 2.1 of Part A of this Circular. The EPCC Contract Sum is merely a provisional figure at this juncture and the final EPCC Contract Sum may be higher or lower depending on the EPCC Contract for each Plot.*

(6) *The professional fees of consultants engaged/to be engaged for the EPCC Works, which include architects, civil and structural engineers, mechanical and electrical engineers and quantity surveyors, have been estimated at a rate of 8.00% of the EPCC Contract Sum, which is a rate adopted by KSSB and is in line with our internal estimates based on our Group's experience in undertaking similar projects.*

(7) *Sales and Marketing Consultancy Expenses, which include advertising, promotional costs, press and public relations, marketing collateral and publications, have been estimated at a rate of 2.00% of the provisional GDV amounting to RM10,554,517,738.*

(8) *Office Overhead and Administrative Expenses are expenses to be incurred by the Management Contractor in connection with managing the Development on behalf of the Employer. Such expenses have been estimated at a rate of 3.50% of the EPCC Contract Sum, which is a rate adopted by KSSB and our Group deems the rate to be reasonable based on our Group's experience and involvement in large scale construction and property development projects.*

(9) *The final PMR Services fee will be calculated based on 5.00% of each of the final/actual EPCC Contract Sum, Professional Fees and Authority and Statutory Charges. The rate of 5% was determined after taking into consideration rates adopted for similar development projects undertaken by our Group.*

(10) *Sales and Marketing Consultancy fee have been estimated at a rate of 1.75% of the provisional GDV amounting to RM10,554,517,738.*

For the avoidance of doubt, the land cost, Authority and Statutory Charges and financing cost shall be borne by KSSB directly. The Provisional Total Project Sum as set out above is provisional at this juncture and the actual costs may be higher or lower. The final project sum is dependent on the cumulative project sum based on the EPCC Contracts to be entered into between the Management Contractor and the Contractor for the EPCC Works for each Plot and based on final accounts.

2.4 Basis and justification of arriving at the Provisional Total Project Sum

The Provisional Total Project Sum was arrived at based on commercially negotiated terms after taking into consideration the preliminary plans for the Development, the estimated Provisional Contract Costs as agreed between the Parties and the basis for the Provisional Management Contract Fees as set out in Section 2.3 of Part A of this Circular.

Our Company has also appointed an independent QS, namely Yong Dan Mohamad Faiz Sdn Bhd, to undertake an independent analysis of the GDC for the Development. YMF is a quantity surveyor and construction cost consultant which have been in practice since 1965. YMF is a Registered Consultant Quantity Surveyor with the Board of Quantity Surveyors Malaysia and Ministry of Finance. They are also accredited with ISO 9001:2015 Quality Management System Certification by UKAS Management Systems and Standards Malaysia. Their services include preparation of preliminary construction cost estimate and cost plan, preparation of feasibility studies, valuation of construction work in progress and variation orders, reporting on interim financial status of projects and preparation of final accounts for building projects. YMF is mainly involved in mixed development/commercial, residential and public services projects.

In arriving at the estimated GDC, the QS had independently derived the EPCC Contract Sum, Authority and Statutory Charges, Professional Fees, Sales and Marketing Consultancy Expenses and Sales and Marketing Consultancy fee, whilst other costs such as land cost, Feasibility Study Preparation Services fee, Office Overhead and Administrative Expenses and PMR Services fee were derived based on information furnished by our Company.

The summary of assumptions and methods adopted by the QS in its independent analysis of the GDC for the Development are as follows:-

Item	Methods	Reasons for adopting	Assumptions
EPCC Contract Sum	Using comparable unit rate methods of similar development components (inclusive of contingency allowance and other acceptable yardstick as per industry practice)	• Gross floor area and preliminary layout plans for each Plot have been determined • Building type and intended function for each Plot have been determined which allows the QS to allocate a particular unit rate for each type of building	Building works were computed based on the unit rate method whilst other cost elements such as preliminaries, sub-structure works and mechanical works were computed based on a percentage of building works or the sum thereof
Authority and Statutory Charges	Based on the relevant agency guidelines such as Tenaga Nasional Berhad for power supply, Syarikat Bekalan Air Selangor Sdn Bhd for water supply, Suruhanjaya Perkhidmatan Air Negara for sewerage connection and Telekom Malaysia Berhad for telecommunication, as well as other allowances as the QS deems appropriate	There is no other input for this cost element at this juncture	• Power and water demand were estimated based on specific types of development; and • Number of telephone lines is estimated based on assumptions of floor area, which are then multiplied with a factor to arrive at the budgeted figure • Sewerage for the development is assumed to be connected to the public sewer system

Item	Methods	Reasons for adopting	Assumptions
Professional Fees	Based on market rate percentile factor for the various consultants	There is no other input for this cost element at this juncture	Professional fees are estimated based on scale of fees from relevant professional bodies
Sales and Marketing Consultancy Expenses	Based on a percentile factor of estimated GDV	There is no other input for this cost element at this juncture	2.0% of GDV is proposed as a budget allowance
Sales and Marketing Consultancy fee	Based on a percentile factor of estimated GDV	There is no other input for this cost element at this juncture	2.0% of GDV is proposed as a budget allowance

The QS has relied on the following broad development parameters in its estimation of the GDC for the Development:-

Plot No.	Development	Gross floor area (square feet)
Plot A	Shopping mall, service apartment, hotel and office tower	4,490,001
Plot B	Hotel, wellness centre, office towers and shopping mall	3,753,509
Plot C	SOHO apartments, shop office and office towers	2,490,728
Plots D1, D2, E1, E2, F and G	Service apartments	5,488,278
Plot H	Recreational facilities	915,122
	Total	**17,137,638**

Based on the above, the QS had vide its GDC Report estimated the GDC (excluding financing cost) to be RM8,635,328,256.99 (inclusive of GST, where applicable), the breakdown of which is as set out below:-

Item	Total amount (RM)
Land cost	826,231,465.00
Authority and Statutory Charges	197,400,000.00
EPCC Contract Sum	6,128,166,078.16
Professional Fees	490,249,483.96
Sales and Marketing Consultancy Expenses	202,646,209.87
Office Overhead and Administrative Expenses	214,485,812.74
Feasibility Study Preparation Services fee	106,000.00
Sales and Marketing Consultancy fee	214,804,982.46
PMR Services fee	361,238,224.80
Total estimated GDC	**8,635,328,256.99**

The QS' GDC estimation represents a variance of approximately 2.26% to the estimated GDC for the Development as stated under the Management Contract of RM8,444,517,736 (excluding financing cost). Premised on this, our Company is of the view that the estimated GDC as stated in the Management Contract is reasonable.

After considering the estimated GDC and the basis used to determine the amount payable to MRCB Land as set out in the table in Section 2.3 of Part A of this Circular, our Company is also of the view that the Provisional Total Project Sum is reasonable.

The Executive Summary of the GDC Report is set out in Appendix A(I) of Part A of this Circular.

2.5 Source of funding

Pending the receipt of progressive payments from the Employer, the obligations of the Management Contractor and the Contractor as set out in Section 2.2 of Part A of this Circular will be funded via internally generated funds and/or bank borrowings, the quantum of which cannot be determined at this juncture.

The obligation of the Employer to pay the Management Contractor the Provisional Total Project Sum as set out in Section 2.3 of Part A of this Circular will be funded via internally generated funds and/or bank borrowings, the quantum of which cannot be determined at this juncture.

2.6 Other salient terms of the Management Contract

2.6.1 Condition precedent

The Management Contract is conditional upon our Company obtaining our shareholders' approval to enter into the Management Contract for the Proposed MX-1 Construction on or before the expiry of one (1) year from the date of the Management Contract ("**Cut-Off Date**"). This condition precedent shall be fulfilled upon the Management Contractor giving notice to the Employer that such approval has been obtained.

If such approval is not obtained by the Cut-Off Date, then the Management Contract shall automatically terminate and the Parties shall have no claim whatsoever against the other on any matter in respect of, or arising from, the Management Contract.

For the avoidance of doubt, the provision of any Service under the Management Contract shall be conditional upon the fulfilment of the abovementioned condition precedent.

2.6.2 Provision of the Services by MRCB Land

(a) Feasibility Study Preparation Services

(i) The Employer acknowledges that as of the date of the Management Contract, it has received and approved the Initial Feasibility Study from the Management Contractor.

(ii) Upon receipt of a written request from the Employer, the Management Contractor shall prepare an Updated Feasibility Study and use its best endeavours to deliver the Updated Feasibility Study to the Employer within one (1) month from the Management Contractor's receipt of the Employer's request or such other period as the Parties may mutually agree in writing.

"**Updated Feasibility Study**" means an existing feasibility study for the Development as a whole prepared by the Management Contractor, which is updated by the Management Contractor to incorporate all data current at that time including the rent payable under a lease for a building in a Plot and/or GDV, and which shall contain updated estimates of the EPCC Contract Sum, the Professional Fees and the Authority and Statutory Charges.

(b) Sales and Marketing Consultancy

(i) In relation to the provision of Sales and Marketing Consultancy, the budget for the Sales and Marketing Consultancy Expenses prepared by the Management Contractor is subject always to the prior approval of the Employer's Board of Directors.

(c) PMR Services

(i) The PMR Services consists of PM Services and Regulatory Services.

(ii) In respect of PM Services, the Management Contractor shall, during the design and construction phases of the Development, provide project management services and design services through the consultants using building information modelling systems and processes.

(iii) In respect of Regulatory Services, the Management Contractor shall provide a list of all authority and statutory approvals required for the Development and for each Plot. The Management Contractor shall facilitate the Employer in obtaining all authority and statutory approvals on a best endeavour basis.

(d) Appointment of Contractor for the EPCC Works

(i) The Contractor shall, subject to the provisions of the EPCC Contract(s):-

a. plan, design, construct, complete, test and commission the EPCC Works; and

b. provide all design, services, labour, materials, equipment, temporary works, site transportation and everything required in and for such planning, design, construction, completion, testing and commissioning of the EPCC Works.

(ii) Notwithstanding anything to the contrary in the Management Contract and in the EPCC Contract(s), where performance of the EPCC Works are so procured from the Contractor by the Management Contractor, the performance of the EPCC Works shall be at the sole risk of the Contractor and the Contractor shall be directly liable to the Employer for any and all non-performance for the EPCC Works. For the avoidance of doubt, the Management Contractor shall not be liable to the Employer for any non-performance of the EPCC Works which are attributable to the Contractor.

(iii) The total liability of the Contractor to the Employer howsoever arising under or in connection with the EPCC Contract(s) and the EPCC Works shall not exceed the sum equivalent to the value of the certified EPCC Works carried out under the respective EPCC Contract(s) save and except that this limit shall not apply to the Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Contractor.

(e) Appointment of consultants for the Development

(i) The Employer agrees that the Management Contractor shall directly appoint the consultants for the Development in accordance with our Company's procurement procedure, and shall have the right to novate all of the appointments to the Contractor at the Management Contractor's discretion.

(ii) Notwithstanding anything to the contrary in the Management Contract and in the letters of appointment, where any design in relation to the PM Services and/or the EPCC Works are so procured from the consultants by the Management Contractor, the Management Contractor shall include a provision in the letters of appointment that such design shall be provided at the sole risk of the consultants and the consultants shall be directly liable to the Employer for any and all deficiencies in such design. For the avoidance of doubt, the Management Contractor shall not be liable to the Employer for any deficiencies in such design which are provided by the consultants.

(f) Appointment of third parties to provide Services

Save and except where the third party is a subsidiary of the Management Contractor and/or our Company, or an entity on the approved panel list of the Management Contractor and/or our Company, or a consultant (including the architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and any other consultants) engaged by the Management Contractor for the Development and/or the EPCC Works, all other third parties appointed by the Management Contractor to provide any Services under the Management Contract shall be subject to the prior approval in writing of the Employer's representative, which approval shall not be unreasonably withheld.

(g) Management of consultants, sub-consultants and/or other third parties

The Management Contractor is required to liaise, assist and co-ordinate with consultants, sub-consultants and/or other third parties employed or appointed by lessees and other tenants of a Plot where Services for a Plot is concerned and shall interface its Services with the works and/or services performed by such third parties, without any cost implication to the Employer in any circumstances whatsoever.

(h) Commencement and completion date

(i) The Services to be provided by the Management Contractor to the Employer under the Management Contract shall commence from the date the condition precedent set out in Section 2.6.1 of Part A of this Circular is met subject to and in accordance with the terms of the Management Contract.

(ii) The Employer shall agree to grant exclusive possession of the site of the Development to the Management Contractor upon commencement of the EPCC Works under the first EPCC Contract.

(iii) The EPCC Works under the EPCC Contract shall commence after the Performance Bond (as defined in Section 2.6.10 of Part A of this Circular) and such insurance policies as specified in the EPCC Contract have been deposited with the Management Contractor.

(iv) The Management Contract shall be completed by the date of issuance of the certificate of completion of making good defects issued under the final EPCC Contract executed between the Contractor and the Management Contractor for the Development.

2.6.3 Determination of contract sum

MRCB Land shall pay the Contractor the sum as stated in the letter of acceptance, or such other sum as shall become payable under and at the times and in the manner specified in the EPCC Contract. The contract sum is a fixed price lump sum and is not subject to re-measurement, recalculation, adjustment or alteration in any way whatsoever, other than in accordance with the express provisions of the EPCC Contract. Any arithmetical error or any errors in the prices and rates shall be corrected and/or rationalised by MRCB Land or the project director appointed under the EPCC Contract without any change to the contract sum before the signing of the EPCC Contract.

The contract sum for the EPCC Works shall be exclusive of GST. If the contract sum is subject to GST, MRCB Land will be additionally liable to bear the GST at the prevailing rate. Except for GST, the contract sum is inclusive of all taxes and regulatory charges, including but not limited to, value added tax, consumption tax, tax on remittances, excise tax, mercantile tax on contracts, impost, duty, assessment, levy, permit and license and withholding tax (of any kind, howsoever computed, whether by reference to the Contractor's net income or otherwise) which may now be or hereafter imposed by the Government of Malaysia (including any fines and penalties thereof) and/or any other similar taxes which may be levied by the taxing authority of the Contractor's country of origin, which shall be for the sole account of the Contractor.

2.6.4 Payment by KSSB

(a) Sales and Marketing Consultancy

In consideration for the Management Contractor's provision of the Sales and Marketing Consultancy:-

(i) the Employer shall pay the Management Contractor the Sales and Marketing Consultancy Expenses, together with all GST payable thereon; and

(ii) the Sales and Marketing Consultancy fee which shall be calculated as follows:-

a. if the Management Contractor secures a lessee and the lessee signs an agreement with the Employer for a lease of a building in a Plot, the Employer shall pay the Management Contractor a fee equivalent to two (2) months of net rental (being gross rental excluding the leased building's service charge) of the lease; or

b. if the Employer sells a part of a Development and the buyer was secured by the Management Contractor, upon the buyer signing the sale and purchase agreement, the Employer shall pay the Management Contractor a fee equivalent to 1.75% of the GDV, being the proceeds of the sale of such part of the Development.

(b) Feasibility Study Preparation Services

In consideration for the Management Contractor's provision of the Initial Feasibility Study, the Employer shall pay the Initial Feasibility Study Preparation fee, being a fixed fee of RM100,000, together with all GST payable thereon.

In consideration for the Management Contractor's provision of an Updated Feasibility Study in accordance with Section 2.6.2(a)(ii) of Part A of this Circular, the Employer shall pay the Management Contractor a minimum rate of RM20,000 per month calculated from the date of the Employer's request for the Updated Feasibility Study to the date of delivery of the Updated Feasibility Study, together with all GST payable thereon.

(c) PMR Services

In consideration for the provision of the PMR Services, the Employer shall pay the Management Contractor the PMR Services fees (as set out in the ensuing sections), together with all GST payable thereon. If any authority and statutory approval is not granted or refused or revoked due to no fault of the Management Contractor, the Management Contractor shall nonetheless be paid in full for all Regulatory Services undertaken by the Management Contractor.

The provisional PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on:-

(i) 5% of the estimated EPCC Contract Sum;

(ii) 5% of the estimated Professional Fees; and

(iii) 5% of the estimated Authority and Statutory Charges,

plus GST thereon, for that Plot as determined by the Initial Feasibility Study for that Plot and as updated in an Updated Feasibility Study, where applicable.

The final PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on:-

(i) 5% of the final EPCC Contract Sum for that Plot (as calculated in accordance with the final account provisions of the EPCC Contract for that Plot);

(ii) 5% of the actual Professional Fees incurred for that Plot (as calculated in accordance with the terms of the relevant letters of appointment for that Plot); and

(iii) 5% of the actual Authority and Statutory Charges for that Plot,

plus GST thereon.

For the avoidance of doubt, GST shall be included when determining the final PMR Services fees, and such final PMR Services fees will be further subject to GST, where applicable.

(d) EPCC Works

The Employer shall pay the Management Contractor the Professional Fees and the EPCC Contract Sum, together with all GST payable thereon for the EPCC Works and the Management Contractor shall in turn pay all such sums to the consultants and the Contractor in accordance with the provisions of the letters of appointment of such consultants and the EPCC Contract(s) respectively.

The final EPCC Contract Sum shall be calculated in accordance with the final account provisions of the EPCC Contract(s).

(e) GST

All sums due and payable under the Management Contract are subject to GST, where applicable, for which the Management Contractor is entitled to charge and the Employer shall additionally be liable to bear in addition to the value of supply under the Management Contract.

(f) General conditions of payment

(i) The invoicing period for the payment for all Services performed by the Management Contractor under the Management Contract including the Contract Costs shall commence at the end of the calendar month in which the Management Contract is executed and thereafter shall be on a monthly basis. The Management Contractor shall submit its invoice for:-

a. payment of its Management Contract Fees and GST payable thereon; and

b. payment of the Contract Costs and GST payable thereon;

together with evidence that the invoiced Services have been rendered, that the portion of the Contract Costs being the Sales and Marketing Consultancy Expenses were approved in compliance with Section 2.6.2(b)(i) of Part A of this Circular and that the Office Overhead and Administrative Expenses are payable.

(ii) The Employer's representative shall within ten (10) days of receipt of the Management Contractor's invoice approve such amounts invoiced or request further information or documents from the Management Contractor as reasonably required to verify the invoice. Within ten (10) days of receipt of such further information or documents as requested from the Management Contractor or in the absence thereof, the Employer shall approve or reject the invoiced amount concerned.

Payments of the approved Management Contractor's invoiced amounts shall be made to the Management Contractor within ten (10) days from the date the Employer approves or ought to have approved the invoiced amount.

(iii) In the event the Employer fails to make payment to the Management Contractor in accordance with Section 2.6.4(f)(ii) of Part A of this Circular, the Employer shall pay late payment interest to the Management Contractor at the rate of 7% per annum on a daily basis on the outstanding amount from the date the payment was due to the date full payment is received.

For information purposes, the late payment interest rate of 7% per annum was commercially negotiated between the Parties and MRCB Land deems it to be reasonable.

2.6.5 Right of first refusal for the provision of maintenance or ancillary services

Upon completion of any phase and/or of the whole of the Development, the Management Contractor shall have the right of first refusal in relation to the provision of any maintenance or ancillary services that is or may be required by the Employer for any phase or for the whole of the Development.

For information purposes, maintenance or ancillary services may include services relating to building management, security services and car park operations.

2.6.6 Representations and warranties

(a) In respect of the Management Contract, the Management Contractor and Employer each represent and warrant that as at the date of the Management Contract:-

(i) it has the power, and is fully authorised, to enter into and perform the terms of the Management Contract; and

(ii) it is solvent and there is no winding up petition against it.

Additionally, the Management Contractor represents and warrants that as at the date of the Management Contract:-

(i) it has the skill, knowledge and experience required to perform the Services; and

(ii) its provision of the Services is in compliance with all applicable laws, rules or regulations and that it has obtained and will maintain the validity of all professional or business licenses required to comply with such laws, rules or regulations.

(b) In respect of the EPCC Contract(s), the Management Contractor shall procure the Contractor to warrant the following to the Employer:-

(i) that it will carry out and complete its obligations under the EPCC Contract(s) in accordance with the EPCC Contract(s); and

(ii) that it will exercise reasonable skill and care in relation to the following (so far as the Contractor is responsible for them):-

a. the performance of the EPCC Works; and

b. the design of the EPCC Works.

2.6.7 No liability for consequential loss

No Party to the Management Contract shall be liable to the other Party, either in contract or in tort, for any consequential, incidental, indirect, special or punitive damages of the other Party, including loss of future revenue, or income or profits arising from the breach or alleged breach of the Management Contract.

2.6.8 Termination

(a) The Management Contract may be terminated with immediate effect by either Party by giving written notice to the other Party if:-

(i) The other Party fails to pay any amount due under the Management Contract on the due date for payment and remains in default for more than 30 days after being notified in writing to make such payment; or

(ii) The other Party commits a material breach of any term of the Management Contract; and

a. the Party in breach fails to provide its written proposal to the other Party to cure that breach (**"Written Cure Proposal"**) within 90 days of its receipt of written notice from the other Party notifying the Party of such breach; or

b. the Party in breach fails to remedy that breach within a further period of 90 days from the date the other Party receives the Written Cure Proposal from the Party in breach or such other number of days as may be mutually agreed in writing by the Parties;

A "**material breach**" means a breach (including an anticipatory breach) that has a serious effect on the benefit which the terminating Party would otherwise derive from a substantial part of the Management Contract over the term of the Management Contract. In deciding whether any breach is material, no regard shall be had to whether it occurs by some accident, mishap, mistake or misunderstanding.

(b) Upon the effective date of termination of the Management Contract:-

(i) All legal obligations, rights and duties arising out of the Management Contract shall terminate except for such legal obligations, rights and duties as shall have accrued prior to the effective date of termination and except as otherwise expressly provided in the Management Contract.

(ii) The Employer shall immediately pay to the Management Contractor all sums due and owing to the Management Contractor in connection with the Management Contract, including all fees and if any, expenses and disbursements which relate to the Services performed by the Management Contractor incurred by the Management Contractor up to the effective date of termination of the Management Contract.

(c) If the Management Contract is terminated through no fault of the Management Contractor or otherwise than by termination arising from Force Majeure (as defined below), the Employer shall pay compensation to the Management Contractor for a sum equal to the aggregate of the Management Contract Fees which the Management Contractor would otherwise be paid under the Management Contract less any such amount of Management Contract Fees already paid by the Employer to the Management Contractor under the Management Contract as at the date of termination.

"**Force Majeure**" means an exceptional event or circumstance:-

(i) which is beyond a Party's control;

(ii) which such Party could not reasonably have provided against before entering into the Management Contract;

(iii) which, having arisen, such Party could not reasonably have avoided or overcome; and

(iv) which is not substantially attributable to the other Party.

(d) If the Management Contract is terminated for whatever reason, the Employer shall at its own cost (save and except where the termination of the Management Contract is due to a default of the Management Contractor), through the appropriate novation agreement(s) to be entered into between the Parties and the Contractor, step in as the employer under all existing EPCC Contract(s) to the exclusion of the Management Contractor and the EPCC Contract(s) will be and remain in full force and effect (without any discontinuance or suspension) notwithstanding the termination of the Management Contract.

(e) If the appointment of the Contractor is terminated for whatever reason under any EPCC Contract:-

(i) the Management Contractor shall have the right to appoint at its discretion any party as the contractor in substitution of the Contractor under the relevant EPCC Contract based on the procedures of the Management Contractor applicable at that time; and

(ii) such termination shall not affect any other existing EPCC Contract(s).

(f) Based on the terms and conditions set out in the draft EPCC Contract, which shall substantially be in the form as appended to the Management Contract unless amended in accordance with the terms of the EPCC Contract or with the mutual agreement of the Management Contractor and the Contractor, the Contractor shall be in default under the EPCC Contract in the event the Contractor:-

(i) fails to commence EPCC Works at the site within two (2) weeks after the date of possession of the site;

(ii) suspends or abandons the carrying out of the EPCC Works or any part thereof for a continuous period of seven (7) days;

(iii) fails to proceed regularly and diligently with the performance of his obligations under the EPCC Contract(s);

(iv) fails to execute the EPCC Works in accordance with or persistently neglects to carry out his obligations under the EPCC Contract(s);

(v) refuses or persistently neglects to comply with a written notice from the project director appointed under the EPCC Contract in relation to any defective work or equipment, materials or goods or which do not meet the requirements of the EPCC Contract;

(vi) fails to comply with the representations, warranties and undertakings of the Contractor;

(vii) fails to obtain the prior written consent of the project director appointed under the EPCC Contract relating to sub-contracting and assignment;

(viii) fails to comply with any terms and conditions of the EPCC Contract;

(ix) commits any material and/or persistent breach of any safety, health or environmental obligations or any law that threatens the safety and health of any personnel or person or causing serious environmental pollution; or

(x) becomes bankrupt, insolvent or compounds with or enters into an arrangement or composition with its creditors; or an order is made or resolution is effectively passed for the winding up of the Contractor (except for the purpose of restructuring or amalgamation with the written consent of the Management Contractor, which consent shall not be unreasonably withheld); or a provisional liquidator, receiver or manager of its business or undertaking is appointed, or possession is taken by or on behalf of creditors or debenture holders secured by a floating charge of any property comprised in or subject of the said floating charge; or execution is levied against a substantial portion of the Contractor's assets.

In addition, the EPCC Contract(s) may be terminated by the Contractor if the Management Contractor without any reasonable cause fails to perform or fulfil any of its obligations which adversely affects the EPCC Works.

2.6.9 Delay/performance damages

(a) If the Contractor fails to complete the EPCC Works by the date for completion or within any extended time granted under the EPCC Contract, the project director appointed under the EPCC Contract shall issue a certificate of non-completion to the Contractor.

(b) Without prejudice to MRCB Land's right to terminate the EPCC Contract, when the project director appointed under the EPCC Contract issues the certificate of non-completion, MRCB Land shall be entitled to recover from the Contractor, liquidated and ascertained damages calculated based on the rate stated in the EPCC Contract, from the date of the failure to complete the EPCC Works to the date of the certificate of practical completion or the date of termination of the EPCC Contract. The project director may deduct such liquidated and ascertained damages from any money due or to become due to the Contractor, failing which such damages shall be recovered from the retention sum and/or as a debt due from the Contractor. The project director shall inform the Contractor of such deduction.

2.6.10 Performance Bond

(a) The Contractor shall, as a condition precedent to the commencement of the EPCC Works, deposit with MRCB Land a Performance Bond (as defined herein). The Performance Bond shall remain valid and effective from the date of issuance until three (3) months after the expiry of the defect liability period or the issuance of the certificate of completion of making good defects, whichever is the later.

A "**Performance Bond**" is issued by an approved licensed bank or financial institution incorporated in Malaysia substantially in the form as set out in the EPCC Contract, in favour of MRCB Land for a sum equivalent to 5% of the EPCC Contract Sum to secure the due performance of the Contractor's obligations under the EPCC Contract. This rate was commercially negotiated between the Parties and MRCB Land deems it reasonable.

(b) If the Contractor fails to provide the Performance Bond within the period stated in the letter of acceptance and remains in default for more than seven (7) days from the receipt of default notice or any period determined by MRCB Land, MRCB Land shall have the right to terminate the appointment of the Contractor under the EPCC Contract by giving a written notice to that effect.

(c) MRCB Land shall be entitled at any time to call upon the Performance Bond, wholly or partially in the event that the Contractor fails to perform or fulfill its obligations under the EPCC Contract including failure to extend the validity period of the Performance Bond and such failure is not remedied in accordance with the EPCC Contract.

(d) If a payment is made to MRCB Land pursuant to any claim under the Performance Bond, the Contractor shall issue to MRCB Land further security in the form of additional Performance Bond for an amount not less than the amount so paid to MRCB Land on or prior to the date of such payment so that the total sum of the Performance Bond shall be maintained at all times at the value specified in Section 2.6.10(a) of Part A of this Circular.

(e) The Performance Bond (or any balance thereof remaining for the credit of the Contractor) may be released or refunded to the Contractor on the completion of making good of all defects, shrinkages or other faults which may appear during the defects liability period and upon the issuance of the certificate of completion of making good defects for the whole of the EPCC Works.

(f) If the EPCC Contract is terminated by reason of default, corruption, unlawful or illegal activities by the Contractor, the Performance Bond or any balance thereof shall be forfeited.

(g) If the terms of the Performance Bond specify an expiry date and the completion date for the EPCC Works is extended, the Contractor shall at his own expense extend the validity period of the Performance Bond within one (1) month prior to the expiry date or within such period as specified by MRCB Land so that it shall remain effective until issuance of the certificate of completion of making good defects.

2.6.11 Design Guarantee

(a) The Contractor shall deposit to MRCB Land a design guarantee as a security to the Contractor's obligations under the EPCC Contract ("**Design Guarantee**"). The Design Guarantee shall be effective for the duration of five (5) years commencing from the date of practical completion ("**Design Guarantee Period**").

(b) If any defect or damage shall occur to the EPCC Works or any part of the EPCC Works as a result of any defect, fault, insufficiency or inadequacy in the design including workmanship, material or equipment arising from design default during the Design Guarantee Period, MRCB Land shall issue to the Contractor a notice specifying the default and requiring the Contractor to remedy the same within the period specified at the Contractor's own cost and expense. If the same is not remedied, MRCB Land shall be entitled, without prejudice to any other rights or remedies it may possess against the Contractor under the EPCC Contract or at law, to claim and recover from the Contractor any payment for any loss and/or damages suffered or any other expenses incurred as a result thereof.

(c) Notwithstanding the above, MRCB Land may elect to remedy the defect, fault, insufficiency or inadequacy in the design as at the time such defect, fault, insufficiency, inadequacy is established and MRCB Land shall be entitled to deduct the amount up to the limit of sum certified by the project director appointed under the EPCC Contract to be the sum required to remedy the same from any money due or to become due to the Contractor under the EPCC Contract, and failing which such sum shall be recovered from the retention sum and/or as a debt due from the Contractor.

For the avoidance of doubt, the retention sum refers to payments to the Contractor which are withheld by MRCB Land for purposes of remedying the abovementioned defect, fault, insufficiency or inadequacy in the design, should MRCB Land elects to do so, and differs from the Design Guarantee Bond (as defined in Section 2.6.12(a) of Part A of this Circular).

2.6.12 Design Guarantee Bond

(a) The Contractor shall provide to MRCB Land a banker's guarantee issued by an approved licensed bank/financial institution in the sum and substantially in the form as set out in the EPCC Contract ("**Design Guarantee Bond**") before the issuance of the certificate of practical completion of the EPCC Works as a security for the Contractor's obligations and warranties under the EPCC Contract. Such Design Guarantee Bond shall remain valid for a period of five (5) years from the date of practical completion of the EPCC Works.

For information purposes, the exact quantum of the Design Guarantee Bond will be determined by MRCB Land when the EPCC Contracts are executed for each Plot. The Design Guarantee Bond is expected to be fixed at a certain percentage of the EPCC Contract Sum, in line with market practice at that juncture.

(b) If any defect or damage shall occur to the EPCC Works or any part thereof as a result of any defect, fault, insufficiency, imperfection, shrinkages or inadequacy in the designs including workmanship, materials or equipment which has become defective, then the approved licensed bank/financial institution issuing the Design Guarantee Bond shall pay to MRCB Land, on demand by MRCB Land in writing and notwithstanding any objection by the Contractor or any other third party, the sum provided in the Design Guarantee Bond or such part thereof as may be demanded.

(c) If the Design Guarantee Bond is not deposited with MRCB Land in accordance with the EPCC Contract, MRCB Land shall have the right to claim from the Performance Bond, the sum specified in Section 2.6.12(a) of Part A of this Circular or such part thereof as may be demanded.

(d) If a payment is made to MRCB Land pursuant to Section 2.6.12(b) of Part A of this Circular, the Contractor shall ensure that further security in the form of an additional Design Guarantee Bond for an amount no less than the amount so paid to MRCB Land shall be issued to MRCB Land prior to or upon the date of such payment. If any of the issued Design Guarantee Bond were to expire prior to the validity period, a replacement Design Guarantee Bond shall be issued to MRCB Land on or prior to the date of expiry of the first mentioned Design Guarantee Bond in an amount not less than the amount of that Design Guarantee Bond.

2.6.13 Assignment of the Performance Bond and Design Guarantee Bond

In connection with the Contractor's warranties to the Employer as set out in Section 2.6.6(b) of Part A of this Circular, and as security for the Contractor's performance of such warranties, the Performance Bond and the Design Guarantee Bond issued in accordance with Section 2.6.10 and Section 2.6.12 of Part A of this Circular respectively shall be wholly assigned by MRCB Land to the Employer at any time after issuance thereof and in this respect:-

(a) the Contractor unconditionally and irrevocably consents to such assignment and undertakes to execute within a reasonable time following written notification and request by MRCB Land of such assignment, all documents necessary and to carry out all other action necessary to effect such assignment; and

(b) all rights, benefits, entitlements and interests under and in connection with the Performance Bond and the Design Guarantee Bond originally vested with MRCB Land shall vest with and enure to the benefit of the Employer on and from the date of such assignment.

2.6.14 Indemnity

(a) Subject to Section 2.6.14(d) of Part A of this Circular, the Parties agree that the Management Contractor shall perform all of its obligations under the Management Contract at its own risk and releases the Employer, to the fullest extent permitted by the law, and shall indemnify and keep the Employer and their agents and servants indemnified from and against all claims and demands from third parties of every kind resulting from or arising out of the Services except to the extent such claims or demands are attributable to the Employer, their agents or servants.

(b) Subject to Section 2.6.14(d) of Part A of this Circular, the Management Contractor undertakes to indemnify the Employer and keep the Employer at all times fully indemnified from and against any and all claims arising directly as a result of any breach or non-performance of the Management Contractor's undertakings, warranties or obligations under the Management Contract. Provided always that the Management Contractor shall not be in breach or default in the event the Management Contractor is unable to carry out or complete all or any portion of its undertakings, warranties or obligations under the Management Contract as a result of Force Majeure.

(c) Subject to Section 2.6.14(d) of Part A of this Circular, in respect of the Sales and Marketing Consultancy, the Management Contractor indemnifies and holds the Employer harmless against and from the consequences of payment of the Sales and Marketing Consultancy fee by the Employer pursuant to Section 2.6.4(a)(ii) of Part A of this Circular as fees for consultancy services instead of for payment for agency services under the Valuers, Appraisers and Estate Agents Act 1981.

(d) The total liability of the Management Contractor to the Employer howsoever arising under or in connection with the Management Contract shall not exceed the sum equivalent to the amount of the Management Contract Fees actually due and payable to the Management Contractor under the Management Contract for Services that have been performed (including but not limited to taking into account any adjustments to the PMR Services fees) save and except that this limit shall not apply to the Management Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Management Contractor.

(e) The indemnity set out in this section shall survive the termination of the Management Contract whether by completion of the Services or otherwise.

3. INFORMATION ON KSSB

KSSB was incorporated in Malaysia on 18 April 2014 as a private limited company under the name of Kwasa Development (2) Sdn Bhd. KSSB assumed its present name on 1 April 2015.

The principal activity of KSSB is to undertake the mixed development of 64.30 acres of land identified to be the town centre of the proposed Kwasa Damansara Township ("**Project MX-1**").

As at LPD, the issued share capital of KSSB is RM819,845,681 comprising 1,000,000 KSSB Shares. In addition, as at LPD, KSSB has issued a total of 24,368,628 redeemable preference shares with a paid-up amount of RM89,349,615, all of which are held by Kwasa Land.

As at LPD, the shareholders and directors of KSSB are as follows:-

Name	Nationality/ Place of incorporation	<——Direct——> No. of KSSB Shares	%	<——Indirect——> No. of KSSB Shares	%
Shareholders					
MRCB	Malaysia	700,000	70	-	-
Kwasa Land	Malaysia	300,000	30	-	-
EPF	Malaysia	-	-	1,000,000 [(1)]	100
Directors					
Dato' Mohamad Lotfy Mohamad Noh	Malaysian	-	-	-	-
Chaw Yoon Seong	Malaysian	-	-	-	-
Tan Sri Abdul Halim Ali [(2)]	Malaysian	-	-	-	-
Tan Sri Mohamad Salim Fateh Din [(2)]	Malaysian	-	-	-	-
Mohd Imran Tan Sri Mohamad Salim [(2)]	Malaysian	-	-	-	-

Notes:-

(1) *Deemed interested by virtue of it being the major shareholder of our Company and a sole shareholder of Kwasa Land.*

(2) *Representatives of MRCB.*

4. RATIONALE FOR THE PROPOSED MX-1 CONSTRUCTION

The Proposed MX-1 Construction, which is in the ordinary course of business of our Group, is the second management contract entered into by our Group for the development and construction of land within the Kwasa Damansara Township. The first development and construction undertaken by our Group for the Kwasa Damansara Township project relates to the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as Plot C8 (Part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan. The development will span approximately 12 years from 2016 to 2027, and is expected to comprise seven (7) separate development plots consisting of eight (8) office towers, one (1) block of hotel, one (1) block of auditorium and one (1) facility block. As at LPD, piling works have commenced for an office tower at Plot 1. The location of Plot C8 is shown in Section 2.1 of Part A of this Circular.

The Proposed MX-1 Construction will enable our Group to continue undertaking large scale development and construction projects which showcases our engineering and construction expertise. The Development which spans over 12 years will not only allow our Group to enhance our construction and engineering project pipeline but is also expected to provide our Group with a steady stream of income over the development and construction period, which in turn is expected to contribute positively to our Group's future earnings.

The Development forms part of the visionary Kwasa Damansara Township project being undertaken by Kwasa Land, which is being developed on 2,330 acres of land strategically located in the vicinity of the mature surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh. Kwasa Land estimates that the Kwasa Damansara Township will be able to generate a GDV of RM50 billion over the next 20 years.

Kwasa Sentral will be the Integrated Town Centre of the Kwasa Damansara Township, which is a large-scale integrated residential and commercial development based on a visionary master plan by Kwasa Land which focuses on three (3) key components, being 'Green Township', 'Inclusive' and 'Connected'. The Kwasa Damansara Township will emphasise ecological improvements and neutralisation of carbon emissions by infusing green technology into structures and infrastructure throughout the development.

Additionally, Kwasa Land envisages a township with a mix of affordable housing amidst parks and open spaces and luxury residences in exclusive recreational spaces such as golf courses, lakeside homes and other premier environments. Security and safety rank as priorities with special road features for the elderly and the young. The Kwasa Damansara Township is also well-connected to the mass rapid transit stations (the Kwasa Damansara and Kwasa Sentral stations run through the development) and a network of roads and highways, such as the New Klang Valley Expressway, Guthrie Corridor and Damansara-Shah Alam Highway, linking the centre of its residents. The value of the Kwasa Damansara Township also significantly hinges on the strategic location that it commands in the matured and burgeoning surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh, which forms a captive market for the services and facilities available within the Kwasa Damansara Township.

By undertaking the Proposed MX-1 Construction, our Company ultimately gains a stronger foothold into the Kwasa Damansara Township project and a potential pipeline of construction projects which augurs well for our Company's financial performance in the mid to longer term period.

5. RISK FACTORS IN RELATION TO THE PROPOSED MX-1 CONSTRUCTION

Save as disclosed below, your Board is not aware of any other risk factor arising from the Proposed MX-1 Construction which could materially adversely affect the financial position of our Company.

5.1 Non-completion of the Management Contract

There is a possibility that the Management Contract may not be completed due to failure in fulfilling the condition precedent as set out in the Management Contract within the stipulated timeframe. The Management Contract is conditional upon the approval from our shareholders as the Proposed MX-1 Construction is deemed as a RPT in accordance with the Listing Requirements, further details of which are set out in Section 9 of Part A of this Circular.

In addition, the commencement of EPCC Works under the EPCC Contract(s) is conditional upon the fulfilment of additional conditions precedent as set out in the EPCC Contract(s).

Nevertheless, your Board will take reasonable steps to ensure that all the conditions precedent are met within the stipulated timeframe for MRCB Land to proceed with and complete the Management Contract.

5.2 Construction risk

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

Our Company will seek to mitigate these risks through, among others, close monitoring of the progress of MRCB Land's construction projects and endeavour to promptly rectify any setback, and liaise with the relevant authorities or parties proactively.

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

5.3 Dependence on subcontractors

Pursuant to the terms and conditions of the Management Contract, MRCB Builders or any subsidiary of our Company shall be appointed as the Contractor for the EPCC Works. The performance of the EPCC Works shall be the sole risk of the Contractor, and the Contractor shall be directly liable to the Employer for any and all non-performance of the EPCC Works. In addition, under the terms and conditions of the EPCC Contract, the Contractor may subcontract any part of the EPCC Works subject to the prior approval of the project director appointed under the EPCC Contract.

In this regard, the timely completion of the EPCC Works in accordance with the contractual timeline is dependent on the performance of the subcontractors. There is no assurance that any unanticipated delay due to shortage of supplies or labour and unsatisfactory performance of the appointed subcontractors may not have an adverse effect on our Company's business, operations and financial performance. Further, under the EPCC Contract, the Contractor shall be responsible for the acts or defaults of any subcontractors, as if they were the acts or defaults of the Contractor.

Nevertheless, our Group implements stringent selection criteria to ensure that only contractors with proven track record and adequate financial resources are engaged to undertake construction works for our Group's development projects. It is also our Group's current practice to award the contracts to contractors on fixed terms where increases in cost or delays by such contractors will be absorbed and/or compensated by them. In addition, our Group is not dependent on any single contractor as our Group engages the services of many contractors for the development of our Group's projects. Further, our Group will also seek to mitigate such risks by close monitoring of the contractor's work progress in order to ensure timely completion of the property development projects.

5.4 Demand risks

The property and construction sectors are subject to inherent risks in terms of fluctuations in levels of demand and supply for real estate properties. High sustained levels of supply with relatively low levels of demand may result in downward pressure on property prices and likewise, profit margins of property developers and construction contractors would be affected. In such market conditions, MRCB Land may be unable to lease or sell the various Plots of the Development and hence, would not earn the Sales and Marketing Consultancy fee which forms part of the Management Contract.

Nevertheless, your Board will mitigate such risk through continuous monitoring and adjustment of the sales and marketing strategies in response to changes in the market conditions and review of business operations to improve cost efficiencies.

5.5 Funding and interest rate risk

Our Group may seek external financing to fund the obligations of the Management Contractor and/or the Contractor under Section 2.2 of Part A of this Circular and/or the obligations of the Employer under Section 2.3 of Part A of this Circular. Our Group's ability to secure sufficient external financing and the cost of such financing are dependent on various factors, some of which may not be within the control of our Group including general economic and capital market conditions, changes in interest rates, credit availability from banks or other lenders, any restrictions imposed by the Government of Malaysia and the political/socio-economic climate of Malaysia.

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

Nevertheless, our Group will continuously monitor and review the funding requirements of our projects as well as our gearing level, overall interest cost and cash flow position in determining the appropriate funding structure.

5.6 Inability to obtain authority and/or statutory approvals

Pursuant to the terms of the Management Contract, MRCB Land shall facilitate the Employer on a best endeavour basis in obtaining all authority and statutory approvals (collectively "**Approvals**") required for the Development as a whole and specifically for each Plot.

However, there can be no assurance that the Employer and/or MRCB Land will receive the necessary Approvals from the relevant authorities, and if received, that such Approvals would not contain conditions which are onerous to the Employer and/or MRCB Land. In the event the necessary Approvals are not obtained, or if any of the conditions to the Approvals are not fulfilled, all or part of the Development may not be carried out and this could result in a delay or revision to MRCB Land's potential income stream arising from the Proposed MX-1 Construction.

Nevertheless, in the event the necessary Approvals are not obtained, the Parties will review the Development and make the necessary revisions to the affected components in order to secure the Approvals.

Notwithstanding the above, if the Approvals are not granted or refused or revoked due to no fault of MRCB Land, MRCB Land shall be paid in full for all Regulatory Services undertaken.

5.7 Revision to the Development resulting in a revision to the Provisional Total Project Sum

The Provisional Total Project Sum to be received by MRCB Land is provisional at this juncture and could eventually be higher or lower. The final project sum will depend on the actual cumulative project sum based on the EPCC Contracts to be entered into between the Management Contractor and the Contractor for the EPCC Works for each Plot. In the event of a downward adjustment to the Contract Costs, the final project sum payable to MRCB Land would reduce proportionately, which could in turn affect our Group's income stream from the Proposed MX-1 Construction. Conversely, any upward adjustment to the Contract Costs would result in a higher payment to MRCB Land.

Through our Group's experience in carrying out large scale construction projects, MRCB Land will endeavor to minimise adverse revisions to the Development by carrying out detailed feasibility studies, project planning, cost planning and budgeting prior to the commencement of the EPCC Works for each EPCC Contract to ensure that the overall Development is in the best interest of the Employer and maximises returns for both Parties.

6. INDUSTRY OVERVIEW AND PROSPECTS

6.1 Overview and outlook of the Malaysian economy

For the fourth quarter ("**4Q**") of 2017, the Malaysian economy registered a growth of 5.9% (third quarter ("**3Q**") 2017: 6.2%) as private sector spending continued to be the primary driver of growth (7.4%; 3Q 2017: 7.3%). The external sector performance improved further (5.4%; 3Q 2017: 1.7%), as real import growth moderated faster than real export growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (3Q 2017: 1.8%). For the year as a whole, the economy registered a robust growth of 5.9%.

Domestic demand expanded by 6.2% (3Q 2017: 6.6%) supported by continued strength in private sector expenditure (7.4%; 3Q 2017: 7.3%), amid waning support from public sector spending (3.4%; 3Q 2017: 4.0%). Private consumption expanded by 7.0% (3Q 2017: 7.2%), supported by continued wage and employment growth. Private investment registered a higher growth of 9.2% (3Q 2017: 7.9%), driven mainly by the services and manufacturing sectors. Capital spending was supported by continued business optimism and favourable demand, which was evident across both export- and domestic-oriented industries. Public consumption expanded by 6.9% (3Q 2017: 3.9%) mainly driven by higher spending on supplies and services by the Government of Malaysia. Public investment contracted during the quarter (-1.4%; 3Q 2017: 4.1%), due to lower capital spending by both the Government of Malaysia and public corporations. Gross fixed capital formation growth moderated to 4.3% (3Q 2017: 6.7%) mainly due to a contraction in public investment. By type of assets, capital spending on machinery and equipment continued to register a strong growth of 8.3% (3Q 2017: 11.5%). Investment in structures was broadly sustained at 3.3% (3Q 2017: 3.6%) while investment in other types of assets contracted by 6.7% (3Q 2017: 7.2%).

On the supply side, most economic sectors recorded a moderate expansion, except for the agriculture sector, while growth in the mining sector declined. Growth in the manufacturing sector eased during the quarter, reflecting a broad-based moderation in both export- and domestic-oriented industries. Production in the export-oriented industries including electrical and electronics and petroleum refinery activity continued to expand, albeit at a more moderate pace. Lower growth in the domestic-oriented industries was due mainly to a slower production of transport equipment and food-related products, as well as construction-related materials. Growth in the construction sector was sustained by civil engineering activity for rail, highway, petrochemical and power plant projects.

Headline inflation moderated slightly to 3.5% in 4Q 2017 (3Q 2017: 3.6%) due mainly to lower inflation in the housing, water, electricity, gas and other fuels and transport categories. Inflation for the housing, water, electricity, gas and other fuels category averaged at 2.2% (3Q 2017: 2.3%). Rental inflation declined slightly to 2.8% during the quarter (3Q 2017: 2.9%), due mainly to the smaller increase in rental for terrace and bungalow houses. While inflation in the transport category was slightly lower during the quarter, it remained elevated at 11.4% (3Q 2017: 11.7%) due to high domestic fuel prices. Core inflation also declined during the quarter to 2.3% (3Q 2017: 2.4%). Inflation pervasiveness was lower, as the percentage of items in the consumer price index basket that registered inflation of more than 2% declined to 32% (3Q 2017: 34%).

Malaysia registered a strong growth of 5.9% in 2017 (2016: 4.2%). For 2018, growth is expected to remain favourable with domestic demand continuing to be the key driver of growth. The positive growth momentum will continue to benefit from spillovers from better global growth on to domestic economic activity. The Department of Statistics Malaysia's composite leading index has shown a sustained increase in recent periods.

The Malaysian Institute of Economic Research's Business Conditions Index also points towards sustained expansion of the economy. Overall, the assessment is for growth to remain strong in 2018. On the supply side, the manufacturing and services sectors are expected to benefit from continued growth across both export- and domestic-oriented sub-sectors. In the construction sector, growth will be mainly supported by new and existing civil engineering projects.

(Source: Economic and Financial Developments in the Malaysian Economy in the 4Q 2017, Bank Negara Malaysia)

6.2 Overview and outlook of the Malaysian property market

The Malaysian economy posted a better than expected growth of 5.6% in first quarter ("**1Q**") of 2017 and a higher growth of 5.8% in second quarter ("**2Q**") of 2017, supported by private sector spending and robust expansion in real exports of goods and services. The property market performance however has yet to make a comeback. There were 153,729 transactions recorded worth RM67.82 billion in the first half year ("**1H**") of 2017, indicating a decline of 6.0% in volume but value increased by a marginal 5.0%. Although market activity recorded negative growth, the rate of contraction had reduced indicating that market is gradually adjusting to the changing market landscape.

Residential sub-sector continued to dominate the market, with 61.8% contribution in volume and 48.4% in value. All sub-sectors recorded softer market volume ranging from -12.8% to -0.9%. In terms of value, all sub-sectors recorded growth except for industrial sub-sector, down by 4.2%. Development land saw its total value shot up by nearly 30.0% due to several major land dealings namely those in Bandar Malaysia and TRX area, which dated in 2016 and 2015 respectively but concluded in 2017.

On the supply-side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) recorded a substantial increase of more than 52.0% to 85,911 units against similar half of 2016 (56,318 units). As for the demand-side, the loan applications for purchase of residential and non-residential made a turnaround in 1H 2017, both recorded growth. In tandem, the loan approvals for purchase of residential recorded an increase of 17.1%. On the other hand, the loan approvals for purchase of non-residential recorded a contraction of 8.5%, lower than 28.3% recorded in the first half of 2016. This improved scoring in loans approvals indicated that credit-worthy residential and non-residential buyers continued to have access to financing.

In the housing sector, the MyDeposit scheme launched in April 2016 have seen more than 6,000 eligible applications received, of which nearly 1,500 applications have been approved and more than RM39 million have been disbursed as at 31 July 2017. Majority of the applications (80.4%) are for houses priced above RM200,000 to RM500,000 (80.4%). As at 31 July, less than 24.0% applications have been approved.

Consumer Sentiments Index (CSI) has gradually improved from 69.8 points (4Q 2016), 76.6 points (1Q 2017) to 80.7 points (2Q 2017) but remained below the optimism threshold. On a better note, Business Conditions Index (BCI) has moved up to 114.1 points in 2Q 2017 (1Q 2017: 112.7 points) supported by the increase in manufacturing sales and production as well as higher domestic orders .Nevertheless, based on the decline in the loans approved for non-residential purchase, the market activity in commercial sub-sector dropped by 11.0% but value went up by 5.9%.

<u>Residential sector</u>

There were 94,992 transactions worth RM32.85 billion recorded in the review period, declined by 7.0% in volume but value saw a marginal 0.5% increase. Performance across the states was subdued. All states recorded lower market volume except for Putrajaya, Negeri Sembilan and Kelantan. The downtrend in major states namely Kuala Lumpur (-6.3%), Selangor (-8.1%), Johor (-11.2%) and Pulau Pinang (-14.9%) led to the overall drop in the sub-sector. These states formed 48.3% of the total national residential volume.

The number of new launches in the 1H was not that far behind those recorded in similar half of 2016. There were 28,397 units launched, down by 9.1% against 31,257 units in similar half year of 2016. Against the preceding half, the launches were higher by more than 32.0% (Second half year ("**2H**") 2016: 21,456 units). Sales performance was low at 23.9%. Wilayah Persekutuan Kuala Lumpur ("**WPKL**") recorded the highest new launches in the country, accounting for nearly 30.0% of the national total. New launches in the other three (3) major states, Selangor, Johor and Pulau Pinang however shrank between 37.7% and 59.6%.

The residential overhang situation has yet to pick up as the unsold units continued to grow. There were 20,876 units worth RM12.26 billion, up by more than 40.0% in both volume and value against the preceding half. Kedah surpassed the overhang numbers in Johor, capturing nearly 21.0% (4,363 units) of the national overhang total. The turn of event was due to the unsold completed units, which are mostly PR1MA projects in Kuala Muda District and Baling District. Kuala Muda District recorded 3,401 completed unsold units, of which nearly 69.0% comprised PR1MA houses priced mostly in the range of RM300,000 to RM400,000. In Baling District, there was a fair share of overhang between PR1MA houses and other private developments, which were mostly double storey terrace in the RM200,000 to RM250,000 range.

The Malaysian House Price Index continued to increase at a moderating trend. As at 2Q 2017, the Malaysian House Price Index stood at 184.1 points (at base year 2010), up by 5.6 % on annual basis. On quarterly movements, the index points increased marginally by 0.4% against 1Q 2017.

<u>Commercial sector</u>

There were 10,375 transactions worth RM11.99 billion recorded, down ~~by~~ 11.0% in volume but value increased by 5.9% due to several major transactions recorded in the year involving shopping complex, purpose-built office and hotels. Market activity in most states recorded double-digit declines. Major states performance was equally lackluster: WPKL (-9.7%), Selangor (-8.8%), Johor (-10.2%) and Pulau Pinang (-10.0%). Combined, these four states contributed 58.4% of the national commercial property transactions, led by Selangor with 23.9% market share.

Shop sub-sector recorded 5,829 transactions worth RM4.6 billion, dominating 56.2% of the commercial property transactions and 38.3% of the total value. Market performance was soft with a decline of 10.5% in volume and 2.5% in value. Johor and Selangor contributed higher market volume to the national total, each with 18.4% and 16.8% market share. By type, two to two and a-half storey shops captured 53.1% of the shop's market share.

The shop unsold situation saw an improvement at the onset of improving business conditions. The shop overhang recorded 4,017 units worth RM2.61 billion, contracted by 20.8% in volume and 8.0% in value. Similarly, the unsold under construction and not constructed contracted to 6,815 units and 233 units, down by 1.1% and 67.4% respectively. By state, Johor retained its reign as the highest shop overhang state with 31.6% share and the unsold under construction with 24.4% share. By type, two to two and a-half storey shops formed the bulk of overhang (39.1%) and the unsold under construction (42.7%) whilst three to three and a-half storey shops (63.1%) dominated the not constructed.

Despite the slowdown in market activity, prices of shops remained stable. In Kuala Lumpur, double storey shops generally fetched more than RM1.0 million to as high as RM2.4 million. In selected areas of Selangor, similar shops were also transacted at more than RM1.0 million but have yet to reach RM2.0 million. In Johor Bahru, double storey shops in Taman Kota Masai and Taman Universiti were sold at RM1.09 million and RM1.0 million respectively whilst in Kulai, similar shops in Bandar Indahpura fetched a higher range of RM1.29 million to RM1.55 million.

The office rental market saw a stable trend with upward movements recorded in areas with good accessibility and transportation networks. Klang Valley Purpose-Built Office Rental Index ("**PBO-RI**") recorded a modest growth of 3.6% to 125.6 points (2Q 2017) from 121.1 points (2Q 2016). As for Johor Bahru PBO-RI, a higher annual growth was recorded at 4.2% from 121.1 points to 126.2 points whilst George Town PBO-RI was even better at 5.2% growth from 116.5 points to 122.6 points.

(Source: Property Market Report First Half 2017, Valuation and Property Services Department, Ministry of Finance Malaysia)

6.3 Overview and outlook of the Malaysian construction sector

The construction sector expanded 5.8% during the 4Q of 2017 (4Q 2016: 5.1%) attributed to positive growth in all sub-sectors, particularly civil engineering (14.2%) and specialised construction activities at 8.5% (4Q 2016: 10%; 2.5%). Civil engineering sub-sector was mainly supported by construction of utility and transport infrastructure projects. Meanwhile, the specialised construction activities expanded further mainly driven by electrical wiring and sanitary equipment, installation of solar energy collectors and interior design projects. The non-residential sub-sector continued to expand at a moderate pace of 0.3% (4Q 2016: 0.1%) following lower incoming supply, particularly in Klang Valley and Johor region. However, the residential sub-sector moderated 1.1% (4Q 2016: 7.1%) weighed down by lower sales in high-end properties but cushioned by construction of service apartments and Government of Malaysia's affordable housing schemes.

During the quarter, the total value of completed construction work expanded 7.7% to register RM35.1 billion involving 8,747 projects (4Q 2016: 8.1%; RM32.6 billion; 9,791 projects). Of which, civil engineering sub-sector and special trades activities grew 18.4% and 9.5%, respectively. In terms of ownership of the projects, the private sector continues to lead the construction activity with a share of 63.3% (RM22.2 billion) while the remaining by the public sector.

(Source: Malaysian Economy, 4Q 2017, Ministry of Finance Malaysia)

The construction sector registered a moderate growth of 6.7% in 2017 (2016: 7.4%). Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from increased activity from projects in the early stages of construction, such as land clearing, piling and land reclamation work. Growth in the residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sports complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.

The construction sector is expected to record a stronger growth in 2018. This will be driven primarily by large new and existing multi-year civil engineering projects. These projects are mainly in the transportation and utilities segment.

(Source: Bank Negara Malaysia's 2017 Annual Report)

6.4 Prospects of MRCB Group

We are one of the leading urban property developers in Malaysia, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. Our flagship and award winning Kuala Lumpur Sentral ("**KL Sentral**") Central Business District project is one of our Transit Oriented Development ("**TOD**") in Malaysia. Continuing with our transformation strategies, we have maintained our emphasis on enhancing long-term profitability and de-gearing, as well as realigning our focus to our core business activities.

We expect our strategic focus in TOD to continue presenting us with multiple opportunities for continuous growth. Leveraging on the success of the KL Sentral Central Business District as an industry showcase of our expertise and skills in TOD, we have an extensive TOD portfolio which make up a significant portion of our property development activities.

The strategy for our long-term growth includes our interest in 393 acres of high value urban land bank with a GDV of approximately RM57.3 billion as at LPD. These land bank provides us with the capacity to plan for future property development projects catered to market needs and demands over the long-term. As at LPD, our notable property development projects are as follows:-

Project	Description	Development period (Year)	Estimated GDV RM (mil)
Bukit Jalil Sentral	A mixed development on an aggregate 76.14 acres of lands located at Bukit Jalil, Kuala Lumpur	2018 - 2038	20,673
Kwasa Sentral	A mixed development on 64.30 acres of land located at Sungai Buloh, Selangor	2018 - 2030	10,555
Cyberjaya City Centre	A mixed development on 45.3 acres of land located at Cyberjaya, Selangor	2017 - 2024	5,350
Semarak City	A mixed development on 27.41 acres of land located at Setapak, Kuala Lumpur	2015 - 2025	3,163
KL Sentral Lot F	A mixed development on 5.7 acres of land located at KL Sentral, Kuala Lumpur	2018 - 2025	2,993
Penang Sentral	A mixed development on 11.91 acres of land located in Butterworth, Pulau Pinang	2015 - 2027	2,865

Our Group's property investment activity is undertaken through our 27.9% stake in MRCB-Quill REIT ("**MQ REIT**"), which continues to be a significant income contributor to our Group, and acts as the platform for our property investment activities. In respect of financial year 2017, MQ REIT has declared a total distribution of 8.39 sen per unit in MQ REIT ("**Unit**"), resulting in total distribution to our Company of approximately RM24.99 million. This translates to a distribution yield of approximately 6.71% based on the closing price of RM1.25 per Unit as at 31 December 2017.

Our engineering, construction and environment business has also grown significantly in recent years. Our success lies within our expertise and record of accomplishment in the construction of highways, rail infrastructure, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. As at LPD, we have secured an external client order book of approximately RM6.3 billion. As at LPD, our notable construction projects are as follows:-

Project	Description	Construction period	Contract value
		(Year)	RM (mil)
Kwasa Utama	A mixed development on 29.82 acres of land known as Plot C8 in the Kwasa Damansara township in Sungai Buloh, Selangor	2017 - 2027	2,648
Mass Rapid Transit ("**MRT**") 2	Construction of viaduct for the MRT Line 2 Sungai Buloh – Serdang – Putrajaya project	2016 - 2021	604
Damansara-Shah Alam Elevated Expressway ("**DASH**") package CB2	A privatisation project for DASH covering construction of mainline and other associated works for a 20.1 km, three-lane, dual carriageway expressway that begins at Puncak Perdana, Shah Alam intersection and is expected to cover Shah Alam, Subang, Kota Damansara and Damansara areas	2017 - 2019	369
PR1MA Brickfields	Construction of three (3) residential blocks with 920 apartment units in Brickfields, Kuala Lumpur	2018 - 2021	335
Light Rail Transit ("**LRT**") 3 PDP	A 50:50 joint venture with George Kent (Malaysia) Berhad that will manage the construction of the 37.6 km LRT line from Bandar Utama to Klang	2017 - 2020	270

Moving forward, our Group will leverage on our TOD business model and existing land bank. We have also been and will continue to actively tender for construction and engineering projects which fulfill our margin criteria, especially projects requiring our specialised engineering expertise, with relatively higher barriers of entry, such as complex buildings with high mechanical and engineering content and infrastructure projects.

Via the development and construction of PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral, which are expected to feature excellent transportation connectivity at their core, our Group will be able to enhance our visibility and showcase our end-to-end strength and expertise in design, development, engineering and construction.

With these strategies in place, your Board believes that our Group is well positioned to overcome future challenges.

7. EFFECTS OF THE PROPOSED MX-1 CONSTRUCTION

The pro forma effects of the Proposed MX-1 Construction on our Company's issued share capital, shareholdings of the substantial shareholders of our Company, consolidated NA per share and gearing and consolidated EPS are set out below:-

7.1 Share capital and substantial shareholders' shareholdings

The Proposed MX-1 Construction will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as it does not involve an issuance of new MRCB Shares.

7.2 NA per share and gearing

For information purposes, the pro forma consolidated statement of financial position of our Company in respect of the Proposed MX-1 Construction should include pro forma adjustments which are directly attributable to the event or transaction, factually supportable and consistent with our Company's applicable financial reporting framework. Directly attributable adjustments exclude those that relate to future events or are dependent on actions to be taken once the transaction has been completed, even if such actions are key to the entity entering into the transaction.

As the Management Contract is an executory contract under which neither party has performed its obligation in respect of the Development as at the date of the Management Contract, the execution of the Management Contract will not have any effect on the pro forma consolidated statement of financial position of our Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017, save for transaction costs of approximately RM1.00 million, comprising advisory fees, regulatory fees, printing and advertising costs as well as miscellaneous expenses which will be charged to the statement of comprehensive income.

In addition, as the Development spans approximately 12 years and is subject to, among others, updated feasibility studies being undertaken prior to the commencement of the EPCC Works under the first EPCC Contract for each Plot, the Provisional Contract Costs for the Development and hence, the Provisional Management Contract Fees are still subject to change. As such, it is currently too early to ascertain the expected profits to be derived by our Group from the Proposed MX-1 Construction and the corresponding effects on the consolidated NA per share of our Company.

The actual effects on our Company's gearing will depend on the actual bank borrowings to be obtained by our Group to fund the obligations of the Management Contractor and/or the Contractor under Section 2.2 of Part A of this Circular and/or the obligations of the Employer under Section 2.3 of Part A of this Circular, if any, the quantum of which cannot be determined at this juncture.

The pro forma consolidated statement of financial position of our Company as at 31 December 2017 together with the Reporting Accountants' letter thereon is set out in Appendix A(II) of Part A of this Circular.

7.3 Earnings and EPS

The Proposed MX-1 Construction is not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 December 2017 assuming that the Proposed MX-1 Construction had been effected at the beginning of that financial year.

However, the Proposed MX-1 Construction is expected to contribute positively to the future earnings and EPS of our Company over the development and construction period of the Development. Nevertheless, as the Provisional Contract Costs and the Provisional Management Contract Fees are still subject to change, it is currently too early to ascertain the expected profits to our Company from the Proposed MX-1 Construction.

8. APPROVALS REQUIRED

The Proposed MX-1 Construction is subject to and conditional upon approvals/consents being obtained from the following:-

(a) our shareholders at an EGM to be convened; and

(b) any other relevant authority, if required.

The Proposed MX-1 Construction is not conditional upon any other corporate proposal of our Company.

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

Save as disclosed below, none of the major shareholders and/or directors of our Company or any persons connected to them have any interest, direct and/or indirect, in the Proposed MX-1 Construction:-

(a) Major shareholder

EPF is a major shareholder of our Company and the sole shareholder of Kwasa Land, which in turn holds 30% equity interest in KSSB.

Hence, EPF is deemed interested in the Proposed MX-1 Construction and will abstain from voting in respect of its direct and/or indirect interest in our Company on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM. EPF has undertaken that it shall ensure that all persons connected to it will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM.

(b) Directors

(i) Tan Sri Azlan Zainol is a Non-Independent Non-Executive Chairman of our Company and the representative of EPF;

(ii) Datuk Shahril Ridza Ridzuan is a Non-Independent Non-Executive Director of our Company and the Chief Executive Officer of EPF; and

(iii) Rohaya Mohammad Yusof is a Non-Independent Non-Executive Director of our Company and the Head of Private Markets Department of EPF.

As such, Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof are deemed interested in the Proposed MX-1 Construction. Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed MX-1 Construction. The Interested Directors will also abstain from voting in respect of their direct and/or indirect interest in our Company on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM. The Interested Directors have undertaken that they shall ensure that all persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM.

For information purposes, Tan Sri Mohamad Salim Fateh Din and Mohd Imran Tan Sri Mohamad Salim, being the Group Managing Director and Executive Director of our Company respectively, are also Directors of KSSB. Mohd Imran Tan Sri Mohamad Salim is also a Director of MRCB Land. In addition, Tan Sri Abdul Halim Ali, a director of certain subsidiaries of our Company, is also a Director of KSSB.

Tan Sri Mohamad Salim Fateh Din, Mohd Imran Tan Sri Mohamad Salim and Tan Sri Abdul Halim Ali do not hold shares in KSSB and are merely representatives of our Company on the board of directors of KSSB to safeguard the interests of our Company in KSSB. Nevertheless, Tan Sri Mohamad Salim Fateh Din, Mohd Imran Tan Sri Mohamad Salim and Tan Sri Abdul Halim Ali have voluntarily abstained and will continue to abstain from all Board deliberations at KSSB's level in respect of the Proposed MX-1 Construction.

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

	<——Direct——>		<——Indirect——>	
	No. of MRCB Shares	**%**	**No. of MRCB Shares**	**%**
Interested Major Shareholder				
EPF	1,530,917,500	34.87	-	-
Interested Directors				
Tan Sri Azlan Zainol	240,000	*	60,000 [(1)]	*
Datuk Shahril Ridza Ridzuan	1,000,000	0.02	-	-
Rohaya Mohammad Yusof	-	-	-	-

Notes:-

[(1)] *Deemed interested by virtue of his interest in Edenview Projects Sdn Bhd pursuant to Section 8 of the Act.*

* *Less than 0.01%.*

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

Save as disclosed below, our 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 LPD:-

(a) On 14 August 2014, our Company announced that it had entered into a shareholders' agreement with Kwasa Land, a wholly-owned subsidiary of EPF, and KSSB for the subscription of 700,000 new KSSB Shares, representing a 70% equity interest in KSSB, for a cash subscription payment of approximately RM816.6 million ("**Subscription**"). The remaining 30% equity interest in KSSB will be held by Kwasa Land. KSSB is a special purpose vehicle incorporated to undertake Project MX-1.

The Subscription was approved by our shareholders at the EGM held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, among others, allow our Company, Kwasa Land and KSSB to mutually agree on a suitable date to be the unconditional date (which shall be a date falling within six (6) months after the date of fulfilment of the conditions precedent).

On 11 November 2016, our Company announced that all the conditions precedent as set out in the shareholders' agreement and the supplemental shareholders' agreement have been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The balance subscription payment to be paid upon the unconditional date shall be approximately RM737.9 million as the MX-1 land size is now 64.30 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, our Company, Kwasa Land and KSSB shall mutually agree on a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by our Company, Kwasa Land and KSSB.

On 20 December 2017, our Company announced that following the payment for the balance subscription payment to KSSB, the Subscription was completed on even date.

(b) On 28 October 2015, our Company announced that it had entered into a management contract with KUSB, a company which EPF has 100% effective equity interest in, whereby KUSB has appointed our Company as the management contractor in connection with the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as plot C8 (part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan for a provisional total contract sum of RM3,145,493,294 payable in cash ("**C8 Construction**").

The C8 Construction was approved by our shareholders at the EGM held on 21 December 2015 and the management contract had become unconditional on the same date.

On 9 December 2016, our Company announced that it had entered into a supplemental agreement to the management contract with KUSB to amend certain terms and conditions of the management contract and a novation agreement with MRCB Land and KUSB, for our Company to transfer and novate to MRCB Land all our rights, liabilities, benefits, interests, duties and obligations of the management contract.

The C8 Construction is expected to be completed by (a) 31 December 2024, or (b) the date of completion of all the contracts between KUSB and MRCB Land (for which the issuance of a first notice to proceed by KUSB were issued on or before 31 December 2024), whichever is later.

(c) On 26 May 2016, our Company announced that MRCB Builders had entered into a PDP agreement with Kwasa Land, a wholly-owned subsidiary of EPF, whereby Kwasa Land has appointed MRCB Builders as a PDP in connection with the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township ("**Project**") located on a piece of land (formerly known as Rubber Research Institute Malaysia land) in Sungai Buloh measuring approximately 2,330.42 acres, for a provisional fee of approximately RM112.28 million payable in cash (excluding GST and reimbursables) ("**PDP Contract**").

The PDP Contract was approved by our shareholders at the EGM held on 30 November 2016 and the PDP Contract had become unconditional on 1 December 2016.

The Project is expected to be completed by the end of year 2023.

(d) On 31 May 2017, our Company announced that our Company, Rukun Juang Sdn Bhd, an 85%-owned subsidiary of MRCB Land ("**RJSB**"), Tanjung Wibawa Sdn Bhd, a wholly-owned subsidiary of EPF ("**TWSB**") and Bukit Jalil Sentral Property Sdn Bhd ("**BJSP**") had entered into a subscription and shareholders' agreement ("**JV SSA**") which entails the following:-

(i) RJSB and TWSB will co-invest in a special purpose company, namely BJSP, for purposes of jointly developing the Exchange Lands (as defined in Section 11(iv) of Part A of this Circular) ("**Proposed Subscription**"); and

(ii) the proposed disposal by RJSB of the Exchange Lands to BJSP for an aggregate consideration of up to RM1,426,163,112 ("**Lands Consideration**") ("**Proposed Disposal**"),

(collectively referred to as the "**Proposed Joint Venture**").

The Proposed Subscription will entail the investment by RJSB and TWSB in BJSP, via the subscription by RJSB and TWSB of new ordinary shares in BJSP ("**BJSP Shares**") and new redeemable preference shares in BJSP ("**RPS**"). The total subscription consideration payable by RJSB and TWSB is up to approximately RM285.23 million and RM1,140.93 million respectively. Upon completion of the Proposed Subscription, RJSB and TWSB will hold 20% and 80% of the equity interest in BJSP respectively. The subscription consideration will be payable by TWSB entirely in cash while the subscription consideration payable by RJSB will be capitalised from the amount owing by BJSP to RJSB in respect of the Lands Consideration.

In accordance with the terms of the JV SSA, BJSP shall appoint a subsidiary of our Company to be the management contractor for the design and construction of the future development to be carried out on the Exchange Lands ("**Exchange Lands Development**") subsequent to the following:-

(i) a day falling 18 months from the date of the JV SSA, or such later date as the parties may mutually agree upon in relation to the Proposed Subscription (being the cut-off date of the JV SSA); and

(ii) the subscription for the first tranche of BJSP Shares and RPS - class A in BJSP within 15 business days from the date the condition precedent of the JV SSA is fulfilled or waived (as the case may be) ("**First Tranche Subscription**").

In this regard, our Company had on 26 March 2018 announced the following:-

(i) RJSB and BJSP had sought TWSB's consent, which was granted by TWSB on 26 March 2018, for BJSP to appoint the management contractor prior to the completion of the First Tranche Subscription in view that the Exchange Lands were expected to be transferred to BJSP before the JV SSA turns unconditional and before the First Tranche Subscription ("**Consent Letter**"). This will enable BJSP to commence works on the Exchange Lands, where necessary, especially in the event of a delay in the Proposed Joint Venture. TWSB further agreed, via the Consent Letter, for the allotment and issuance by BJSP of 1,000 RPS - class B to the management contractor upon the management contract having become unconditional in accordance with the terms and conditions contained therein. The terms set out in the Consent Letter are also acknowledged and agreed by our Company; and

(ii) Following the above, BJSP had on 26 March 2018 entered into a management contract with MRCB Land to appoint MRCB Land as the management contractor in connection with the Exchange Lands Development, for a provisional total project sum of RM11,007,326,245 payable in cash (inclusive of GST).

For the purposes of fulfilling the condition precedent set out in the JV SSA, BJSP had on 3 October 2017 increased its issued and paid-up share capital. RJSB had in this respect subscribed for further BJSP Shares and as at 9 April 2018, RJSB holds 100% of the equity interest therein. Hence, our Company had on 9 April 2018 announced that RJSB had sought TWSB's concurrence vide a letter dated 6 April 2018, which was accepted by TWSB on 9 April 2018, that as a result of RJSB's further subscription of BJSP Shares:-

(i) the number of BJSP Shares to be subscribed by RJSB under the First Tranche Subscription pursuant to the terms and conditions of the JV SSA will be reduced; and

(ii) the portion of the Lands Consideration payable by BJSP to RJSB which will be capitalised against RJSB's portion of the First Tranche Subscription consideration will also be reduced.

The Proposed Joint Venture is expected to be implemented by the second (2nd) quarter of 2018, while the Exchange Lands Development will span approximately 20 years from 2019 to 2038.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed MX-1 Construction and the corporate exercises disclosed below, there is no other corporate exercise which our Company has announced on Bursa Securities but is pending completion as at LPD:-

(i) The C8 Construction, as set out in Section 10(b) of Part A of this Circular.

(ii) The Project pursuant to the PDP Contract, as set out in Section 10(c) of Part A of this Circular.

(iii) The Proposed Joint Venture and the Exchange Lands Development, as set out in Section 10(d) of Part A of this Circular.

(iv) On 28 October 2015, our Company announced that RJSB had entered into a privatisation agreement with the Government of Malaysia, as represented by the Ministry of Youth and Sports ("**Government**") and Syarikat Tanah dan Harta Sdn Bhd ("**Hartanah**") relating to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur for a total contract sum of RM1,631,880,000.00 ("**Privatisation Agreement**") ("**Privatisation**"). The Privatisation is being carried out by RJSB at its own cost and expense and comprises the following:-

(a) refurbishing, renovating and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre together with the construction of the common infrastructures including boulevard, parking, steps and new signage ("**Project 1**"); and

(b) developing, planning, designing, constructing, completing, testing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, integrated rehabilitation centre and youth park together with the construction of the common infrastructures ("**Project 2**").

In consideration of RJSB agreeing to undertake the Privatisation, the Government will cause the Federal Lands Commissioner ("**FLC**") to transfer three (3) parcels of leasehold lands measuring 92.50 acres located at Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (collectively referred to as the "**Exchange Lands**") to Hartanah and Hartanah shall transfer the Exchange Lands to RJSB free from encumbrances.

The Privatisation was approved by our shareholders at the EGM held on 21 December 2015.

On 8 January 2016, our Company announced that the Government had, vide its letter to RJSB dated 28 December 2015, agreed to RJSB's request for an extension of time of one (1) month from 28 December 2015 until 28 January 2016 to fulfil the conditions precedent as set out in the Privatisation Agreement.

Subsequently on 26 January 2016, our Company announced that the Government had, vide its letter to RJSB dated 22 January 2016, agreed to RJSB's request for a further extension of time until 10 February 2016 to fulfil the conditions precedent as set out in the Privatisation Agreement.

On 2 February 2016, our Company announced that RJSB had on 29 January 2016 entered into a supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary certain clauses in the Privatisation Agreement as well as modify certain deliverables in relation to the fulfilment of conditions precedent and construction works programme as set out in the Privatisation Agreement.

On 5 February 2016, our Company announced that the Privatisation Agreement became unconditional on 4 February 2016.

On 27 December 2016, our Company announced that the date for the execution of the supplemental agreement for Project 2 as set out in the Privatisation Agreement shall be extended from 31 December 2016 to a date on or before 31 January 2017 or any further extended date as agreed between the parties. Subsequently, on 27 January 2017, our Company announced that the date for the execution of the supplemental agreement for Project 2 was further extended from 31 January 2017 to a date on or before 28 April 2017 or any further extended date as agreed between the parties.

On 21 April 2017, our Company announced that RJSB had entered into a second supplemental agreement to the Privatisation Agreement with the Government and Hartanah to, among others, reduce the contract sum from RM1,631,880,000.00 to RM1,343,257,764.32 to commensurate the reduction in the size of the Exchange Lands from a total of 92.50 acres to 76.14 acres, as well as revise the works packages under Project 1 and Project 2 respectively.

The construction works for Project 1 was completed on 22 July 2017. On 8 August 2017, our Company announced that RJSB had on 7 August 2017 received the sectional certificate of practical completion for all components of Project 1 from the Government, which marks the completion and handing over of Project 1 to the Government.

On 9 February 2018, our Company announced that RJSB had entered into a third supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary the calculation of land bond to be submitted to the Government, in order to expedite the transfer of the Exchange Lands to RJSB and/or its nominee(s).

On 18 April 2018, our Company announced that the FLC, via Hartanah, had on 17 April 2018 completed the transfer of the Exchange Lands to BJSP, as nominated by RJSB.

The construction commencement date for Project 2 shall be on a date to be mutually agreed by the Government and RJSB.

(v) On 19 March 2018, our Company announced that Legasi Azam Sdn Bhd, a wholly-owned subsidiary of MRCB Land ("**LASB**"), had entered into a sale and purchase agreement with Pertubuhan Keselamatan Sosial for the disposal of a parcel of freehold land measuring 1.866 acres held under Geran 34211, Lot No 94, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan bearing postal address No.16, Jalan Kia Peng, 50450 Kuala Lumpur for cash consideration of RM323 million, excluding GST ("**Proposed Disposal by LASB**").

The Proposed Disposal by LASB is expected to be completed by the third (3rd) quarter of 2018.

12. ADVISERS

RHB Investment Bank was appointed as the Principal Adviser for the Proposed MX-1 Construction on 1 March 2018.

YMF was appointed as the QS to prepare the GDC Report on 23 February 2018.

PwC was appointed as the Reporting Accountants for the Proposed MX-1 Construction on 23 March 2018.

In view that the Proposed MX-1 Construction is deemed as a RPT under Paragraph 10.08 of the Listing Requirements, Kenanga Investment Bank has been appointed on 22 February 2018 to act as the Independent Adviser to advise the non-interested directors and non-interested shareholders of our Company on the Proposed MX-1 Construction.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Your Board (save for the Interested Directors), after having considered all aspects of the Proposed MX-1 Construction and after careful deliberation, is of the opinion that the Proposed MX-1 Construction is in the best interest of our Company. Accordingly, your Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM.

The view of your Board (save for the Interested Directors) was arrived at after having considered, among others, the terms and conditions of the Management Contract, the QS' independent analysis of the GDC for the Development, the rationale for and prospects of the Proposed MX-1 Construction as well as after discussion with the advisers appointed by our Company.

14. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee (save for Rohaya Mohammad Yusof, being an Interested Director) is of the opinion that the Proposed MX-1 Construction is in the best interest of our Company and the terms of the Proposed MX-1 Construction 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 (save for Rohaya Mohammad Yusof, being an Interested Director) was arrived at after having considered, among others, the terms and conditions of the Management Contract, the QS' independent analysis of the GDC for the Development, the rationale for and prospects of the Proposed MX-1 Construction as well as after discussion with the Independent Adviser.

15. TENTATIVE TIMELINE FOR THE PROPOSED MX-1 CONSTRUCTION

Barring any unforeseen circumstances and subject to the approvals (as set out in Section 8 of Part A of this Circular) being obtained, the tentative timeline in relation to the Proposed MX-1 Construction is as follows:-

Month	Events
End May 2018	• EGM to approve the Proposed MX-1 Construction • Management Contract becomes unconditional

16. ESTIMATED TIMEFRAME FOR COMPLETION

The Management Contract is expected to become unconditional by the second (2nd) quarter of 2018.

Barring any unforeseen circumstances, the Development will span approximately 12 years from 2018 to 2030.

17. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 12:00 noon or immediately after the conclusion of the 47th Annual General Meeting of our Company which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed MX-1 Construction.

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 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.

18. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of your Board
MALAYSIAN RESOURCES CORPORATION BERHAD

TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

EXECUTIVE SUMMARY OF THE GDC REPORT

YONG DAN MOHAMAD FAIZ SDN. BHD.
(13239-K)
QUANTITY SURVEYORS AND CONSTRUCTION COST CONSULTANTS
No. 18-1, Jalan PJS 8/12, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan.
Tel : 03 – 5632 9999 Fax : 03 – 5636 3723 / 03 – 5636 7723
E – Mail : ymfsb@unifi.my
Lembaga Juruukur Bahan Malaysia Permit No. 1993/FC00009

Sr KANG KIAN KIAT MRISM MRICS
Sr MOHAMAD FAIZ HAMID PPRISM FRISM
Sr HISHAM ABU BAKAR MRISM
Sr BADRULSHAH ISMAIL FRISM

Associate Office:
YONG DAN MOHAMAD FAIZ (SABAH)
Lot 23, Block C, 2nd Floor, Plaza Grand Millennium, Jalan Pintas Penampang, 89500 Penampang, Sabah.
Tel: 088-733 611 / 088-733 622 Fax: 088-733 699
E-Mail: ymfsabah@yahoo.com
LJBM Permit No. 2000/FP00282

Our Ref: KL/806/18/1 21 March 2018

The Board of Directors
Malaysian Resources Corporation Berhad
Level 30, Menara Allianz Sentral
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir or Madam:

EXECUTIVE SUMMARY OF THE INDEPENDENT GROSS DEVELOPMENT COST ("GDC") ANALYSIS REPORT DATED 21 MARCH 2018 ("GDC REPORT") FOR THE MIXED DEVELOPMENT IDENTIFIED TO BE THE TOWN CENTRE OF THE KWASA DAMANSARA TOWNSHIP, ON A PIECE OF LAND OWNED BY KWASA SENTRAL SDN BHD ("KSSB") MEASURING 64.30 ACRES KNOWN AS MX-1, CONSISTING OF SIX (6) BLOCKS OF OFFICE TOWERS, TWO (2) BLOCKS OF HOTEL, ONE (1) BLOCK OF WELLNESS CENTRE, THREE (3) BLOCKS OF RETAIL, FIFTEEN (15) BLOCKS OF RESIDENTIAL AND RECREATIONAL FACILITIES ("PROPOSED DEVELOPMENT")

The Executive Summary of the GDC Report was prepared for inclusion in the circular to the shareholders of Malaysian Resources Corporation Berhad ("MRCB") dated 4 MAY 2018 in respect of the Management Contract between KSSB, a 70%-owned subsidiary of MRCB, and MRCB Land Sdn Bhd ("MRCB Land"), a wholly-owned subsidiary of MRCB, for the appointment of MRCB Land as the Management Contractor in connection with the development and construction of the Proposed Development.

In accordance with our appointment by your good self to perform an independent analysis of the GDC for the Proposed Development, we have subsequently concluded our report and the salient details of our report are as follows:-

1.1 PROJECT BACKGROUND

1.1.1 The project is located on a piece of land known as MX-1 measuring 64.30 acres, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan. It will be a mixed development identified to be the town centre of the Kwasa Damansara Township consisting of six (6) blocks of office towers, two (2) blocks of hotel, one (1) block of wellness centre, three (3) blocks of retail, fifteen (15) blocks of residential and recreational facilities.

1.2 REPORT METHODOLOGY

1.2.1 In the preparation of the GDC Report, we relied upon two (2) categories of information which are:-

- Information provided by MRCB
- Our own assumptions based on relevant and acceptable market and industry best practices and standards

1.3 INFORMATION PROVIDED BY MRCB

1.3.1 The plot demarcation of each plot with total acreage. Refer to Table 1.

1.3.2 The total gross floor area ("GFA") of each development components. Refer to Table 1.

1.3.3 Associated cost percentile factor to GDC. Refer to Table 2.

1.3.4 Land cost. Refer to Table 4.

Table 1:- GFA (sq ft) and Plot Acreage – Provided by MRCB

Plot Type	GFA (sq ft) Building	GFA (sq ft) Carpark	Plot acreage
Plot A	**2,662,657**	**1,827,344**	**12.69**
Phase 2 – Shopping Mall	1,803,007	1,370,285	
Phase 4 – T2 Service Apartment	285,888	181,944	
Phase 4 – H1 Hotel	285,888	56,331	
Phase 4 – T1 Office Tower	287,874	218,784	
Plot B	**2,228,166**	**1,525,343**	**9.97**
Phase 5 – T2 Theme Park Hotel	298,530	58,821	
Phase 5 – T5 Wellness Centre	252,490	191,892	
Phase 5 – T3 Office Tower	252,490	191,892	
Phase 5 – Shopping Mall	1,172,166	890,846	
Phase 6 – T4 Office Tower	252,490	191,892	
Plot C	**1,415,186**	**1,075,542**	**8.24**
Phase 6 – T7 SOHO Apartment	369,600	280,896	
Phase 6 – T8 SOHO Apartment	158,400	120,384	
Phase 6 – T6 Office Tower	264,000	200,640	
Phase 6 – Shop Office	95,186	72,342	
Phase 10 – T9 Office Tower	264,000	200,640	
Phase 10 – T10 Office Tower	264,000	200,640	
Plot D1	**475,000**	**315,370**	**2.01**
Phase 3 – Service Apartment	475,000	315,370	
Plot D2	**555,459**	**350,418**	**2.00**
Phase 4 – Service Apartment	555,459	350,418	
Plot E1	**566,040**	**358,459**	**2.00**
Phase 7 – Service Apartment	566,040	358,459	
Plot E2	**566,040**	**358,459**	**2.00**
Phase 8 – Service Apartment	566,040	358,459	
Plot F	**577,055**	**367,615**	**2.00**
Phase 9 – Premium Service Apartment	577,055	367,615	
Plot G	**607,117**	**391,246**	**2.19**
Phase 9 – Premium Service Apartment	607,117	391,246	
Plot H	**439,530**	**475,592**	**9.88**
Phase 1 – Central Park (Phase 1)	313,761	233,492	
Phase 4 – Convention & Surau	70,000		
Phase 4 – Central Park (Phase 2)	55,769	242,100	
Infrastructure			**11.32**
TOTAL GFA (sq ft) AND PLOT ACREAGE	**10,092,250**	**7,045,388**	**64.30**

Source: MX-1 Concept Layout provided by MRCB

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

Yong Dan Mohamad Faiz Sdn Bhd

Quantity surveyors and
Construction cost consultants

Table 2:- GDC's Associated Cost – Provided by MRCB

Cost Element	Factor (%)	Remarks
Project management and design services, and regulatory services ("PMR Services") Fees		
- Regulatory Services	Fee is based on 5% of all Capital Contribution Charges ("CCC") and Submission Fees ("SF") + 6% Goods and Services Tax ("GST")	This fee is attributed to MRCB Land for its management of all statutory contribution and submission fees to relevant Government Agencies.
- Professional Fees	Fee is based on 5% of professional fees for consultants + 6% GST	This fee is attributed to MRCB Land for management and coordination of all consultants.
- Contract sum for the works of each plot including contingency and GST ("EPCC Contract Sum")	Fee is based on 5% of EPCC Contract Sum + 6% GST	This fee is attributed to MRCB Land for management and coordination of all physical construction work on site.
Office Overhead & Administration	3.5% of EPCC Contract Sum	This is to cater for overheads incurred by the head office in delivering the project.
Feasibility Study Preparation Services	RM100,000.00 + 6% GST	Cost for feasibility study including financial models.

1.4 YONG DAN MOHAMAD FAIZ SDN BHD'S ("YMF") OWN ASSUMPTIONS BASED ON RELEVANT AND ACCEPTABLE MARKET AND INDUSTRY BEST PRACTICES AND STANDARDS

1.4.1 In generating the GDC, the pertinent cost elements are illustrated in Table 3 as follows:-

Table 3:- GDC Cost Element

Item	Item Description	Remarks
1	Land Cost	Provided by MRCB
2	EPCC Contract Sum	Provided by YMF using comparable unit rate methods of similar development components inclusive of contingency allowance to cater for unseen factors at this preliminary stage and other acceptable yardstick as per industry's practice.
3	Authority and Statutory Charges	Provided by YMF based on relevant Government Agencies guidelines and other allowances as YMF deems appropriate. This includes CCC and SF.
4	Professional Fees	Provided by YMF using percentile factor based on scale of fees from relevant professional bodies.
5	Sales and Marketing Consultancy Expenses	For the sale option, sales & marketing expenses will be provided by YMF based on a percentile factor of estimated Gross Development Value ("GDV").
6	Office Overhead & Administration	As per illustrated in Table 2, Page 3 where the percentile factor is provided by MRCB.
7	Feasibility Study Preparation Services	As per illustrated in Table 2, Page 3 where the amount is provided by MRCB.
8	Sales and Marketing Consultancy Fees	For the sale option, sales & marketing consultancy fees will be provided by YMF based on a percentile factor of estimated GDV.
9	PMR Services Fees	As per illustrated in Table 2, Page 3 where the percentile factor is provided by MRCB.

1.5 GDC

Table 4:- Summary of GDC

Item Description	Total Amount (RM)	Remarks
a. Total Land Cost	826,231,465.00	Provided by MRCB.
b. Total EPCC Contract Sum including 6% GST	6,128,166,078.16	Provided by YMF. See Table 5, Page 6 for sample construction cost for one development component. For the summary of EPCC Contract Sum, see Table 6, Page 7.
c. Authority and Statutory Charges	197,400,000.00	Provided by YMF.
i. Capital Contribution RM186,502,000.00		See Table 9, Page 9.
ii. Submission Fees RM10,898,000.00		See Table 10, Page 9.
d. Professional Fees – for Consultants including 6% GST	490,249,483.96	Provided by YMF. See Table 7, Page 8.
e. Sales and Marketing Consultancy Expenses including 6% GST	202,646,209.87	Provided by YMF. See Table 11, Page 10.
f. Office Overhead & Administration	214,485,812.74	Percentile factor provided by MRCB. See Table 11, Page 10.
SUB-TOTAL (Item a to Item f)	8,059,179,049.73	
g. Feasibility Study Preparation Services including 6% GST	106,000.00	Provided by MRCB. See Table 2, Page 3.
h. Sales and Marketing Consultancy Fees including 6% GST	214,804,982.46	Provided by YMF. See Table 11, Page 10.
i. PMR Services Fees including 6% GST	361,238,224.80	Percentile factor provided by MRCB. See Table 11, Page 10.
SUB-TOTAL (Item g to Item i)	576,149,207.26	
TOTAL ESTIMATED GDC	8,635,328,256.99	

Note: The estimation of GDC excludes financing cost.

Yong Dan Mohamad Faiz Sdn Bhd

Quantity surveyors and Construction cost consultants

Table 5:- Construction Cost Element – Sample (Phase 2 Plot A-Shopping Mall)

	Cost element	Factor % /GFA (sq ft)	Rate/sq ft (RM)	Total Amount (RM)
1.	Preliminaries	5% of Total of Item 2, 3, 4, 5 & 6		39,950,456.34
2.	Substructure Works	15% of Item 3		79,331,514.68
3.	Building Works			
	- Building	1,803,007sq ft	194.69	351,027,432.83
	- Carpark	1,370,285.32sq ft	129.79	177,849,331.68
4.	Mechanical & Electrical Works ("M&E Services")	35% of Item 3	-N/A-	185,106,867.58
5.	External Works Within Boundary	650,000 per acre. Total acreage is 12.69 acres (Cost distributed to shopping mall is *67.7% of total acreage of Plot A)		5,608,980.00
6.	Ancillary Building	Additional buildings deemed necessary		85,000.00
7.	Provisional Sums	Additional budget provisions		161,302,963.36
8.	Sub-Total (Item 1-7)			1,000,262,546.46
9.	Contingency (5% of Item 8)			50,013,127.32
10.	Sub-Total (Item 8 & 9)			1,050,275,673.79
11.	GST (6% of Item 10)			63,016,540.43
12.	EPCC Contract Sum (Item 10 + Item 11)			1,113,292,214.21
13.	Professional Fees for Consultants (8.00% of Item 10)			84,022,053.91
14.	GST 6% on Fees			5,041,323.23
15.	EPCC CONTRACT SUM including Professional Fees for Consultants (Item 12 + Item 13 + Item 14)			1,202,355,591.35

* Subject to rounding of decimals.

Yong Dan Mohamad Faiz Sdn Bhd

Quantity surveyors and Construction cost consultants

Table 6:- EPCC Contract Sum

Plot Type	Total Unit Rate (RM/sq ft) for EPCC Contract Sum	Total Amount (RM)
Plot A		
Phase 2 – Shopping Mall	350.83	1,113,292,214.21
Phase 4 – T2 Service Apartment	304.33	142,376,169.82
Phase 4 – H1 Hotel	514.29	176,000,782.09
Phase 4 – T1 Office Tower	303.59	153,817,380.98
Plot B		
Phase 5 – T2 Theme Park Hotel	554.00	197,972,319.19
Phase 5 – T5 Wellness Centre	434.66	193,154,299.22
Phase 5 – T3 Office Tower	328.13	145,814,788.13
Phase 5 – Shopping Mall	365.27	753,560,663.44
Phase 6 – T4 Office Tower	328.13	145,814,788.13
Plot C		
Phase 6 – T7 SOHO Apartment	380.72	247,653,850.22
Phase 6 – T8 SOHO Apartment	383.40	106,884,785.54
Phase 6 – T6 Office Tower	328.68	152,719,766.92
Phase 6 – Shop Office	333.79	55,919,520.28
Phase 10 – T9 Office Tower	355.07	164,979,556.87
Phase 10 – T10 Office Tower	355.07	164,979,556.87
Plot D1		
Phase 3 – Service Apartment	279.27	220,728,274.27
Plot D2		
Phase 4 – Service Apartment	265.94	240,908,734.95
Plot E1		
Phase 7 – Service Apartment	298.52	275,985,882.18
Plot E2		
Phase 8 – Service Apartment	298.52	275,985,882.18
Plot F		
Phase 9 – Premium Service Apartment	483.16	456,427,060.11
Plot G		
Phase 9 – Premium Service Apartment	482.11	481,321,650.36
Plot H		
Phase 1 – Central Park (Phase 1)	301.35	164,917,141.84
Phase 4 – Convention & Surau	553.01	38,710,362.60
Phase 4 – Central Park (Phase 2)	195.52	58,240,647.76
		6,128,166,078.16
AVERAGE UNIT RATE FOR EPCC CONTRACT SUM		**RM357.59/sq ft**

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

Yong Dan Mohamad Faiz Sdn Bhd

Quantity surveyors and
Construction cost consultants

Table 7:- Professional Fees for Consultants

Plot Type	Total Unit Rate (RM/sq ft) for Professional Fees for Consultants	Total Amount (RM)
Plot A		
Phase 2 – Shopping Mall	28.07	89,063,377.14
Phase 4 – T2 Service Apartment	24.35	11,390,093.59
Phase 4 – H1 Hotel	41.14	14,080,062.57
Phase 4 – T1 Office Tower	24.29	12,305,390.48
Plot B		
Phase 5 – T2 Theme Park Hotel	44.32	15,837,785.54
Phase 5 – T5 Wellness Centre	34.77	15,452,343.94
Phase 5 – T3 Office Tower	26.25	11,665,183.05
Phase 5 – Shopping Mall	29.22	60,284,853.08
Phase 6 – T4 Office Tower	26.25	11,665,183.05
Plot C		
Phase 6 – T7 SOHO Apartment	30.46	19,812,308.02
Phase 6 – T8 SOHO Apartment	30.67	8,550,782.84
Phase 6 – T6 Office Tower	26.29	12,217,581.35
Phase 6 – Shop Office	26.70	4,473,561.62
Phase 10 – T9 Office Tower	28.41	13,198,364.55
Phase 10 – T10 Office Tower	28.41	13,198,364.55
Plot D1		
Phase 3 – Service Apartment	22.34	17,654,459.65
Plot D2		
Phase 4 – Service Apartment	21.28	19,272,698.80
Plot E1		
Phase 7 – Service Apartment	23.88	22,078,870.57
Plot E2		
Phase 8 – Service Apartment	23.88	22,078,870.57
Plot F		
Phase 9 – Premium Service Apartment	38.65	36,514,164.81
Plot G		
Phase 9 – Premium Service Apartment	38.57	38,505,732.03
Plot H		
Phase 1 – Central Park (Phase 1)	24.11	13,193,371.35
Phase 4 – Convention & Surau	44.24	3,096,829.01
Phase 4 – Central Park (Phase 2)	15.64	4,659,251.82
		490,249,483.96
AVERAGE UNIT RATE FOR PROFESSIONAL FEES FOR CONSULTANTS		**RM28.61/sq ft**

Table 8:- Quantum of Professional Fees for Consultants

Type of Consultants	Percentile (%)	Scope of Work
Architect	3% of CC	Design & Planning
Civil & Structural Engineer	1.5% of CC	Design & Planning
Mechanical & Electrical Engineer	0.9% of CC	Design & Planning
Quantity Surveyor	0.9% of CC	Cost & Contract Management
Other Consultants	1.7% of CC	Various Consultants if required for the project
TOTAL	**8.0% of CC**	

Note: For the purpose of calculation, the fees are based on the construction cost (CC) including contingency but excluding GST.

Table 9:- Summary of CCC

Type of Contribution	Estimated Cost (RM)
TNB – Electrical Supply	53,050,000.00
SYABAS – Water Supply	1,937,000.00
SPAN – Sewerage	106,390,000.00
TELEKOM – Telecommunication	25,125,000.00
TOTAL	**186,502,000.00**

Table 10:- Estimated Total SF

Type of Contribution	Estimated Cost (RM)
Development Order	560,000.00
ISF – Commercial	8,570,000.00
ISF- Drainage	322,000.00
Road & Drainage drawings submission fees	30,000.00
Earthwork drawings submission fees	46,000.00
Building Plan Approval Fees	1,370,000.00
TOTAL	**10,898,000.00**

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

Yong Dan Mohamad Faiz Sdn Bhd

Quantity surveyors and
Construction cost consultants

Table 11:- GDC's Associated Cost

Cost Element	Factor (%)	Total Amount (RM)
Sales and Marketing Consultancy Expenses	*2.0% of estimated GDV (RM 10,132,310,493.31 x 2.0%)	**202,646,209.87**
Office Overhead & Administration	3.5% of EPCC Contract Sum (RM6,128,166,078.16 x 3.5%)	**214,485,812.74**
Feasibility Study Preparation Services	RM100,000 + 6% GST	**106,000.00**
Sales and Marketing Consultancy Fees	**2% of estimated GDV + 6% GST (RM10,132,310,493.31 x 2.0%)+ 6% GST	**214,804,982.46**
PMR Services Fees		
- Regulatory Services	5% x (CCC + SF) = 5% x (RM186,502,000.00 + RM10,898,000.00)	9,870,000.00
- Professional Fees	5% x Total Consultancy Fees = 5% x RM490,249,483.96	24,512,474.20
- EPCC Contract Sum	5% x EPCC Contract Sum = 5% x RM6,128,166,078.16	306,408,303.91
	Sub-Total	**340,790,778.11**
	6% GST	**20,447,446.69**
	TOTAL	**361,238,224.80**
TOTAL		**993,281,229.87**

* The rate ranges between 1.5% to 4%, depending on the Developer's budget for advertising and marketing and on subsidising legal fees. In this analysis, 2% is used.

** Based on industrial practice, the rate is between 1.5% to 2%. In this analysis, 2% is used.

1.6 CONCLUSION

1.6.1 The total estimated GDC is **RM8,635,328,256.99**, as shown in Table 4, on page 5.

1.6.2 We are of the opinion that the methodology employed in generating the GDC is in line with the market and industry best practices.

1.6.3 The derived estimated total GDC is reasonable and within the acceptable range for a development of this nature.

Yours faithfully,
For and on behalf of
Yong Dan Mohamad Faiz Sdn Bhd

JURUUKUR BAHAN BERDAFTAR
HISHAM BIN ABU
BAKAR

Sr Hisham Abu Bakar
Reg. QS, FRISM

Director

pwc

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN A CIRCULAR TO SHAREHOLDERS

The Board of Directors
Malaysian Resources Corporation Berhad
Level 33A, Menara NU 2, No. 203
Jalan Tun Sambanthan, Kuala Lumpur Sentral
50470, Kuala Lumpur
Wilayah Persekutuan, Malaysia

26 April 2018

PwC/SG/MR/KAL/OWZ/ii/0277C

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statement of Financial Position

1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2017. The Pro Forma Consolidated Statement of Financial Position (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 4 May 2018 pursuant to the requirements of Paragraph (1), Part G, Appendix 10B of the Main Market Listing Requirements. The Pro Forma Consolidated Statement of Financial Position has been prepared in connection with the proposed appointment of MRCB Land Sdn Bhd ("MRCB Land"), a wholly owned subsidiary of MRCB as the Management Contractor in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by Kwasa Sentral Sdn Bhd ("KSSB"), a 70% owned subsidiary of MRCB, measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan ("Development"), for a provisional total project sum of RM7,461,991,606 payable in cash ("Proposed Construction").

2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position is described in the Notes to the Pro Forma Consolidated Statement of Financial Position.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

pwc

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/KAL/OWZ/ii/0277C
26 April 2018

3 The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors, for illustrative purposes only, to show the effects of the Proposed Construction on the audited consolidated statement of financial position of the Company as at 31 December 2017 had the Proposed Construction 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 2017, on which an audit report dated 22 March 2018 has been published.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

4 The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

Our Independence and Quality Control

5 We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

6 Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

7 Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Directors on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

8 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 International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

pwc

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/KAL/OWZ/ii/0277C
26 April 2018

9 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 Statement 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 Statement 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.

10 The purpose of the Pro Forma Consolidated Statement 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.

11 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has 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 Statement 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 Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

12 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 Statement of Financial Position has been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

13 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

14 In our opinion, the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

pwc

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/KAL/OWZ/ii/0277C
26 April 2018

Other Matters

15 This report is issued for the sole purpose of inclusion in the Circular to Shareholders in connection with the Proposed Construction 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 Proposed Construction.

Yours faithfully,

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Page 1

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The Pro Forma Consolidated Statement of Financial Position as set out below has been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2017 on the assumption that the Proposed Construction as set out in Note 3 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	Audited 31.12.2017 RM'000	Pro Forma RM'000
NON CURRENT ASSETS			
Property, plant and equipment		614,240	614,240
Investment properties		1,211,298	1,211,298
Land held for property development		1,557,440	1,557,440
Associates		285,608	285,608
Joint ventures		293,065	293,065
Available for sale financial assets		577	577
Long term loan and receivables		34,188	34,188
Intangible assets		225,633	225,633
Deferred tax assets		116,603	116,603
		4,338,652	4,338,652
CURRENT ASSETS			
Inventories		154,492	154,492
Property development costs		696,941	696,941
Trade and other receivables		3,045,275	3,045,275
Amount due from associates and joint ventures		134,380	134,380
Tax recoverable		15,973	15,973
Financial assets at fair value through profit or loss		1,645	1,645
Service concession asset		1,135,279	1,135,279
Other investment		54,110	54,110
Deposits, cash and bank balances	3.1	724,237	723,237
		5,962,332	5,961,332
TOTAL ASSETS		**10,300,984**	**10,299,984**

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

Page 2

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

	Note	Audited 31.12.2017 RM'000	Pro Forma RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		4,309,422	4,309,422
Retained earnings	3.1	457,849	456,849
Other reserves		56,819	56,819
Shareholders' equity		4,824,090	4,823,090
Non-controlling interests		104,498	104,498
TOTAL EQUITY		**4,928,588**	**4,927,588**
NON CURRENT LIABILITIES			
Post - employment benefits obligation		18,626	18,626
Long term borrowings		891,248	891,248
Long term liabilities		332,259	332,259
Government grant		80,186	80,186
Deferred tax liabilities		62,278	62,278
		1,384,597	1,384,597
CURRENT LIABILITIES			
Provision for liabilities and charges		24,098	24,098
Trade and other payables		1,255,145	1,255,145
Current tax liabilities		39,250	39,250
Short term borrowings		1,432,107	1,432,107
Senior and Junior Sukuk		1,058,500	1,058,500
Redeemable preference shares		178,699	178,699
		3,987,799	3,987,799
TOTAL LIABILITIES		**5,372,396**	**5,372,396**
TOTAL EQUITY AND LIABILITIES		**10,300,984**	**10,299,984**
Net assets (attributable to Equity holders of the Company)	A	4,824,090	4,823,090
Number of shares in issue – Ordinary shares	B	4,386,746	4,386,746
Net assets per share	A/B	1.10	1.10
Total borrowing*	C	3,384,690	3,384,690
Total cash and bank balances and other investment**	D	778,347	777,347
Total Equity	E	4,928,588	4,927,588
Gearing (times)	C/E	0.69	0.69
Net gearing (times)	(C-D)/E	0.53	0.53

* *Total borrowing comprise of long term borrowings, short term borrowings, senior and junior sukuk, and hire purchase liabilities. Hire purchases liabilities included within trade payables totalled RM2,835,411.*

***Other investment include investment in unit trust which can be liquidated with one day's notice.*

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

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

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

1 INTRODUCTION

The Pro Forma Consolidated Statement of Financial Position ("Pro Forma SOFP") has been prepared in connection with the proposed appointment of MRCB Land Sdn Bhd ("MRCB Land"), a wholly owned subsidiary of MRCB as the Management Contractor in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by Kwasa Sentral Sdn Bhd ("KSSB"), a 70% owned subsidiary of MRCB, measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan ("Development"), for a provisional total project sum of RM7,461,991,606 payable in cash as the work is performed ("Proposed Construction"). The Development spans approximately 12 years.

KSSB and MRCB Land shall hereinafter be collectively referred to as "the Parties".

The Pro Forma SOFP is prepared for illustrative purposes only and such information, because of its nature, does not give a true picture of the effects the Proposed Construction on the financial position of the Group presented had the transactions or events occurred on 31 December 2017. Further, such information does not purport to predict the Group's future financial position.

2 BASIS OF PREPARATION

2.1 The Pro Forma SOFP, for which the Directors of the Company are solely responsible, has been prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 in accordance with the Financial Reporting Standards ("FRS") and in a manner consistent with both the format of the financial statements and current accounting policies adopted by the Group.

The audit report dated 22 March 2018 on the consolidated financial statement of the Company for the financial year ended 31 December 2017 used in the preparation of the Pro Forma SOFP, was not subject to any qualification or modification.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

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

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.1 Pro Forma SOFP – After Effects of the Proposed Construction

The Pro Forma SOFP has been prepared for illustrative purposes only, to show the effects of the Proposed Construction on the audited Consolidated Statement of Financial Position of the Company as at 31 December 2017, had the management contract entered into between KSSB and MRCB Land for the appointment of MRCB Land as the Management Contractor in connection with the Development ("Management Contract") been executed on that date.

The Pro Forma SOFP of the Company in respect of the Proposed Construction should include pro forma adjustments which are directly attributable to the event or transaction, factually supportable and consistent with the Company's applicable financial reporting framework. Directly attributable adjustments exclude those that relate to future events or are dependent on actions to be taken once the transaction has been completed, even if such actions are key to the entity entering into the transaction.

As the Management Contract is an executory contract under which neither party has performed its obligation in respect of the Development as at the date of the Management Contract, the execution of the Management Contract will not have any effect on the Pro Forma SOFP of the Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017, except for the transaction cost in relation to advisory fees, regulatory fees, printing and advertising costs and miscellaneous expenses of approximately RM1,000,000 which will be charged to the statement of comprehensive income.

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of MRCB in accordance with a resolution dated 26 April 2018.

ANN WAN TEE
GROUP CHIEF FINANCIAL OFFICER

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS

RHB Investment Bank, Kenanga Investment Bank, PwC and YMF have given and have not subsequently withdrawn their written consents to the inclusion in Part A of this Circular of their names and reports (where applicable) and all references thereto in the form and context in which they appear in Part A of this Circular.

3. DECLARATIONS OF CONFLICT OF INTEREST

3.1 RHB Investment Bank

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

In addition, Tan Sri Azlan Zainol, a Non-Independent Non-Executive Chairman of MRCB, is also a Non-Independent Non-Executive Chairman of RHB Bank and RHB Investment Bank. He is also a Non-Independent Non-Executive Director of RHB Securities Singapore Pte Ltd and President of the Board of Commissioners of PT RHB Sekuritas Indonesia, both of which are subsidiaries of RHB Investment Bank. Nevertheless, in view of his role as a non-executive chairman and a non-executive director, he is not involved in the day-to-day operations of the said entities.

As at LPD, RHB Banking Group have extended various credit facilities amounting to approximately RM1,397.88 million (with an amount of approximately RM1,132.08 million outstanding) to MRCB Group. Such credit facilities represent approximately 0.61% of the audited total assets of RHB Banking Group as at 31 December 2017 of approximately RM230,209.93 million.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any possible conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to MRCB for the Proposed MX-1 Construction is mitigated by the following:-

(a) the above credit facilities were provided by the RHB Banking Group on an arms' length basis and in the ordinary course of its business and are not conditional upon RHB Investment Bank being appointed as the Principal Adviser for the Proposed MX-1 Construction or upon any other proposal being undertaken by any entity within RHB Banking Group;

(b) the corporate finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team in-charge of the Proposed MX-1 Construction in RHB Investment Bank is independent from the team handling the facilities;

(c) the appointment of RHB Investment Bank as Principal Adviser for the Proposed MX-1 Construction is in the ordinary course of its business as a licensed investment bank;

(d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and

(e) RHB Investment Bank does not receive or derive any financial interest or benefit from the Proposed MX-1 Construction, save for the professional fees in relation to the appointment of RHB Investment Bank as the Principal Adviser for the Proposed MX-1 Construction.

3.2 Kenanga Investment Bank

Kenanga Investment Bank is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Independent Adviser for the Proposed MX-1 Construction.

3.3 PwC

PwC is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Reporting Accountants for the Proposed MX-1 Construction.

3.4 YMF

YMF is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the QS for the Proposed MX-1 Construction.

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 Group which upon becoming enforceable may have a material and adverse impact on the financial position of our Group:-

	RM('000)
Authorised capital commitment for property, plant and equipment:-	
- contracted for	10,090
- not contracted for	31,050
Total	**41,140**

5. CONTINGENT LIABILITIES

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

	RM('000)
Performance guarantees extended to third parties	498,582

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Constitution of our Company;

(ii) the audited consolidated financial statements of our Group for the past two (2) FYE 31 December 2016 to 2017;

(iii) the Management Contract;

(iv) the GDC Report, together with the Executive Summary of the GDC Report referred to in Appendix A(I) of Part A of this Circular;

(v) the pro forma consolidated statement of financial position of our Company as at 31 December 2017 together with the Reporting Accountants' letter thereon referred to in Appendix A(II) of Part A of this Circular; and

(vi) the letters of consent referred to in Section 2 above.

The rest of this page has been intentionally left blank

PART B

IAL TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED MX-1 CONSTRUCTION

All definitions used in this Executive Summary shall have the same meanings as define d in the Definitions section of the Circular, except where the context otherwise requires or otherwise as defined in the I AL. In this IAL, all references to "we", "us" or "our" are to Kenanga IB, being the Independent Adviser for the Proposed MX-1 Construction. All references to "you" are to MRCB's non-interested shareholders.

This Executive Summary is intended to be a brief summary of this IAL which has been prepared by Kenanga IB as the Independent Adviser to provide the non-interested shareholders of MRCB with an independent assessment of the Proposed MX-1 Construction and to express our recommendation thereon. Non-interested shareholders should consider carefully the recommendation contained therein before voting on the resolution pertaining to the Proposed MX-1 Construction at the forthcoming EGM of MRCB.

1. INTRODUCTION

On 22 March 2018, RHB Investment Bank had, on behalf of the Board, announced that MRCB Land had entered into a management contract with KSSB whereby KSSB had appointed MRCB Land as the Management Contractor to provide services in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by KSSB measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan, for a Provisional Total Project Sum of RM7,461,991,606 payable in cash.

In view of the interests of the Interested Directors and Interested Major Shareholder as set out in Section 9 of Part A of the Circular, the Proposed MX-1 Construction is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, the Board had on 22 February 2018 appointed Kenanga IB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in respect of the Proposed MX-1 Construction.

2. EVALUATION OF THE PROPOSED MX-1 CONSTRUCTION

In evaluating the Proposed MX-1 Construction, we have taken into consideration the following:

Section in the IAL	Area of evaluation	Kenanga IB's comments
Section 6.1	Rationale for the Proposed MX-1 Construction	The Proposed MX-1 Construction allows MRCB to strengthen its position as a player in Malaysia's construction industry and could also lead to future opportunities and projects in the Kwasa Damansara Township project that can potentially contribute positively to the Group's future earnings. Further, we note that the Proposed MX-1 Construction is expected to contribute positively to the Group's earnings over the development period of approximately twelve (12) years ("**Development Period**"). Thus, we are of the view that the Proposed MX-1 Construction is in line with MRCB's vision and mission to be a leading property and infrastructure developer in Malaysia and MRCB's mission in creating and enhancing shareholders' value and that the rationale for the Proposed MX-1 Construction is reasonable and not detrimental to the interest of the non-interested shareholders of MRCB. Please refer to Section 6.1 of this IAL for further details.

Section in the IAL	Area of evaluation	Kenanga IB's comments
Section 6.2	Salient terms of the Management Contract	We note that the salient terms of the Management Contract are consistent with the previous management contract dated 28 October 2015 entered into by KUSB and MRCB for the appointment of MRCB as the management contractor for the development and construction of a commercial development named Kwasa Utama on Plot C8 (“**Plot C8 Management Contract**”) and the supplemental agreement to the Plot C8 Management Contract dated 9 December 2016 entered into by KUSB and MRCB (“**Plot C8 Supplemental Contract**”). Further, the salient terms are in line with the terms outlined in the Government of Malaysia's Public Works Department Standard Form of Design and Build Contract Revision 1/2010 (“**PWD form DB Rev. 1/2010**”) as well as the norm for engineering, procurement and construction (“**EPC**”) contracts as reflected in the International Federation of Consulting Engineers' (“**FIDIC**”) Conditions of Contract for EPC and Turnkey Projects. Thus, we are of the view that the salient terms of the Management Contract are reasonable and not detrimental to the interest of the non-interested shareholders of MRCB. Please refer to Section 6.2 of this IAL for further details.
Section 6.3	Financial evaluation of the Provisional Total Project Sum	We note that the Provisional Total Project Sum provided in the Management Contract is lower by 1.97% vis-à-vis the GDC Report. As the Provisional Total Project Sum provided in the Management Contract is only a provisional figure, the actual amount payable by KSSB to MRCB Land may potentially be greater upon the execution of the EPCC Contracts for the provision of the EPCC Works for all Plots during the Development Period. Thus, we are of the view that the Provisional Total Project Sum is fair and reasonable and not detrimental to the non-interested shareholders of MRCB. Please refer to Section 6.3 of this IAL for further details.

Section in the IAL	Area of evaluation	Kenanga IB's comments
Section 6.4	Financial effects of the Proposed MX-1 Construction	The Proposed MX-1 Construction will not have any effect on the share capital and substantial shareholders' shareholdings of MRCB. In addition, the execution of the Management Contract will not have any material effect on the pro forma consolidated statement of financial position of the Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017. However, the Proposed MX-1 Construction is expected to contribute positively to the earnings of MRCB over the Development Period. Thus, we are of the view that the pro forma effects of the Proposed MX-1 Construction are reasonable and not detrimental to the interest of the non-interested shareholders of MRCB. Please refer to Section 6.4 of this IAL for further details.
Section 6.5	Risk factors for the Proposed MX-1 Construction	The risk factors as set out in Section 5 of Part A of this Circular are risks inherent in the construction and property development industries that the Group is already exposed to. We are of the view that the Proposed MX-1 Construction is not expected to result in a greater degree of exposure to such risks and not expected to significantly alter the business risk profile of the Group. We are of the opinion that the risk factors for the Proposed MX-1 Construction are reasonable and not detrimental to the interest of the non-interested shareholders of MRCB. Please refer to Section 6.5 of this IAL for further details.
Section 6.6	Industry overview and prospects	Despite a slowdown in property market activities, the Malaysian economy showed strong and sustained growth as a whole in 2017, coupled with stable house and shop prices and office rental rates. The Malaysian economy is expected to be favourable in 2018 and will continue to benefit from domestic demand and spillovers from better global growth.

Section in the IAL	Area of evaluation	Kenanga IB's comments
		The Kwasa Damansara Township, where the Development is located, is also well connected to the mass rapid transit and networks of roads and highways and strategically located nearby the surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh, which forms a captive market for the services and facilities available within the Kwasa Damansara Township. We are of the view that the outlook of the industry, MRCB and the Proposed MX-1 Construction are reasonable and not detrimental to the interest of the non-interested shareholders of MRCB. Please refer to Section 6.6 of this IAL for further details.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. CONCLUSION AND RECOMMENDATION

In arriving at our recommendation, we have assessed and evaluated the Proposed MX-1 Construction, taking into consideration the various factors discussed in Section 6 of the IAL.

We summarise our evaluations of the Proposed MX-1 Construction as set out below:

(i) the Proposed MX-1 Construction allows MRCB to strengthen its position as a player in Malaysia's construction industry and could also lead to future opportunities and projects in the Kwasa Damansara Township project that can potentially contribute positively to the Group's future earnings. Further, we note that the Proposed MX-1 Construction is expected to contribute positively to the Group's earnings over the Development Period;

(ii) the salient terms of the Management Contract are consistent with the Plot C8 Management Contract and the Plot C8 Supplemental Contract. Further, the salient terms are in line with the terms outlined in the PWD form DB Rev. 1/2010 as well as the norm for EPC contracts as reflected in the FIDIC's Conditions of Contract for EPC and Turnkey Projects;

(iii) the Provisional Total Project Sum provided in the Management Contract is lower by 1.97% vis-à-vis the GDC Report. As the Provisional Total Project Sum provided in the Management Contract is only a provisional figure, the actual amount payable by KSSB to MRCB Land may potentially be greater upon the execution of the EPCC Contracts for the provision of the EPCC Works for all Plots during the Development Period;

(iv) the Proposed MX-1 Construction will not have any effect on the share capital and substantial shareholders' shareholdings of MRCB. In addition, the execution of the Management Contract will not have any material effect on the pro forma consolidated statement of financial position of the Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017. However, the Proposed MX-1 Construction is expected to contribute positively to the earnings of MRCB over the Development Period;

(v) the Proposed MX-1 Construction is not expected to result in a greater degree of exposure to risks inherent in the construction and property development industries that the Group is already exposed to and not expected to significantly alter the business risk profile of the Group; and

(vi) despite a slowdown in property market activities, the Malaysian economy showed strong and sustained growth as a whole in 2017, coupled with stable house and shop prices and office rental rates. The Malaysian economy is expected to be favourable in 2018 and will continue to benefit from domestic demand and spillovers from better global growth.

The Kwasa Damansara Township, where the Development is located, is also well connected to the mass rapid transit and networks of roads and highways and strategically located nearby the surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh, which forms a captive market for the services and facilities available within the Kwasa Damansara Township.

Premised on the above and on an overall basis, we are of the opinion that the Proposed MX-1 Construction is **FAIR AND REASONABLE** so far as you are concerned and is **NOT DETRIMENTAL** to you.

Accordingly, we advise and recommend that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed MX-1 Construction to be tabled at MRCB's forthcoming EGM.

kenanga

To: The Non-Interested Shareholders of MRCB

Dear Sir/Madam,

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

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED MX-1 CONSTRUCTION

*This Independent Advice Letter ("**IAL**") is prepared for the inclusion in the circular to the shareholders of MRCB dated 4 May 2018 in relation to the Proposed MX-1 Construction ("**Circular**"). Definitions or defined terms used in this IAL shall have the same meanings as defined in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.*

1. INTRODUCTION

On 22 March 2018, RHB Investment Bank had, on behalf of the Board, announced that MRCB Land had entered into a management contract with KSSB, whereby KSSB had appointed MRCB Land as the Management Contractor to provide services in connection with the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara township, on a piece of land owned by KSSB measuring 64.30 acres known as MX-1, held under HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan for a Provisional Total Project Sum of RM7,461,991,606 payable in cash.

In view of the interests of the Interested Directors and Interested Major Shareholder as set out in Section 9 of Part A of the Circular, the Proposed MX-1 Construction is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, the Board had on 22 February 2018 appointed Kenanga IB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in respect of the Proposed MX-1 Construction.

The purpose of this IAL is to provide you with our independent opinion as to whether the Proposed MX-1 Construction is fair and reasonable, and whether the Proposed MX-1 Construction is detrimental to the non-interested shareholders of MRCB, subject to the scope and limitations of our role and evaluation as specified herein. The non-interested shareholders of MRCB should nonetheless rely on their own evaluation of the merits of the Proposed MX-1 Construction before making a decision on the course of action to be taken.

THIS IAL IS PREPARED SOLELY FOR THE NON-INTERESTED SHAREHOLDERS OF MRCB FOR THE PURPOSE OF CONSIDERING THE PROPOSED MX-1 CONSTRUCTION AND SHOULD NOT BE USED AND RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.

YOU ARE ADVISED TO READ AND UNDERSTAND BOTH THIS IAL AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDIX, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED CONSTRUCTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

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 ADVISERS IMMEDIATELY.

Kenanga Investment Bank Berhad 15678-H
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
T 603 2172 2888 F 603 2172 2999 www.kenanga.com.my

2. DETAILS OF THE PROPOSED MX-1 CONTRUCTION

The details of the Proposed MX-1 Construction to be undertaken by MRCB Land in relation to the Development are set out below:

Description	• Development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township, on a piece of land owned by KSSB known as MX-1
Location	• HSD 315671, Lot No. PT50854, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan
Land Area	• 64.30 acres
Type of development	• Mixed development project, consisting residential and commercial units with a plot ratio of 1:3.5, of which 60% is designated for commercial use and the remaining 40% is designated for residential use
Description of Development	• Development of ten (10) separate development plots comprising six (6) blocks of office towers, two (2) blocks of hotel, one (1) block of wellness centre, three (3) retail blocks, fifteen (15) residential blocks and recreational facilities. • Types of development: (a) Plot A: Shopping mall, service apartment, hotel and office tower; (b) Plot B: Hotel, wellness centre, office towers and shopping mall; (c) Plot C: SOHO apartments, shop office and office towers; (d) Plots D1, D2, E1, E2, F and G: Service apartments; and (e) Plot H: Recreational facilities.
Period of Development	• Approximately 12 years from 2018 to 2030
Provisional GDV for the Development	• RM10,554,517,738

As at the LPD, the individual development plans for the respective Plots have been submitted to the relevant authorities and are pending approval. Nevertheless, site clearing works have commenced.

Based on the Management Contract, the total estimated GDC for the Development is RM8.55 billion.

Pursuant to the terms and conditions of the Management Contract, MRCB Land's role as the Management Contractor shall entail the following:

(a) to provide Feasibility Study Preparation Services;

(b) to provide Sales and Marketing Consultancy;

(c) to provide PM services;

(d) to facilitate KSSB in the Regulatory Services; and

(e) to provide EPCC Works.

The Provisional Total Project Sum which is payable by KSSB to MRCB Land in cash is estimated to be RM7.46 billion (inclusive of GST) and shall include the following:

(a) Provisional Contract Costs of approximately RM6.91 billion (inclusive of GST); and

(b) Provisional Management Contract Fees of approximately RM0.55 billion (inclusive of GST).

Kenanga

Further details of the Proposed MX-1 Construction are set out in Section 2 of Part A of the Circular.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

Save as disclosed below and as set out in Section 9 of Part A of the Circular, none of the other Directors, and/or major shareholders of MRCB or any persons connected to them have any interest, direct and/or indirect, in the Proposed MX-1 Construction.

EPF is a major shareholder of MRCB and the sole shareholder of Kwasa Land, which in turn holds 30% equity interest in KSSB. Hence, EPF is deemed interested in the Proposed MX-1 Construction and will abstain from voting in respect of its direct and/or indirect interest in MRCB on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM. EPF has undertaken that it shall ensure that all persons connected to it will abstain from voting in respect of their direct and/or indirect shareholdings in MRCB, if any, on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM.

Tan Sri Azlan Zainol is a Non-Independent Non-Executive Chairman of MRCB and the representative of EPF. In addition, Datuk Shahril Ridza Ridzuan is a Non-Independent Non-Executive Director of MRCB and the Chief Executive Officer of EPF while Rohaya Mohammad Yusof is a Non-Independent Non-Executive Director of MRCB and the Head of Private Markets Department of EPF. As such, Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof are deemed interested in the Proposed MX-1 Construction (collectively referred to as the "**Interested Directors**"). Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed MX-1 Construction. The Interested Directors will also abstain from voting in respect of their direct and/or indirect interest in MRCB on the resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM. 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 resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM.

For information purposes, Tan Sri Mohamad Salim Fateh Din and Mohd Imran Tan Sri Mohamad Salim, being the Group Managing Director of MRCB and the Executive Director of MRCB respectively, are also Directors of KSSB. Mohd Imran Tan Sri Mohamad Salim is also a Director of MRCB Land. In addition, Tan Sri Abdul Halim Ali, a director of certain subsidiaries of MRCB, is also a Director of KSSB.

Although Tan Sri Mohamad Salim Fateh Din, Mohd Imran Tan Sri Mohamad Salim and Tan Sri Abdul Halim Ali are Directors of KSSB, they do not have any shareholding in KSSB and are merely representatives of MRCB on the board of directors of KSSB to safeguard the interests of MRCB in KSSB. Nevertheless, Tan Sri Mohamad Salim Fateh Din, Mohd Imran Tan Sri Mohamad Salim and Tan Sri Abdul Halim Ali have voluntarily abstained and will continue to abstain from all Board deliberations at KSSB's level in respect of the Proposed MX-1 Construction.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

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

	<----------- Direct ------------->		<----------- Indirect --------->	
	No. of MRCB Shares	**%**	**No. of MRCB Shares**	**%**
Interested Major Shareholder				
EPF	1,530,917,500	34.87	-	-
Interested Directors				
Tan Sri Azlan Zainol	240,000	*	60,000(1)	*
Datuk Shahril Ridza Ridzuan	1,000,000	0.02	-	-
Rohaya Mohammad Yusof	-	-	-	-

Notes:

(1) Deemed interested by virtue of his interest in Edenview Projects Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

* *Less than 0.01%.*

4. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED MX-1 CONSTRUCTION

Kenanga IB was not involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposed MX-1 Construction. The terms of reference of our appointment as Independent Adviser to the non-interested directors and non-interested shareholders are in accordance with the requirements set out in Paragraph 10.08(2) and (3) of the Listing Requirements. Kenanga IB's scope as Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed MX-1 Construction insofar as the non-interested shareholders are concerned based on information and documents made available to us but not limited to the following:

- information contained in Part A of the Circular and the appendices attached thereto;
- the Management Contract;
- the GDC Report prepared by the QS;
- other relevant information, documents, confirmations and/or representations provided by the Board and management of MRCB, or obtained in or derived from discussions with the non-interested directors and management of the Company; and
- other relevant publicly available information.

We have made due enquiries and have relied on MRCB, its Directors and management to exercise due care to ensure that all information, documents and representations, provided to us to facilitate our evaluation, represents a true and accurate disclosure of all material facts and information in respect of the Proposed MX-1 Construction and are complete in all material respects. The Board has, individually and collectively, accepted full responsibility for the accuracy of the information provided and given herein and confirmed in writing that after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statements or other facts and/or information, the omission of which would make any statement or information in this IAL materially incomplete, false or misleading as at the LPD.

We are satisfied with the sufficiency of the information provided and disclosure from the Board and management of the Company and having made all reasonable enquiries and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission and we have no reason to believe that any of the information is unreliable, misleading or inaccurate.

Our evaluations and opinions as set out in this IAL are based upon market, economic, industry, regulatory and other conditions (if applicable) and the information/documents made available to us, as at the LPD or such other relevant period as discussed herein (as the case may be). Such conditions may change significantly over a period of time. Accordingly, our evaluations and opinions in this IAL do not take into account the information, events and conditions arising after the LPD or such other relevant period as discussed herein (as the case may be).

We will notify the non-interested shareholders, if after the despatch of this Circular, we:

(a) become aware of significant change affecting the information contained herein;

(b) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or

(c) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of MRCB. We shall immediately notify you of any material change in our recommendation or the accuracy of the completeness of the information contained in this IAL.

Our scope as Independent Adviser is limited to expression of an independent opinion on the Proposed MX-1 Construction. In forming our opinion, we have considered factors which we believe would be of relevance and general importance to the non-interested shareholders of MRCB. In rendering our advice, we have taken note of the pertinent issues which we believe are of general importance in enabling us to form our opinion on the fairness and reasonableness of the Proposed MX-1 Construction and whether the Proposed MX-1 Construction is detrimental to the non-interested shareholders.

It is not within our terms of reference to express any opinion on the commercial risks or commercial merits of the Proposed MX-1 Construction which remains the sole responsibility of the Board, and where comments or points of consideration are included on certain pertinent matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure.

Our evaluations as set out in this IAL are rendered solely for the benefit of the non-interested shareholders of MRCB as a whole. We have not taken into consideration any specific investment objective, financial situation or particular needs of any individual shareholder or any specific group of shareholders. We recommend that any individual shareholder or group of shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed MX-1 Construction in the context of their individual objectives, financial situation or particular needs, to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers.

DIRECTORS' RESPONSIBILITY STATEMENT

The Circular (including the IAL) has been seen and approved by the Board of Directors of MRCB who collectively and individually accept full responsibility for the accuracy of the information given therein. The Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no other fact, the omission of which would make any statement therein false or misleading.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

We confirm that there is no situation of conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser to MRCB in respect of the Proposed MX-1 Construction.

We have not advised MRCB in the capacity of principal adviser nor independent adviser for any corporate exercise within the past one (1) year preceding the LPD other than the Proposed MX-1 Construction (which is the subject matter of the Circular).

Kenanga IB provides a range of advisory services which include, amongst others, mergers, acquisitions and divestitures, take-overs/general offers, fund raising and initial public offerings. We have significant experience in the independent analysis of transactions and issuing opinions on whether the terms and financial conditions of a transaction are deemed fair and reasonable, including those of acquisitions, disposals and general offers. Kenanga IB is an approved corporate finance adviser within the meaning of the Principal Adviser Guidelines issued by the Securities Commission Malaysia.

Our credentials and experience as an independent adviser for the past one (1) year prior to the LPD, include amongst others, the following:

i. Kenanga IB's independent advice letter dated 22 February 2018 to the non-interested shareholders of Ibraco Berhad ("**Ibraco**") pertaining to the proposed sale of a proposed 8-storey strata titled corporate office by Ibraco to Hiap Ghee Seng Sdn. Bhd., a major shareholder of Ibraco for a cash consideration of RM25.5 million.

ii. Kenanga IB's independent advice letter dated 5 February 2018 to the holders of the voting shares of MCT Berhad ("**MCT**") pertaining to the proposed acquisition by Regent Wise Investments Limited ("**RWIL**") through CIMB to acquire all the remaining voting shares not already held by RWIL and Ayala Land, Inc., for a cash offer price of RM0.88 for each offer share.

iii. Kenanga IB's independent advice letter dated 21 December 2017 to the non-interested unitholders of Pavilion Real Estate Investment Trust ("**Pavilion REIT**") pertaining to the proposed acquisition by MTrustee Berhad, acting solely in the capacity as trustee for and on behalf of Pavilion REIT, of the Elite Pavilion Mall together with the related assets and rights for a total cash consideration of RM580.0 million.

iv. Kenanga IB's independent advice letter dated 30 October 2017 to the non-interested shareholders of OSK Holdings Berhad ("**OSK**") pertaining to the proposed provision of financial assistance through OSK and/or its subsidiaries to Yarra Park City Pty Ltd ("**Yarra Park**"), an associate company of OSK, in the form of cash advances, corporate guarantees, undertakings, indemnities and/or collaterals for banking facilities to be obtained by Yarra Park from financial institutions, up to an aggregate amount of Australian Dollar 250.0 million, which is in proportion to its current shareholding in Yarra Park held via its subsidiary, P.J. (A) Pty Limited.

Kenanga

v. Kenanga IB's independent advice letter dated 27 October 2017 to the scheme shareholders of IGB Corporation Berhad ("**IGB**") pertaining to the proposed acquisition by Goldis Berhad ("**Goldis**") of the entire equity interest in IGB not already owned by Goldis ("**Scheme Shares**") by way of a members scheme of arrangement to be undertaken by IGB pursuant to Section 366 of the Companies Act, 2016, at an offer price of RM3.00 for each Scheme Share.

vi. Kenanga IB's independent advice letter dated 24 June 2017 to the non-interested shareholders of Subur Tiasa Holdings Berhad ("**STHB**") pertaining to the proposed acquisition by Tiasa Mesra Sdn Bhd, a wholly owned subsidiary of STHB, of all rights, title and interests in relation to the plantation with a gross area size of 15,017 hectares located in Simunjan Town in the Samarahan Division in Sarawak, via an assignment including development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto held by Rimbunan Sawit Berhad under the license for planted forest No. LPF/0035, for a cash consideration of RM150.0 million.

Premised on the above, we are capable, competent and have the relevant experience in carrying out our role and responsibilities as the Independent Adviser for the Proposed MX-1 Construction.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

6. EVALUATION OF THE PROPOSED MX-1 CONSTRUCTION

In arriving at our opinion and recommendation as the Independent Adviser to the non-interested shareholders of MRCB in respect of the Proposed MX-1 Construction, subject to the aforementioned reliance and limitation, we have considered the following factors:

(a) rationale for the Proposed MX-1 Construction;

(b) salient terms of the Management Contract;

(c) financial evaluation of the Provisional Total Project Sum;

(d) financial effects of the Proposed MX-1 Construction; and

(e) risk factors for the Proposed MX-1 Construction.

6.1 Rationale for the Proposed MX-1 Construction

We have considered the rationale disclosed in Section 4 of Part A of this Circular.

Kenanga IB's view

The Proposed MX-1 Construction is in the ordinary course of business of the MRCB Group and is the second development and construction project undertaken by the Group for the Kwasa Damansara Township project. We note that the Proposed MX-1 Construction is expected to contribute positively to the Group's future revenue with the Provisional Total Project Sum of approximately RM7.46 billion over the Development Period. We also note that the Proposed MX-1 Construction forms part of the existing core business of the MRCB Group, namely engineering, construction and environment.

The summary of the historical financial performance of the Group's engineering, construction and environment segment for the past five (5) financial years from FYE 31 December 2013 to FYE 31 December 2017 is set out below:

	<---Audited FYE 31 December---				--->
	2013 (RM'000)	**2014 (RM'000)**	**2015 (RM'000)**	**2016 (RM'000)**	**2017 (RM'000)**
Revenue					
MRCB Group	940,910	1,514,767	1,696,727	2,408,072	2,823,651
Engineering, construction and environment segment (external parties)	375,991	510,743	773,725	857,911	1,773,887
Percentage to the MRCB Group revenue (%)	40	34	46	36	63

We note that MRCB possesses the requisite experience and expertise to undertake the Proposed MX-1 Construction given that the engineering, construction and environment segment is one of the Group's major core businesses. Based on the segmental analysis as set out in the table above, the engineering, construction and environment segment had contributed approximately thirty-four percent (34%) to sixty-three percent (63%) of the Group's total revenue in the past five (5) financial years. The increase in revenue contribution from the engineering, construction and environment segment for FYE 2017 is mainly driven by the completion of the Kuala Lumpur Sports City project. Furthermore, progressive revenue was booked from the ongoing construction of several commercial buildings in Johor such as the Johor Land Tower, Aman Desaru, Desaru Convention Centre, Desa Desaru and Westin Desaru Resort. Apart from that, power transmission related construction projects also contributed to the increase in revenue for FYE 2017. The Proposed MX-1 Construction, with potential revenue of approximately RM7.46 billion over the Development Period represents an opportunity for the Group to further strengthen its core business in the engineering, construction and environment segment.

The Development forms part of the Kwasa Damansara Township project being undertaken by Kwasa Land, which is being developed on 2,330 acres of land strategically located in the vicinity of the mature surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh. Kwasa Land estimates that the Kwasa Damansara Township will be able to generate a GDV of RM50 billion over the next 20 years.

Prior to this, the Company had entered into a management contract with KUSB in 28 October 2015 whereby MRCB was appointed as management contractor for the construction and development of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as Plot C8 (Part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan ("Plot C8 Development"). Subsequently, MRCB had on 9 December 2016 entered into the Plot C8 Supplemental Contract and a novation agreement with MRCB Land and KUSB, for MRCB to transfer and novate to MRCB Land all of MRCB's rights, liabilities, benefits, interests, duties and obligations in relation to the Plot C8 Management Contract. The role of the management contractor in both the Proposed MX-1 Construction and the Plot C8 Development and the basis for computation of the fees payable to the management contractor for the services performed under the Management Contract and the Plot C8 Management Contract are consistent under both management contracts.

As the Management Contractor of the Proposed MX-1 Construction, the Group is able to showcase its engineering and construction expertise in large scale mixed development and construction projects, enabling the Group to gain a stronger foothold in the construction and development of Kwasa Damansara Township, and strengthen its position as a player in Malaysia's engineering and construction industry. In addition, the Proposed MX-1 Construction could also potentially lead to future opportunities and projects in the Kwasa Damansara Township project that can potentially contribute positively to the future earnings of the Group in the mid to longer term period. This is in line with MRCB's vision and mission to be a leading property and infrastructure developer in Malaysia.

Further, we note that the expected positive contribution to the Group's earnings from the Proposed MX-1 Construction is also in line with MRCB's mission in creating and enhancing shareholders' value.

Premised on the above, we are of the view that the rationale for the Proposed MX-1 Construction is <u>REASONABLE</u> and <u>NOT DETRIMENTAL</u> to the interest of the non-interested shareholders of MRCB.

kenanga

6.2 Salient terms of the Management Contract

The salient terms of the Management Contract as set out in Section 2.6 of Part A of the Circular and our comments thereon are as follows:

Salient Terms of the Management Contract	Kenanga IB's comments
Condition Precedent *The Management Contract is conditional upon MRCB obtaining its shareholders' approval to enter into the Management Contract for the Proposed MX-1 Construction on or before the expiry of one (1) year from the date of the Management Contract ("**Cut-Off Date**"). This condition precedent shall be fulfilled upon the Management Contractor giving notice to the Employer that such approval has been obtained.* *If such approval is not obtained by the Cut-Off Date, then the Management Contract shall automatically terminate and the Parties shall have no claim whatsoever against the other on any matter in respect of, or arising from, the Management Contract.* *For the avoidance of doubt, the provision of any Service under the Management Contract shall be conditional upon the fulfilment of the abovementioned condition precedent.*	This term is reasonable as it relates to the approvals required for the appointment of MRCB Land as the Management Contractor and it ensures that the shareholders of MRCB are given the opportunity to access the merits and demerits of the Proposed MX-1 Construction, including the Management Contract, prior to deciding whether or not to proceed with the proposed Management Contract. The Cut-Off Date is reasonable as it allows sufficient time for MRCB to fulfil the condition precedent. In addition, as the Management Contract is conditional upon MRCB obtaining its shareholders' approval, we note that this clause ensures that MRCB will not be subject to any claims by KSSB in the event the said approval is not obtained.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
<u>Provision of services by MRCB Land</u> ***(a) Feasibility Study Preparation Services*** *(i) The Employer acknowledges that as of the date of this Management Contract, it has received and approved the Initial Feasibility Study from the Management Contractor.* *(ii) Upon receipt of a written request from the Employer, the Management Contractor shall prepare an Updated Feasibility Study and use its best endeavours to deliver the Updated Feasibility Study to the Employer within one (1) month from the Management Contractor's receipt of the Employer's request or such other period as the Parties may mutually agree in writing.* *"**Updated Feasibility Study**" means an existing feasibility study for the Development as a whole prepared by the Management Contractor, which is updated by the Management Contractor and is to incorporate all data current at that time including the rent payable under a lease for a building in a Plot and/or GDV, and which shall contain updated estimates of the EPCC Contract Sum, the Professional Fees and the Authority and Statutory Charges.*	The Feasibility Study Preparation Services requires MRCB Land to construct financial models as a basis for planning the Development in accordance to KSSB's objectives and to enable KSSB to determine the budget for the EPCC Works. MRCB Land will receive a payment of RM100,000 from KSSB for preparation of the Initial Feasibility Study. The RM100,000 has not been billed as the Management Contract is still conditional upon shareholders' approval. Upon KSSB's request for an Updated Feasibility Study, MRCB Land will receive a payment of a minimum rate of RM20,000 per month calculated from the date of KSSB's request for the Updated Feasibility Study to the date of delivery of the Updated Feasibility Study, together with all GST payable thereon. The stipulated timeframe is reasonable as it allows sufficient time for MRCB Land to update and deliver the Updated Feasibility Study to KSSB. The terms in this section are reasonable as the fees related to the Feasibility Study Preparation Services and the timeframe for the Updated Feasibility Study are in line with industry practice.
(b) Sales and Marketing Consultancy *In relation to the provision of Sales and Marketing Consultancy, the budget for Sales and Marketing Consultancy Expenses prepared by the Management Contractor is subject always to the prior approval of the Employer's Board of Directors.*	We note that in addition to the Provisional Management Contract Fees payable for the Sales and Marketing Consultancy, the expenses in relation to Sales and Marketing Expenses incurred or to be incurred by MRCB Land would be reimbursed by KSSB accordingly. It is therefore reasonable for the budget of expenses to be approved by the board of directors of KSSB.

<table>
<tr><th>Salient Terms of the Management Contract</th><th>Kenanga IB's comments</th></tr>
<tr><td>(c) PMR Services

(i) The PMR Services consists of PM Services and Regulatory Services.

(ii) In respect of PM Services, the Management Contractor shall, during the design and construction phases of the Development, provide project management services and design services through the consultants using building information modelling systems and processes.

(iii) In respect of Regulatory Services, the Management Contractor shall provide a list of all authority and statutory approvals required for the Development and for each Plot. The Management Contractor shall facilitate the Employer in obtaining all authority and statutory approvals on a best endeavour basis.</td><td>These terms are reasonable as it is the responsibility of MRCB Land as the Management Contractor to provide the PMR Services in accordance with the Management Contract.</td></tr>
</table>

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Salient Terms of the Management Contract	Kenanga IB's comments
(d) Appointment of Contractor for the EPCC Works	
(i) The Contractor shall, subject to the provisions of the EPCC Contract(s):- *a. plan, design, construct, complete, test and commission the EPCC Works; and* *b. provide all design, services, labour, materials, equipment, temporary works, site transportation and everything required in and for such planning, design, construction, completion, testing and commissioning of the EPCC Works.*	The provision of the EPCC Works by the Contractor will be in accordance with the EPCC Contract(s) for the Development as a whole and for each respective Plot. This term is reasonable and in line with the terms reflected in the PWD form DB Rev. 1/2010[1]. *Note:* [1] *PWD form DB Rev. 1/2010 is published by the Government of Malaysia's Public Works Department and is used as a standard form of design and build contract in the property and construction industry.*
(ii) Notwithstanding anything to the contrary in the Management Contract and in the EPCC Contract(s), where performance of the EPCC Works are so procured from the Contractor by the Management Contractor, the performance of the EPCC Works shall be at the sole risk of the Contractor and the Contractor shall be directly liable to the Employer for any and all non-performance for the EPCC Works. For the avoidance of doubt, the Management Contractor shall not be liable to the Employer for any non-performance of the EPCC Works which are attributable to the Contractor.	This term disclaims any non-performance liability and risk in relation to the EPCC Works against MRCB Land. This is reasonable as the EPCC Works are undertaken by the appointed Contractor.
(iii) The total liability of the Contractor to the Employer howsoever arising under or in connection with the EPCC Contract(s) and the EPCC Works shall not exceed the sum equivalent to the value of the certified EPCC Works carried out under the respective EPCC Contract(s) save and except that this limit shall not apply to the Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Contractor.	This term specifies the maximum liability of the Contractor to KSSB arising under or in connection with the EPCC Contract(s).

Salient Terms of the Management Contract	Kenanga IB's comments
(e) Appointment of consultants for the Development	
(i) The Employer agrees that the Management Contractor shall directly appoint the consultants for the Development in accordance with MRCB's procurement procedure, and shall have the right to novate all of the appointments to the Contractor at the Management Contractor's discretion.	This term is reasonable as it provides the required autonomy for MRCB Land to discharge its obligations under the Management Contract.
(ii) Notwithstanding anything to the contrary in the Management Contract and in the letters of appointment, where any design in relation to the PM Services and/or the EPCC Works are so procured from the consultants by the Management Contractor, the Management Contractor shall include a provision in the letters of appointment that such design shall be provided at the sole risk of the consultants and the consultants shall be directly liable to the Employer for any and all deficiencies in such design. For the avoidance of doubt, the Management Contractor shall not be liable to the Employer for any deficiencies in such design which are provided by the consultants.	This term is reasonable as it is the responsibility of the consultants appointed by MRCB Land to bear the risks and be directly liable to KSSB concerning any and all deficiencies in the design they provide in relation to the PM Services and/or the EPCC Works.
(f) Appointment of third parties to provide Services	
Save and except where the third party is a subsidiary or an entity on the approved panel list of the Management Contractor and/or MRCB, or a consultant (including the architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and any other consultants) engaged by the Management Contractor for the Development and/or the EPCC Works, all other third parties appointed by the Management Contractor to provide any Services under the Management Contract shall be subject to the prior approval in writing of the Employer's representative, which approval shall not be unreasonably withheld.	It is reasonable for KSSB as the Employer, to necessitate MRCB Land to obtain its prior approval for the appointment of other third parties to perform any Services under the Management Contract to ensure that the Services are awarded to a reliable and competent third party provider(s).
(g) Management of consultants, sub-consultants and/or other third parties	
The Management Contractor is required to liaise, assist and co-ordinate with consultants, sub-consultants and/or other third parties employed or appointed by lessees and other tenants of a Plot where Services for a Plot is concerned and shall interface its Services with the works and/or services performed by such third parties, without any cost implication to the Employer in any circumstances whatsoever.	This term is reasonable as it states the responsibility of MRCB Land as Management Contractor to manage the consultants, sub-consultants and/or other third parties to be employed in carrying out the works and services related to the Management Contract.

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
(h) Commencement and completion date	
(i) The Services to be provided by the Management Contractor to the Employer under the Management Contract shall commence from the date the condition precedent set out in Section 2.6.1 of part A of this Circular is met subject to and in accordance with the terms of the Management Contract.	This clause sets out the commencement and completion date in relation to the Services to be provided by the Management Contractor under the Management Contract and the EPCC Works under the EPCC Contract.
(ii) The Employer shall agree to grant exclusive possession of the site of the Development to the Management Contractor upon commencement of the EPCC Works under the first EPCC Contract.	These terms are reasonable and in line with the norm for EPC contracts as reflected in the FIDIC's[1] Conditions of Contract for EPC and Turnkey Projects and the PWD form DB Rev. 1/2010.
(iii) The EPCC Works under the EPCC Contract shall commence after the Performance Bond (as defined in Section 2.6.10 of part A of this Circular) and such insurance policies as specified in the EPCC Contract have been deposited with the Management Contractor.	*Note:* (1) *FIDIC is the International Federation of Consulting Engineers and its members consist of national associations of consulting engineers. It publishes international standard forms of contracts for works and for clients, consultants, sub-consultants, joint ventures and representatives, together with related materials such as standard pre-qualification forms.*
(iv) The Management Contract shall be completed by the date of issuance of the certificate of completion of making good defects issued under the final EPCC Contract executed between the Contractor and the Management Contractor for the Development.	

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Salient Terms of the Management Contract	Kenanga IB's comments
Determination of contract sum *MRCB Land shall pay the Contractor the sum as stated in the letter of acceptance, or such other sum as shall become payable under and at the times and in the manner specified in the EPCC Contract. The contract sum is a fixed price lump sum and is not subject to re-measurement, recalculation, adjustment or alteration in any way whatsoever, other than in accordance with the express provisions of the EPCC Contract. Any arithmetical error or any errors in the prices and rates shall be corrected and/or rationalised by MRCB Land or the project director appointed under the EPCC Contract without any change to the contract sum before the signing of the EPCC Contract.* *The contract sum for the EPCC Works shall be exclusive of GST. If the contract sum is subject to GST, MRCB Land will be additionally liable to bear the GST at the prevailing rate. Except for GST, the contract sum is inclusive of all taxes and regulatory charges, including but not limited to, value added tax, consumption tax, tax on remittances, excise tax, mercantile tax on contracts, impost, duty, assessment, levy, permit and license and withholding tax (of any kind, howsoever computed, whether by reference to the Contractor's net income or otherwise) which may now be or hereafter imposed by the Government of Malaysia (including any fines and penalties thereof) and/or any other similar taxes which may be levied by the taxing authority of the Contractor's country of origin, which shall be for the sole account of the Contractor.*	This term is reasonable as it states the responsibility of MRCB Land to pay a fixed contract sum to the Contractor in accordance to the terms specified in the EPCC Contract, to which both parties will mutually agree to prior to signing of the EPCC Contract. MRCB Land is liable to bear any applicable GST charges if the contract sum for the EPCC Works is subject to GST. This term is reasonable as the payment of such taxes for supply of goods and services is applicable to businesses and consumers in Malaysia. We note that the estimated EPCC Contract Sum in the Management Contract is merely a provisional figure at this juncture and the actual EPCC Contract Sum may be higher or lower depending on the EPCC Contract for each Plot.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Salient Terms of the Management Contract	Kenanga IB's comments
Payment by KSSB ***(a) Sales and Marketing Consultancy*** *In consideration for the Management Contractor's provision of the Sales and Marketing Consultancy:* *(i) the Employer shall pay the Management Contractor the Sales and Marketing Consultancy Expenses, together with all GST payable thereon; and* *(ii) the Sales and Marketing Consultancy fee which shall be calculated as follows:* *a. if the Management Contractor secures a lessee and the lessee signs an agreement with the Employer for a lease of a building in a Plot, the Employer shall pay the Management Contractor a fee equivalent to two (2) months of net rental (being gross rental excluding the leased building's service charge) of the lease; or* *b. if the Employer sells a part of a Development and the buyer was secured by the Management Contractor, upon the buyer signing the sale and purchase agreement, the Employer shall pay the Management Contractor a fee equivalent to 1.75% of the GDV, being the proceeds of the sale of such part of the Development.*	We note that expenses incurred for the sales and marketing by MRCB Land would be reimbursed by KSSB accordingly. This is in addition to the Provisional Management Contract Fees payable for the Sales and Marketing Consultancy fee. The basis to arrive at the Sales and Marketing Consultancy fee is consistent with the basis stipulated in the Plot C8 Management Contract. MRCB Land shall receive an estimated Sales and Marketing Consultancy fee of RM184,704,060 from KSSB.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Salient Terms of the Management Contract	Kenanga IB's comments
(b) Feasibility Study Preparation Services *In consideration for the Management Contractor's provision of the Initial Feasibility Study, the Employer shall pay the Initial Feasibility Study Preparation fee, being a fixed fee of RM100,000, together with all GST payable thereon.* *In consideration for the Management Contractor's provision of an Updated Feasibility Study in accordance with Section 2.6.2(a)(ii) of part A of this Circular, the Employer shall pay the Management Contractor a minimum rate of RM20,000 per month calculated from the date of the Employer's request for the Updated Feasibility Study to the date of delivery of the Updated Feasibility Study, together with all GST payable thereon.* *"**Updated Feasibility Study**" means an existing feasibility study for the Development as a whole prepared by the Management Contractor, which is updated by the Management Contractor and is to incorporate all data current at that time including the rent payable under a lease for a building in a Plot and/or GDV, and which shall contain updated estimates of the EPCC Contract Sum, the Professional Fees and the Authority and Statutory Charges.*	The basis to arrive at the fees for the preparation of the Initial Feasibility Study and the Updated Feasibility Study is consistent with the basis stipulated in the Plot C8 Management Contract. The RM100,000 has not been billed as the Management Contract is still conditional upon shareholders' approval. The terms in this section are reasonable as the fees related to the Feasibility Study Preparation Services are in line with industry practice.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
(c) PMR Services *In consideration for the provision of the PMR Services, the Employer shall pay the Management Contractor the PMR Services fees (as set out in the ensuing sections), together with all GST payable thereon. If any authority and statutory approval is not granted or refused or revoked due to no fault of the Management Contractor, the Management Contractor shall nonetheless be paid in full for all Regulatory Services undertaken by the Management Contractor.* *The provisional PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on:-* *(i) 5% of the estimated EPCC Contract Sum;* *(ii) 5% of the estimated Professional Fees; and* *(iii) 5% of the estimated Authority and Statutory Charges,* *plus GST thereon, for that Plot as determined by the Initial Feasibility Study for that Plot and as updated in an Updated Feasibility Study, where applicable.*	The rate of 5% was commercially negotiated between KSSB and MRCB Land and is consistent with the basis stipulated in the Plot C8 Management Contract for the computation of PMR Services fees. Based on the basis of 5%, MRCB Land shall receive a payment of PMR Services fees from KSSB amounting to an estimated sum of RM332,426,730. This comprises the fees for: (a) EPCC Contract Sum; (b) Professional fees; and (c) Fees for Regulatory Services.
The final PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on:- *(i) 5% of the final EPCC Contract Sum for that Plot (as calculated in accordance with the final account provisions of the EPCC Contract for that Plot);* *(ii) 5% of the actual Professional Fees incurred for that Plot (as calculated in accordance with the terms of the relevant letters of appointment for that Plot); and* *(iii) 5% of the actual Authority and Statutory Charges for that Plot,* *plus GST thereon.* *For the avoidance of doubt, GST shall be included when determining the final PMR Services fees, and such final PMR Services fees will be further subject to GST, where applicable.*	The provisional PMR Services fees are only an estimate at this juncture and will depend on the actual value of the EPCC Contract Sum, actual Professional Fees and actual Authority and Statutory Charges to be incurred during the Development Period.

Salient Terms of the Management Contract	Kenanga IB's comments
(d) ***EPCC Works*** *The Employer shall pay the Management Contractor the Professional Fees and the EPCC Contract Sum, together with all GST payable thereon for the EPCC Works and the Management Contractor shall in turn pay all such sums to the consultants and the Contractor in accordance with the provisions of the letters of appointment of such consultants and the EPCC Contract(s) respectively.* *The final EPCC Contract Sum shall be calculated in accordance with the final account provisions of the EPCC Contract(s).*	This term is reasonable as it is consistent with KSSB's responsibilities as the Employer and MRCB Land's responsibilities as the Management Contractor for the Development. This is also consistent with the terms in the Plot C8 Supplemental Contract.
(e) ***GST*** *All sums due and payable under the Management Contract are subject to GST, where applicable, for which the Management Contractor is entitled to charge and the Employer shall additionally be liable to bear in addition to the value of supply under the Management Contract.*	This term is reasonable as the payment of such taxes for supply of goods and services is applicable to businesses and consumers in Malaysia.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
(f) General conditions of payment	
(i) The invoicing period for the payment for all Services performed by the Management Contractor under the Management Contract including the Contract Costs shall commence at the end of the calendar month in which the Management Contract is executed and thereafter shall be on a monthly basis. The Management Contractor shall submit its invoice for:- *a. payment of its Management Contract Fees and GST payable thereon; and* *b. payment of the Contract Costs and GST payable thereon;* *together with evidence that the invoiced Services have been rendered, that the portion of the Contract Costs being the Sales and Marketing Consultancy Expenses were approved in compliance with Section 2.6.2(b)(i) of part A of this Circular and that the Office Overhead and Administrative Expenses are payable.*	These terms specify the timeline for the invoicing and payment processes related to the Services provided by MRCB Land to KSSB.
(ii) The Employer's representative shall within ten (10) days of receipt of the Management Contractor's invoice approve such amounts invoiced or request further information or documents from the Management Contractor as reasonably required to verify the invoice. Within ten (10) days of receipt of such further information or documents as requested from the Management Contractor or in the absence thereof, the Employer shall approve or reject the invoiced amount concerned. *Payments of the approved Management Contractor's invoiced amounts shall be made to the Management Contractor within ten (10) days from the date the Employer approves or ought to have approved the invoiced amount.*	The stipulated processing period allows KSSB sufficient time to peruse for verification and approval purposes while the stipulated payment period provides a fixed timeframe for KSSB to remit the relevant payment for the services rendered by MRCB Land. The total payment period from the date of the invoice up to the payment date is reasonable from the Group's perspective as it does not exceed the Group's credit terms of trade receivables which range from 30 to 60 days.

Salient Terms of the Management Contract	Kenanga IB's comments
(iii) *In the event the Employer fails to make payment to the Management Contractor in accordance with Section 2.6.4(f)(ii) of part A of this Circular, the Employer shall pay late payment interest to the Management Contractor at the rate of 7% per annum on a daily basis on the outstanding amount from the date the payment was due to the date full payment is received.* *For information purposes, the late payment interest rate of 7% per annum was commercially negotiated between the Parties and MRCB Land deems it to be reasonable.*	This term is reasonable as it serves to safeguard the interest of MRCB Land in the event KSSB fails to make payment on a timely basis and in the manner as prescribed in the Management Contract. The late payment interest rate of 7% per annum was commercially negotiated between the Parties and MRCB Land deems it to be reasonable. It is also similar to the rate used in the Plot C8 Management Contract and is higher than the 10-years Malaysia Government Securities (conventional) yield-to-maturity of 3.955%[(1)] as well as the Group's weighted average year end effective interest rates per annum of 5.50%[(2)]. *Sources:* *(1) Bank Negara Malaysia* *(2) MRCB's audited financial statements for the FYE 31 December 2017.*
Right of first refusal for the provision of maintenance or ancillary services *Upon completion of any phase and/or of the whole of the Development, the Management Contractor shall have the right of first refusal in relation to the provision of any maintenance or ancillary services that is or may be required by the Employer for any phase or for the whole of the Development.* *For information purposes, maintenance or ancillary services may include services relating to building management, security services and car park operations.*	This term is reasonable as it allows MRCB Land the right to refuse to provide any maintenance or ancillary services beyond the scope of work initially laid out in the Management Contract for any phase or for the whole of the Development, upon completion of any phase and/or the whole of the Development.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
Representations and warranties *(a) In respect of the Management Contract, the Management Contractor and Employer each represent and warrant that as at the date of the Management Contract:-* *(i) it has the power, and is fully authorised, to enter into and perform the terms of the Management Contract; and* *(ii) it is solvent and there is no winding up petition against it.* *Additionally, the Management Contractor represents and warrants that as at the date of the Management Contract:-* *(i) it has the skill, knowledge and experience required to perform the Services; and* *(ii) its provision of the Services is in compliance with all applicable laws, rules or regulations and that it has obtained and will maintain the validity of all professional or business licenses required to comply with such laws, rules or regulations.* *(b) In respect of the EPCC Contract, the Management Contractor shall procure the Contractor to warrant the following to the Employer:-* *(i) that it will carry out and complete its obligations under the EPCC Contract(s) in accordance with the EPCC Contract(s); and* *(ii) that it will exercise reasonable skill and care in relation to the following (so far as the Contractor is responsible for them):-* *a. the performance of the EPCC Works; and* *b. the design of the EPCC Works.*	These are common and reasonable terms which serve to safeguard the interests of both the Employer and the Management Contractor.

Salient Terms of the Management Contract	Kenanga IB's comments
No liability for consequential loss *No Party to the Management Contract shall be liable to the other Party, either in contract or in tort, for any consequential, incidental, indirect, special or punitive damages of the other Party, including loss of future revenue, or income or profits arising from the breach or alleged breach of the Management Contract.*	 This term is reasonable as it protects each individual Party to the Management Contract from the damages arising from the breach or alleged breach of this Management Contract by the other party. Thus, there is no spill-over of risk to the party that is not responsible for the damages that occurred.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

<table>
<tr><th>Salient Terms of the Management Contract</th><th>Kenanga IB's comments</th></tr>
<tr><td>

<u>Termination</u>

(a) The Management Contract may be terminated with immediate effect by either Party by giving written notice to the other Party if:

(i) The other Party fails to pay any amount due under the Management Contract on the due date for payment and remains in default for more than 30 days after being notified in writing to make such payment; or

(ii) The other Party commits a material breach of any term of the Management Contract; and

a. the Party in breach fails to provide its written proposal to the other Party to cure that breach ("Written Cure Proposal") within 90 days of its receipt of written notice from the other Party notifying the Party of such breach; or

b. the Party in breach fails to remedy that breach within a further period of 90 days from the date the other Party receives the Written Cure Proposal from the Party in breach or such other number of days as may be mutually agreed in writing by the Parties;

A "material breach" means a breach (including an anticipatory breach) that has a serious effect on the benefit which the terminating Party would otherwise derive from a substantial part of the Management Contract over the term of the Management Contract. In deciding whether any breach is material, no regard shall be had to whether it occurs by some accident, mishap, mistake or misunderstanding.

</td><td>

These terms serve to safeguard the interest of both Parties to the Management Contract.

These terms are also reasonable and in line with the norm for EPC contracts as reflected in the FIDIC's Conditions of Contract for EPC and Turnkey Projects and the PWD form DB Rev. 1/2010.

These terms are reasonable as they give sufficient time for the Party in breach of the Management Contract to remedy that breach before the other Party terminates the Management Contract in response to the breach.

</td></tr>
</table>

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
(b) Upon the effective date of termination of the Management Contract:	
(i) All legal obligations, rights and duties arising out of the Management Contract shall terminate except for such legal obligations, rights and duties as shall have accrued prior to the effective date of termination and except as otherwise expressly provided in the Management Contract.	This term refers to the termination of all legal obligations, rights and duties of all Parties arising out of the Management Contract upon the effective date of termination of the Management Contract.
(ii) The Employer shall immediately pay to the Management Contractor all sums due and owing to the Management Contractor in connection with the Management Contract, including all fees and if any, expenses and disbursements which relate to the Services performed by the Management Contractor incurred by the Management Contractor up to the effective date of termination of the Management Contract.	This term is reasonable as it refers to the obligations of KSSB to make payment to MRCB Land upon the termination of the Management Contract for all sums owed by it to MRCB Land in relation to the Services performed by MRCB Land up to the effective date of termination of the Management Contract.
(c) If the Management Contract is terminated through no fault of the Management Contractor or otherwise than by termination arising from Force Majeure (as defined below), the Employer shall pay compensation to the Management Contractor for a sum equal to the aggregate of the Management Contract Fees which the Management Contractor would otherwise be paid under the Management Contract less any such amount of Management Contract Fees already paid by the Employer to the Management Contractor under the Management Contract as at the date of termination. *"**Force Majeure**" means an exceptional event or circumstance:* *(i) which is beyond a Party's control;* *(ii) which such Party could not reasonably have provided against before entering into the Management Contract;* *(iii) which, having arisen, such Party could not reasonably have avoided or overcome; and* *(iv) which is not substantially attributable to the other Party.*	This term is reasonable as in the event of a termination of the Management Contract due to reasons for which MRCB Land is not responsible for, MRCB Land is entitled to receive compensation from KSSB amounting to the aggregate of the Management Contract Fees as outlined under the Management Contract less any such amount of Management Contract Fees already paid by KSSB to MRCB Land under the Management Contract as at the date of termination.

Salient Terms of the Management Contract	Kenanga IB's comments
(d) If the Management Contract is terminated for whatever reason, the Employer shall at its own cost (save and except where the termination of the Management Contract is due to a default of the Management Contractor), through the appropriate novation agreement(s) to be entered into between the Parties and the Contractor, step in as the employer under all existing EPCC Contract(s) to the exclusion of the Management Contractor and the EPCC Contract(s) will be and remain in full force and effect (without any discontinuance or suspension) notwithstanding the termination of the Management Contract.	This term stipulates the right of KSSB to assume its role as an Employer under all existing EPCC Contract(s) to the exclusion of MRCB Land in the event of termination of the Management Contract for whatever reason.
(e) If the appointment of the Contractor is terminated for whatever reason under any EPCC Contract:-	
(i) the Management Contractor shall have the right to appoint at its discretion any party as the contractor in substitution of the Contractor under the relevant EPCC Contract based on the procedures of the Management Contractor applicable at that time; and	This term stipulates the right of MRCB Land to appoint a new contractor to replace the Contractor initially appointed under the EPCC Contract in the event of a termination of the appointment of the existing Contractor for whatever reason.
(ii) such termination shall not affect any other existing EPCC Contract(s).	This term is reasonable as we note that any other existing EPCC Contract(s) entered into between MRCB Land and KSSB shall not be affected in the event of termination of the Management Contract for whatever reason.

Salient Terms of the Management Contract	Kenanga IB's comments
f) Based on the terms and conditions set out in the draft EPCC Contract (as appended to the Management Contract), the Contractor shall be in default under the EPCC Contract in the event the Contractor:- *(i) fails to commence EPCC Works at the site within two (2) weeks after the date of possession of the site;* *(ii) suspends or abandons the carrying out of the EPCC Works or any part thereof for a continuous period of seven (7) days;* *(iii) fails to proceed regularly and diligently with the performance of his obligations under the EPCC Contract(s);* *(iv) fails to execute the EPCC Works in accordance with or persistently neglects to carry out his obligations under the EPCC Contract(s);* *(v) refuses or persistently neglects to comply with a written notice from the project director appointed under the EPCC Contract in relation to any defective work or equipment, materials or goods or which do not meet the requirements of the EPCC Contract;* *(vi) fails to comply with the representations, warranties and undertakings of the Contractor;* *(vii) fails to obtain the prior written consent of the project director appointed under the EPCC Contract relating to sub-contracting and assignment;* *(viii) fails to comply with any terms and conditions of the EPCC Contract;* *(ix) commits any material and/or persistent breach of any safety, health or environmental obligations or any law that threatens the safety and health of any personnel or person or causing serious environmental pollution; or*	These terms are reasonable as it is the Contractor's responsibility to perform its duties and obligations and comply with the terms and conditions set out in the EPCC Contract.

Salient Terms of the Management Contract	Kenanga IB's comments
(x) becomes bankrupt, insolvent or compounds with or enters into an arrangement or composition with its creditors; or an order is made or resolution is effectively passed for the winding up of the Contractor (except for the purpose of restructuring or amalgamation with the written consent of the Management Contractor, which consent shall not be unreasonably withheld); or a provisional liquidator, receiver or manager of its business or undertaking is appointed, or possession is taken by or on behalf of creditors or debenture holders secured by a floating charge of any property comprised in or subject of the said floating charge; or execution is levied against a substantial portion of the Contractor's assets. *In addition, the EPCC Contract(s) may be terminated by the Contractor if the Management Contractor without any reasonable cause fails to perform or fulfil any of its obligations which adversely affects the EPCC Works.*	Please refer to the preceding paragraph in the section of Termination in page B-33.
<u>Delay/performance damages</u>	
(a) *If the Contractor fails to complete the EPCC Works by the date for completion or within any extended time granted under the EPCC Contract, the project director appointed under the EPCC Contract shall issue a certificate of non-completion to the Contractor.*	This term is reasonable and in line with the terms reflected in the PWD form DB Rev. 1/2010.
(b) *Without prejudice to MRCB Land's right to terminate the EPCC Contract, when the project director appointed under the EPCC Contract issues the certificate of non-completion, MRCB Land shall be entitled to recover from the Contractor, liquidated and ascertained damages calculated based on the rate stated in the EPCC Contract, from the date of the failure to complete the EPCC Works to the date of the certificate of practical completion or the date of termination of the EPCC Contract. The project director may deduct such liquidated and ascertained damages from any money due or to become due to the Contractor, failing which such damages shall be recovered from the retention sum and/or as a debt due from the Contractor. The project director shall inform the Contractor of such deduction.*	This term is in line with the terms reflected in the PWD form DB Rev. 1/2010. This term is reasonable as MRCB Land will be compensated by the appointed Contractor in the form of liquidated and ascertained damages in the event the Contractor fails to complete the EPCC Works by the date for completion or within any extended time granted under the EPCC Contract.

<table>
<tr><th>Salient Terms of the Management Contract</th><th>Kenanga IB's comments</th></tr>
<tr><td><u>Performance Bond</u>

(a) The Contractor shall, as a condition precedent to the commencement of the EPCC Works, deposit with MRCB Land a Performance Bond (as defined herein). The Performance Bond shall remain valid and effective from the date of issuance until three (3) months after the expiry of the defect liability period or the issuance of the certificate of completion of making good defects, whichever is the later.

A "Performance Bond" is issued by an approved licensed bank or financial institution incorporated in Malaysia substantially in the form as set out in the EPCC Contract in favour of MRCB Land for a sum equivalent to 5% of the EPCC Contract Sum to secure the due performance of the Contractor's obligations under the EPCC Contract. This rate was commercially negotiated between the Parties and MRCB Land deems it reasonable.

(b) If the Contractor fails to provide the Performance Bond within the period stated in the letter of acceptance and remains in default for more than seven (7) days from the receipt of default notice or any period determined by MRCB Land, MRCB Land shall have the right to terminate the appointment of the Contractor under the EPCC Contract by giving a written notice to that effect.

(c) MRCB Land shall be entitled at any time to call upon the Performance Bond, wholly or partially in the event that the Contractor fails to perform or fulfill its obligations under the EPCC Contract including failure to extend the validity period of the Performance Bond and such failure is not remedied in accordance with the EPCC Contract.

(d) If a payment is made to MRCB Land pursuant to any claim under the Performance Bond, the Contractor shall issue to MRCB Land further security in the form of additional Performance Bond for an amount not less than the amount so paid to MRCB Land on or prior to the date of such payment so that the total sum of the Performance Bond shall be maintained at all times at the value specified in Section 2.6.10(a) of part A of this Circular.</td><td>These terms are reasonable as they serve to protect MRCB Land's interest by ensuring that the Contractor performs its obligations in accordance with the EPCC Contract. MRCB Land would be compensated financially in relation to any claims that it makes under the Performance Bond in the event that the Contractor fails to perform or fulfill its obligations under the EPCC Contract including failure to extend the validity period of the Performance Bond and such failure is not remedied in accordance with the EPCC Contract.

These terms are also in line with the terms reflected in the PWD form DB Rev. 1/2010.

The rate of 5% was commercially negotiated between KSSB and MRCB Land and similar to the rate used in the Plot C8 Management Contract.</td></tr>
</table>

Salient Terms of the Management Contract	Kenanga IB's comments
(e) The Performance Bond (or any balance thereof remaining for the credit of the Contractor) may be released or refunded to the Contractor on the completion of making good of all defects, shrinkages or other faults which may appear during the defects liability period and upon the issuance of the certificate of completion of making good defects for the whole of the EPCC Works. *(f) If the EPCC Contract is terminated by reason of default, corruption, unlawful or illegal activities by the Contractor, the Performance Bond or any balance thereof shall be forfeited.* *(g) If the terms of the Performance Bond specify an expiry date and the completion date for the EPCC Works is extended, the Contractor shall at his own expense extend the validity period of the Performance Bond within one (1) month prior to the expiry date or within such period as specified by MRCB Land so that it shall remain effective until issuance of the certificate of completion of making good defects.*	Please refer to the preceding paragraphs in the section of Performance Bond in page B-35.
<u>Design Guarantee</u> *(a) The Contractor shall deposit to MRCB Land a design guarantee as a security to the Contractor's obligations under the EPCC Contract ("**Design Guarantee**"). The Design Guarantee shall be effective for the duration of five (5) years commencing from the date of practical completion ("**Design Guarantee Period**").* *(b) If any defect or damage shall occur to the EPCC Works or any part of the EPCC Works as a result of any defect, fault, insufficiency or inadequacy in the design including workmanship, material or equipment arising from design default during the Design Guarantee Period, MRCB Land shall issue to the Contractor a notice specifying the default and requiring the Contractor to remedy the same within the period specified at the Contractor's own cost and expense. If the same is not remedied, MRCB Land shall be entitled, without prejudice to any other rights or remedies it may possess against the Contractor under the EPCC Contract or at law, to claim and recover from the Contractor any payment for any loss and/or damages suffered or any other expenses incurred as a result thereof.*	These terms are reasonable as MRCB Land's interest is protected in that it possesses the right to claim and recover from the Contractor payment for any loss and/or damages suffered or any other expenses incurred as a result of any defect, fault, insufficiency or inadequacy in the design including workmanship, material or equipment arising from design default of the EPCC Works during the Design Guarantee Period. These terms are also in line with the terms reflected in the PWD form DB Rev. 1/2010.

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
(c) *Notwithstanding the above, MRCB Land may elect to remedy the defect, fault, insufficiency or inadequacy in the design as at the time such defect, fault, insufficiency, inadequacy is established and MRCB Land shall be entitled to deduct the amount up to the limit of sum certified by the project director appointed under the EPCC Contract to be the sum required to remedy the same from any money due or to become due to the Contractor under the EPCC Contract, and failing which such sum shall be recovered from the retention sum and/or as a debt due from the Contractor.* *For the avoidance of doubt, the retention sum refers to payments to the Contractor which are withheld by MRCB Land for purposes of remedying the abovementioned defect, fault, insufficiency or inadequacy in the design, should MRCB Land elects to do so, and differs from the Design Guarantee Bond (as defined in Section 2.6.12 of Part A of this Circular).*	These terms are reasonable. As the responsibility of the design of the EPCC Works lies with the Contractor, MRCB Land is not financially responsible for the sum required to remedy the defect, fault, insufficiency or inadequacy in the design as at the time such defect, fault, insufficiency, inadequacy is established, should MRCB Land elect to remedy the same. These terms are also in line with the terms reflected in the PWD form DB Rev. 1/2010.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
<u>Design Guarantee Bond</u> *(a)* *The Contractor shall provide to MRCB Land a banker's guarantee issued by an approved licensed bank/financial institution in the sum and substantially in the form as set out in the EPCC Contract ("**Design Guarantee Bond**") before the issuance of the certificate of practical completion of the EPCC Works as a security for the Contractor's obligations and warranties under the EPCC Contract. Such Design Guarantee Bond shall remain valid for a period of five (5) years from the date of practical completion of the EPCC Works.* *For information purposes, the exact quantum of the Design Guarantee Bond will be determined by MRCB Land when the EPCC Contracts are executed for each Plot. The Design Guarantee Bond is expected to be fixed at a certain percentage of the EPCC Contract Sum in line with market practice at that juncture.* *(b)* *If any defect or damage shall occur to the EPCC Works or any part thereof as a result of any defect, fault, insufficiency, imperfection, shrinkages or inadequacy in the designs including workmanship, materials or equipment which has become defective, then the approved licensed bank/financial institution issuing the Design Guarantee Bond shall pay to MRCB Land, on demand by MRCB Land in writing and notwithstanding any objection by the Contractor or any other third party, the sum provided in the Design Guarantee Bond or such part thereof as may be demanded.*	These terms are reasonable as they serve to protect MRCB Land's interest by ensuring that the Contractor performs its obligations and warranties in accordance with the EPCC Contract. MRCB Land is entitled to receive the sum provided in the Design Guarantee Bond or such part thereof as may be demanded upon any defect or damage related to the EPCC Works or any part thereof as a result of any defect, fault, insufficiency, imperfection, shrinkages or inadequacy in the designs of the EPCC Works. These terms are also in line with the terms reflected in the PWD form DB Rev. 1/2010.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
(c) If the Design Guarantee Bond is not deposited with MRCB Land in accordance with the EPCC Contract, MRCB Land shall have the right to claim from the Performance Bond, the sum specified in Section 2.6.12(a) of this Circular or such part thereof as may be demanded. *(d) If a payment is made to MRCB Land pursuant to Section 2.6.12(b) of this Circular, the Contractor shall ensure that further security in the form of an additional Design Guarantee Bond for an amount no less than the amount so paid to MRCB Land shall be issued to MRCB Land prior to or upon the date of such payment. If any of the issued Design Guarantee Bond were to expire prior to the validity period, a replacement Design Guarantee Bond shall be issued to MRCB Land on or prior to the date of expiry of the first mentioned Design Guarantee Bond in an amount not less than the amount of that Design Guarantee Bond.*	Please refer to the preceding paragraphs in the section of Design Guarantee Bond in page B-38.
<u>Assignment of the Performance Bond and Design Guarantee Bond</u> *In connection with the Contractor's warranties to the Employer as set out in Section 2.6.6(b) of Part A of this Circular, and as security for the Contractor's performance of such warranties, the Performance Bond and the Design Guarantee Bond issued in accordance with Section 2.6.10 and Section 2.6.12 of Part A of this Circular respectively shall be wholly assigned by MRCB Land to the Employer at any time after issuance thereof and in this respect:-* *(a) the Contractor unconditionally and irrevocably consents to such assignment and undertakes to execute within a reasonable time following written notification and request by MRCB Land of such assignment, all documents necessary and to carry out all other action necessary to effect such assignment; and* *(b) all rights, benefits, entitlements and interests under and in connection with the Performance Bond and the Design Guarantee Bond originally vested with MRCB Land shall vest with and enure to the benefit of the Employer on and from the date of such assignment.*	These terms are reasonable as they specify the responsibility of the Contractor to safeguard the interests of KSSB in relation to the Management Contract.

Kenanga

Salient Terms of the Management Contract	Kenanga IB's comments
Indemnity *(a) Subject to Section 2.6.14(d) of part A of this Circular, the Parties agree that the Management Contractor shall perform all of its obligations under the Management Contract at its own risk and releases the Employer, to the fullest extent permitted by the law, and shall indemnify and keep the Employer and their agents and servants indemnified from and against all claims and demands from third parties of every kind resulting from or arising out of the Services except to the extent such claims or demands are attributable to the Employer, their agents or servants.* *(b) Subject to Section 2.6.14(d) of part A of this Circular, the Management Contractor undertakes to indemnify the Employer and keep the Employer at all times fully indemnified from and against any and all claims arising directly as a result of any breach or non-performance of the Management Contractor's undertakings, warranties or obligations under the Management Contract. Provided always that the Management Contractor shall not be in breach or default in the event the Management Contractor is unable to carry out or complete all or any portion of its undertakings, warranties or obligations under the Management Contract as a result of Force Majeure.* *(c) Subject to Section 2.6.14(d) of part A of this Circular, in respect of the Sales and Marketing Consultancy, the Management Contractor indemnifies and holds the Employer harmless against and from the consequences of payment of the Sales and Marketing Consultancy fee by the Employer pursuant to Section 2.6.4(a)(ii) of part A of this Circular as fees for consultancy services instead of for payment for agency services under the Valuers, Appraisers and Estate Agents Act 1981.*	These terms are reasonable as they are set out to protect the interest of KSSB in the event of any breach or non-performance of MRCB Land's undertakings, warranties or obligations under the Management Contract.
(d) The total liability of the Management Contractor to the Employer howsoever arising under or in connection with the Management Contract shall not exceed the sum equivalent to the amount of the Management Contract Fees actually due and payable to the Management Contractor under the Management Contract for Services that have been performed (including but not limited to taking into account any adjustments to the PMR Services fees) save and except that this limit shall not apply to the Management Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Management Contractor.	This term is reasonable as MRCB Land's total liability arising from its provision of each of the Services under the Management Contract and all EPCC Contracts, is limited to the sum equivalent to the amount of Management Contract Fees due and payable on the Services that have been performed.

Salient Terms of the Management Contract	Kenanga IB's comments
(e) The indemnity set out in this section shall survive the termination of the Management Contract whether by completion of the Services or otherwise.	This term is reasonable as it ensures that the indemnity clause is in effect the termination of the Management Contract.

<u>Kenanga IB's view</u>

We note that the salient terms of the Management Contract are consistent with the Plot C8 Management Contract and the Plot C8 Supplemental Contract. Further, the salient terms are in line with the terms outlined in the PWD form DB Rev. 1/2010 as well as the norm for EPC contracts as reflected in the FIDIC's Conditions of Contract for EPC and Turnkey Projects. Based on the aforementioned, we are of the view that the the salient terms of the Management Contract are <u>REASONABLE</u> and <u>NOT DETRIMENTAL</u> to the interest of the non-interested shareholders of MRCB.

Notwithstanding the above, the Management Contract contains non-salient terms that are outside the parameters of PWD form DB Rev. 1/2010 and the norm for EPC contracts as reflected in the FIDIC's Conditions of Contract for EPC and Turnkey Projects.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6.3 Financial evaluation of the Provisional Total Project Sum

6.3.1 Provisional Total Project Sum

The total estimated GDC as set out in the Management Contract of RM8.55 billion refers to the total estimated cost to be incurred by KSSB in relation to the Development. The Provisional Total Project Sum as set out in the Management Contract of RM7.46 billion refers to the Provisional Contract Costs of approximately RM6.91 billion and Provisional Management Contract Fees of approximately RM0.55 billion in relation to the provision of Services by MRCB Land.

In providing our opinion on the fairness and reasonableness of the Provisional Total Project Sum, we have relied on the GDC Report prepared by the independent quantity surveyor appointed by the Board to undertake an independent analysis of the estimated GDC and the Provisional Management Contract Fees.

Assessment of the experience, expertise and independence of the QS

YMF is a quantity surveyor and construction cost consultant which have been in practice since 1965. YMF is a Registered Consultant Quantity Surveyor with the Board of Quantity Surveyors Malaysia and Ministry of Finance. They are also accredited with ISO 9001:2015 Quality Management System Certification by UKAS Management Systems and Standards Malaysia. Their services include preparation of preliminary construction cost estimate and cost plan, preparation of feasibility studies, valuation of construction work in progress and variation orders, reporting on interim financial status of projects and preparation of final accounts for building projects. YMF is mainly involved in mixed development/commercial, residential and public services projects.

YMF's credentials and experience as an independent QS include amongst others, the following:

Project	Location	Year	Construction costs (RM 'million)
Icon City (Mixed development Phase 1)	Petaling Jaya, Selangor Darul Ehsan	2012	950
IOI City Mall	Putrajaya	2008	748
Nu Sentral (Shopping mall & offices)	Kuala Lumpur	2008	728
Menara Shell & Ascott Residences	Kuala Lumpur	2008	392
Tropicana Avenue (Commercial complex, service apartment & offices)	Petaling Jaya, Selangor Darul Ehsan	2005	250
Tropicana City Mall	Petaling Jaya, Selangor Darul Ehsan	2005	300
Mid Valley (City development Phase 1 – Mid Valley City Megamall, Hotels Cititel & Boulevard, Menara IGB, Boulevard offices)	Kuala Lumpur	1998	772
Mid Valley (Phase 2 – The Gardens Mall)	Kuala Lumpur	2003	570
International Financial Park	Labuan	1992	440
Petronas Carigali BDO Office (buildings)	Lutong, Sarawak)	1992	72
Kompleks Dayabumi	Kuala Lumpur	1977	330
Danga Bay (Retail mall Danga E1)	Johor Bahru	2003	360

Based on the aforementioned, we are of the view that YMF is capable, competent and have the relevant experience in carrying out its role and responsibilities as the independent QS for the Proposed MX-1 Construction.

Save as disclosed below, we confirm that there is no other situation which gives or is likely to give rise to a conflict of interest situation in relation to YMF's role as the independent QS for the Proposed MX-1 Construction nor any other business or relationship that could interfere with the exercise of independent judgement by YMF.

YMF is the independent QS for the management contract dated 26 March 2018 entered into between Bukit Jalil Sentral Property Sdn Bhd ("**BJSP**"), a wholly-owned subsidiary of Rukun Juang Sdn Bhd which in turn is a 85%-owned subsidiary of MRCB Land, and MRCB Land, for the appointment of MRCB Land as the management contractor in connection with the development and construction of a mixed development on three (3) parcels of leasehold land located in Bukit Jalil, for a provisional total project sum of RM11,007,326,245.

Notwithstanding the above, YMF confirms their independence based on the following:

(i) none of the directors of YMF are directors, officers and/or major shareholders of MRCB and vice versa;

(ii) none of the directors of YMF are a family member of any directors, officers and/or major shareholders of MRCB and vice versa;

(iii) none of the directors of YMF act as a nominee or representative of any director or major shareholder of MRCB and vice versa;

(iv) YMF is not involved in any negotiations in relations to the Management Contract and will not be involved in providing any EPCC Works and/or Services in relation to the EPCC Contract and Management Contract; and

(v) the GDC Report has been independently prepared by YMF based on the valuation methods as set out in the GDC Report along with its own assumptions based on the relevant and acceptable market and industry best practices.

Based on the above, we are of the view that YMF is independent of the management and board of directors of MRCB and free from any other business or relationship which could interfere with the exercise of independent judgement by YMF as the independent QS for the Proposed MX-1 Construction.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

Financial evaluation of the Provisional Total Project Sum

The estimated GDC for the Development and the Provisional Total Project Sum for the Proposed MX-1 Construction, as extracted from the Management Contract *vis-a-vis* the GDC Report are set out below:

GDC components	Management Contract (RM)		GDC Report (RM)	
	Estimated GDC	Provisional Total Project Sum	Estimated GDC	Provisional Total Project Sum
Land cost [(1)]	826,231,465	-	826,231,465	-
Authority and Statutory Charges [(1)]	156,294,665 [(2)]	-	197,400,000 [(3)]	-
Financing cost [(1)(4)]	106,000,000	-	-	-
Subtotal	**1,088,526,130**	-	**1,023,631,465**	-
<u>Provisional Contract Costs (inclusive of GST):</u>				
EPCC Contract Sum	6,011,333,286	6,011,333,286	6,128,166,078	6,128,166,078
Professional Fees	480,906,663	480,906,663	490,249,484	490,249,484
Sales & Marketing Consultancy Expenses	211,090,355	211,090,355	202,646,210	202,646,210
Office Overhead and Administrative Expenses	210,396,665	210,396,665	214,485,813	214,485,813
Subtotal	**6,913,726,969**	**6,913,726,969**	**7,035,547,585**	**7,035,547,585**
<u>Provisional Management Contract Fees:</u>				
Subtotal	**548,264,637**	**548,264,637**	**576,149,207**	**576,149,207**
Grand total	**8,550,517,736**	**7,461,991,606**	**8,635,328,257**	**7,611,696,792**

Notes:

(1) *The land cost, Authority and Statutory Charges and financing cost will be borne by KSSB directly and thus are not included in the Provisional Total Project Sum payable by KSSB to MRCB Land.*

(2) *The Authority and Statutory Charges in the Management Contract have been estimated at a rate of 2.6% of the EPCC Contract Sum, which is a rate adopted by KSSB.*

(3) *The Authority and Statutory Charges in the GDC Report consists of capital contribution charges of RM186,502,000 and submission fees of RM10,898,000.*

(4) *The GDC Report does not take into consideration the financing costs for the Proposed MX-1 Construction as the QS does not possess the necessary expertise to provide an estimation on the financing costs in relation to the Proposed MX-1 Construction. The financing cost is to be borne by KSSB and hence there is no impact to the Provisional Total Project Sum payable by KSSB to MRCB Land.*

We have reviewed and are satisfied with the basis and assumptions adopted by the QS in arriving at the total estimated GDC of RM8.64 billion, which are summarised in note (i) to (v) below. The executive summary of the GDC Report is enclosed as Appendix I of this Circular.

Notes for GDC components:

(i) EPCC Contract Sum

The estimated EPCC Contract Sum of RM6,128,166,078 in the GDC Report comprises of various cost elements as set out below:

	Cost element	Description
1)	Preliminaries	Provision for the setting up cost, mobilisation and demobilisation including all administration cost associated with temporary set up on site
2)	Sub-structure works	Provision for structural works below the ground level assuming application of concrete bore piling method
3)	Building works	Provision for structural framing works of the building complete with all necessary architectural works for the internal and external building envelope
4)	Mechanical and electrical services	Provision for internal electrical and telecommunication services; sanitary and cold water services; soil waste and vent pipe; air-conditioning and mechanical ventilation; lifts and escalators; CCTV and access cards; liquefied petroleum gas system; I.T infrastructure; lightning protection system; building automation system and fire protection system
5)	External works within boundary	Provision for roadworks, parking and surface water drainage; external sewerage piping, external electrical works and street lighting; external water reticulation works and external telecommunication services
6)	Ancillary buildings	Provision for potential ancillary buildings to support and complement the main building components in this development such as TNB sub-stations and refuse collection centre
7)	Provisional sums	Provision for rubbish compactors; water features; interior decoration works and built-ins; landscaping works; swimming pool including equipment and gymnasium equipment
8)	Contingency cost	Provision for any cost overruns that the project might encounter as and when more information and detail designs are finalised
9)	Professional fees for consultants	Fees payable to consultants such as architects, civil and structural engineers, M&E engineers, quantity surveyors and other consultants

Note:

The EPCC Contract Sum is subject to GST of 6%.

There are four (4) primary methods used in the construction industry in arriving at the estimated cost for building works, namely the Project Comparison Estimating, Element Cost Plan Method, Unit Price Method and the Unit Rate Method. These methods are normally used during the preliminary stage of construction where the information pertaining to the projects are yet to be fully developed and the output is normally used for preliminary budgeting purposes.

a) Project Comparison Estimating

The Project Comparison Estimating utilises historical cost data comparison method of projects with similar parameters such as the building type, amongst others. The Project Comparison Estimating method was not adopted by the QS for the Development as this method has a lower level of accuracy with an error of margin between 20% to 25%.

b) Elemental Cost Plan Method

The Elemental Cost Plan Method involves a segregation of cost breakdown for a particular section of works such as piling or substructure works, frame and roofing works, where approximate quantities of each element will be generated to reflect the works for each element and by employing a particular unit rate, the cost of that particular element will be generated. This method is appropriate for projects where the development design is at least 50% complete and hence may not be applicable for the estimation of the GDC for the Development at this juncture.

c) Unit Price Method

Unit Price Method is employed where the bills of quantities can be produced as the detailed designs are fairly completed. The overall quantities for each element or section of works can be precisely broken down and calculated as the designs are adequately detailed. Subsequently, each item will be inserted with a unit rate for that particular item and then totalled to give an amount for that particular section. This method is appropriate for projects where the details designs are fairly completed and the bills of quantities can be produced, and hence may not be applicable for the estimation of the GDC for the Development at this juncture.

d) Unit Rate Method

The unit rate method involves the use of a single functional unit per square foot ("**sq ft**") that serves as a multiplier. Historical data from previous similar construction projects is used to arrive at the single functional unit per sq ft. This functional unit per sq ft is then multiplied by the gross floor area for each type of development component. The unit rate employed for each type of development component varies between the Plots. An illustration of the unit rate method used for the computation of building works for Plot A Phase 2 – shopping mall (building) is as follows:

Plot	Unit rate per sq feet (RM)	Gross floor area (sq ft)	RM
Plot A Phase 2 – Shopping mall (building works)	194.69	1,803,007	351,027,433

The QS has adopted the unit rate method in the QS report to arrive at the estimated cost for the building works, which forms part of the EPCC Contract Sum of the Development based on the following reasons:

- gross floor area and demarcation plans for each Plot has been determined and provided by MRCB, as set out in the GDC Report; and

- the building types and the intended functions for each Plot has also been determined which allows the QS to allocate a particular unit rate for each type of building based on the respective gross floor area to arrive at the estimated building works cost for each Plot.

kenanga

The estimated cost for building works was arrived at using the comparable unit rate method whilst the other cost elements were computed based on a percentage of the buildings works or the sum thereof. As set out in the GDC Report, the unit rate method approach is widely used and accepted in the construction industry in the preliminary stage due to the level of information provided and hence is the most reflective method to provide the preliminary estimation of the GDC of the Development at this juncture.

The estimated EPCC Contract Sum in the Management Contract of RM6,011,333,286, which was determined based on the feasibility study undertaken for the Development as outlined in Section 2.1 of Part A of this Circular, represents a discount of 1.9% compared to the EPCC Contract Sum in the GDC Report. The EPCC Contract Sum is merely a provisional figure at this juncture and the final EPCC Contract Sum may be higher or lower depending on the EPCC Contract for each Plot.

(ii) Authority and Statutory Charges

The authority and statutory charges are fees to be charged by the relevant authorities in relation to the application for, and obtaining of, the approvals required for the Development or the EPCC Works by KSSB. Such authorities include any statutory having jurisdiction over the Development or the EPCC Works and any company or body authorised to provide water, electricity, telephone, sewerage and other related services.

The Authority and Statutory Charges of the Management Contract was arrived at based on the estimated rate adopted by KSSB of 2.6% of the EPCC Contract Sum of RM6.01 billion, whilst the Authority and Statutory Charges in the GDC Report was arrived at based on the guidelines of the relevant government agencies, such as Tenaga Nasional Berhad for power supply, Syarikat Bekalan Air Selangor Sdn Bhd for water supply, Suruhanjaya Perkhidmatan Air Negara for sewerage connection and Telekom Malaysia Berhad for telecommunication, as well as other allowances as the QS deems appropriate.

The estimated rate adopted by KSSB of 2.6% is deemed to be reasonable based on the Group's experience and involvement in large scale construction and property development projects. The Authority and Statutory Charges of the Management Contract of RM156,294,665 represents a discount of 20.8% compared to the Authority and Statutory Charges in the GDC Report of RM197,400,000.

Although the discount seems significant in comparison to the estimates by the QS, as set out in the Management Contract, the Authority and Statutory Charges will be borne by KSSB hence there will be no impact to the Provisional Total Project Sum payable by KSSB to MRCB Land.

(iii) Professional Fees

The Professional Fees represent payments to external consultants to be engaged for the EPCC Works which include architects, civil and structural engineers, mechanical and electrical engineers and quantity surveyors and any other consultants required for the Proposed MX-1 Construction.

The Professional Fees as set out in the Management Contract was estimated at a rate adopted by KSSB of 8.0% of the EPCC Contract Sum of RM6.01 billion whilst the Professional Fees in the GDC Report was arrived at based on the scale of fees at relevant professional bodies as follows:

Consultants	% of construction cost including contingency cost but excluding GST*
Architect	3.0%
Civil and Structural Engineer	1.5%
M&E Engineers	0.9%
Quantity Surveyors	0.9%
Other consultants	1.7%

Note:

* *The quantum of the Professional Fees is subject to GST of 6%.*

The estimated rate adopted by KSSB of 8.0% is in line with the Group's internal estimates based on the Group's experience in undertaking similar projects while the rates adopted by the QS is in accordance with the market rate percentile factor for the various consultants. The Professional Fees outlined in the Management Contract of RM480,906,663 represents a discount of 1.9% compared to the Professional Fees outlined in the GDC Report of RM490,249,484. The amount of the Professional Fees forming part of the Provisional Total Project Sum is deemed to be adequate for MRCB Land to discharge its responsibilities under the Management Contract and is thus reasonable.

(iv) Sales and Marketing Consultancy Expenses

The Sales and Marketing Consultancy Expenses represent expenses to be incurred by MRCB Land in relation to the marketing of the Development which include expenses related to advertising, promotional costs, press and public relations, marketing collateral and publications.

The Sales and Marketing Consultancy Expenses set out in the Management Contract was estimated at a rate of 2.00% of the provisional GDV of RM10.55 billion whilst the sales and marketing expenses in the QS report was estimated at a rate of 2.00% of the provisional GDV of RM 10.13 billion.

The Sales and Marketing Consultancy Expenses set out in the Management Contract of RM211,090,355 represents a premium of 4.2% compared to the Sales and Marketing Consultancy Expenses outlined in the GDC Report of RM202,646,210. The amount of the Sales and Marketing Consultancy Expenses forming part of the Provisional Total Project Sum is deemed to be adequate for MRCB Land to discharge its responsibilities under the Management Contract and is thus reasonable.

(v) Office Overhead and Administration Expenses

The Office Overhead and Administrative Expenses represent expenses to be incurred by MRCB Land in connection with managing the Development on behalf of KSSB.

The Office Overhead and Administrative Expenses set out in the Management Contract was estimated at a rate adopted by KSSB of 3.50% of the EPCC Contract Sum of RM6.01 billion whilst the Office Overhead and Administrative Expenses in the GDC Report was estimated at a rate of 3.50% of the EPCC Contract Sum of RM6.13 billion.

The estimated rate adopted by KSSB of 3.50% is deemed to be reasonable by the Group based on the Group's experience and involvement in large scale construction and property development projects and the basis adopted for computation is also the same under both the Management Contract and GDC Report. The Office Overhead and Administrative Expenses set out in the Management Contract of RM210,396,665 represents a discount of 1.9% compared to the Office Overhead and Administrative Expenses outlined in the GDC Report of RM214,485,813. The amount of the Office Overhead and Administrative Expenses forming part of the Provisional Total Project Sum is deemed to be adequate for MRCB Land to discharge its responsibilities under the Management Contract and is thus reasonable.

Kenanga

6.3.2 Provisional Management Contract Fees

The Provisional Management Contract Fees represents the fees payable to MRCB Land for the Services rendered by MRCB Land under the Management Contract. These Services include the provision of financial modelling services, sales and marketing consultancy and PMR Services. The comparison of the Provisional Management Contract Fees provided in the Management Contract *vis-a-vis* GDC Report is set out below:

Provisional Management Contract Fees	Management Contract (RM)	GDC Report (RM)	Basis
PMR Services:			
- EPCC Contract Sum	300,566,664	306,408,304	5% of final EPCC Contract Sum [(1)]
- Professional Fees	24,045,333	24,512,474	5% of actual Professional Fees [(1)]
- Regulatory Services	7,814,733	9,870,000	5% of actual Authority and Statutory Charges [(1)]
Financial modelling	100,000	100,000	Lump sum [(1)]
Sales and Marketing Consultancy fees	184,704,060 [(2)]	202,646,210 [(3)]	% of GDV
GST of 6%	31,033,847	32,612,219	
Total	**548,264,637**	**576,149,207**	

Notes:

(1) *Based on the commercially negotiated terms agreed between KSSB and MRCB Land as stipulated in the Management Contract, after taking into account, amongst others, the rates adopted in the Plot C8 Management Contract and the scope of work of the Services to be provided by MRCB Land.*

(2) *Based on 1.75% of provisional GDV as provided in the Management Contract of RM10.55 billion.*

(3) *Based on 2.00% of provisional GDV as provided in the GDC Report prepared by the QS of RM10.13 billion.*

Please refer to the executive summary of the GDC Report as set out in Appendix I of the Circular for further details in relation to the Provisional Total Project Sum and the Provisional Management Contract Fees.

The final PMR Services fee under the Management Contract will be calculated based on 5.00% of each of the final/actual EPCC Contract Sum, Professional Fees and Authority and Statutory Charges. The rate of 5.00% was determined after taking into consideration rates adopted for similar development projects undertaken by the Group and is consistent with the basis adopted in the Plot C8 Management Contract. Thus, the PMR Services fees set out in the Management Contract is reasonable.

The Sales and Marketing Consultancy fees under the Management Contract is based on 1.75% of provisional GDV while the Sales and Marketing Consultancy fees under the GDC Report is based on 2.00% of provisional GDV. As the percentile factors used are within the range of rates based on industrial practice which lie between 1.50% to 2.00%, the basis adopted for the Sales and Marketing Consultancy fees is reasonable.

kenanga

Kenanga IB's View

We note that the estimated GDC, Provisional Management Contract Fees and Provisional Total Project Sum provided in the Management Contract are lower than those in the GDC Report provided by the QS as follows:

	Management Contract (RM)	GDC Report (RM)	Variance	
			RM	%
Estimated GDC	8,550,517,736	8,635,328,257	(84,810,521)	(0.98%)
Provisional Management Contract Fees	548,264,637	576,149,207	(27,884,570)	(4.84%)
Provisional Total Project Sum	7,461,991,606	7,611,696,792	(149,705,186)	(1.97%)

The estimated GDC, Provisional Management Contract Fees and Provisional Total Project Sum provided in the Management Contract are lower than those in the GDC Report provided by the QS by 0.98%, 4.84% and 1.97%, respectively.

At this juncture, the estimated GDC, Provisional Management Contract Fees and Provisional Total Project Sum provided in the Management Contract are only provisional figures and may vary over the Development Period. Thus, the actual amount payable by KSSB to MRCB Land may potentially be greater upon the execution of the EPCC Contracts for the provision of the EPCC Works for all Plots during the Development Period.

Further, we also note that the estimated GDC provided in the Management Contract of RM8,444,517,736 (excluding financing cost) is lower by 2.21% as compared to the estimated GDC provided in the GDC Report of RM8,635,328,257 (excluding financing cost).

Premised on the abovementioned and as a whole, we are of the view that the Provisional Total Project Sum provided in the Management Contract of RM7.46 billion is FAIR and REASONABLE and NOT DETRIMENTAL to the interest of the non-interested shareholders of MRCB.

Notwithstanding the above, non-interested shareholders should note that the GDC estimated by the QS was prepared based on the prevailing economic, market and other conditions as at the date of the GDC Report, as well as publicly available information and information provided by the Company as at the LPD. Events and conditions subsequent to the LPD, such as changes in the building design and construction material cost over the Development Period may significantly change the basis and assumptions used which may materially affect the total GDC estimated by the QS.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6.4 Financial effects of the Proposed MX-1 Construction

We have noted the financial effects of the Proposed MX-1 Construction as set out in Section 7 of Part A of the Circular.

Kenanga IB's view

(i) **The Proposed MX-1 Construction will not have any effect on the issued and paid-up share capital of MRCB and its substantial shareholders' shareholdings as the Proposed MX-1 Construction does not involve the issuance of any new MRCB shares;**

(ii) **The Proposed MX-1 Construction is not expected to have any material effect on the earnings and EPS of MRCB for the FYE 31 December 2017 assuming that the Proposed MX-1 Construction had been effected at the beginning of that financial year;**

(iii) **The execution of the Management Contract will not have any material effect on the pro forma consolidated statement of financial position of the Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017;**

(iv) **Barring any unforeseen circumstances, the Proposed MX-1 Construction is expected to contribute positively to the future earnings and EPS of MRCB over the Development Period. Nevertheless, as the Development spans approximately 12 years and is subject to, among others, updated feasibility studies being undertaken prior to the commencement of the EPCC Works under the first EPCC Contract for each Plot, the Provisional Contract Costs for the Development and the Provisional Management Contract Fees are subject to changes. Hence, the Company is unable to determine at this juncture the expected earnings to be derived from the Proposed MX-1 Construction and the corresponding effects on the consolidated NA per share of MRCB; and**

(v) **the Group may potentially incur additional financial obligations if it opts to finance the obligations of the Management Contractor and/or the Contractor under Section 2.2 of part A of this Circular, and/or the obligations of the Employer under Section 2.3 of part A of this Circular, through bank borrowings. Thus, there may be a potential impact on MRCB Group's gearing level.**

Premised on the above, we are of the opinion that the pro forma effects of the Proposed MX-1 Construction are REASONABLE and NOT DETRIMENTAL to the interest of the non-interested shareholders of MRCB.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6.5 Risk factors for the Proposed MX-1 Construction

In evaluating the Proposed MX-1 Construction, the non-interested shareholders should carefully consider the potential risk factors as set out in Section 5 of Part A of the Circular before voting on the resolution pertaining to the Proposed MX-1 Construction at the forthcoming EGM of MRCB.

<u>Kenanga IB's view</u>

We have considered the risk factors as set out in Section 5 of Part A of this Circular:

<table>
<tr><th colspan="2">Risk factors</th><th>Kenanga IB's opinion</th></tr>
<tr><td>(i)</td><td>Non-completion of the Management Contract due to failure in fulfilling the condition precedent as set out in the Management Contract within the stipulated timeframe and additional conditions precedent as set out in the EPCC Contract(s);</td><td rowspan="5">We note that these risk factors are risks inherent in the construction and property development industries that the Group is already exposed to. We are of the view that the Proposed MX-1 Construction is not expected to result in a greater degree of exposure to such risks and not expected to significantly alter the business risk profile of the Group.</td></tr>
<tr><td>(ii)</td><td>Construction risk which include shortages of construction materials (e.g. steel bars, cement and diesel) and skilled workers, price increase in construction materials, labour disputes, unavailability and/or inefficiency of equipment, adverse weather condition, natural disasters, accidents, failure or postponement in the issuance or granting of licences, permits and approvals, and unforeseen engineering or environmental problems;</td></tr>
<tr><td>(iii)</td><td>Dependence on subcontractors for timely completion of the EPCC Works in accordance with the contractual timeline;</td></tr>
<tr><td>(iv)</td><td>Demand risk inherent in the property and construction sectors which may potentially impact property prices and the Sales and Marketing Consultancy fee receivable by the Company;</td></tr>
<tr><td>(v)</td><td>Funding and interest rate risk related to the possibility that the Group may seek external financing to fund the obligations of the Management Contractor and/or the Contractor under Section 2.2 of Part A of this Circular, and/or the obligations of the Employer under Section 2.3 of Part A of this Circular;</td></tr>
<tr><td>(vi)</td><td>Inability to obtain the relevant authority and/or statutory approvals which may result in a delay or revision to MRCB Land's potential income stream arising from the Proposed MX-1 Construction; and</td><td>We note that the Parties will make the necessary revisions to the Development in order to secure the Approvals in relation to the Development.

Notwithstanding the above, if the Approvals are not granted or refused or revoked due to no fault of MRCB Land, MRCB Land shall be compensated in full for all Regulatory Services undertaken.</td></tr>
</table>

Risk factors	Kenanga IB's opinion
(vii) Revision to the Development resulting in a revision to the Provisional Total Project Sum	We note that MRCB Land will endeavour to minimise adverse revisions to the Development by carrying out detailed feasibility studies, project planning, cost planning and budgeting prior to the commencement of the EPCC Works for each EPCC Contract to ensure that the overall Development is in the best interest of KSSB and maximises returns for both Parties.

We further note that although measures may be taken by the Board and management of MRCB to attempt to limit/mitigate the risk as highlighted herein, no assurance can be given that the risk will not crystallize and give rise to material and adverse impact on the business of MRCB, its competitiveness, financial performance, financial position and/or the Company's prospects thereon.

Notwithstanding the above, the Group is expected to benefit from undertaking the Proposed MX-1 Construction, which has a Provisional Total Project Sum of approximately RM7.46 billion. However, the Group may only recognise the estimated revenue progressively over a span of approximately twelve (12) years, up to 2030.

Premised on the above, we are of the opinion that the risk factors for the Proposed MX-1 Construction are REASONABLE and NOT DETRIMENTAL to the interest of the non-interested shareholders of MRCB.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6.6 Industry overview and prospects

In evaluating the prospects of the Proposed MX-1 Construction, we have considered the overview and prospects of the Malaysian economy, property market and construction sector of Malaysia and the Group as set out in Section 6 of Part A of the Circular.

Kenanga IB's view

Based on Section 6 of Part A of the Circular, we note that the Malaysian economy has registered strong growth of 5.9% in 2017 and will continue to benefit from domestic demand and spillovers from better global growth.

We note that the construction sector registered a moderate growth of 6.7% in 2017, with growth being driven mainly by the civil engineering sub-sector and higher activity from mixed developments, industrial and social projects in the non-residential sub-sector. Moving forward in 2018, growth in the construction sector will be mainly supported by new and existing civil engineering projects. With regard to property market activities in 2017, we note that property market transactions recorded a decline in volume accompanied by an increase in value. This is mainly due to a downtrend in the residential and commercial property sectors in the major states of Kuala Lumpur, Selangor, Johor and Pulau Pinang. Despite the slowdown in market activity, house and shop prices remained stable, accompanied by a stable trend in the office rental market with upward movements recorded in areas with good accessibility and transportation networks. In view that the Development spans over an estimated 12 years, there is potential for greater improvement in the construction sector and property market across the Development Period.

We also note that the Proposed MX-1 Construction forms part of the Kwasa Damansara development, a large scale mixed development comprising approximately 2,330 acres of land with an estimated GDV of RM50.0 billion over the next 20 years. We further note that the strategic location of the Kwasa Damansara Township nearby the matured and burgeoning surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh, which forms a captive market for the services and facilities available within the Kwasa Damansara Township, along with its connectivity with the mass rapid transit and networks of roads and highways, hinges well with the prospect of the Kwasa Damansara development.

In addition, the Proposed MX-1 Construction may provide future opportunities for the Group to participate in the various upcoming developments in Klang Valley that can potentially contribute positively to the future earnings of the Group in the mid to longer term period. Therefore, MRCB Land, by undertaking the Proposed MX-1 Construction, will further enhance the Group's reputation and track record as one of the major players in the Malaysian engineering and construction industry.

Further, we note that the Group is well positioned to overcome future challenges through its interest in 393 acres of high value urban land bank with a GDV of approximately RM57.3 billion as at the LPD, its Transit Oriented Development business model and engineering and construction order book of approximately RM6.3 billion as at the LPD.

We are of the view that the outlook of the industry, MRCB and the Proposed MX-1 Construction are REASONABLE and NOT DETRIMENTAL to the interest of the non-interested shareholders of MRCB.

7. FURTHER INFORMATION

Non-interested shareholders of MRCB are advised to refer to Part A and the appendices of the Circular for further information.

8. CONCLUSION AND RECOMMENDATION

In arriving at our recommendation, we have assessed the Proposed MX-1 Construction, taking into consideration the following factors:

(i) the Proposed MX-1 Construction allows MRCB to strengthen its position as a player in Malaysia's construction industry and could also lead to future opportunities and projects in the Kwasa Damansara Township project that can potentially contribute positively to the Group's future earnings. Further, we note that the Proposed MX-1 Construction is expected to contribute positively to the Group's earnings over the Development Period. Thus, we are of the view that the Proposed MX-1 Construction is in line with MRCB's vision and mission to be a leading property and infrastructure developer in Malaysia and MRCB's mission in creating and enhancing shareholders' value;

(ii) the salient terms of the Management Contract are consistent with the Plot C8 Management Contract and the Plot C8 Supplemental Contract. Further, the salient terms are in line with the terms outlined in the PWD form DB Rev. 1/2010 as well as the norm for EPC contracts as reflected in the FIDIC's Conditions of Contract for EPC and Turnkey Projects;

(iii) the Provisional Total Project Sum provided in the Management Contract is lower by 1.97% vis-à-vis the GDC Report. As the Provisional Total Project Sum provided in the Management Contract is only a provisional figure, the actual amount payable by KSSB to MRCB Land may potentially be greater upon the execution of the EPCC Contracts for the provision of the EPCC Works for all Plots during the Development Period;

(iv) the Proposed MX-1 Construction will not have any effect on the share capital and substantial shareholders' shareholdings of MRCB. In addition, the execution of the Management Contract will not have any material effect on the pro forma consolidated statement of financial position of the Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017. However, the Proposed MX-1 Construction is expected to contribute positively to the earnings of MRCB over the Development Period;

(v) the Proposed MX-1 Construction is not expected to result in a greater degree of exposure to risks inherent in the construction and property development industries that the Group is already exposed to and not expected to significantly alter the business risk profile of the Group; and

(vi) despite a slowdown in property market activities, the Malaysian economy showed strong and sustained growth as a whole in 2017, coupled with stable house and shop prices and office rental rates. The Malaysian economy is expected to be favourable in 2018 and will continue to benefit from domestic demand and spillovers from better global growth.

The Kwasa Damansara Township, where the Development is located, is also well connected to the mass rapid transit and networks of roads and highways and strategically located nearby the surrounding suburbia of Petaling Jaya, Subang, Subang Jaya, Kelana Jaya, Shah Alam, Damansara and Sungai Buloh, which forms a captive market for the services and facilities available within the Kwasa Damansara Township.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Kenanga

After taking into consideration the abovementioned factors and on an overall basis, we are of the opinion that the Proposed MX-1 Construction is <u>FAIR AND REASONABLE</u> and is <u>NOT DETRIMENTAL</u> to the interest of the non-interested shareholders of MRCB.

Accordingly, we recommend the non-interested shareholders of MRCB to <u>VOTE IN FAVOUR</u> of the ordinary resolution pertaining to the Proposed MX-1 Construction to be tabled at the forthcoming EGM of the Company.

Yours faithfully,
For and on behalf of
KENANGA INVESTMENT BANK BERHAD

DATUK ROSLAN HJ TIK
Executive Director, Head
Group Investment Banking

DATUK CHAY WAI LEONG
Group Managing Director

PART C

PROPOSED JOINT VENTURE AND PROPOSED CONSTRUCTION

DEFINITIONS

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

Act	:	Companies Act, 2016
Board	:	Board of Directors of MRCB
BJSP	:	Bukit Jalil Sentral Property Sdn Bhd (1228190-T)
BJSP Securities	:	Collectively, the BJSP Shares, the RPS-A and the RPS-B or any other preference shares or other classes of shares issued by BJSP from time to time
BJSP Shares	:	Ordinary shares in BJSP
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Call Option	:	The right, exercisable at any time during the Call Option Period to require TWSB to sell to our Company and/or RJSB all of the Call Option Shares at the Call Option Price
Call Option Notice	:	A duly executed and completed notice from our Company and/or RJSB to TWSB in respect of the exercise of the Call Option
Call Option Period	:	The period commencing on the business day falling immediately after the completion of the First Tranche Subscription and ending on the day falling 24 months thereafter
Call Option Price	:	The consideration payable by our Company and/or RJSB to TWSB pursuant to the exercise of the Call Option which will give TWSB an internal rate of return of 10% in proportion to the Call Option Shares based upon the aggregate amount of TWSB's investment in BJSP less any amount which has been paid by BJSP to TWSB, determined as at the date of the Call Option Notice. For the avoidance of doubt, the Call Option Price cannot be ascertained as at the date of this Circular
Call Option Shares	:	Such number of BJSP Securities which are held by TWSB as at the date of the Call Option Notice in excess of 51% of the issued share capital of BJSP
CBRE|WTW or Valuer	:	C H Williams Talhar & Wong Sdn Bhd (18149-U), an independent valuer appointed by MRCB in relation to the Proposed Disposal
Circular	:	This circular dated 4 May 2018 in relation to the Proposals
Cut-Off Date	:	The day falling 18 months from the date of the SSA, or such later date as the parties may mutually agree upon in relation to the Proposed Subscription
Development	:	The mixed development to be carried out on the Lands
EGM	:	Extraordinary general meeting
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
EPU	:	Economic Planning Unit of the Prime Minister's Department
Feasibility Report	:	The market and feasibility report dated 2 May 2017 prepared by Rahim & Co which involves an independent assessment of the future development prospects for the Lands

First Put Option	:	The right, exercisable at any time during the period commencing on the business day falling immediately after the expiry of the Call Option Period and ending on the day falling 12 months thereafter to require our Company and/or RJSB to purchase from TWSB all of the First Put Option Shares at the First Put Option Price, provided the Call Option has not been exercised and save and unless notified by TWSB to our Company and/or RJSB before the expiry of the Call Option Period that TWSB waives its rights in respect of such option
First Put Option Notice	:	A duly executed and completed notice from TWSB to our Company and/or RJSB in respect of the exercise of the First Put Option
First Put Option Price	:	The consideration payable by our Company and/or RJSB to TWSB pursuant to the exercise of the First Put Option which will give TWSB an internal rate of return of 8% in proportion to the First Put Option Shares based upon the aggregate amount of TWSB's investment in BJSP less any amount which has been paid by BJSP to TWSB, determined as at the date of the First Put Option Notice. For the avoidance of doubt, the First Put Option Price cannot be ascertained as at the date of this Circular
First Put Option Shares	:	Such number of BJSP Securities which are held by TWSB as at the date of the First Put Option Notice in excess of 51% of the issued share capital of BJSP
First Tranche Lands Consideration	:	A fixed sum of RM1,343,246,652, representing a price of RM405 psf, based on the area of the Lands
First Tranche Subscription	:	Subscription by the Shareholders for the first tranche of the Subscription Shares within 15 business days from the SSA Unconditional Date, in the manner as set out in Section 2.1.1 of Part C of this Circular
FLC	:	Federal Lands Commissioner
FYE	:	Financial year ended/ending, as the case may be
GDC	:	Gross development cost
GDC Report	:	The report dated 23 March 2018 prepared by the QS in relation to its independent analysis of the GDC for the Development
GDV	:	Gross development value
Government	:	The Government of Malaysia, as represented by the Ministry of Youth and Sports
GST	:	Goods and services tax imposed in Malaysia in accordance with the Goods and Services Tax Act 2014
Hartanah	:	Syarikat Tanah dan Harta Sdn Bhd (298678-H)
IAL	:	Independent advice letter from Public Investment Bank to the non-interested shareholders of MRCB in relation to the Proposals
Interested Directors	:	Collectively, Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof
Interested Major Shareholder	:	EPF
Lands	:	Collectively, Land 1, Land 2 and Land 3

Land 1	:	One (1) piece of leasehold land held under HSD 120470, PT 16843 (previously held under part of H.S.(D) 63195 PT 2875), Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring approximately 24.09 acres
Land 2	:	One (1) piece of leasehold land held under HSD 120471, PT 16844 (previously held under part of Geran 41246, Lot 35323), Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring approximately 9.17 acres
Land 3	:	One (1) piece of leasehold land held under HSD 120472, PT 16845 (previously held under part of Geran 50029, Lot 38207), Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring approximately 42.88 acres
Lands Consideration	:	An amount of up to RM1,426,163,112, being the consideration for the Proposed Disposal
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD		20 April 2018, being the latest practicable date prior to the printing of this Circular
Management Contract	:	Management contract dated 26 March 2018 entered into between BJSP and MRCB Land in relation to the Proposed Construction
Management Contractor or MRCB Land	:	MRCB Land Sdn Bhd (62218-D), a wholly-owned subsidiary of MRCB
MC Condition Precedent	:	The condition precedent of the Management Contract as set out in Section 4.2.1 of Part C of this Circular
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Group or Group	:	Collectively, MRCB and its subsidiaries
MRCB Shares or Shares	:	Ordinary shares in MRCB
NA	:	Net assets
Privatisation Agreement	:	Privatisation agreement dated 28 October 2015 (as amended and varied by supplemental agreements dated 29 January 2016, 21 April 2017 and 9 February 2018) entered into between RJSB, the Government and Hartanah for the Privatisation Project
Privatisation Project	:	The refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur pursuant to the Privatisation Agreement
Project 1	:	Refurbishing, renovating and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre together with the construction of the common infrastructures including boulevard, parking, steps and new signage
Project 2	:	Developing, planning, designing, constructing, completing, testing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, integrated rehabilitation centre and youth park together with the construction of the common infrastructures
Proposals	:	Collectively, the Proposed Joint Venture and the Proposed Construction

Proposed Construction	:	The appointment of MRCB Land by BJSP as the Management Contractor in connection with the development and construction of the Development for the Provisional Total Project Sum
Proposed Disposal	:	The proposed disposal by RJSB of the Lands to BJSP for the Lands Consideration
Proposed Joint Venture	:	Collectively, the Proposed Disposal and the Proposed Subscription
Proposed Subscription	:	The proposed investment by RJSB and TWSB in BJSP for the purposes of jointly developing the Lands
Provisional Total Project Sum	:	The provisional total project sum in connection with the Proposed Construction of RM11,007,326,245 which is payable in cash
psf	:	Per square foot
Public Investment Bank or Independent Adviser	:	Public Investment Bank Berhad (20027-W)
Put Options	:	Collectively, the First Put Option and the Second Put Option
PwC or Reporting Accountants	:	PricewaterhouseCoopers PLT (LLP 0014401-LCA & AF 1146)
Rahim & Co or Expert	:	Rahim & Co Research Sdn Bhd (200137-X)
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad (19663-P)
RJSB	:	Rukun Juang Sdn Bhd (1101807-P), an 85%-owned subsidiary of MRCB Land
RJSB Shares	:	Ordinary shares in RJSB
RPS	:	Redeemable preference shares
RPS-A	:	RPS - class A in BJSP
RPS-B	:	RPS - class B in BJSP
Second Put Option	:	The right, exercisable at any time during the period commencing on the business day falling immediately after the seventh (7^{th}) anniversary date of the completion of the First Tranche Subscription and ending on the day falling 12 months thereafter to require our Company and/or RJSB to purchase from TWSB all of the Second Put Option Shares at the Second Put Option Price
Second Put Option Notice	:	A duly executed and completed notice from TWSB to our Company and/or RJSB in respect of the exercise of the Second Put Option
Second Put Option Price	:	The consideration payable by our Company and/or RJSB to TWSB pursuant to the exercise of the Second Put Option which will give TWSB an internal rate of return of 9.5% in proportion to the Second Put Option Shares based upon the aggregate amount of TWSB's investment in BJSP less any amount which has been paid by BJSP to TWSB, determined as at the date of the Second Put Option Notice. For the avoidance of doubt, the Second Put Option Price cannot be ascertained as at the date of this Circular
Second Put Option Shares	:	The remaining number of BJSP Securities held by TWSB as at the date of the Second Put Option Notice

Second Tranche Lands Consideration	:	A sum equivalent to the actual financing cost incurred by RJSB in undertaking and implementing Project 1, and the actual tender costs incurred by RJSB in obtaining the Privatisation Project, subject to a maximum sum of RM25 psf in connection with the Proposed Disposal
Second Tranche Subscription	:	Subscription by the Shareholders for the second tranche of the Subscription Shares within 15 business days following the receipt of approval by the relevant authority of the development order in respect of the Lands, in the manner as set out in Section 2.1.1 of Part C of this Circular
Shareholders	:	Collectively, RJSB and TWSB
SOHO	:	Small office/home office
SOVO	:	Small office/virtual office
SSA	:	Subscription and shareholder's agreement dated 31 May 2017 entered into by and among MRCB, RJSB, TWSB and BJSP in relation to the Proposed Joint Venture
SSA Conditions Precedent	:	The conditions precedent of the SSA as set out in Section 4.1.1 of Part C of this Circular
SSA Unconditional Date	:	The date when all the SSA Conditions Precedent have been obtained/fulfilled or waived (as the case may be)
Subscription Shares	:	Collectively, the BJSP Shares, the RPS-A and the RPS-B to be issued pursuant to the SSA under the Proposed Subscription
TWSB	:	Tanjung Wibawa Sdn Bhd (1205518-A)
Valuation Report	:	The valuation report dated 3 January 2018 prepared by the Valuer to appraise the market value of the Lands
YMF or QS	:	Yong Dan Mohamad Faiz Sdn Bhd (13239-K)

Currency

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

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

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

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

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

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

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

The rest of this page has been intentionally left blank

EXECUTIVE SUMMARY FOR PART C OF THIS CIRCULAR

This executive summary represents only a summary of the pertinent information on the Proposals as set out in Part C 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 C and Part D of this Circular, respectively, before voting on the resolution pertaining to the Proposals at the forthcoming EGM. Unless otherwise stated, all abbreviations used herein are as defined in Part C of this Circular.

1. SUMMARY OF THE PROPOSALS

On 28 October 2015, RHB Investment Bank had, on behalf of your Board, announced that RJSB had on the same day entered into the Privatisation Agreement with the Government and Hartanah for the Privatisation Project. On 29 January 2016 and 21 April 2017 respectively, RJSB entered into supplemental agreements with the Government and Hartanah to among others, reduce the contract sum from RM1,631,880,000.00 to RM1,343,257,764.32 to commensurate with the reduction in the size of the Lands from a total of 92.50 acres to 76.14 acres, as well as to revise the works packages under Project 1 and Project 2 respectively. In consideration of RJSB agreeing to undertake the Privatisation Project, the Government will cause the FLC to transfer the Lands via Hartanah to RJSB and/or its nominee(s) upon the completion of Project 1.

On 25 April 2016, your Board announced that EPF had indicated its intention to subscribe for or purchase an 80% equity interest (free from all liens, charges, pledges and encumbrances) in the entity which is directed by RJSB to hold Land 1, after Land 1 has been delivered pursuant to the terms of the Privatisation Agreement and transferred to such entity (on an as-is-where-is basis), and our Company would subscribe for or purchase the remaining 20% equity interest in the same entity upon the terms and conditions stipulated in the letter of undertaking by EPF dated 22 April 2016 ("**LOU**"). Under the LOU, EPF had undertaken that they would negotiate in good faith to enter into a definitive agreement for this purpose within 12 months from the date of the LOU. On 21 April 2017, it was announced that EPF had agreed to extend the LOU up to 31 May 2017.

On 31 May 2017, RHB Investment Bank had, on behalf of your Board, announced that our Company, RJSB, TWSB and BJSP had entered into the SSA for the Proposed Joint Venture.

On 9 February 2018, RHB Investment Bank had, on behalf of your Board, announced that RJSB had entered into a third supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary the calculation of the land bond to be provided by RJSB to the Government as security for the continued performance of RJSB's obligations under the Privatisation Agreement up to the completion of Project 2, in order to expedite the transfer of the Lands to RJSB and/or its nominee(s).

On 26 March 2018, RHB Investment Bank announced, on behalf of your Board, that:-

(a) RJSB and BJSP had sought TWSB's consent, which was granted by TWSB on 26 March 2018, for BJSP to appoint the Management Contractor prior to the completion of the First Tranche Subscription in view that the Lands were expected to be transferred to BJSP before the SSA turns unconditional and before the First Tranche Subscription ("**Consent Letter**"). This will enable BJSP to commence works on the Lands, where necessary, especially in the event of a delay in the Proposed Joint Venture. TWSB further agreed for the allotment and issuance by BJSP of 1,000 RPS-B to the Management Contractor upon the Management Contract becoming unconditional in accordance with the terms and conditions contained therein. The terms set out in the Consent Letter were also acknowledged and agreed by our Company; and

(b) Following the above, BJSP had on 26 March 2018 entered into the Management Contract with MRCB Land to appoint MRCB Land as the Management Contractor in connection with the Development, for the Provisional Total Project Sum (inclusive of GST).

On 9 April 2018, RHB Investment Bank had, on behalf of your Board, announced that, for the purposes of fulfilling the SSA Conditions Precedent where BJSP is required to obtain EPU's approval to acquire the Lands pursuant to the EPU's Guideline on the Acquisition of Properties, BJSP had on 3 October 2017 increased its issued and paid-up share capital from RM2 to RM100,000. RJSB had in this respect subscribed for a further 99,998 BJSP Shares to hold a total of 100,000 BJSP Shares, representing 100% of the equity interest therein. Following this, RJSB had sought TWSB's concurrence vide a letter dated 6 April 2018, which was accepted by TWSB on 9 April 2018, that as a result of RJSB's further subscription of 99,998 BJSP Shares:-

(a) RJSB will only be required to subscribe for an additional 1,900,000 BJSP Shares instead of 1,999,998 BJSP Shares under the First Tranche Subscription pursuant to the terms and conditions of the SSA; and

(b) the portion of the Lands Consideration payable by BJSP to RJSB which will be capitalised against RJSB's portion of the First Tranche Subscription Consideration, shall be RM268,549,330 instead of RM268,649,328.

On 18 April 2018, RHB Investment Bank announced, on behalf of your Board, that the FLC, via Hartanah, had on 17 April 2018 completed the transfer of the Lands to BJSP, as nominated by RJSB.

2. PROPOSED JOINT VENTURE

2.1 Summary of the Proposed Subscription

The Proposed Subscription will entail the investment by RJSB and TWSB in BJSP through the subscription for new BJSP Shares and new RPS-A in BJSP in two (2) tranches, all at an issue price of RM1.00 each and free from encumbrances.

The Management Contractor will subscribe for, and BJSP will allot and issue to the Management Contractor, 1,000 RPS-B at an issue price of RM1.00 each upon the Management Contract becoming unconditional.

Upon the completion of the Proposed Subscription and the subscription by the Management Contractor for 1,000 RPS-B in BJSP, the total share capital of BJSP and the respective shareholdings of the Shareholders and the Management Contractor will be as follows:-

	BJSP Shares			RPS-A			RPS-B		
Shareholder	**No.**	**RM**	**%**	**No.**	**RM**	**%**	**No.**	**RM**	**%**
RJSB	2,000,000	2,000,000	20	Up to 283,232,622	Up to 283,232,622	20		-	-
TWSB	8,000,000	8,000,000	80	Up to 1,132,930,490	Up to 1,132,930,490	80		-	-
Management Contractor		-	-		-	-	1,000	1,000	100
Total	**10,000,000**	**10,000,000**	**100**	**Up to 1,416,163,112**	**Up to 1,416,163,112**	**100**	**1,000**	**1,000**	**100**

In accordance with the terms of the SSA, TWSB shall grant to our Company and/or RJSB the Call Option, and our Company and/or RJSB shall grant to TWSB the First Put Option and the Second Put Option.

A summary of the salient terms of the Call Option and Put Options are as follows:-

No.	Description	Call Option	First Put Option	Second Put Option
1.	Issuer	TWSB	MRCB and/or RJSB	MRCB and/or RJSB
2.	Holder of the rights	MRCB and/or RJSB	TWSB	TWSB
3.	Option period	24 months from the business day falling immediately after the completion of the First Tranche Subscription	12 months from the business day falling immediately after the expiry of the Call Option Period	12 months from the business day falling immediately after the expiry of seven (7) years from the completion of the First Tranche Subscription
4.	Purpose	To require TWSB to sell such number of BJSP Securities in excess of 51% of the issued share capital of BJSP, held by TWSB as at the date of the Call Option Notice, to MRCB and/or RJSB	To require MRCB and/or RJSB to buy such number of BJSP Securities in excess of 51% of the issued share capital of BJSP, held by TWSB as at the date of the First Put Option Notice, from TWSB	To require MRCB and/or RJSB to buy the remaining number of BJSP Securities held by TWSB as at the date of the Second Put Option Notice, from TWSB
5.	Option price	A consideration payable by MRCB and/or RJSB that will give TWSB an internal rate of return ("**IRR**") of 10% in proportion to the Call Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the Call Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	A consideration payable by MRCB and/or RJSB that will give TWSB an IRR of 8% in proportion to the First Put Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the First Put Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	A consideration payable by MRCB and/or RJSB that will give TWSB an IRR of 9.5% in proportion to the Second Put Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the Second Put Option Notice, less any amount which has been paid/distributed by BJSP to TWSB
6.	Shareholdings in BJSP after exercise of option	RJSB : 49% TWSB : 51%	RJSB : 49% TWSB : 51%	RJSB : 100% TWSB : -

2.1.1 Basis and justification of arriving at the subscription consideration

As BJSP has been incorporated specifically for the purposes of the Proposed Joint Venture and has yet to begin operations, the parties to the SSA have mutually agreed that the Subscription Shares will be issued at RM1.00 each.

2.1.2 Basis and justification of arriving at the option price of the Call Option and Put Options

The option price of the Call Option, First Put Option and Second Put Option is based on the IRRs required by TWSB for each option period which our Company deems reasonable after taking into consideration initial management estimates of the overall equity returns to our Group from the Proposed Joint Venture.

2.2 Summary of the Proposed Disposal

Pursuant to the terms of the SSA, the Shareholders agree that RJSB shall nominate BJSP to receive and accept the transfer of the Lands in place of RJSB. BJSP will pay RJSB the Lands Consideration amounting to up to RM1,426,163,112 (equivalent to RM430 psf) in the following manner:-

(i) the First Tranche Lands Consideration within 15 business days after the completion of the First Tranche Subscription; and

(ii) the Second Tranche Lands Consideration within 15 business days after the completion of the Second Tranche Subscription.

The Lands Consideration will be settled by BJSP in the following manner:-

Mode of settlement	% of Lands Consideration	Date of settlement	RM
Cash payment	80%	Within 15 business days after the completion of the First Tranche Subscription.	1,074,597,322
		Within 15 business days after the completion of the Second Tranche Subscription.	Up to 66,333,168
			Up to 1,140,930,490
Capitalised against RJSB's portion of the Proposed Subscription	20%	Within 15 business days after the completion of the First Tranche Subscription.	268,649,330 ^
		Within 15 business days after the completion of the Second Tranche Subscription.	Up to 16,583,292
			Up to 285,232,622
TOTAL	**100%**		**Up to 1,426,163,112**

Note:-

^ *Includes the initial subscription by RJSB of 100,000 BJSP Shares amounting to RM100,000 as at the LPD.*

2.2.1 Basis and justification of arriving at the Lands Consideration

The Lands Consideration was determined by the Shareholders after taking into consideration the total contract sum of the Privatisation Project of RM1,343,257,764.32, which translates to approximately RM405.003 psf. In this regard, the Shareholders have agreed to price the Lands at RM405 psf. In addition, the Shareholders have agreed to pay for the actual financing cost incurred by RJSB in undertaking and implementing Project 1 as well as the actual tender cost incurred by RJSB in obtaining the Privatisation Project, which, when aggregated with the First Tranche Lands Consideration, shall not exceed RM430 psf.

RJSB had also appointed CBRE|WTW to appraise the market value of the Lands. CBRE|WTW had carried out the valuation of the Lands on 30 November 2017. The market values of the Lands derived based on the residual method and comparison method are both RM1,430,000,000.

2.2.2 Expected gain/loss arising from the Proposed Disposal

The Lands Consideration has not been finalised as at the date of this Circular. However, the Proposed Disposal currently reflects a marginal loss of RM11,112.32 to RJSB arising from the difference between the value of the contract sum for the Privatisation Project of RM1,343,257,764.32 and the First Tranche Lands Consideration of RM1,343,246,652.

2.2.3 Utilisation of proceeds

2.2.3.1 Utilisation of proceeds by RJSB

The cash portion of the Lands Consideration is intended to be utilised by RJSB in the following manner:-

Details of utilisation	Amount (RM mil)	Estimated timeframe for utilisation
Repayment of outstanding bank borrowings of RJSB	400	Within 12 months
Partial repayment of advances from our Group	741	Within 12 months
Total	**1,141**	

2.2.3.2 Utilisation of proceeds by our Group

As set out in Section 2.2.4.1 of Part C of this Circular, RJSB will repay RM741 million of advances from our Group using the proceeds raised from the Proposed Disposal. Our Group intends to utilise the proceeds in the following manner:-

Details of utilisation	Amount (RM mil)	Estimated timeframe for utilisation
Repayment of bank borrowings	738	Within 12 months
Defrayment of estimated expenses	2	Within 3 months
General working capital	1	Within 3 months
TOTAL	**741**	

3. PROPOSED CONSTRUCTION

3.1 Summary of the Proposed Construction

The Development, which will span approximately 20 years from 2019 to 2038 is expected to be a residential and commercial hub, with a plot ratio of 1:6.5. The GDV for the Development is currently estimated to be approximately RM20.67 billion and the Development is expected to comprise four (4) development plots ("**Plots**"), which consist of office towers, hotels, retail shops and mall, SOVO, SOHO, service apartments and residential towers. An outline of the types of development to be carried out on each of the Plots is set out below:-

(a) Plot F: Retail mall, showroom, office towers, SOVO;

(b) Plot G: Retail shops, office towers, service apartments, SOHO;

(c) Plot I: Retail shops, hotels, SOHO, serviced apartments; and

(d) Plot 38207: Residential towers.

As at LPD, the development plans for the Development have been submitted to the relevant authorities and are pending approval. Based on the Management Contract, the total estimated GDC for the Development is RM14,826,893,850.

Pursuant to the terms and conditions of the Management Contract, MRCB Land's role as the Management Contractor shall entail the following:-

(a) to provide sales and marketing consultancy to BJSP on an exclusive basis for the buildings to be developed as part of the Development in accordance with the initial feasibility study for the concept and composition of the Development ("**Concept Plan**") ("**Sales and Marketing Consultancy**");

(b) to facilitate BJSP on a best endeavours basis to obtain all approvals required under the law from any statutory authority having jurisdiction over the Development or the EPCC Works (as defined herein) and any company or body authorised to provide water, electricity, telephone, sewerage and other related public services in respect of the Development or the EPCC Works (as defined herein) by BJSP as the owner of the Lands upon transfer ("**Regulatory Services**");

(c) to prepare (i) the Concept Plan ("**Initial Feasibility Study**"), and (ii) an Updated Feasibility Study (as defined in Section 4.2.2 of Part C of this Circular upon receipt of a written request from BJSP which includes, among others, the construction of financial models, and provide project management services for the Development comprising such services for the Development as a whole and such services for each Plot ("**PM Services**");

(The Regulatory Services and the PM Services are collectively referred to as "**PMR Services**"); and

(d) to procure, among others, planning, design, construction as well as testing and commissioning of the works for each Plot, details of which shall be set out in the individual EPCC Contracts (as defined herein) ("**EPCC Works**").

The services described in subparagraphs (i) to (iv) above will be collectively referred to as the "**Services**".

The Provisional Total Project Sum which is payable by BJSP to MRCB Land in cash is estimated to be RM11,007,326,245 (inclusive of GST), and shall include the following:-

(a) provisional management contract fee of RM891,525,174 ("**Management Contract Fee**") ("**Provisional Management Contract Fees**") comprising the following (all of which are inclusive of GST):-

   (i) PMR Services fees; and

   (ii) Sales and Marketing Consultancy fee;

   and

(b) provisional contract costs of RM10,115,801,071 ("**Provisional Contract Cost**") comprising the following (all of which are inclusive of GST):-

   (i) contract sum under the EPCC Contracts for all Plots of the Development which shall include the cost of the EPCC Works (excluding Professional Fees (as defined in Section 3.3(b)(ii) of Part C of this Circular)) ("**EPCC Contract Sum**"), to be paid to Contractor;

   (ii) fees payable to consultants to be engaged for the EPCC Works by the Management Contractor pursuant to the terms of the relevant letters of appointment ("**Professional Fees**");

   (iii) expenses payable for the Sales and Marketing Consultancy under the Management Contract ("**Sales and Marketing Consultancy Expenses**"); and

   (iv) office overhead and administrative expenses incurred by the Management Contractor, in connection with the management of the operations of BJSP by the Management Contractor ("**Office Overhead and Administrative Expenses**").

3.2 Basis and justification of arriving at the Provisional Total Project Sum

The Provisional Total Project Sum was arrived at based on commercially negotiated terms after taking into consideration the Initial Feasibility Study, the estimated Provisional Contract Costs as agreed between BJSP and MRCB Land and the bases for the Provisional Management Contract Fees as set out in Section 3.3 of Part C of this Circular.

Our Company has also appointed an independent QS, namely YMF, to undertake an independent analysis of the GDC for the Development. In arriving at the estimated GDC, the QS had independently derived the EPCC Contract Sum, Authority and Statutory Charges, Professional Fees, Sales and Marketing Consultancy Expenses and Sales and Marketing Consultancy fee, whilst other costs such as land cost, land related cost, financing cost, Office Overhead and Administrative Expenses and PMR Services fees were derived based on information furnished by our Company.

The QS had vide its GDC Report estimated the GDC to be RM14,458,854,063.29 (inclusive of GST, where applicable). The QS' GDC estimation represents a variance of approximately 2.5% to the estimated GDC for the Development as stated under the Management Contract of RM14,826,893,850. Premised on this, our Company is of the view that the estimated GDC as stated in the Management Contract is reasonable.

After considering the estimated GDC and the bases used to determine the amount payable to MRCB Land as set out in the table in Section 3.3 of Part C of this Circular, our Company is also of the view that the Provisional Total Project Sum is reasonable.

4. RATIONALE FOR THE PROPOSALS

Through the Proposed Joint Venture, our Company is able to carry out a large scale property development at a prime location and benefit from the support and profiling accorded to the proposed development by its joint venture partner, which is also its major shareholder and a sophisticated investor, namely EPF. Although MRCB's interest in the Lands and the future development on the Lands would be diluted as a result of EPF's participation in BJSP, the Proposed Joint Venture allows MRCB to carry out multiple property development projects concurrently and at the same time have the flexibility to reallocate its cash flows and resources efficiently among its projects. The Proposed Joint Venture will also reduce the financial burden of MRCB having to finance the entire Development.

The Proposed Joint Venture will also enable BJSP to carry out the Development efficiently, since BJSP will be able to leverage on funding from the Shareholders in the form of equity funding and/or advances, in addition to external financing from financial institutions.

As the Development is a large scale project which is expected to span across 20 years, the Shareholders have agreed to include the Call Option and Put Options in the SSA to accord them with the flexibility to regulate their shareholdings in BJSP, if necessary, during the early to middle stages of the Proposed Joint Venture.

The Proposed Construction is in the ordinary business of our Group, which will enable our Group to showcase its engineering and construction expertise in undertaking a large scale development and construction project. The Development will not only allow our Group to enhance its construction and engineering project pipeline but is also expected to provide our Group with a steady stream of income over the development and construction period, which in turn is expected to contribute positively to our Group's future earnings.

5. RISK FACTORS IN RELATION TO THE PROPOSALS

The risk factors relating to the Proposals include the following, which are further set out in Section 7 of Part C of this Circular.

5.1 Proposed Joint Venture

- Failure to complete the SSA
- Disputes or default of Shareholders
- Exercise of Put Options by TWSB
- Our Company acting as guarantor for RJSB

5.2 Proposed Construction

- Non-completion of the Management Contract
- Construction risk
- Dependence on subcontractors
- Demand risks
- Funding and interest rate risk
- Inability to obtain authority and/or statutory approvals
- Revision to the Development resulting in a revision to the Provisional Total Project Sum

6. EFFECTS OF THE PROPOSALS

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

6.1 Share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as it does not involve an issuance of new MRCB Shares.

6.2 NA per Share and gearing

A summary of the pro forma financial effects of the Proposals on the consolidated NA per share and gearing of our Company are as follows:-

	Audited as at 31 December 2017	After the Proposals
		RM('000)
Shareholders' equity (RM '000)	4,824,090	4,821,236
Total equity (RM '000)	4,928,588	4,925,734
NA per MRCB Share (RM)	1.10	1.10
Gearing (times)	0.69	0.50
Net gearing (times)	0.53	0.30

For information purposes, the pro forma consolidated statement of financial position of our Company in respect of the Proposed Construction should include pro forma adjustments which are directly attributable to the event or transaction, factually supportable and consistent with our Company's applicable financial reporting framework. Directly attributable adjustments exclude those that relate to future events or are dependent on actions to be taken once the transaction has been completed, even if such actions are key to the entity entering into the transaction.

As the Management Contract is an executory contract under which neither party has performed its obligation in respect of the Development as at the date of the Management Contract, the execution of the Management Contract will not have any effect on the pro forma consolidated statement of financial position of our Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017, save for transaction costs of approximately RM1.1 million, comprising advisory fees, regulatory fees, printing and advertising costs as well as miscellaneous expenses which will be charged to the statement of comprehensive income.

In addition, as the Development spans approximately 20 years and is subject to, among others, updated feasibility studies being undertaken prior to the commencement of the EPCC Works under the first EPCC Contract for each Plot, the Provisional Contract Costs for the Development and hence, the Provisional Management Contract Fees are still subject to change. As such, it is currently too early to ascertain the expected profits to be derived by our Group from the Proposed Construction and the corresponding effects on the consolidated NA per share of our Company.

In addition to the above, the pro forma financial effects of the Call Option and Put Options have not been illustrated as the consideration payable by our Group pursuant to the exercise of the Call Option and/or Put Options cannot be reasonably determined at this juncture.

6.3 Earnings and EPS

As the Proposals are expected to be implemented in the second (2^{nd}) quarter of 2018, the Proposals are not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 December 2017, assuming that the Proposals had been effected at the beginning of that financial year. Nevertheless, the Proposals is expected to contribute positively to the future earnings and EPS of our Company.

The rest of this page has been intentionally left blank

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia)

Registered office:
Level 33A, Menara NU 2,
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

4 May 2018

Board of Directors

Tan Sri Azlan Zainol *(Non-Independent Non-Executive Chairman)*
Tan Sri Mohamad Salim Fateh Din *(Group Managing Director)*
Mohd Imran Tan Sri Mohamad Salim *(Executive Director)*
Datuk Shahril Ridza Ridzuan *(Non-Independent Non-Executive Director)*
Jamaludin Zakaria *(Senior Independent Director)*
Rohaya Mohammad Yusof *(Non-Independent Non-Executive Director)*
Hasman Yusri Yusoff *(Independent Director)*
To' Puan Looi Lai Heng *(Independent Director)*

To: Our Shareholders

Dear Sir/Madam,

(I) PROPOSED JOINT VENTURE; AND
(II) PROPOSED CONSTRUCTION

---

1. INTRODUCTION

On 28 October 2015, RHB Investment Bank had, on behalf of your Board, announced that RJSB had on the same day entered into the Privatisation Agreement with the Government and Hartanah for the Privatisation Project. On 29 January 2016 and 21 April 2017 respectively, RJSB entered into supplemental agreements with the Government and Hartanah to among others, reduce the contract sum from RM1,631,880,000.00 to RM1,343,257,764.32 to commensurate with the reduction in the size of the Lands from a total of 92.50 acres to 76.14 acres, as well as to revise the works packages under Project 1 and Project 2 respectively. In consideration of RJSB agreeing to undertake the Privatisation Project, the Government will cause the FLC to transfer the Lands via Hartanah to RJSB and/or its nominee(s) upon the completion of Project 1.

On 25 April 2016, your Board announced that EPF had indicated its intention to subscribe for or purchase an 80% equity interest (free from all liens, charges, pledges and encumbrances) in the entity which is directed by RJSB to hold Land 1, after Land 1 has been delivered pursuant to the terms of the Privatisation Agreement and transferred to such entity (on an as-is-where-is basis), and our Company would subscribe for or purchase the remaining 20% equity interest in the same entity upon the terms and conditions stipulated in the letter of undertaking by EPF dated 22 April 2016 ("**LOU**"). Under the LOU, EPF had undertaken that they would negotiate in good faith to enter into a definitive agreement for this purpose within 12 months from the date of the LOU. On 21 April 2017, it was announced that EPF had agreed to extend the LOU up to 31 May 2017.

Subsequently, on 31 May 2017, RHB Investment Bank had, on behalf of your Board, announced that our Company, RJSB, TWSB and BJSP had entered into the SSA for the Proposed Joint Venture.

On 8 August 2017, our Company announced that RJSB had on 7 August 2017 received the last sectional certificate of practical completion issued in respect of each section of the construction works for Project 1 from the Government, which marks the completion and handing over of Project 1 to the Government. The construction commencement date for Project 2 shall take place on a date to be mutually agreed upon by the Government and RJSB.

On 9 February 2018, RHB Investment Bank had, on behalf of your Board, announced that RJSB had entered into a third supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary the calculation of the land bond to be provided by RJSB to the Government as security for the continued performance of RJSB's obligations under the Privatisation Agreement up to the completion of Project 2, in order to expedite the transfer of the Lands to RJSB and/or its nominee(s).

On 26 March 2018, RHB Investment Bank announced, on behalf of your Board, that:-

(a) RJSB and BJSP had sought TWSB's consent, which was granted by TWSB on 26 March 2018, for BJSP to appoint the Management Contractor prior to the completion of the First Tranche Subscription in view that the Lands were expected to be transferred to BJSP before the SSA turns unconditional and before the First Tranche Subscription ("**Consent Letter**"). This will enable BJSP to commence works on the Lands, where necessary, especially in the event of a delay in the Proposed Joint Venture. TWSB further agreed for the allotment and issuance by BJSP of 1,000 RPS-B to the Management Contractor upon the Management Contract becoming unconditional in accordance with the terms and conditions contained therein. The terms set out in the Consent Letter were also acknowledged and agreed by our Company; and

(b) Following the above, BJSP had on 26 March 2018 entered into the Management Contract with MRCB Land to appoint MRCB Land as the Management Contractor in connection with the Development, for the Provisional Total Project Sum (inclusive of GST).

On 9 April 2018, RHB Investment Bank had, on behalf of your Board, announced that, for the purposes of fulfilling the SSA Conditions Precedent where BJSP is required to obtain EPU's approval to acquire the Lands pursuant to the EPU's Guideline on the Acquisition of Properties, BJSP had on 3 October 2017 increased its issued and paid-up share capital from RM2 to RM100,000. RJSB had in this respect subscribed for a further 99,998 BJSP Shares to hold a total of 100,000 BJSP Shares, representing 100% of the equity interest therein. Following this, RJSB had sought TWSB's concurrence vide a letter dated 6 April 2018, which was accepted by TWSB on 9 April 2018 ("**Concurrence Letter**"), that as a result of RJSB's further subscription of 99,998 BJSP Shares:-

(a) RJSB will only be required to subscribe for an additional 1,900,000 BJSP Shares instead of 1,999,998 BJSP Shares under the First Tranche Subscription pursuant to the terms and conditions of the SSA; and

(b) the portion of the Lands Consideration payable by BJSP to RJSB which will be capitalised against RJSB's portion of the First Tranche Subscription Consideration, shall be RM268,549,330 instead of RM268,649,328.

On 18 April 2018, RHB Investment Bank announced, on behalf of your Board, that the FLC, via Hartanah, had on 17 April 2018 completed the transfer of the Lands to BJSP, as nominated by RJSB.

In view of the interests of the Interested Directors and the Interested Major Shareholder as set out in Section 11 of Part C of this Circular, the Proposals are deemed as related party transactions ("**RPT**") pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Accordingly, your Board had on 26 April 2017 and 13 March 2018 appointed Public Investment Bank as the independent adviser to advise the non-interested directors and non-interested shareholders in respect of the Proposed Joint Venture and the Proposed Construction, respectively.

For information purposes, based on the audited consolidated financial statements of our Company for the FYE 31 December 2016 and the value of TWSB's investment in BJSP pursuant to the Proposed Subscription as set out in Section 2.1 of Part C of this Circular as well as the pricing formula for the Call Option and Put Options, the highest percentage ratio for the Proposed Joint Venture when aggregated with the Call Option and Put Options pursuant to Paragraph 10.02(g) of the Listing Requirements exceeds 100%. Based on the audited consolidated financial statements of our Company for the FYE 31 December 2017 and the Provisional Total Project Sum, the highest percentage ratio for the Proposed Construction pursuant to Paragraph 10.02(g) of the Listing Requirements exceeds 100%.

THE PURPOSE OF PART C OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART C OF THIS CIRCULAR AND THE IAL AS SET OUT UNDER PART D OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED JOINT VENTURE

2.1 PROPOSED SUBSCRIPTION

The Proposed Subscription will entail the investment by RJSB and TWSB in BJSP through the subscription for new BJSP Shares and new RPS-A in BJSP, all at an issue price of RM1.00 each and free from encumbrances.

Once the Management Contract has become unconditional in accordance with the terms and conditions therein, RJSB will procure the Management Contractor to subscribe for 1,000 new RPS-B in BJSP (in a single tranche) at an aggregate subscription price of RM1,000 calculated based on an issue price of RM1.00 per RPS-B.

2.1.1 Subscription Shares

The Proposed Subscription will be carried out in two (2) tranches.

The Shareholders will subscribe for the First Tranche Subscription in the following manner:-

		First Tranche Subscription		
Shareholder	**No. of BJSP Shares held as at LPD**	**No. of BJSP Shares**	**No. of RPS-A**	**First Tranche Subscription consideration**
				RM
RJSB	100,000	1,900,000	266,649,330	268,549,330
TWSB	-	8,000,000	1,066,597,322	1,074,597,322
Total	**100,000**	**9,900,000**	**1,333,246,652**	**1,343,146,652**

The Shareholders will subscribe for the Second Tranche Subscription Shares in the following manner:-

Shareholder	No. of RPS-A	Second Tranche Subscription consideration
		RM
RJSB	Up to 16,583,292	Up to 16,583,292
TWSB	Up to 66,333,168	Up to 66,333,168
Total	**Up to 82,916,460**	**Up to 82,916,460**

The Management Contractor will subscribe for, and BJSP will allot and issue to the Management Contractor, 1,000 RPS-B at an issue price of RM1.00 each upon the Management Contract becoming unconditional.

Upon the completion of the Proposed Subscription and the subscription by the Management Contractor for 1,000 RPS-B in BJSP, the total share capital of BJSP and the respective shareholdings of the Shareholders and the Management Contractor will be as follows:-

	BJSP Shares			RPS-A			RPS-B		
Shareholder	**No.**	**RM**	**%**	**No.**	**RM**	**%**	**No.**	**RM**	**%**
RJSB	2,000,000	2,000,000	20	Up to 283,232,622	Up to 283,232,622	20		-	-
TWSB	8,000,000	8,000,000	80	Up to 1,132,930,490	Up to 1,132,930,490	80		-	-
Management Contractor		-	-		-	-	1,000	1,000	100
Total	**10,000,000**	**10,000,000**	**100**	**Up to 1,416,163,112**	**Up to 1,416,163,112**	**100**	**1,000**	**1,000**	**100**

The salient terms of RPS-A and RPS-B are set out in Appendix C(III) of Part C of this Circular.

2.1.2 Basis and justification of arriving at the subscription consideration

As BJSP has been incorporated specifically for the purposes of the Proposed Joint Venture and has yet to begin operations, the parties to the SSA have mutually agreed that the Subscription Shares will be issued at RM1.00 each.

2.1.3 Ranking of the Subscription Shares

The new BJSP Shares, when allotted and issued, shall rank equally with the existing issued BJSP Shares, save and except that the new BJSP Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of the allotment and issuance of the new BJSP Shares.

The RPS-A will rank on par among themselves in all respects and in priority to BJSP Shares and other preference shares issued from time to time subsequent to the issuance of the RPS-A (including the RPS-B, which will rank behind the RPS-A in priority) but after all secured obligations of BJSP and any shareholder loan granted or to be granted to BJSP by such shareholder or its affiliates from time to time and any other loan or debt as may be agreed between the parties to be a shareholder loan by such Shareholder to BJSP ("**Shareholders' Loans**") (which shall rank in priority to RPS-A and RPS-B).

The RPS-B will rank on par among themselves in all respects and in priority to BJSP Shares and other preference shares issued from time to time, save and except for the Shareholders' Loans (which shall rank in priority to RPS-A and RPS-B) and the RPS-A (which shall rank in priority to the RPS-B), but after all secured obligations of BJSP.

2.1.4 Listing of and quotation for the Subscription Shares

The Subscription Shares will not be listed on any stock exchange.

2.1.5 Mode of settlement and source of funding

The subscription consideration will be payable by TWSB entirely in cash, while the subscription consideration payable by RJSB will be capitalised from the Lands Consideration owing by BJSP to RJSB pursuant to the Proposed Disposal in the manner set out in Section 2.2.2 of Part C of this Circular. It is the intention of RJSB to retain its Subscription Shares.

2.1.6 Estimated financial commitment

As at LPD, save for the future development cost of the Lands, your Board does not foresee any additional financial commitment arising from the Proposed Subscription. For information purposes, our Company may be required to provide additional advances and/or equity financing to BJSP for the future development of the Lands in accordance with its Shareholding Proportions (as defined in Section 4.1.2 of Part C of this Circular), the exact quantum of which cannot be determined at this juncture.

Pursuant to Paragraph 8.23(2)(c) of the Listing Requirements, a listed company is required to seek its shareholders' approval where the aggregate amount of the financial assistance provided by the listed company to its associated company or joint arrangement is equal to or exceeds 5% of the net tangible assets ("**NTA**") of the listed company. In view that our Company may in the future provide additional advances to BJSP, our Company is required to seek the approval of our shareholders for such advances in the event the aggregate amount is expected to exceed 5% of the NTA of our Group.

2.1.7 Liabilities to be assumed

Save for the guarantee provided by our Company to TWSB and BJSP under the SSA, details of which are set out in Section 4.1.9 of Part C of this Circular, there is no liability, including any contingent liability or guarantee, to be assumed by our Company pursuant to the Proposed Joint Venture.

2.1.8 Call Option and Put Options

In accordance with the terms of the SSA, TWSB shall grant to our Company and/or RJSB the Call Option, and our Company and/or RJSB shall grant to TWSB the First Put Option and the Second Put Option.

A summary of the salient terms of the Call Option and Put Options are as follows:-

No.	Description	Call Option	First Put Option ^	Second Put Option
1.	Issuer	TWSB	MRCB and/or RJSB	MRCB and/or RJSB
2.	Holder of the rights	MRCB and/or RJSB	TWSB	TWSB
3.	Option period	24 months from the business day falling immediately after the completion of the First Tranche Subscription	12 months from the business day falling immediately after the expiry of the Call Option Period	12 months from the business day falling immediately after the expiry of seven (7) years from the completion of the First Tranche Subscription

No.	Description	Call Option	First Put Option ^	Second Put Option
4.	Purpose	To require TWSB to sell such number of BJSP Securities in excess of 51% of the issued share capital of BJSP, held by TWSB as at the date of the Call Option Notice, to MRCB and/or RJSB	To require MRCB and/or RJSB to buy such number of BJSP Securities in excess of 51% of the issued share capital of BJSP, held by TWSB as at the date of the First Put Option Notice, from TWSB	To require MRCB and/or RJSB to buy the remaining number of BJSP Securities held by TWSB as at the date of the Second Put Option Notice, from TWSB
5.	Option price	A consideration payable by MRCB and/or RJSB that will give TWSB an internal rate of return ("**IRR**") of 10% in proportion to the Call Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the Call Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	A consideration payable by MRCB and/or RJSB that will give TWSB an IRR of 8% in proportion to the First Put Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the First Put Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	A consideration payable by MRCB and/or RJSB that will give TWSB an IRR of 9.5% in proportion to the Second Put Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the Second Put Option Notice, less any amount which has been paid/distributed by BJSP to TWSB
6.	Shareholdings in BJSP after exercise of option *	RJSB : 49% TWSB : 51%	RJSB : 49% TWSB : 51%	RJSB : 100% TWSB : -

Notes:-

* *Based on the shareholdings of RJSB and TWSB in BJSP of 20% and 80% respectively, upon completion of the Proposed Subscription.*

^ *Provided the Call Option has not been exercised and save and unless notified by TWSB to MRCB and/or RJSB before the expiry of the Call Option Period that TWSB waives its rights in respect of the First Put Option.*

In the event that TWSB fails to exercise its rights under the First Put Option before the expiry of the First Put Option Period, TWSB shall, notwithstanding such failure, be deemed to have automatically exercised the First Put Option on the last day of the First Put Option Period without the requirement of the issuance of the First Put Option Notice to MRCB and/or RJSB.

In addition, TWSB shall immediately cease to be entitled to exercise the First Put Option in the event TWSB sells or transfers or otherwise disposes of such number of BJSP Securities resulting in its shareholdings in BJSP being equivalent to 51% or less, other than pursuant to a transfer to a 100%-held related party of TWSB.

2.1.8.1 Basis and justification of arriving at the option price of the Call Option and Put Options

The option price of the Call Option, First Put Option and Second Put Option is based on the IRRs required by TWSB for each option period which our Company deems reasonable after taking into consideration initial management estimates of the overall equity returns to our Group from the Proposed Joint Venture.

2.1.8.2 Exercise of the Call Option and Put Options

(i) Following the serving of the Call Option Notice, the First Put Option Notice or the Second Put Option Notice, as the case may be, all the Shareholders' Loans or advances extended by TWSB to BJSP together with any interest payable (if any), in proportion to the Call Option Shares, the First Put Option Shares or the Second Put Option Shares (as the case may be) shall be paid by BJSP to TWSB ("**TWSB Option Advances**") on the Option Completion Date (as defined in Section 2.1.8.3 of Part C of this Circular).

(ii) In the event that BJSP fails to fully settle and repay the TWSB Option Advances by the Option Completion Date (as defined in Section 2.1.8.3 of Part C of this Circular), our Company and/or RJSB shall on the Option Completion Date (as defined in Section 2.1.8.3 of Part C of this Circular), settle and repay the outstanding amount of such TWSB Option Advances for and on behalf of BJSP and thereafter an amount equivalent to such outstanding amount of TWSB Option Advances will become an amount due and owing by BJSP to our Company and/or RJSB following the completion of the sale and purchase of the Call Option Shares, the First Put Option Shares and the Second Put Option Shares (as the case may be).

2.1.8.3 Completion of the sale and purchase of the Call Option Shares, First Put Option Shares and Second Put Option Shares

Subject to the approvals (where necessary) of the relevant authorities having been obtained, the Call Option Price, the First Put Option Price and the Second Put Option Price shall be paid by our Company and/or RJSB to TWSB in cash on a business day falling within a period of three (3) months from the date of the Call Option Notice or the First Put Option Notice or the Second Put Option Notice (as the case may be) or such other extended date as TWSB and our Company and/or RJSB shall agree in writing ("**Option Completion Date**").

2.1.8.4 Source of funding for the acquisition of the Call Option Shares, First Put Option Shares or Second Put Option Shares

Should the Call Option or Put Options be exercised, our Company expects to fund the acquisition of the Call Option Shares, First Put Option Shares or Second Put Option Shares via a combination of bank borrowings and/or internally generated funds, the proportion of which cannot be determined at this juncture.

2.2 PROPOSED DISPOSAL

Pursuant to the terms of the SSA, the Shareholders agree that RJSB shall nominate BJSP to receive and accept the transfer of the Lands in place of RJSB. BJSP will pay RJSB the Lands Consideration amounting to up to RM1,426,163,112 (equivalent to RM430 psf) in the following manner:-

(i) the First Tranche Lands Consideration within 15 business days after the completion of the First Tranche Subscription; and

(ii) the Second Tranche Lands Consideration within 15 business days after the completion of the Second Tranche Subscription.

2.2.1 Basis and justification of arriving at the Lands Consideration

The Lands Consideration was determined by the Shareholders after taking into consideration the total contract sum of the Privatisation Project of RM1,343,257,764.32, which translates to approximately RM405.003 psf. In this regard, the Shareholders have agreed to price the Lands at RM405 psf. In addition, the Shareholders have agreed to pay for the actual financing cost incurred by RJSB in undertaking and implementing Project 1 as well as the actual tender cost incurred by RJSB in obtaining the Privatisation Project, which, when aggregated with the First Tranche Lands Consideration, shall not exceed RM430 psf.

For information purposes, the total bank borrowings and shareholders advances for RJSB (including interest cost) cannot be determined at this juncture. The total financing cost can only be confirmed immediately prior to the settlement of the First Tranche Lands Consideration and Second Tranche Lands Consideration, which will occur after the completion of the First Tranche Subscription and Second Tranche Subscription respectively. For information purposes, the total financing costs incurred up to 31 December 2017, as reflected in our Company's audited consolidated financial statements for the FYE 31 December 2017, was RM46,801,389.

RJSB had also appointed CBRE|WTW to appraise the market value of the Lands. CBRE|WTW had carried out the valuation of the Lands on 30 November 2017, being the material date of valuation, using the Residual Method and Comparison Method, based on the following assumptions:-

(i) the total land size of the Lands is 76.14 acres;

(ii) the Lands have a plot ratio of 1:6.5, which is a condition precedent to the SSA;

(iii) the proposed development on the Lands has no low cost components; and

(iv) the Lands are vacant with vacant possession and no value is attributed to all site improvements including the buildings/structures erected thereon.

In carrying out the valuation of the Lands, CBRE|WTW had also relied on the Feasibility Report. The Executive Summary of the Feasibility Report is set out in Appendix C(V) of Part C of this Circular.

For information purposes, under the residual method, consideration is given to the GDV of the Lands and deducting therefrom the estimated costs of the development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the projects. For purposes of the residual value method, the Valuer has adopted the assumptions and components of the proposed development as set out in the Feasibility Report, which comprises serviced apartments, shop offices, office towers, apartments, SOHO, two (2) retail malls and a hotel. The Valuer has also assumed that the proposed development is launched in three (3) phases with a project horizon of approximately 14 years.

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

The market values of the Lands derived based on the residual method and comparison method are both RM1,430,000,000. The Valuer had concluded that the market value based on the residual method is a fair representation of the market value of the Lands in view that the Lands are proposed to be developed into a new township with a confirmed plot ratio.

The valuation certificate for the Lands is set out in Appendix C(IV) of Part C this Circular.

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

(Source: Management)

2.2.2 Mode of settlement

The Lands Consideration will be settled by BJSP in the following manner:-

Mode of settlement	% of Lands Consideration	Date of settlement	RM
Cash payment	80%	Within 15 business days after the completion of the First Tranche Subscription.	1,074,597,322
		Within 15 business days after the completion of the Second Tranche Subscription.	Up to 66,333,168
			Up to 1,140,930,490
Capitalised against RJSB's portion of the Proposed Subscription	20%	Within 15 business days after the completion of the First Tranche Subscription.	268,649,330 ^
		Within 15 business days after the completion of the Second Tranche Subscription.	Up to 16,583,292
			Up to 285,232,622
TOTAL	**100%**		**Up to 1,426,163,112**

Note:-

^ *Includes the initial subscription by RJSB of 100,000 BJSP Shares amounting to RM100,000 as at the LPD.*

Further details of the First Tranche Subscription and Second Tranche Subscription are set out in Section 2.1.1 of Part C of this Circular.

2.2.3 Expected gain/loss arising from the Proposed Disposal

The Lands Consideration has not been finalised as at the date of this Circular. However, the Proposed Disposal currently reflects a marginal loss of RM11,112.32 to RJSB arising from the difference between the value of the contract sum for the Privatisation Project of RM1,343,257,764.32 and the First Tranche Lands Consideration of RM1,343,246,652.

2.2.4 Utilisation of proceeds

2.2.4.1 Utilisation of proceeds by RJSB

The cash portion of the Lands Consideration is intended to be utilised by RJSB in the following manner:-

Details of utilisation	Note	Amount (RM mil)	Estimated timeframe for utilisation (i)
Repayment of outstanding bank borrowings of RJSB	(ii)	400	Within 12 months
Partial repayment of advances from our Group	(iii)	741	Within 12 months
Total		**1,141**	

Notes:-

(i) *From the date of completion of the Proposed Disposal.*

(ii) *In our Company's announcement dated 31 May 2017 on the Proposed Joint Venture ("**JV Announcement**"), it was disclosed that RJSB intended to utilise a portion of the Lands Considerations for the funding of Project 2, partial repayment of outstanding bank borrowings of RJSB, advances to BJSP and partial repayment of advances from our Group. Nevertheless, in view that the commencement date for Project 2 remains uncertain and total principal amount of RJSB's bank borrowings as at LPD amounts to RM400 million, the board of directors of RJSB has decided to utilise the amounts previously identified for funding of Project 2 and shareholders' advances to BJSP for the repayment of the outstanding principal amount of RJSB's bank borrowings.*

Based on RJSB's weighted average effective interest rate for its borrowings of approximately 5.25% per annum for the FYE 31 December 2017, the repayment of bank borrowings amounting to RM400 million is expected to result in annual gross interest savings of approximately RM21 million to RJSB.

(iii) *As at LPD, the total advances from our Group to RJSB amounted to approximately RM805 million. RJSB intends to utilise RM741 million from the proceeds to be raised from the Proposed Disposal to partially repay the advances from our Group. Further details on the utilisation by our Group of the proceeds received from RJSB are set out in Section 2.2.4.2 of Part C of this Circular below.*

For avoidance of doubt, any variation in the cash portion of the Lands Consideration will be adjusted to/from the gross proceeds allocated for partial repayment of advances from our Group.

2.2.4.2 Utilisation of proceeds by our Group

As set out in Section 2.2.4.1 of Part C of this Circular, RJSB will repay RM741 million of advances from our Group using the proceeds raised from the Proposed Disposal. Our Group intends to utilise the proceeds in the following manner:-

Details of utilisation	**Note**	**Amount**	**Estimated timeframe for utilisation** [(i)]
		(RM mil)	
Repayment of bank borrowings	(ii)	738	Within 12 months
Defrayment of estimated expenses	(iii)	2	Within 3 months
General working capital	(iv)	1	Within 3 months
TOTAL		**741**	

Notes:-

(i) *From the date of repayment of advances to our Group.*

(ii) *In the JV Announcement, it was disclosed that our Group intended to utilise the proceeds received from RJSB for the acquisition of landbanks and property development and/or construction projects, general working capital and defrayment of estimated expenses in relation to the Proposed Joint Venture. Subsequent to the JV Announcement, our Group secured a Commodity Murabahah Term Financing-i ("**CMTF-i**") facility from RHB Islamic Bank Berhad for purposes of part financing our Company's subscription of 700,000 ordinary shares in Kwasa Sentral Sdn Bhd, details of which are set out in Section 12(i) of Part C of this Circular. As at LPD, the total amount drawn down from the CMTF-i facility stood at approximately RM738 million. In this regard, our Board has decided to reallocate the amounts previously intended for acquisition of landbanks, property development and/or construction projects, and a certain portion allocated to general working capital for repayment of bank borrowings, to repay the outstanding principal amount of the CMTF-i facility. Based on the weighted average effective interest rate of the CMTF-i facility of approximately 5.35% per annum for the FYE 31 December 2017, the repayment of outstanding CMTF-i facility amounting to approximately RM738 million is expected to result in annual gross interest savings of approximately RM39.48 million for our Company.*

(iii) *Estimated expenses in relation to the Proposed Joint Venture includes professional fees, regulatory fees and other miscellaneous expenses which amounts to RM1.92 million (of which RM0.20 million has been previously paid by our Group).*

Any variation in the estimated expenses will be adjusted to/from the gross proceeds allocated for general working capital.

(iv) *General working capital requirements include construction costs, day-to-day operations and other operating expenses such as sales and marketing, staff cost and general administrative expenses.*

2.2.5 Liabilities to be assumed by BJSP

There is no liability, including any contingent liability and guarantee, to be assumed by BJSP pursuant to the Proposed Disposal.

2.2.6 Original cost of investment

The cost of the Lands to RJSB is determined based on the total contract sum of the Privatisation Project and the total financing cost to be incurred by RJSB in undertaking and implementing the Privatisation Project. Whilst the total contract sum for the Privatisation Project is RM1,343,257,764.32, the total financing cost to be incurred by RJSB has not been finalised.

For information purposes, the total financing costs incurred up to 31 December 2017, as reflected in our Company's audited consolidated financial statements for the FYE 31 December 2017, is RM46,801,389. In view of the above, the total cost of investment cannot be determined at this juncture.

2.2.7 Information on the Lands

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

Registered owner(s)	BJSP	BJSP	BJSP
Type/Identification/ Postal Address	HSD 120470, PT 16843, Mukim Petaling, District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	HSD 120471, PT 16844, Mukim Petaling, District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	HSD 120472, PT 16845, Mukim Petaling, District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Land area	24.09 acres/ 97,489 square metre ("**sm**")	9.17 acres/ 37,116 sm	42.88 acres/ 173,510 sm
Tenure	Leasehold 99 years expiring on 7 December 2116	Leasehold 99 years expiring on 7 December 2116	Leasehold 99 years expiring on 7 December 2116
Existing/Proposed use	Building	Building	Building
Encumbrance	Nil		
Audited net book value	Information on net book value is not available as the Lands were only transferred to BJSP on 17 April 2018		
Valuation/Date	RM1,430,000,000/30 November 2017		
Valuer	CBRE|WTW		
Method(s) of valuation	Residual and Comparison methods		
Development potential	Mixed development comprising residential and commercial properties		
Expected commencement/ completion date ^	2019/2038		
Expected GDV ^	Approximately RM21 billion		
Expected GDC (including financing cost but excluding tax) ^	Approximately RM15 billion		
Expected profits to be derived (before tax) ^	Approximately RM6 billion		
Stage of completion (%)	Yet to commence		

Source of funds for development	The Development is expected to be funded via BJSP's internally generated funds, debt financing, shareholders' advances and equity financing, the exact quantum of which cannot be determined at this juncture
Relevant approvals obtained/date obtained	Not available as at the date of this Circular as the applications to the relevant authorities in relation to the Development have been submitted but are pending approvals

Note:-

^ *Based on preliminary management estimates. For information purposes, such estimates differ from the figures set out in the Feasibility Report as Rahim & Co had conducted an independent assessment of the future development prospects for the Lands based on its own assumptions.*

3. DETAILS OF THE PROPOSED CONSTRUCTION

3.1 Background of the Development

The Development, which will span approximately 20 years from 2019 to 2038 is expected to be a residential and commercial hub, with a plot ratio of 1:6.5. The GDV for the Development is currently estimated to be approximately RM20.67 billion and the Development is expected to comprise four (4) development plots ("**Plots**"), which consist of office towers, hotels, retail shops and mall, SOVO, SOHO, service apartments and residential towers. An outline of the types of development to be carried out on each of the Plots is set out below:-

(a) Plot F: Retail mall, showroom, office towers, SOVO;

(b) Plot G: Retail shops, office towers, service apartments, SOHO;

(c) Plot I: Retail shops, hotels, SOHO, serviced apartments; and

(d) Plot 38207: Residential towers.

As at LPD, the development plans for the Development have been submitted to the relevant authorities and are pending approval. Based on the Management Contract, the total estimated GDC for the Development is RM14,826,893,850. For information purposes, the location map for the Development is set out in Section 2.2.1 of Part C of this Circular.

3.2 Provision of services by MRCB Land

(a) Pursuant to the terms and conditions of the Management Contract, MRCB Land's role as the Management Contractor shall entail the following:-

(i) to provide sales and marketing consultancy to BJSP on an exclusive basis for the buildings to be developed as part of the Development in accordance with the initial feasibility study for the concept and composition of the Development ("**Concept Plan**") ("**Sales and Marketing Consultancy**");

(ii) to facilitate BJSP on a best endeavours basis to obtain all approvals required under the law from any statutory authority having jurisdiction over the Development or the EPCC Works (as defined herein) and any company or body authorised to provide water, electricity, telephone, sewerage and other related public services in respect of the Development or the EPCC Works (as defined herein) by BJSP as the owner of the Lands upon transfer ("**Authority and Statutory Approvals**") ("**Regulatory Services**");

(iii) to prepare (i) the Concept Plan ("**Initial Feasibility Study**"), and (ii) an Updated Feasibility Study (as defined in Section 4.2.2 of Part C of this Circular upon receipt of a written request from BJSP which includes, among others, the construction of financial models ("**Feasibility Study Preparation Services**"), and provide project management services for the Development comprising such services for the Development as a whole and such services for each Plot ("**PM Services**").

(The Regulatory Services and the PM Services are collectively referred to as "**PMR Services**"); and

(iv) to procure, among others, planning, design, construction as well as testing and commissioning of the works for each Plot, details of which shall be set out in the individual EPCC Contracts (as defined herein) ("**EPCC Works**").

The services described in subparagraphs (i) to (iv) above will be collectively referred to as the "**Services**".

(b) MRCB Land shall appoint MRCB Builders Sdn Bhd ("**MRCB Builders**"), a wholly-owned subsidiary of MRCB, or any of MRCB's subsidiaries, as the contractor ("**Contractor**") for the provision of EPCC Works for one or more Plots, on the terms and conditions set out in the EPCC Contract(s) (as defined herein) to be executed between the Contractor and the Management Contractor.

"**EPCC Contract(s)**" means the contract between the Management Contractor and the Contractor for the EPCC Works, which shall substantially be in the form as appended to the Management Contract, as may be amended in accordance with the terms of the EPCC Contract.

For information purposes, prior consent of TWSB is required if the EPCC Contract(s) are executed prior to the completion of the First Tranche Subscription.

(c) The Management Contractor shall directly appoint consultants for the Development and shall have the right to novate all of the appointments to the Contractor at the Management Contractor's discretion.

(d) If BJSP requires the Management Contractor to perform any design works for the Development falling outside the scope of the Services, BJSP shall propose the terms and conditions for the said design works including the proposed scope for the said design works and additional fees to be paid to the Management Contractor, which is subject to mutual agreement between BJSP and MRCB Land.

3.3 Provisional Total Project Sum

The Provisional Total Project Sum which is payable by BJSP to MRCB Land in cash is estimated to be RM11,007,326,245 (inclusive of GST), and shall include the following:-

(a) provisional management contract fee of RM891,525,174 ("**Management Contract Fee**") ("**Provisional Management Contract Fees**") comprising the following (all of which are inclusive of GST):-

(i) PMR Services fees; and

(ii) Sales and Marketing Consultancy fee;

and

(b) provisional contract costs of RM10,115,801,071 ("**Provisional Contract Cost**") comprising the following (all of which are inclusive of GST):-

(i) contract sum under the EPCC Contracts for all Plots of the Development which shall include the cost of the EPCC Works (excluding Professional Fees (as defined in Section 3.3(b)(ii) of Part C of this Circular)) ("**EPCC Contract Sum**"), to be paid to Contractor;

(ii) fees payable to consultants to be engaged for the EPCC Works by the Management Contractor pursuant to the terms of the relevant letters of appointment ("**Professional Fees**");

(iii) expenses payable for the Sales and Marketing Consultancy under the Management Contract ("**Sales and Marketing Consultancy Expenses**"); and

(iv) office overhead and administrative expenses incurred by the Management Contractor, in connection with the management of the operations of BJSP by the Management Contractor ("**Office Overhead and Administrative Expenses**").

The breakdown of the GDC components as set out in the Management Contract as well as the components making up the Provisional Total Project Sum are as follows:-

GDC components	**Estimated GDC**	**Provisional Total Project Sum payable to MRCB Land**	**Basis for the amount payable to MRCB Land [1]**
	(RM)	**(RM)**	
Land cost	1,426,163,112 [2]	-	-
Land related cost	191,825,386 [3]	-	-
Authority and Statutory Charges	939,223,368 [4]	-	-
Financing cost	1,262,355,739 [5]	-	-
Subtotal	**3,819,567,605**	-	-
Provisional Contract Costs (inclusive of GST):-			
(i) EPCC Contract Sum	8,538,394,257 [6]	8,538,394,257	Lump sum, to be determined based on the final account provisions of the EPCC Contract(s)
(ii) Professional Fees	683,071,541 [7]	683,071,541	To be based on the actual costs incurred
(iii) Sales and Marketing Consultancy Expenses	723,567,388 [8]	723,567,388	To be based on the actual costs incurred
(iv) Office Overhead and Administrative Expenses	170,767,885 [9]	170,767,885	To be based on the actual costs incurred
Subtotal	**10,115,801,071**	**10,115,801,071**	

The rest of this page has been intentionally left blank

GDC components	Estimated GDC	Provisional Total Project Sum payable to MRCB Land	Basis for the amount payable to MRCB Land [1]
	(RM)	(RM)	
Provisional Management Contract Fees:-			
(i) Sales and Marketing Consultancy fee	361,783,694	361,783,694 [10]	To be based on actual costs incurred and calculated in the following manner:- (a) Two (2) months of net rental (being gross rental excluding the leased building's service charge) of the lease should the Management Contractor successfully secure a lessee and the lessee signs an agreement for BJSP to lease a building in a Plot; or (b) 1.75% of GDV (being proceeds of the sale of such part of the Development) should BJSP sell a part of the Development and the buyer is secured by the Management Contractor
(ii) PMR Services fees			
• PM Services	402,754,446	402,754,446	To be based on 5% of final EPCC Contract Sum [11]
• Professional Fees	32,220,356	32,220,356	To be based on 5% of actual Professional Fees [11]
• Regulatory Services	44,302,989	44,302,989	To be based on 5% of actual Authority and Statutory Charges paid by BJSP [11]
(iii) GST	50,463,689	50,463,689	The prevailing GST rate of 6% is subject to change, as may be implemented by the Government from time to time
Subtotal	**891,525,174**	**891,525,174**	
Grand total	**14,826,893,850**	**11,007,326,245**	

Notes:-

(1) *The basis for the amount payable to MRCB Land was commercially negotiated between BJSP and MRCB Land and MRCB Land deems it to be reasonable.*

(2) *Equivalent to the Lands Consideration as set out in Section 2.2 of Part C of this Circular.*

(3) *Comprises land conversion premium, legal fees and stamp duty for land application processes. Such costs are estimated based on our Group's experience in undertaking similar development project.*

(4) *Authority and statutory charges are fees to be charged by the relevant authorities in relation to the application for, and obtaining of, the approvals required for the Development or the EPCC Works by BJSP ("**Authority and Statutory Charges**"). Such charges have been estimated at a rate of 11.0% of the EPCC Contract Sum (inclusive of additional fees to be charged by the relevant authorities in relation to preliminary works to be carried out on the Lands), which is a rate adopted by BJSP and our Group deems the rate to be reasonable based on our Group's experience and involvement in large scale construction and property development projects. Such authorities include any statutory authority having jurisdiction over the Development or the EPCC Works and any company or body authorised to provide water, electricity, telephone, sewerage and other related services.*

(5) *Represents financing costs which are expected to be incurred by BJSP in respect of bank borrowings and shareholders' advances to be obtained, as well as for the RPS-A to be issued by BJSP to fund the Development and land acquisition costs, at an assumed financing rate of 7% per annum based on internal estimates as well as the expected funding requirements of each development component and the mode of funding for each Plot.*

(6) *The estimated EPCC Contract Sum of approximately RM8.54 billion was determined based on the Initial Feasibility Study undertaken for the Development as outlined in Section 3.1 of Part C of this Circular. The EPCC Contract Sum is merely a provisional figure at this juncture and the final EPCC Contract Sum may be higher or lower depending on the EPCC Contract for each Plot.*

(7) *The professional fees of consultants engaged/to be engaged for the EPCC Works, which include architects, civil and structural engineers, mechanical and electrical engineers and quantity surveyors, have been estimated at a rate of 8.00% of the EPCC Contract Sum, which is a rate adopted by BJSP and is in line with our internal estimates based on our Group's experience in undertaking similar projects.*

(8) *Sales and Marketing Consultancy Expenses, which include advertising, promotional costs, press and public relations, marketing collateral and publications, have been estimated at a rate of 3.50% of the provisional GDV amounting to approximately RM20.67 billion.*

(9) *Office Overhead and Administrative Expenses are expenses to be incurred by the Management Contractor in connection with managing the operations of BJSP. Such expenses have been estimated at a rate of 2.00% of the EPCC Contract Sum, which is a rate adopted by BJSP and our Group deems the rate to be reasonable based on our Group's experience and involvement in large scale construction and property development projects.*

(10) *Sales and Marketing Consultancy fee have been estimated at a rate of 1.75% of the provisional GDV amounting to approximately RM20.67 billion.*

(11) *The final PMR Services fee will be calculated based on 5.00% of each of the final/actual EPCC Contract Sum Professional Fees and Authority and Statutory Charges. The rate of 5.00% was determined after taking into consideration rates adopted for similar development projects undertaken by our Group.*

For the avoidance of doubt, the land cost, land related cost, Authority and Statutory Charges and financing cost shall be borne by BJSP directly. The Provisional Total Project Sum as set out above is provisional at this juncture and the actual costs may be higher or lower. The final project sum is dependent on the cumulative project sum based on the EPCC Contracts to be entered into between the Management Contractor and the Contractor for the EPCC Works for each Plot and based on final accounts.

3.4 Basis and justification of arriving at the Provisional Total Project Sum

The Provisional Total Project Sum was arrived at based on commercially negotiated terms after taking into consideration the Initial Feasibility Study, the estimated Provisional Contract Costs as agreed between BJSP and MRCB Land and the bases for the Provisional Management Contract Fees as set out in Section 3.3 of Part C of this Circular.

Our Company has also appointed an independent QS, namely YMF, to undertake an independent analysis of the GDC for the Development. YMF is a quantity surveyor and construction cost consultant which have been in practice since 1965. YMF is a Registered Consultant Quantity Surveyor with the Board of Quantity Surveyors Malaysia and Ministry of Finance. They are also accredited with ISO 9001:2015 Quality Management System Certification by UKAS Management Systems and Standards Malaysia. Their services include preparation of preliminary construction cost estimate and cost plan, preparation of feasibility studies, valuation of construction work in progress and variation orders, reporting on interim financial status of projects and preparation of final accounts for building projects. YMF is mainly involved in mixed development/commercial, residential and public services projects.

In arriving at the estimated GDC, the QS had independently derived the EPCC Contract Sum, Authority and Statutory Charges, Professional Fees, Sales and Marketing Consultancy Expenses and Sales and Marketing Consultancy fee, whilst other costs such as land cost, land related cost, financing cost, Office Overhead and Administrative Expenses and PMR Services fees were derived based on information furnished by our Company.

The summary of assumptions and methods adopted by the QS in its independent analysis of the GDC for the Development are as follows:-

Item	**Methods**	**Reasons for adopting**	**Assumptions**
EPCC Contract Sum	Using comparable unit rate methods of similar development components (inclusive of contingency allowance and other acceptable yardstick as per industry practice)	• Gross floor area and preliminary layout plans for each Plot have been determined • Building type and intended function for each Plot have been determined which allows the QS to allocate a particular unit rate for each type of building	Building works were computed based on the unit rate method whilst other cost elements such as preliminaries, sub-structure works and mechanical works were computed based on a percentage of building works or the sum thereof
Authority and Statutory Charges	Based on the relevant agency guidelines such as Tenaga Nasional Berhad for power supply, Syarikat Bekalan Air Selangor Sdn Bhd for water supply, Suruhanjaya Perkhidmatan Air Negara for sewerage connection and Telekom Malaysia Berhad for telecommunication, and other allowances as the QS deems appropriate	There is no other input for this cost element at this juncture	• Power and water demand were estimated based on specific types of development; and • Number of telephone lines is estimated based on assumptions of floor area, which are then multiplied with a factor to arrive at the budgeted figure • Sewerage for the development is assumed to be connected to the public sewer system Other allowances include anticipated capital contributions relating to utilities and road/highway infrastructure that may be required by the relevant government agencies due to conditions of the site and existing developments surrounding the site. These include, among others, the cost of putting in place additional transmission main intakes and relocation of electrical utilities, sewerage treatment plants and retention pond, road widening and ramps to connect to existing highways
Professional Fees	Based on market rate percentile factor for the various consultants	There is no other input for this cost element at this juncture	Professional fees are estimated based on scale of fees from relevant professional bodies

Item	Methods	Reasons for adopting	Assumptions
Sales and Marketing Consultancy Expenses	Based on a percentile factor of estimated GDV	There is no other input for this cost element at this juncture	2.0% of GDV is proposed as a budget allowance
Sales and Marketing Consultancy fee	Based on a percentile factor of estimated GDV	There is no other input for this cost element at this juncture	1.9% of GDV is proposed as a budget allowance

The QS has relied on the following broad development parameters in its estimation of the GDC for the Development:-

Plot	Development	Gross floor area (square feet)
F	Retail mall, showroom, office towers, SOVO	3,154,397
G	Retail shops, office towers, service apartments, SOHO	5,455,662
I	Retail shops, hotels, SOHO, service apartments	3,278,194
38207	Residential towers	19,165,590
	Total	**31,053,843**

Based on the above, the QS had vide its GDC Report estimated the GDC to be RM14,458,854,063.29 (inclusive of GST, where applicable), the breakdown of which is as set out below:-

Item	Total amount (RM)
Land cost	1,426,163,112.00
Land related cost	191,825,386.00
Authority and Statutory Charges	803,722,100.00
EPCC Contract Sum	8,582,992,369.27
Professional Fees	686,639,389.54
Sales and Marketing Consultancy Expenses	413,467,078.80
Office Overhead and Administrative Expenses	171,659,847.39
Financing cost	1,262,355,739.00
Sales and Marketing Consultancy fee	416,361,348.35
PMR Services fee	503,667,692.94
Total estimated GDC	**14,458,854,063.29**

The QS' GDC estimation represents a variance of approximately 2.5% to the estimated GDC for the Development as stated under the Management Contract of RM14,826,893,850. Premised on this, our Company is of the view that the estimated GDC as stated in the Management Contract is reasonable.

After considering the estimated GDC and the bases used to determine the amount payable to MRCB Land as set out in the table in Section 3.3 of Part C of this Circular, our Company is also of the view that the Provisional Total Project Sum is reasonable.

The Executive Summary of the GDC Report is set out in Appendix C(VI) of Part C of this Circular.

3.5 Source of funding

Pending the receipt of progressive payments from BJSP, the obligations of the Management Contractor and the Contractor as set out in Section 3.2 of Part C of this Circular will be funded via internally generated funds and/or bank borrowings, the quantum of which cannot be determined at this juncture.

The obligation of BJSP to pay the Provisional Total Project Sum to the Management Contractor as set out in Section 3.3 of Part C of this Circular will be funded via internally generated funds and/or bank borrowings, the quantum of which cannot be determined at this juncture.

4. OTHER SALIENT TERMS OF THE SSA AND MANAGEMENT CONTRACT

4.1 SSA

4.1.1 SSA Conditions Precedent

(i) The obligations of the Shareholders are conditional upon the following SSA Conditions Precedent being obtained/fulfilled or waived (as the case may be) by the Cut-Off Date:-

(a) the approval of all relevant authorities having been obtained, including without limitation:-

(A) BJSP having obtained the approval of the EPU to acquire the Lands pursuant to the EPU's Guideline on the Acquisition of Properties on terms and conditions acceptable to TWSB or the written confirmation from EPU or other relevant authorities that EPU's approval is not required by BJSP for the acquisition of the Lands; and

(B) EPF having obtained the approval of the Minister of Finance, Malaysia for its indirect investment in BJSP and the Lands.

(b) the issuance of an issue document of title registered in the name of BJSP as the registered proprietor in respect of each of the Lands:-

(A) free from all encumbrances, leases and endorsed tenancies exempt from registration;

(B) with endorsement of a leasehold period of 99 years;

(C) subject to the category of 'building'; and

(D) such express conditions and restriction in interest;

(c) the approved plot ratio for the development of the Lands being no less than 1:6.5; and

(d) MRCB having obtained (at its own cost and expense) the approval of its shareholders at an EGM to be convened in respect of the Proposed Joint Venture, including the proposed subscription by RJSB of the BJSP Securities in accordance with the terms and conditions of the SSA.

(ii) If:-

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

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

(c) at any time prior to the expiry of the Cut-Off Date, any of the SSA Conditions Precedent have been granted subject to terms and conditions which are not acceptable to a Shareholder being terms and conditions which affect that Shareholder, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected Shareholder 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 SSA by giving a notice in writing to that effect to the other party, whereupon the parties shall not have any further rights under the SSA except in respect of:-

(A) any obligation under the SSA which is expressed to apply after the termination of the SSA; and

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

4.1.2 Shareholding proportions

Subject to the Call Option and the Put Options as set out in Section 2.1.8 of Part C of this Circular, and save as agreed by the Shareholders, the respective shareholdings of the Shareholders in BJSP (based on the BJSP Shares held) shall, after the completion of the Proposed Subscription and at all times throughout the duration of the SSA, be maintained in the following proportions ("**Shareholding Proportions**"):-

Shareholder	Shareholding Proportions
RJSB	20%
TWSB	80%

4.1.3 Board of Directors

(i) At all times while the SSA remains in force, the Shareholders shall procure that at any one time, unless otherwise expressly agreed by the Shareholders, the number of directors of BJSP shall not be more than five (5) in number.

(ii) Except as otherwise provided in the SSA, RJSB will, while it remains a Shareholder, be entitled to nominate and appoint one (1) director of BJSP and TWSB will, while it remains a Shareholder, be entitled to nominate and appoint four (4) directors.

(iii) In the event there is a change in the Shareholding Proportions due to the exercise of the Call Option or the First Put Option, as the case may be, RJSB will, while it remains a Shareholder with a shareholding of not less than 40% of the total issued share capital in BJSP, be entitled to nominate and appoint two (2) directors and TWSB will, while it remains a Shareholder with a shareholding of not less than 51% of the total issued share capital in BJSP, be entitled to nominate and appoint three (3) directors.

(iv) Unless otherwise agreed, the chairman of board of directors of BJSP ("**BJSP Board**") and any Shareholders' meetings will be a director nominated by TWSB (so long as it holds more than 50% of the issued share capital of BJSP) and such chairman shall not be entitled to exercise any casting vote.

4.1.4 Tag-along right and drag-along right

(i) In the event a Shareholder (in this context as the "**Transferor**"), after having first complied with the provisions of the SSA, becomes entitled to transfer its BJSP Securities, Shareholders' Loans and interest on the Shareholders' Loans (collectively, the "**Shares and Advances**") and intends to accept a good faith offer from any person ("**Tag-Along Purchaser**") to purchase all of its Shares and Advances, the Transferor shall give notice in writing to the other Shareholder ("**Tag-Along Notice**") within 14 days after having received such offer. The other Shareholder (if it so desires) may accept the tag-along offer made to it by serving on the Tag-Along Purchaser (with a copy to the Transferor) a notice in writing of its acceptance within 30 days of the date of the tag-along offer specifying the number of Shares and Advances which the other Shareholder has agreed to sell.

(ii) In the event that TWSB still being a majority shareholder holding not less than 80% of the issued share capital of BJSP, after having first complied with the provisions of the SSA, becomes entitled to sell or transfer any of its Shares and Advances to any other third party or parties ("**Drag-Along Purchaser**"), TWSB shall have a right to drag along and require RJSB to sell a pro-rata proportion of its Shares and Advances to the Drag-Along Purchaser (unless such requirement is expressly waived by TWSB), upon the same terms and conditions as are offered to TWSB by the Drag-Along Purchaser. TWSB shall give a drag-along notice in writing to RJSB within 14 days after having received such offer.

4.1.5 Right to step-in

Upon the occurrence of any of the following events:-

(i) RJSB fails to cause BJSP, or BJSP for whatsoever reason fails to launch the development with at least RM600,000,000 of GDV within 24 months from the SSA Unconditional Date; or

(ii) A declaration by TWSB that an event of default under the SSA has occurred or non-payment by MRCB under the MRCB guarantee (details of which are set out in Section 4.1.9 of Part C of this Circular) after demand by TWSB; or

(iii) Any situation (other than the force majeure events) which in the reasonable opinion of TWSB would have a material adverse effect on the ability of MRCB, RJSB and/or BJSP to carry out the development; or

(iv) MRCB and/or RJSB fails, neglects or refuses to complete the Call Option, First Put Option and/or the Second Put Option in accordance with the provisions of the SSA;

and such failure or circumstances is not remedied within 60 days of a written notice by TWSB requiring such remedy or within such longer period as the parties may mutually agree having regard to the nature of the breach:-

(a) TWSB shall be entitled to take over all of BJSP Securities held by RJSB and Shareholders' loans or advances extended by RJSB at 90% of the fair value of such shares and loans; and

(b) RJSB shall deliver the termination deliverables (as set out in the SSA) to TWSB and the identified default sale provisions under the SSA shall apply accordingly as if RJSB is the Defaulting Shareholder (as defined in Section 4.1.8.3 of Part C of this Circular).

4.1.6 Deadlock

(i) A deadlock is deemed to have occurred if no resolution is reached on any Shareholders' reserved matter at any general meeting and such unresolved Shareholders' reserved matter will result in BJSP not being able to continue to conduct or carry on the business ("**Deadlock**").

(ii) Any Shareholder may, by written notice to the other Shareholder, request a meeting on any business day not being more than 15 business days after the date the Deadlock occurred.

(iii) If the Deadlock is not resolved within 30 business days from the date the deadlock meeting is convened, any Shareholder may serve upon the other Shareholder and BJSP a notice in writing ("**Deadlock Notice**"), which shall constitute an irrevocable offer by the notifying offeror Shareholder, open for acceptance by the offeree Shareholder for 30 days from the date of the service of the Deadlock Notice to purchase all of the BJSP Securities held by the offeree Shareholder at the price at which such offeror Shareholder is willing to buy all such BJSP Securities.

(iv) In the event that no Deadlock Notice is served by a Shareholder upon the expiry of 60 business days from the deadlock meeting, the following will take place:-

(a) the Shareholders will exercise and cause the directors to exercise all voting rights in relation to BJSP to ensure that BJSP shall remain in the same position prior to the Deadlock and none of the Shareholders shall be entitled to refer the dispute to arbitration or judicial review or to initiate any court or litigation proceedings; or

(b) if both the Shareholders agree, BJSP shall be wound up and BJSP Board shall pass a resolution for the winding-up of BJSP within 60 days from the meeting mentioned in Section 4.1.6(iii) above and the assets of BJSP will be distributed to the Shareholders in accordance with their Shareholding Proportions; or

(c) if both the Shareholders agree, all the BJSP Securities will be sold to a third party at fair value, as determined by an independent assessor mutually acceptable to and jointly appointed by the Shareholders.

4.1.7 Board and shareholders' reserved matters

(i) Unless otherwise agreed by the Shareholders in writing, the following matters, amongst others, shall only be effected by a resolution of BJSP Board in respect of which at least one (1) director nominated by TWSB and one (1) director nominated by RJSB shall have voted in favour of such resolution:-

(a) any proposal for a material change to the business of BJSP for any reason.

(b) any acquisition, disposal, transfer, mortgage or charge of any undertaking, property and/or assets of BJSP or any agreement to do so, other than an acquisition, disposal, transfer, mortgage or charge carried out in the ordinary course of business of BJSP.

(c) the obtaining of any loan or financing from a Shareholder in excess of the estimated shareholders' funding.

(d) any incurring of any capital expenditure or otherwise acquiring/purchasing any assets or series of related assets outside the ordinary course of business.

(e) any merger or amalgamation with any other entity and acquisition of any shares in any body corporate or participation in any partnership or joint venture agreement.

(f) save and except as contemplated under the SSA, any increase, reduction, amalgamation, sub-division or other alteration to the issued share capital of BJSP or any rights or privileges attached to any BJSP Securities or class of shares or upper limit of total loan capital.

(g) any borrowings or financing which has not been previously approved under the annual business plan and budget of BJSP.

(h) any redemption, purchase or cancellation of any shares or issue of further shares or other dilution of the interest of the shareholders of BJSP or variation of any rights attaching to any of the BJSP Securities.

(ii) Unless otherwise agreed by the Shareholders in writing, the unanimous votes of all the Shareholders are required to pass resolutions in respect of, amongst others, the following matters and decisions:-

(a) save and except as contemplated pursuant to provisions of the SSA, any increase, reduction, amalgamation, sub-division or other alteration to the issued share capital of BJSP or any rights or privileges attached to any BJSP Securities or class of shares or upper limit of total loan capital.

(b) any declaration, making and payment of any dividend or distribution (whether in cash or in kind and including the payment of any dividend in specie, bonus shares, rights or other distribution of BJSP's profit), other than an interim dividend which shall be approved by BJSP's Board.

(c) admission of any shareholder(s) into BJSP by the allotment of new BJSP Securities in BJSP.

(d) any change in the composition of BJSP's Board.

(e) any calls for capital contribution from the Shareholders in excess of the amount contemplated under the provisions of the SSA.

(f) any other matters for which a special resolution is required under the Act.

4.1.8 Termination

4.1.8.1 Deemed termination events

The SSA shall be deemed terminated upon occurrence of any of the following events:-

(i) the termination of the SSA by mutual written consent of all the Shareholders; or

(ii) the winding-up of BJSP in accordance with provisions of the SSA.

4.1.8.2 Termination arising from sale of all shares by a Shareholder

If any Shareholder sells or transfers all its BJSP Securities to another Shareholder or to a third party in accordance with the provisions of the SSA, the SSA will terminate only as to that Shareholder upon the completion of the sale or transfer (whichever is the latter to occur) of all its BJSP Securities to the other Shareholder or to the relevant third party.

4.1.8.3 Termination arising from default

The following events or circumstances constitute events of default:-

(i) MRCB, RJSB or TWSB commits any material breach of any of its obligations under the SSA, including without limiting thereto fails to provide its Shareholding Proportions of the estimated shareholders' funding required for the development project on the Lands, and fails to take appropriate steps to remedy such breach (if capable of remedy) within 21 days after being given notice so to do by the other non-defaulting party ("**Non-Defaulting Shareholder**"); or

(ii) MRCB, RJSB or TWSB assigns, transfers or disposes of its BJSP Securities in violation of the terms and conditions of the SSA; or

(iii) MRCB, RJSB or TWSB goes into liquidation, whether compulsory or voluntary (except for the purposes of a good faith reconstruction or amalgamation with the consent of the other party, such consent not to be unreasonably withheld) or becomes a wound-up company; or

(iv) MRCB, RJSB or TWSB becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors or is placed under judicial management; or

(v) MRCB, RJSB or TWSB shall be in breach of any of its representations or warranties or any of its representations or warranties have become, inaccurate or misleading in any material respect and it fails to remedy the same to the satisfaction of the non-defaulting party within 21 days from the date of a written notice from the non-defaulting party requiring such breach to be remedied or such longer period as may be mutually agreed between the parties having regard to the nature of the breach; or

(vi) EPF is in breach of its letter of undertaking to MRCB and RJSB; or

(vii) RJSB permits any change in the ownership of more than 50% of the voting shares of RJSB or the ownership of a majority or the beneficial or voting interest or the power, directly or indirectly, to direct the management of RJSB, whether through the ownership of voting securities, by contract or otherwise; or

(viii) There is any change in the composition of BJSP Board insofar as the EPF's representative(s) is concerned.

On and at any time after the occurrence of any of the events of default above, the Non-Defaulting Shareholder will be entitled to give a notice ("**Default Sale Notice**") to the other party in default ("**Defaulting Shareholder**") requiring the Defaulting Shareholder to comply with the provisions in the Default Sale Notice as set out in the provisions of the SSA.

For the purpose of the Default Sale Notice, the Non-Defaulting Shareholder shall require the Defaulting Shareholder to sell all of the Defaulting Shareholder's Shares and the Defaulting Shareholder's Shareholders' Loans in BJSP to the Non-Defaulting Shareholder or to its holding company or 100% subsidiary at 90% of the fair value of such BJSP Securities.

4.1.9 MRCB guarantee

In accordance with the terms of the SSA, MRCB irrevocably and unconditionally agrees:-

(i) to guarantee to TWSB and BJSP the punctual performance by RJSB of all the financial obligations of RJSB under the SSA;

(ii) to undertake with TWSB and BJSP that whenever RJSB defaults in the payment and settlement of any amount upon it becoming due and payable in accordance with the provisions of the SSA, MRCB shall pay that amount as if MRCB was the principal obligor in accordance with the terms of the SSA; and

(iii) to agree that if any obligation guaranteed by MRCB is or becomes unenforceable, invalid or illegal, MRCB will, as an independent and primary obligation, indemnify TWSB and BJSP immediately on demand against any cost, claim, expense, loss or liability TWSB and/or BJSP incurs as a result of RJSB not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by RJSB under the SSA on the date when it would have been due. The amount of the cost, expense, loss or liability shall be equal to the amount which TWSB and BJSP would otherwise have been entitled to recover.

4.2 MANAGEMENT CONTRACT

4.2.1 MC Condition Precedent

For purposes of Section 4.2 of Part C of this Circular, BJSP and MRCB Land shall hereinafter be collectively referred to as the "**Parties**" and individually as the "**Party**".

The provision of any Services by the Management Contractor to BJSP under the Management Contract shall be conditional upon MRCB obtaining its shareholders' approval for the Management Contract on or before the expiry of six (6) months from the date of the Management Contract ("**MC Cut-Off Date**"), where required.

The Management Contractor shall commence the performance of its obligations as set out in the Management Contract on the date the Management Contractor gives notice to BJSP that the MC Condition Precedent has been obtained or, as the case may be, gives notice that the MC Condition Precedent is inapplicable if no approval is required for the Management Contract. In any case, the date of such notice shall be a date that is no later than the MC Cut-Off Date. If the MC Condition Precedent is not obtained by MRCB by the MC Cut-Off Date, then the Management Contract shall automatically terminate and the parties hereto shall have no claim whatsoever against the other on any matter in respect of, or arising from, the Management Contract.

4.2.2 Provision of the Services by MRCB Land

(a) Feasibility Study Preparation Services

(i) BJSP acknowledges that as of the date of the Management Contract, it has received and approved the Initial Feasibility Study from the Management Contractor.

(ii) Upon receipt of a written request from BJSP, the Management Contractor shall prepare an Updated Feasibility Study (as defined herein) and use its best endeavours to deliver the Updated Feasibility Study to BJSP within one (1) month from the Management Contractor's receipt of BJSP's request or such other period as the Parties may mutually agree in writing.

"**Updated Feasibility Study**" means an existing feasibility study for the Development as a whole prepared by the Management Contractor, which is updated by the Management Contractor to incorporate all data current at that time including the rent payable under a lease for a building in a Plot and/or GDV, and which shall contain updated estimates of the EPCC Contract Sum, the Professional Fees and the Authority and Statutory Charges for the EPCC Works.

(b) Sales and Marketing Consultancy

The provision of Sales and Marketing Consultancy is subject always to the prior approval of BJSP's Board of the budget for Sales and Marketing Consultancy expenses prepared by the Management Contractor.

(c) PMR Services

(i) The PMR Services consists of PM Services and Regulatory Services. The scope of the PM Services provided by the Management Contractor includes the provision of the Feasibility Study Preparation Services (as described in Section 4.2.2(a) of Part C of this Circular).

(ii) In respect of the PM Services, in addition to the provision of the Feasibility Study Preparation Services, the Management Contractor shall also, during the design and construction phases of the Development, provide project management services and design services through the consultants using building information modelling systems and processes.

(iii) In respect of Regulatory Services, the Management Contractor shall provide a list of all authority and statutory approvals required for the Development and for each Plot. The Management Contractor shall facilitate the Employer in obtaining all authority and statutory approvals on a best endeavour basis.

(d) Appointment of Contractor for the EPCC Works

(i) BJSP agrees that MRCB Builders or any of MRCB's subsidiaries shall be appointed as the Contractor under the EPCC Contract(s) to be executed between the Contractor and the Management Contractor for the provision of the EPCC Works, on the terms and conditions set out in the EPCC Contract(s).

(ii) The Management Contractor agrees that it shall procure the Contractor to make the following warranties to BJSP:-

(A) that the Contractor shall carry out and complete its obligations under the EPCC Contract(s) in accordance with the EPCC Contract(s).

(B) that the Contractor shall exercise all reasonable skill, care and diligence in relation to:-

(1) the performance of the EPCC Works; and

(2) the design of the EPCC Works.

(iii) In connection with the Management Contractor's warranties as set out in Section 4.2.2(d)(ii) of Part C of this Circular, and as security for the Contractor's performance of such warranties, the Management Contractor further agrees that it shall procure the Contractor to issue a performance bond for 5% of the EPCC Contract Sum and a design guarantee bond. The said performance bond and design guarantee bond shall be:

(A) in a form and with terms to be approved by BJSP;

(B) wholly assigned by the Management Contractor to BJSP within 20 business days of the issuance thereof; and

(C) the Management Contractor shall procure the Contractor to agree to and acknowledge the Management Contractor's assignment of the performance bond and the design guarantee bond provided under the EPCC Contract(s) to BJSP.

(iv) Notwithstanding anything to the contrary in the Management Contract and in the EPCC Contract(s):-

(A) any provision, supply, preparation, performance, delivery or doing of any other act, duty, obligation, responsibility or of the making of any covenant or of the giving of any representation, undertaking or indemnity ("**Performance**") by the Management Contractor under the Management Contract or under the EPCC Contract(s) for or in connection to the Performance of the EPCC Works (except for the management part of the EPCC Works) for the Development as a whole and for each Plot shall be understood and construed as the procurement by the Management Contractor on a best endeavour basis of the Performance of the EPCC Works by the Contractor.

(B) where Performance of the EPCC Works are so procured from the Contractor by the Management Contractor, the Performance of the EPCC Works shall be at the sole risk of the Contractor and, subject to Section 4.2.2(d)(ii) and Section 4.2.2(d)(v) of Part C of this Circular, the Contractor shall be directly liable to BJSP for any and all non-Performance for the EPCC Works. For the avoidance of doubt, the Management Contractor shall not be liable to BJSP for any non-Performance of the EPCC Works which are attributable to the Contractor.

(v) the total liability of the Contractor to BJSP howsoever arising under or in connection with the EPCC Contract(s) and the EPCC Works shall not exceed the sum equivalent to the value of the certified EPCC Works carried out under the respective EPCC Contract(s), save and except that this limit shall not apply to the Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Contractor.

(e) Appointment of consultants for the Development

(i) BJSP agrees that the Management Contractor shall directly appoint the consultants for the Development and shall have the right to novate all of the appointments to the Contractor at the Management Contractor's discretion.

(ii) Notwithstanding anything to the contrary in the Management Contract and in the letters of appointment, where any design in relation to the PM Services and/or the EPCC Works are so procured from the consultants by the Management Contractor, such design shall be provided at the sole risk of the consultants and the consultants shall be directly liable to BJSP for any and all deficiencies in such design. For the avoidance of doubt, the Management Contractor shall not be liable to BJSP for any deficiencies in such design which are provided by the consultants.

(iii) The total liability of the consultants to BJSP shall not exceed the sum equivalent to their total professional fees.

(f) Appointment of third parties to provide Services

Subject to Section 4.2.9(b) of Part C of this Circular, the Management Contractor shall have the right, without the prior written consent of BJSP, to appoint (i) a subsidiary of the Management Contractor and/or MRCB or (ii) an entity on the approved panel list of the Management Contractor and/or Contractor, to provide the Services. In the event the Management Contractor intends to appoint a third party other than the parties identified under (i) and (ii) above, the Management Contractor shall obtain the prior written approval of BJSP. BJSP shall provide its decision within seven (7) business days of the Management Contractor submitting its written request to BJSP for such approval.

(g) Management of consultants, sub-consultants and/or other third parties

The Management Contractor is required to liaise, assist and co-ordinate with consultants, sub-consultants and/or other third parties employed or appointed by lessees and other tenants of a Plot where Services for a Plot is concerned and shall interface its Services with the works and/or services performed by such third parties, without any cost implication to BJSP in any circumstances whatsoever.

(h) Commencement and completion date

(i) The Services to be provided by the Management Contractor to BJSP under the Management Contract shall commence from the date of notice which has been provided by the Management Contractor to BJSP as confirmation that the MC Condition Precedent set out in Section 4.2.1 of Part C of this Circular is met or, as the case may be that such MC Condition Precedent is not applicable; subject to and in accordance with the terms of the Management Contract.

(ii) Subject to the satisfaction of the MC Condition Precedent under Section 4.2.1 of Part C of this Circular, BJSP shall agree to grant exclusive possession of the site of the Development to the Management Contractor upon commencement of the EPCC Works under the first EPCC Contract.

(iii) The Management Contract shall be valid, binding and effective for the period of 20 years commencing on and from the date of the Notice as defined in Section 4.2.1 of Part C of this Circular issued by the Management Contractor pursuant to and in accordance with Section 4.2.1 of Part C of this Circular and includes any extension to be mutually agreed by BJSP and the Management Contractor or unless terminated earlier in accordance with the terms of the Management Contract.

4.2.3 Determination of contract sum

(a) The Management Contractor shall pay the Contractor the contract sum as stated in the letter of acceptance, or such other sum as shall become payable under and at the times and in the manner specified in the EPCC Contract(s). The contract sum is a fixed price lump sum and is not subject to re-measurement, recalculation, adjustment or alteration in any way whatsoever, other than in accordance with the express provisions of the EPCC Contract(s). Any arithmetical error or any errors in the prices and rates shall be corrected and/or rationalised by the Management Contractor or the project director without any change to the contract sum before the signing of the EPCC Contract(s).

(b) The contract sum for the EPCC Works payable to the Contractor shall be exclusive of GST. If the contract sum is subject to GST, the Management Contractor shall be liable for the payment of such GST at the prevailing rate. Except for GST, the contract sum is inclusive of all taxes and regulatory charges, including but not limited to value added tax, consumption tax, tax on remittances, excise tax, mercantile tax on contracts, impost, duty, assessment, levy, permit and license and withholding tax (of any kind, howsoever computed, whether by reference to the Contractor net income or otherwise) which may now be or hereafter imposed by the Government of Malaysia (including any fines and penalties thereof) and/or any other similar taxes which may be levied by the taxing authority of Malaysia, which shall be for the sole account of the Contractor.

4.2.4 Payment by BJSP

(a) Sales and Marketing Consultancy

In consideration for the Management Contractor's provision of the Sales and Marketing Consultancy:-

(i) BJSP shall pay the Management Contractor the Sales and Marketing Consultancy Expenses together with all GST payable thereon; and

(ii) the Sales and Marketing Consultancy fee which shall be calculated as follows:-

(A) if the Management Contractor secures a lessee and the lessee signs an agreement with BJSP for a lease of a building in a Plot and has paid not less than three (3) months of the net rental (being gross rental excluding the leased building's service charge) on the said lease, BJSP shall pay the Management Contractor a fee equivalent to two (2) months of net rental of the lease; or

(B) if BJSP sells a part of a Development and the buyer was secured by the Management Contractor, upon the buyer signing the sale and purchase agreement, BJSP shall pay the Management Contractor a fee equivalent to 1.75% of the GDV, being the proceeds of the sale of such part of the Development.

For the avoidance of doubt, for the purposes of Section 4.2.4(a)(ii)(B):-

(1) the proceeds of sale shall be calculated net of all discounts made to the sale price for such part of the Development that is sold and such discounts shall be as agreed to between BJSP, the buyer and the Management Contractor; and

(2) The sale price shall be determined by reference to the sale price as set out in the relevant sale and purchase agreement.

(b) PMR Services

In consideration for the provision of the PMR Services, BJSP shall pay the Management Contractor the PMR Services fees (as set out in the ensuing sections) together with all GST payable thereon. If any of the Authority and Statutory Approvals is not granted or refused or revoked due to no fault of the Management Contractor, and provided that the Management Contractor has submitted satisfactory evidence to BJSP (including copies of all applications, documents and appeals) in connection with the relevant authority's refusal in granting the Authority and Statutory Approvals or revocation of the Authority and Statutory Approvals, the Management Contractor shall nonetheless be paid in full for all Regulatory Services undertaken by the Management Contractor.

The provisional PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on (i) 5% of the estimated EPCC Contract Sum; (ii) 5% of the estimated Professional Fees; and (iii) 5% of the estimated Authority and Statutory Charges for that Plot as determined by the Initial Feasibility Study for that Plot and as updated in an Updated Feasibility Study, where applicable.

The final PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on:-

(i) 5% of the final EPCC Contract Sum as agreed by BJSP (as calculated in accordance with final account provisions of the EPCC Contract for that Plot);

(ii) 5% of the final Professional Fees incurred (as calculated in accordance with the terms of the relevant letters of appointment as agreed by BJSP for that Plot); and

(iii) 5% of the final Authority and Statutory Charges (as evidenced by the official receipts/confirmation of payment issued by the relevant authorities or statutory body upon payment of such charges to BJSP's reasonable satisfaction for that Plot).

If the final PMR Services fees is different from the provisional PMR Services fees for that Plot, the PMR Services Fees payable to the Management Contractor for the provision of PMR Services for that Plot shall be adjusted upwards or downwards, as applicable, so that the sum of the final PMR Services Fees paid to the Management Contractor for the provision of PMR Services for that Plot shall be the total of the sum as referred in the paragraph above.

In the event the final PMR Services fees is lower than the provisional PMR Services fees that have been paid to the Management Contractor, the Management Contractor shall reimburse the difference to BJSP.

For the avoidance of doubt, GST shall not be included when determining the final PMR Services fees, but such final PMR Services fees will be subject to GST, where applicable.

(c) EPCC Works

BJSP shall pay the Management Contractor the EPCC Contract Sum together with all GST payable thereon for the EPCC Works and the Management Contractor shall in turn pay all such sums to the Contractor in accordance with the provisions of the EPCC Contract(s) respectively.

The final EPCC Contract Sum shall be calculated in accordance with the final account provisions of the EPCC Contract(s) as agreed by BJSP.

(d) GST

All sums due and payable under the Management Contract are subject to GST, where applicable, and BJSP shall be liable for the payment of such GST.

(e) General conditions of payment

(i) The invoicing period for the payment for all Services performed by the Management Contractor under the Management Contract including the Contract Costs shall commence at the end of the calendar month in which the Management Contract is executed and thereafter shall be on a monthly basis. The Management Contractor shall submit its invoice for:-

(A) payment of its Management Contract Fees and GST payable thereon; and

(B) payment of the Contract Costs and GST payable thereon;

together with evidence that the invoiced Services have been rendered, that the portion of the Contract Costs being the Sales and Marketing Consultancy Expenses were approved in compliance with Section 4.2.2(b) of Part C of this Circular and that the Office Overhead and Administrative Expenses are payable.

(ii) BJSP's representative shall within 15 days of receipt of the Management Contractor's invoice approve such amounts invoiced or request further information or documents from the Management Contractor as reasonably required to verify the invoice. Upon receipt of such further information or documents as requested from the Management Contractor or in the absence thereof, BJSP's representative shall approve or reject the invoiced amount concerned.

Payments of the approved Management Contractor's invoiced amounts shall be made to the Management Contractor within 15 business days from the date BJSP's representative approves or ought to have approved the invoiced amount.

(iii) In the event the Management Contractor is required to reimburse BJSP pursuant to Section 4.2.4(b) above, the Management Contractor shall pay BJSP within 15 days from the date BJSP's representative issues a written notification.

(iv) In the event of a delay in payment by a party to the other in accordance with Section 4.2.4(e)(ii) or Section 4.2.4(e)(iii) (whichever applicable), the defaulting party shall pay late payment interest to the other party at the rate of 7% per annum on a daily basis on the outstanding amount from the date the payment was due to the date full payment is received.

For information purposes, the late payment interest rate of 7% per annum was commercially negotiated between the Parties and the Management Contractor deems it to be reasonable.

4.2.5 Right of first refusal for the provision of maintenance or ancillary services

Subject to the mutual agreement of the Parties, upon completion of any phase and/or of the whole of the Development, the Management Contractor shall have the right of first refusal in relation to the provision of any maintenance or ancillary services that is or may be required by BJSP for any phase or for the whole of the Development.

For information purposes, maintenance or ancillary services may include services relating to building management, security services and car park operations.

4.2.6 Representations and warranties

(a) The Management Contractor and BJSP each represent and warrant that as at the date of the Management Contract:-

(i) it has the power, and is fully authorised, to enter into and perform the terms of the Management Contract; and

(ii) it is solvent and there is no winding up petition against it.

(b) Additionally, the Management Contractor represents and warrants that as at the date of the Management Contract:-

(i) it has the skill, knowledge and experience required to perform the Services; and

(ii) its provision of the Services is in compliance with all applicable laws, rules or regulations and that it has obtained and will maintain the validity of all professional or business licenses required to comply with such laws, rules or regulations.

4.2.7 No liability for consequential loss

No Party to the Management Contract shall be liable to the other Party, either in contract or in tort, for any consequential, incidental, indirect, special or punitive damages of the other Party, including loss of future revenue, or income or profits; arising from the breach or alleged breach of the Management Contract.

4.2.8 Termination

(a) The Management Contract may be terminated with immediate effect by either Party by giving written notice to the other Party if:-

(i) The other Party fails to pay any amount due under the Management Contract on the due date for payment and remains in default for more than 30 days after being notified in writing to make such payment;

(ii) The other Party commits a material breach of any term of the Management Contract (other than a breach of payment as described under Section 4.2.8(a)(i) of Part C of this Circular); and

(A) the Party in breach fails to provide its written proposal to the other Party to cure that breach ("**Cure Proposal**") within 30 days of its receipt of written notice from the other Party notifying the Party of such breach; or

(B) the Party in breach fails to remedy that breach within a further period of 60 days from the date the other Party receives the Cure Proposal from the Party in breach or such other number of days as may be mutually agreed in writing by the Parties;

A "**material breach**" means a breach (including an anticipatory breach) that has a serious effect on the benefit which the terminating Party would otherwise derive from a substantial part of the Management Contract over the term of the Management Contract. In deciding whether any breach is material, no regard shall be had to whether it occurs by some accident, mishap, mistake or misunderstanding.

(iii) an effective resolution is passed to wind-up a Party or a liquidator is otherwise appointed for such Party or either Party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors or is placed under judicial management; or

(iv) MRCB ceases to Control the Management Contractor.

"**Control**" means (a) the ownership, in the case of a corporation, of more than 50% of the voting shares of the corporation; or (b) the power, directly or indirectly, to direct the management of the controlled entity, whether through the ownership of voting securities, by contract or otherwise;

(b) Additionally, BJSP may, at its discretion, upon the effective termination of the SSA, terminate this Management Contract upon BJSP giving 45 days prior written notice to the Management Contractor.

(c) Upon the effective date of termination of the Management Contract:-

(i) all legal obligations, rights and duties arising out of the Management Contract shall terminate except for such legal obligations, rights and duties as shall have accrued prior to the effective date of termination and except as otherwise expressly provided in the Management Contract.

(ii) each Party shall immediately pay to the other Party all sums due and owing to in connection with the Management Contract, including all fees and if any, expenses and disbursements incurred up to the effective date of termination of the Management Contract.

(d) If the Management Contract is terminated for whatever reason, BJSP shall, through the appropriate novation agreement(s) to be entered into between the parties and the Contractor, at the cost of the Management Contractor, step in as the employer under all existing EPCC Contract(s) to the exclusion of the Management Contractor and the EPCC Contract(s) will be and remain in full force and effect (without any discontinuance or suspension) notwithstanding the termination of the Management Contract.

(e) If the appointment of the Contractor is terminated for whatever reason under any EPCC Contract:-

(i) the Management Contractor shall notify BJSP in writing of the reasons for such termination;

(ii) the Management Contractor may appoint a contractor in substitution of the relevant Contractor which has been terminated in accordance with and subject to the provisions of the Management Contract; and

(iii) such termination shall not affect any other existing EPCC Contract(s).

(f) Based on the terms and conditions set out in the draft EPCC Contract, which shall substantially be in the form as appended to the Management Contract unless amended in accordance with the terms of the EPCC Contract or with the mutual agreement of the Management Contractor and the Contractor, the Contractor shall be in default under the EPCC Contract in the event the Contractor:-

(i) fails to commence EPCC Works at the site within two (2) weeks after the date of possession of the site;

(ii) suspends or abandons the carrying out of the EPCC Works or any part thereof for a continuous period of seven (7) days;

(iii) fails to proceed regularly and diligently with the performance of his obligations under the EPCC Contract(s);

(iv) fails to execute the EPCC Works in accordance with or persistently neglects to carry out his obligations under the EPCC Contract(s);

(v) refuses or persistently neglects to comply with a written notice from the project director appointed under the EPCC Contract in relation to any defective work or equipment, materials or goods or which do not meet the requirements of the EPCC Contract;

(vi) fails to comply with the representations, warranties and undertakings of the Contractor;

(vii) fails to obtain the prior written consent of the project director appointed under the EPCC Contract relating to sub-contracting and assignment;

(viii) fails to comply with any terms and conditions of the EPCC Contract;

(ix) commits any material and/or persistent breach of any safety, health or environmental obligations or any law that threatens the safety and health of any personnel or person or causing serious environmental pollution;

(x) becomes bankrupt, insolvent or compounds with or enters into an arrangement or composition with its creditors or an order is made or resolution is effectively passed for the winding up of the Contractor (except for the purpose of restructuring or amalgamation with the written consent of the Management Contractor, which consent shall not be unreasonably withheld) or a provisional liquidator, receiver or manager of its business over its business or undertaking is appointed or possession is taken by or on behalf of creditors or debenture holders over property secured by a floating charge; or

(xi) execution is levied against a substantial portion of the Contractor's assets.

The Management Contractor can also terminate the EPCC Contract(s) by giving the Contractor seven (7) days written notice.

In addition, the EPCC Contract(s) may be terminated forthwith by the Contractor by giving written notice to that effect if the Management Contractor without any reasonable cause fails to perform or fulfil any of its obligations which adversely affects the EPCC Works, the Contractor issues a notice to the Management Contractor specifying the default and requiring the Management Contractor to remedy the default within the period specified in the notice or such other period as may be agreed by the Management Contractor and the Contractor from the date of receipt of such notice, and the Management Contractor fails to remedy the default in the specified or agreed time period.

4.2.9 Indemnity

(a) Subject to Section 4.2.9(d) of Part C of this Circular, the Parties agree that the Management Contractor shall perform all of its obligations under the Management Contract at its own risk and releases BJSP, to the fullest extent permitted by the law, and shall indemnify and keep BJSP and their agents and servants indemnified from and against all claims and demands from third parties of every kind resulting from or arising out of the Services except to the extent such claims or demands are attributable to BJSP, their agents or servants.

(b) Subject to Section 4.2.9(d) of Part C of this Circular, the Management Contractor undertakes to indemnify BJSP and keep BJSP at all times fully indemnified from and against any and all claims, losses, expenses, costs and/or liabilities arising directly as a result of any breach or non-performance of the Management Contractor's undertakings, warranties or obligations under the Management Contract. Provided always that the Management Contractor shall not be in breach or default in the event the Management Contractor is unable to carry out or complete all or any portion of its undertakings, warranties or obligations under the Management Contract as a result of Force Majeure (as defined below).

"**Force Majeure**" means an exceptional event or circumstance:-

(i) which is beyond a Party's control;

(ii) which such Party could not reasonably have provided against before entering into the Management Contract;

(iii) which, having arisen, such Party could not reasonably have avoided or overcome; and

(iv) which is not substantially attributable to the other Party.

(c) Subject to Section 4.2.9(d) of Part C of this Circular, in respect of the Sales and Marketing Consultancy, the Management Contractor indemnifies and holds BJSP harmless against and from the consequences of payment of the Sales and Marketing Consultancy fee by BJSP pursuant to Section 4.2.4(a)(ii) of Part C of this Circular as fees for consultancy services instead of for payment for agency services under the Valuers, Appraisers and Estate Agents Act 1981.

(d) The total liability of the Management Contractor to BJSP howsoever arising under or in connection with the Management Contract shall not exceed the sum equivalent to the Management Contract Fees paid and actually due and payable to the Management Contractor under the Management Contract save and except that this limit shall not apply to the Management Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Management Contractor.

(e) The indemnity set out in this section shall survive the termination of the Management Contract whether by completion of the Services or otherwise.

4.2.10 Delay/performance damages

(a) If the Contractor fails to complete the EPCC Works by the date for completion or within any extended time granted under the EPCC Contract, the project director appointed under the EPCC Contract shall issue a certificate of non-completion to the Contractor.

(b) Without prejudice to the Management Contractor's right to terminate the EPCC Contract, when the project director appointed under the EPCC Contract issues the certificate of non-completion, the Management Contractor shall be entitled to recover from the Contractor, liquidated and ascertained damages calculated based on the rate stated in the EPCC Contract, from the date of the failure to complete the EPCC Works to the date of the Certificate of Practical Completion or the date of termination of the EPCC Contract. The project director may deduct such liquidated and ascertained damages from any money due or to become due to the Contractor, failing which such damages shall be recovered from the Performance Bond as described in Section 4.2.11 below or as a debt due from the Contractor. The project director shall inform the Contractor of such deduction.

4.2.11 Performance Bond

(a) The Contractor shall, as a condition precedent to the commencement of the EPCC Works, deposit with the Management Contractor a performance bond substantially in the form as set out in the EPCC Contract issued by an approved licensed bank or financial institution incorporated in Malaysia in favour of the Management Contractor for a sum equivalent to 5% of the EPCC Contract Sum to secure the due performance of the Contractor's obligation under the EPCC Contract ("**Performance Bond**").

(b) The Performance Bond shall remain valid and effective from the date of issuance until three (3) months after the expiry of the defect liability period or the issuance of the certificate of completion of making good defects, whichever is the later.

(c) If the Contractor fails to provide the Performance Bond within the period stated in the letter of acceptance and remains in such default for more than seven (7) days from the receipt of default notice or any period determined by the Management Contractor, the Management Contractor shall have the right to forthwith terminate the appointment of the Contractor under the EPCC Contract by giving a written notice to that effect.

(d) The Management Contractor shall be entitled at any time to call upon the Performance Bond, wholly or partially, or deduct a sum equal to 5% of the EPCC Contract Sum from payments due to the Contractor under the EPCC Contract in the event that the Contractor fails to perform or fulfill its obligations under the EPCC Contract including failure to extend the validity period of the Performance Bond and such failure is not remedied in accordance with the EPCC Contract.

(e) The Performance Bond (or any balance thereof remaining for the credit of the Contractor) may be released or refunded to the Contractor on the completion of making good of all defects, shrinkages or other faults which may appear during the defects liability period and upon the issuance of the certificate of completion of making good defects for the whole of the EPCC Works.

(f) If the EPCC Contract is terminated by reason of default, corruption or unlawful or illegal activities by the Contractor, the Performance Bond or any balance thereof shall be forfeited.

(g) If the terms of the Performance Bond specify an expiry date and the completion date for the EPCC Works is extended, the Contractor shall at their own expense extend the validity period of the Performance Bond within one (1) month prior to the expiry date or within such period as specified by the Management Contractor so that it shall remain effective until issuance of the certificate of completion of making good defects.

4.2.12 Design Guarantee

(a) The Contractor shall deposit with the Management Contractor a Design Guarantee substantially in the form as set out in the EPCC Contract as a security to the Contractor's obligations under the EPCC Contract ("**Design Guarantee**"). The Design Guarantee shall be effective for the duration of five (5) years commencing from the date of practical completion ("**Design Guarantee Period**").

(b) If any defect or damage shall occur to the EPCC Works or any part of the EPCC Works as a result of any defect, fault, insufficiency or inadequacy in the design including workmanship, material or equipment arising from design default during the Design Guarantee Period, the Management Contractor shall issue to the Contractor a notice specifying the default and requiring the Contractor to remedy the same within the period specified at the Contractor's own cost and expense. If the same is not remedied, the Management Contractor shall be entitled, without prejudice to any other rights or remedies it may possess against the Contractor under the EPCC Contract or at law, to claim and recover from the Contractor any payment for any loss and/or damages suffered or any other expenses incurred as a result thereof.

(c) Notwithstanding the above, the Management Contractor may elect to remedy the defect, fault, insufficiency or inadequacy in the design as at the time such defect, fault, insufficiency, inadequacy is established and the Management Contractor shall be entitled to deduct the amount up to the limit of sum certified by the project director appointed under the EPCC Contract to be the sum required to remedy the same from any money due or to become due to the Contractor under this Contract, and failing which such sum shall be recovered from the Performance Bond or as a debt due from the Contractor.

4.2.13 Design Guarantee Bond

(a) The Contractor shall provide to the Management Contractor a banker's guarantee issued by an approved licensed bank/financial institution in a sum and substantially in the form as set out in the EPCC Contract **("Design Guarantee Bond")** upon or before the issuance of the certificate of practical completion of the EPCC Works as a security for the Contractor's obligations and warranties. Such Design Guarantee Bond shall remain valid for a period of five (5) years from the date of practical completion of the EPCC Works.

For information purposes, the exact quantum of the Design Guarantee Bond will be determined by MRCB Land when the EPCC Contracts are executed for each Plot. The Design Guarantee Bond is expected to be fixed at a certain percentage of the EPCC Contract Sum, in line with market practice at that juncture.

(b) If any defect or damage shall occur to the EPCC Works or any part thereof as a result of any defect, fault, insufficiency, imperfection, shrinkages or inadequacy in the designs including workmanship, materials or equipment which has become defective, then the approved licensed bank/financial institution issuing the Design Guarantee Bond shall pay to the Management Contractor, on demand by the Management Contractor in writing and notwithstanding any objection by the Contractor or any other third party, the sum being equal to 5% of the cost of the EPCC Works or such part thereof as may be demanded.

(c) If the Design Guarantee Bond is not deposited with the Management Contractor, the Management Contractor shall have the right to claim from the Performance Bond the sum specified in Section 4.2.13(a) of Part C of this Circular being equal to 5% of the cost of the EPCC Works or such part thereof as may be demanded.

(d) If a payment is made to the Management Contractor pursuant to Section 4.2.13(b) of Part C of this Circular, the Contractor shall ensure that further security in the form of an additional Design Guarantee Bond for an amount no less than the amount so paid to the Management Contractor shall be issued to the Management Contractor prior to or upon the date of such payment. If any of the issued Design Guarantee Bond were to expire prior to the validity period, a replacement Design Guarantee Bond shall be issued to the Management Contractor on or prior to the date of expiry of the first mentioned Design Guarantee Bond in an amount not less than the amount of that Design Guarantee Bond.

5. RATIONALE FOR THE PROPOSALS

Through the Proposed Joint Venture, our Company is able to carry out a large scale property development at a prime location and benefit from the support and profiling accorded to the proposed development by its joint venture partner, which is also its major shareholder and a sophisticated investor, namely EPF. For information purposes, notwithstanding the independent assessment conducted by Rahim & Co on the future development prospects for the Lands, management estimates indicate a potential GDV for the Development of approximately RM21 billion over a development period of 20 years. Although MRCB's interest in the Lands and the Development would be diluted as a result of EPF's participation in BJSP, the Proposed Joint Venture allows MRCB to carry out multiple property development projects concurrently and at the same time has the flexibility to reallocate its cash flows and resources efficiently among its projects. The Proposed Joint Venture will also reduce the financial burden of MRCB of having to finance the entire Development. In any case, MRCB will continue to maintain a share in the future development profits from the Development through its shareholdings in BJSP.

The Proposed Joint Venture will also enable BJSP to carry out the Development efficiently since BJSP will be able to leverage on funding from the Shareholders in the form of equity funding and/or advances, in addition to external financing from financial institutions.

As the Development is a large scale project which is expected to span 20 years, the Shareholders have agreed to include the Call Option and Put Options in the SSA to accord them with the flexibility to regulate their shareholdings in BJSP, if necessary, during the early to middle stages of the Proposed Joint Venture. The exercise of the Call Option and Put Options by any party, if any, will depend on prevailing market conditions and business operations of BJSP. This in turn is expected to strengthen the commitment by the Shareholders in ensuring the success of the Proposed Joint Venture and minimise unnecessary disputes, moving forward.

The Proposed Construction is in the ordinary business of our Group, which will enable our Group to showcase its engineering and construction expertise in undertaking a large scale development and construction project. The Development will not only allow our Group to enhance its construction and engineering project pipeline but is also expected to provide our Group with a steady stream of income over the development and construction period, which in turn is expected to contribute positively to our Group's future earnings.

6. INFORMATION ON THE SHAREHOLDERS AND BJSP

6.1 Information on RJSB

RJSB was incorporated in Malaysia on 17 July 2014 as a private limited company and is an 85%-owned subsidiary of MRCB Land, which in turn is a wholly-owned subsidiary of MRCB. The principal activities of RJSB are property development and construction.

As at LPD, the issued share capital of RJSB is RM5,000,000.00 comprising 5,000,000 RJSB Shares.

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

	<——— Direct ———>		<——— Indirect ———>	
	No. of RJSB Shares	**%**	**No. of RJSB Shares**	**%**
MRCB Land	4,250,000	85.0	-	-
Rasma Contractors Sdn Bhd	750,000 *	15.0	-	-
MRCB	-	-	4,250,000	85.0 (1)
EPF	-	-	4,250,000	85.0 (2)

Notes:-

* *MRCB Land had, on 19 April 2018, entered into a conditional share sale agreement for MRCB Land to acquire the remaining 15% equity interest in RJSB for a total purchase consideration of RM750,000 ("**Share Sale Agreement**"). As at LPD, the condition precedent as set out in the Share Sale Agreement has yet to be fulfilled.*

(1) *Deemed interested by virtue of its interest in MRCB Land pursuant to Section 8 of the Act.*

(2) *Deemed interested by virtue of its interest in MRCB pursuant to Section 8 of the Act.*

As at LPD, the directors of RJSB are Shireen Iqbal Mohamed Iqbal, Dato' Ishak Haji Mohamed and Kwan Joon Hoe.

6.2 Information on TWSB

TWSB was incorporated in Malaysia on 17 October 2016 as a private limited company and is a wholly-owned subsidiary of EPF. The principal activity of TWSB is investment holding.

As at LPD, the issued share capital of TWSB is RM4,070,002 comprising 4,070,002 ordinary shares in TWSB.

As at LPD, the directors of TWSB are Mohd Auzir Zakri bin Abd Hamid and Lily Hezlin binti Yaacob.

6.3 Information on BJSP

BJSP was incorporated in Malaysia on 21 April 2017 as a private limited company and is a wholly-owned subsidiary of RJSB as at LPD. Upon completion of the Proposed Subscription, TWSB will hold an 80% equity interest in BJSP while the remaining 20% equity interest will be held by RJSB. The principal activity of BJSP is property development.

As at LPD, the issued share capital of BJSP is RM100,000 comprising 100,000 BJSP Shares.

As at LPD, the substantial shareholders of BJSP and their respective shareholdings in BJSP are as follows:-

		<----------Direct---------->		<----------Indirect---------->	
Name	**Place of incorporation**	**No. of BJSP Shares**	**%**	**No. of BJSP Shares**	**%**
RJSB	Malaysia	100,000	100	-	-
MRCB Land	Malaysia	-	-	100,000	100 (1)
MRCB	Malaysia	-	-	100,000	100 (2)
EPF	Malaysia	-	-	100,000	100 (3)

Notes:-

(1) *Deemed interested by virtue of its interest in RJSB pursuant to Section 8 of the Act.*

(2) *Deemed interested by virtue of its interest in MRCB Land pursuant to Section 8 of the Act.*

(3) *Deemed interested by virtue of its interest in MRCB pursuant to Section 8 of the Act.*

As at LPD, the directors of BJSP are Shireen Iqbal Mohamed Iqbal and Kwan Joon Hoe.

Further information on BJSP is set out in Appendix C(I) of Part C of this Circular.

7. RISK FACTORS IN RELATION TO THE PROPOSALS

Our Group and BJSP currently operates and will continue to operate within similar industries i.e. the property development industry. As such, both entities are exposed to similar general business risks such as adverse change in real estate market prices, changes in economic, social and political conditions, and changes in demand for types of residential, commercial and industrial properties.

Nevertheless, save as disclosed below, your Board is not aware of any other risk factor arising from the Proposals which could materially affect the business, operating results and financial condition of our Company.

7.1 Proposed Joint Venture

7.1.1 Failure to complete the SSA

The completion of the SSA is conditional upon the satisfaction (or waiver as the case may be) of the SSA Conditions Precedent as set out in Section 4.1.1 of Part C of this Circular. There can be no assurance that all of the SSA Conditions Precedent will be fulfilled in a timely manner. In the event any of the SSA Conditions Precedent are not fulfilled (or waived, as the case may be), the SSA may be terminated and the Proposed Joint Venture may not be completed. Nevertheless, your Board shall take all reasonable steps to ensure that the SSA Conditions Precedent are fulfilled (or waived, as the case may be) within the stipulated timeframe to enable the timely completion of the SSA.

7.1.2 Disputes or default of Shareholders

There can be no assurance that disputes between the Shareholders or breaches of the terms of the SSA by either Shareholder resulting in default will not arise over the course of events. The occurrence of such disputes may have a material adverse effect on the operations and/or financial condition of BJSP. Nevertheless, upon the occurrence of any dispute, the SSA provides for mechanisms and actions that would ensure the timely resolution of disputes and reduce undue disruption in the operations of BJSP. The SSA similarly contains clauses in relation to default and termination which provide avenues of recourse for the Non-Defaulting Shareholder should such situations of default fail to be remedied. Notwithstanding the above, our Company will continue to work closely with TWSB throughout the development period of the Lands and will continuously monitor its obligations and performance under the SSA in order to avoid the occurrence of such situations.

7.1.3 Exercise of the Put Options by TWSB

Pursuant to the terms of the SSA and through the Put Options, TWSB has the right to dispose its interest in BJSP to RJSB and/or our Company and exit the Proposed Joint Venture. Should TWSB choose to exercise the Put Options, RJSB and/or our Company will be required to inject a significant amount of capital into BJSP and assume the obligations of TWSB to fund the development of the Lands. There can be no assurance that RJSB or our Company will possess or will be able to raise sufficient funding or reallocate resources within the notice period to finance the acquisition of TWSB's stake in BJSP and to meet the additional obligations arising therefrom. Nevertheless, our Company will continue to work closely with TWSB throughout the development period of the Lands and will continuously monitor its obligations and performance under the SSA in order to prepare for such events before they arise.

7.1.4 Our Company acting as guarantor for RJSB

Pursuant to the terms of the SSA, in the event RJSB fails to pay any amount due by it to TWSB and/or BJSP arising from its obligations under the SSA, or arising from any claim made by TWSB and/or BJSP against RJSB under the terms of the SSA, our Company will be obliged to immediately make good such payments on behalf of RJSB. There can be no assurance that should such obligations arise, our Company will possess sufficient funding to satisfy the payments due to TWSB and/or BJSP on demand. Nevertheless, your Board shall take all reasonable steps to ensure that RJSB does not breach its obligations under the SSA in order to avoid the occurrence of such situations.

7.2 Proposed Construction

7.2.1 Non-completion of the Management Contract

There is a possibility that the Management Contract may not be completed due to failure in fulfilling the condition precedent as set out in the Management Contract within the stipulated timeframe. The Management Contract is conditional upon the approval from the shareholders of MRCB as the Proposed Construction is deemed as a RPT in accordance with the Listing Requirements, further details of which are set out in Section 10 of Part C of this Circular.

In addition, the commencement of EPCC Works under the EPCC Contract(s) is conditional upon the fulfilment of additional conditions precedent as set out in the EPCC Contract(s).

Nevertheless, your Board will take reasonable steps to ensure that all the conditions precedent are met within the stipulated timeframe for MRCB Land to proceed with and complete the Management Contract.

7.2.2 Construction risk

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

Our Company will seek to mitigate these risks through, among others, close monitoring of the progress of MRCB Land's construction projects and endeavour to promptly rectify any setback, and liaise with the relevant authorities or parties proactively.

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

7.2.3 Dependence on subcontractors

Pursuant to the terms and conditions of the Management Contract, MRCB Builders or any subsidiary of our Company shall be appointed as the Contractor for the EPCC Works. The performance of the EPCC Works shall be the sole risk of the Contractor and the Contractor shall be directly liable to BJSP for any and all non-performance of the EPCC Works. In addition, under the terms and conditions of the EPCC Contract, the Contractor may subcontract any part of the EPCC Works subject to the prior approval of the project director appointed under the EPCC Contract.

In this regard, the timely completion of the EPCC Works in accordance with the contractual timeline is dependent on the performance of the subcontractors. There is no assurance that any unanticipated delay due to shortage of supplies or labour and unsatisfactory performance of the appointed subcontractors may not have an adverse effect on MRCB's business, operations and financial performance. Further, under the EPCC Contract, the Contractor shall be responsible for the acts or defaults of any subcontractors, as if they were the acts or defaults of the Contractor.

Nevertheless, our Group implements stringent selection criteria to ensure that only contractors with proven track record and adequate financial resources are engaged to undertake construction works for our Group's development projects. It is also our Group's current practice to award the contracts to contractors on fixed terms where increases in cost or delays by such contractors will be absorbed and/or compensated by them. In addition, our Group is not dependent on any single contractor as our Group engages the services of many contractors for the development of its projects. Further, our Group will also seek to mitigate such risks by close monitoring of contractors' work in progress to ensure timely completion of property development projects.

7.2.4 Demand risks

The property and construction sectors are subject to inherent risks in terms of fluctuations in levels of demand and supply for real estate properties. High sustained levels of supply with relatively low levels of demand may result in downward pressure on property prices and likewise, profit margins of property developers and construction contractors would be affected. In such market conditions, MRCB Land may be unable to lease or sell the various Plots of the Development and hence, would not earn the Sales and Marketing Consultancy fee which forms part of the Management Contract.

Nevertheless, your Board will mitigate such risk through continuous monitoring and adjustment of the sales and marketing strategies in response to changes in the market conditions and review of business operations to improve cost efficiencies.

7.2.5 Funding and interest rate risk

Our Group may seek external financing to fund the obligations of the Management Contractor and/or the Contractor under Section 3.2 of Part C of this Circular. Our Group's ability to secure sufficient external financing and the cost of such financing are dependent on various factors, some of which may not be within the control of our Group including general economic and capital market conditions, changes in interest rates, credit availability from banks or other lenders, any restrictions imposed by the Government and the political/socio-economic climate of Malaysia.

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

Nevertheless, our Group will continuously monitor and review the funding requirements of its projects as well as its gearing level, overall interest cost and cash flow position in determining the appropriate funding structure.

7.2.6 Inability to obtain authority and/or statutory approvals

Pursuant to the terms of the Management Contract, MRCB Land shall facilitate BJSP on a best endeavour basis in obtaining all authority and statutory approvals (collectively "**Approvals**") required for the Development as a whole and specifically for each Plot.

However, there can be no assurance that BJSP and/or MRCB Land will receive the necessary Approvals from the relevant authorities, and if received, that such Approvals would not contain conditions which are onerous to BJSP and/or MRCB Land. In the event the necessary Approvals are not obtained, or if any of the conditions to the Approvals are not fulfilled, all or part of the Development may not be carried out and this could result in a delay or revision to MRCB Land's potential income stream arising from the Proposed Construction.

Nevertheless, in the event the necessary Approvals are not obtained, MRCB Land and BJSP will review the Development and make the necessary revisions to the affected components in order to secure the Approvals.

Notwithstanding the above, if the Approvals are not granted or refused or revoked due to no fault of MRCB Land, MRCB Land shall be paid in full for all Regulatory Services undertaken.

7.2.7 Revision to the Development resulting in a revision to the Provisional Total Project Sum

The Provisional Total Project Sum to be received by MRCB Land is provisional at this juncture and could eventually be higher or lower. The final project sum will depend on the actual cumulative project sum based on the EPCC Contracts to be entered into between the Management Contractor and the Contractor for the EPCC Works for each Plot. In the event of a downward adjustment to the Contract Costs, the final project sum payable to MRCB Land would reduce proportionately, which could in turn affect our Group's income stream from the Proposed Construction. Conversely, any upward adjustment to the Contract Costs would result in a higher payment to MRCB Land.

Through our Group's experience in carrying out large scale construction projects, MRCB Land will endeavour to minimise adverse revisions to the Development by carrying out detailed feasibility studies, project planning, cost planning and budgeting prior to the commencement of the EPCC Works for each EPCC Contract to ensure that the overall Development is in the best interest of BJSP and maximises returns for both BJSP and MRCB Land.

8. OVERVIEW AND PROSPECTS

8.1 Overview and outlook of the Malaysian economy

For the fourth quarter ("**4Q**") of 2017, the Malaysian economy registered a growth of 5.9% (third quarter ("**3Q**") 2017: 6.2%) as private sector spending continued to be the primary driver of growth (7.4%; 3Q 2017: 7.3%). The external sector performance improved further (5.4%; 3Q 2017: 1.7%), as real import growth moderated faster than real export growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (3Q 2017: 1.8%). For the year as a whole, the economy registered a robust growth of 5.9%.

Domestic demand expanded by 6.2% (3Q 2017: 6.6%) supported by continued strength in private sector expenditure (7.4%; 3Q 2017: 7.3%), amid waning support from public sector spending (3.4%; 3Q 2017: 4.0%). Private consumption expanded by 7.0% (3Q 2017: 7.2%), supported by continued wage and employment growth. Private investment registered a higher growth of 9.2% (3Q 2017: 7.9%), driven mainly by the services and manufacturing sectors. Capital spending was supported by continued business optimism and favourable demand, which was evident across both export- and domestic-oriented industries. Public consumption expanded by 6.9% (3Q 2017: 3.9%) mainly driven by higher spending on supplies and services by the Government. Public investment contracted during the quarter (-1.4%; 3Q 2017: 4.1%), due to lower capital spending by both the Government and public corporations. Gross fixed capital formation growth moderated to 4.3% (3Q 2017: 6.7%) mainly due to a contraction in public investment. By type of assets, capital spending on machinery and equipment continued to register a strong growth of 8.3% (3Q 2017: 11.5%). Investment in structures was broadly sustained at 3.3% (3Q 2017: 3.6%) while investment in other types of assets contracted by 6.7% (3Q 2017: 7.2%).

On the supply side, most economic sectors recorded a moderate expansion, except for the agriculture sector, while growth in the mining sector declined.

Growth in the manufacturing sector eased during the quarter, reflecting a broad-based moderation in both export- and domestic-oriented industries. Production in the export-oriented industries including electrical and electronics and petroleum refinery activity continued to expand, albeit at a more moderate pace. Lower growth in the domestic-oriented industries was due mainly to a slower production of transport equipment and food-related products, as well as construction-related materials. Growth in the construction sector was sustained by civil engineering activity for rail, highway, petrochemical and power plant projects.

Headline inflation moderated slightly to 3.5% in 4Q 2017 (3Q 2017: 3.6%) due mainly to lower inflation in the housing, water, electricity, gas and other fuels and transport categories. Inflation for the housing, water, electricity, gas and other fuels category averaged at 2.2% (3Q 2017: 2.3%). Rental inflation declined slightly to 2.8% during the quarter (3Q 2017: 2.9%), due mainly to the smaller increase in rental for terrace and bungalow houses. While inflation in the transport category was slightly lower during the quarter, it remained elevated at 11.4% (3Q 2017: 11.7%) due to high domestic fuel prices. Core inflation also declined during the quarter to 2.3% (3Q 2017: 2.4%). Inflation pervasiveness was lower, as the percentage of items in the consumer price index basket that registered inflation of more than 2% declined to 32% (3Q 2017: 34%).

Malaysia registered a strong growth of 5.9% in 2017 (2016: 4.2%). For 2018, growth is expected to remain favourable with domestic demand continuing to be the key driver of growth. The positive growth momentum will continue to benefit from spillovers from better global growth on to domestic economic activity. The Department of Statistics Malaysia's composite leading index has shown a sustained increase in recent periods.

The Malaysian Institute of Economic Research's Business Conditions Index also points towards sustained expansion of the economy. Overall, the assessment is for growth to remain strong in 2018. On the supply side, the manufacturing and services sectors are expected to benefit from continued growth across both export- and domestic-oriented sub-sectors. In the construction sector, growth will be mainly supported by new and existing civil engineering projects.

(Source: Economic and Financial Developments in the Malaysian Economy in the 4Q 2017, Bank Negara Malaysia)

8.2 Overview and outlook of the Malaysian property market

The Malaysian economy posted a better than expected growth of 5.6% in first quarter ("**1Q**") of 2017 and a higher growth of 5.8% in second quarter ("**2Q**") of 2017, supported by private sector spending and robust expansion in real exports of goods and services. The property market performance however has yet to make a comeback. There were 153,729 transactions recorded worth RM67.82 billion in the first half year ("**H1**") of 2017, indicating a decline of 6.0% in volume but value increased by a marginal 5.0%. Although market activity recorded negative growth, the rate of contraction had reduced indicating that market is gradually adjusting to the changing market landscape.

Residential sub-sector continued to dominate the market, with 61.8% contribution in volume and 48.4% in value. All sub-sectors recorded softer market volume ranging from -12.8% to -0.9%. In terms of value, all sub-sectors recorded growth except for industrial sub-sector, down by 4.2%. Development land saw its total value shot up by nearly 30.0% due to several major land dealings namely those in Bandar Malaysia and TRX area, which dated in 2016 and 2015 respectively but concluded in 2017.

On the supply-side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) recorded a substantial increase of more than 52.0% to 85,911 units against similar half of 2016 (56,318 units). As for the demand-side, the loan applications for purchase of residential and non-residential made a turnaround in H1 2017, both recorded growth. In tandem, the loan approvals for purchase of residential recorded an increase of 17.1%. On the other hand, the loan approvals for purchase of non-residential recorded a contraction of 8.5%, lower than 28.3% recorded in the first half of 2016. This improved scoring in loans approvals indicated that credit-worthy residential and non-residential buyers continued to have access to financing.

In the housing sector, the MyDeposit scheme launched in April 2016 have seen more than 6,000 eligible applications received, of which nearly 1,500 applications have been approved and more than RM39 million have been disbursed as at 31 July 2017. Majority of the applications (80.4%) are for houses priced above RM200,000 to RM500,000. As at 31 July, less than 24.0% applications have been approved.

Consumer Sentiments Index (CSI) has gradually improved from 69.8 points (Q4 2016), 76.6 points (Q1 2017) to 80.7 points (Q2 2017) but remained below the optimism threshold. On a better note, Business Conditions Index (BCI) has moved up to 114.1 points in Q2 2017 (Q1 2017: 112.7 points) supported by the increase in manufacturing sales and production as well as higher domestic orders .Nevertheless, based on the decline in the loans approved for non-residential purchase, the market activity in commercial sub-sector dropped by 11.0% but value went up by 5.9%.

<u>Residential sector</u>

There were 94,992 transactions worth RM32.85 billion recorded in the review period, declined by 7.0% in volume but value saw a marginal 0.5% increase. Performance across the states was subdued. All states recorded lower market volume except for Putrajaya, Negeri Sembilan and Kelantan. The downtrend in major states namely Kuala Lumpur (-6.3%), Selangor (-8.1%), Johor (-11.2%) and Pulau Pinang (-14.9%) led to the overall drop in the sub-sector. These states formed 48.3% of the total national residential volume.

The number of new launches in the 1H was not that far behind those recorded in similar half of 2016. There were 28,397 units launched, down by 9.1% against 31,257 units in similar half year of 2016. Against the preceding half, the launches were higher by more than 32.0% (H2 2016: 21,456 units). Sales performance was low at 23.9%. Wilayah Persekutuan Kuala Lumpur ("**WPKL**") recorded the highest new launches in the country, accounting for nearly 30.0% of the national total. New launches in the other three (3) major states, Selangor, Johor and Pulau Pinang however shrank between 37.7% and 59.6%.

The residential overhang situation has yet to pick up as the unsold units continued to grow. There were 20,876 units worth RM12.26 billion, up by more than 40.0% in both volume and value against the preceding half. Kedah surpassed the overhang numbers in Johor, capturing nearly 21.0% (4,363 units) of the national overhang total. The turn of event was due to the unsold completed units, which are mostly PR1MA projects in Kuala Muda District and Baling District. Kuala Muda District recorded 3,401 completed unsold units, of which nearly 69.0% comprised PR1MA houses priced mostly in the range of RM300,000 to RM400,000. In Baling District, there was a fair share of overhang between PR1MA houses and other private developments, which were mostly double storey terrace in the RM200,000 to RM250,000 range.

The Malaysian House Price Index continued to increase at a moderating trend. As at Q2 2017, the Malaysian House Price Index stood at 184.1 points (at base year 2010), up by 5.6 % on annual basis. On quarterly movements, the index points increased marginally by 0.4% against Q1 2017.

Commercial sector

There were 10,375 transactions worth RM11.99 billion recorded, down by 11.0% in volume but value increased by 5.9% due to several major transactions recorded in the year involving shopping complex, purpose-built office and hotels. Market activity in most states recorded double-digit declines. Major states performance was equally lackluster: WPKL (-9.7%), Selangor (-8.8%), Johor (-10.2%) and Pulau Pinang (-10.0%). Combined, these four states contributed 58.4% of the national commercial property transactions, led by Selangor with 23.9% market share.

Shop sub-sector recorded 5,829 transactions worth RM4.6 billion, dominating 56.2% of the commercial property transactions and 38.3% of the total value. Market performance was soft with a decline of 10.5% in volume and 2.5% in value. Johor and Selangor contributed higher market volume to the national total, each with 18.4% and 16.8% market share. By type, two to two and a-half storey shops captured 53.1% of the shop's market share.

The shop unsold situation saw an improvement at the onset of improving business conditions. The shop overhang recorded 4,017 units worth RM2.61 billion, contracted by 20.8% in volume and 8.0% in value. Similarly, the unsold under construction and not constructed contracted to 6,815 units and 233 units, down by 1.1% and 67.4% respectively. By state, Johor retained its reign as the highest shop overhang state with 31.6% share and the unsold under construction with 24.4% share. By type, two to two and a-half storey shops formed the bulk of overhang (39.1%) and the unsold under construction (42.7%) whilst three to three and a-half storey shops (63.1%) dominated the not constructed.

Despite the slowdown in market activity, prices of shops remained stable. In Kuala Lumpur, double storey shops generally fetched more than RM1.0 million to as high as RM2.4 million. In selected areas of Selangor, similar shops were also transacted at more than RM1.0 million but have yet to reach RM2.0 million. In Johor Bahru, double storey shops in Taman Kota Masai and Taman Universiti were sold at RM1.09 million and RM1.0 million respectively whilst in Kulai, similar shops in Bandar Indahpura fetched a higher range of RM1.29 million to RM1.55 million.

The office rental market saw a stable trend with upward movements recorded in areas with good accessibility and transportation networks. Klang Valley Purpose-Built Office Rental Index ("**PBO-RI**") recorded a modest growth of 3.6% to 125.6 points (Q2 2017) from 121.1 points (Q2 2016). As for Johor Bahru PBO-RI, a higher annual growth was recorded at 4.2% from 121.1 points to 126.2 points whilst George Town PBO-RI was even better at 5.2% growth from 116.5 points to 122.6 points.

(Source: Property Market Report First Half 2017, Valuation and Property Services Department, Ministry of Finance Malaysia)

8.3 Overview and outlook of the Malaysian construction sector

The construction sector expanded 5.8% during the 4Q of 2017 (4Q 2016: 5.1%) attributed to positive growth in all sub-sectors, particularly civil engineering (14.2%) and specialised construction activities at 8.5% (4Q 2016: 10%; 2.5%). Civil engineering sub-sector was mainly supported by construction of utility and transport infrastructure projects. Meanwhile, the specialised construction activities expanded further mainly driven by electrical wiring and sanitary equipment, installation of solar energy collectors and interior design projects. The non-residential sub-sector continued to expand at a moderate pace of 0.3% (4Q 2016: 0.1%) following lower incoming supply, particularly in Klang Valley and Johor region. However, the residential sub-sector moderated 1.1% (4Q 2016: 7.1%) weighed down by lower sales in high-end properties but cushioned by construction of service apartments and Government of Malaysia's affordable housing schemes.

During the quarter, the total value of completed construction work expanded 7.7% to register RM35.1 billion involving 8,747 projects (4Q 2016: 8.1%; RM32.6 billion; 9,791 projects). Of which, civil engineering sub-sector and special trades activities grew 18.4% and 9.5%, respectively. In terms of ownership of the projects, the private sector continues to lead the construction activity with a share of 63.3% (RM22.2 billion) while the remaining by the public sector.

(Source: Malaysian Economy, 4Q 2017, Ministry of Finance Malaysia)

The construction sector registered a moderate growth of 6.7% in 2017 (2016: 7.4%). Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from increased activity from projects in the early stages of construction, such as land clearing, piling and land reclamation work. Growth in the residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sports complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.

The construction sector is expected to record a stronger growth in 2018. This will be driven primarily by large new and existing multi-year civil engineering projects. These projects are mainly in the transportation and utilities segment.

(Source: Bank Negara Malaysia's 2017 Annual Report)

8.4 Prospects of MRCB Group

We are one of the leading urban property developers in Malaysia, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. Our flagship and award winning Kuala Lumpur Sentral ("**KL Sentral**") Central Business District project is one of our Transit Oriented Development ("**TOD**") in Malaysia. Continuing with our transformation strategies, we have maintained our emphasis on enhancing long-term profitability and de-gearing, as well as realigning our focus to our core business activities.

We expect our strategic focus in TOD to continue presenting us with multiple opportunities for continuous growth. Leveraging on the success of the KL Sentral Central Business District as an industry showcase of our expertise and skills in TOD, we have an extensive TOD portfolio which make up a significant portion of our property development activities.

The strategy for our long-term growth includes our interest in 393 acres of high value urban land bank with a GDV of approximately RM57.3 billion as at LPD. These land bank provides us with the capacity to plan for future property development projects catered to market needs and demands over the long-term. As at LPD, our notable property development projects are as follows:-

Project	Description	Development period (Year)	Estimated GDV RM (mil)
Bukit Jalil Sentral	A mixed development on an aggregate 76.14 acres of lands located at Bukit Jalil, Kuala Lumpur	2018 - 2038	20,673
Kwasa Sentral	A mixed development on 64.30 acres of land located at Sungai Buloh, Selangor	2018 - 2030	10,555
Cyberjaya City Centre	A mixed development on 45.3 acres of land located at Cyberjaya, Selangor	2017 - 2024	5,350
Semarak City	A mixed development of 27.41 acres of land located at Setapak, Kuala Lumpur	2015 - 2025	3,163
KL Sentral Lot F	A mixed development on 5.7 acres of land located at KL Sentral, Kuala Lumpur	2018 - 2025	2,993
Penang Sentral	A mixed development on 11.91 acres of land located in Butterworth, Pulau Pinang	2015 - 2027	2,865

Our Group's property investment activity is undertaken through our 27.9% stake in MRCB-Quill REIT ("**MQ REIT**"), which continues to be a significant income contributor to our Group, and acts as the platform for our property investment activities. In respect of financial year 2017, MQ REIT has declared a total distribution of 8.39 sen per unit in MQ REIT ("**Unit**"), resulting in total distribution to our Company of approximately RM24.99 million. This translates to a distribution yield of approximately 6.71% based on the closing price of RM1.25 per Unit as at 31 December 2017.

Our engineering, construction and environment business has also grown significantly in recent years. Our success lies within our expertise and record of accomplishment in the construction of highways, rail infrastructure, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. As at LPD, we have secured an external client order book of approximately RM6.3 billion. As at LPD, our notable construction projects are as follows:-

Project	Description	Construction period (Year)	Contract value RM (mil)
Kwasa Utama	A mixed development on 29.82 acres of land known as Plot C8 in the Kwasa Damansara township in Sungai Buloh, Selangor	2017 - 2027	2,648
Mass Rapid Transit ("**MRT**") 2	Construction of viaduct for the MRT Line 2 Sungai Buloh – Serdang – Putrajaya project	2016 - 2021	604
Damansara-Shah Alam Elevated Expressway ("**DASH**") package CB2	A privatisation project for DASH covering construction of mainline and other associated works for a 20.1 km, three-lane, dual carriageway expressway that begins at Puncak Perdana, Shah Alam intersection and is expected to cover Shah Alam, Subang, Kota Damansara and Damansara areas	2017 - 2019	369

Project	Description	Construction period (Year)	Contract value RM (mil)
PR1MA Brickfields	Construction of three (3) residential blocks with 920 apartment units in Brickfields, Kuala Lumpur	2018 - 2021	335
Light Rail Transit ("**LRT**") 3 PDP	A 50:50 joint venture with George Kent (Malaysia) Berhad that will manage the construction of the 37.6 km LRT line from Bandar Utama to Klang	2017 - 2020	270

Moving forward, our Group will leverage on our TOD business model and existing land bank. We have also been and will continue to actively tender for construction and engineering projects which fulfill our margin criteria, especially projects requiring our specialised engineering expertise, with relatively higher barriers of entry, such as complex buildings with high mechanical and engineering content and infrastructure projects.

Via the development and construction of PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral, which are expected to feature excellent transportation connectivity at their core, our Group will be able to enhance our visibility and showcase our end-to-end strength and expertise in design, development, engineering and construction.

With these strategies in place, your Board believes that our Group is well positioned to overcome future challenges.

8.5 Summary of the Feasibility Report prepared by Rahim & Co

The Lands are sited within the Bukit Jalil area and located on the north of the Bukit Jalil National Sports Complex. Over the years, Bukit Jalil has become a matured area with good population catchment. Among the notable developments currently on-going are Paradigm Garden City and Bukit Jalil City. The location of the Lands is strategic as major centres such as Kuala Lumpur, Petaling Jaya and Shah Alam can be reached within 12-32 minutes driving time.

The Lands have good connectivity to major highways such as the Maju Expressway (MEX) and Shah Alam Expressway (KESAS) and are also located within walking distance to two (2) light rail transit ("**LRT**") stations, namely Sri Petaling station and Bukit Jalil station. The proposed mass rapid transit Line 2 Sungai Besi station is also within a 2km radius from the Lands. In addition, the surrounding area is well serviced by public buses.

The Lands are proposed to be developed into an integrated development comprising commercial and residential properties, including serviced apartments, shop offices, small office-home office, office towers, apartments, retail malls and a hotel. The development is proposed to be launched in three (3) phases with a project horizon of 14 years. The proposed development has the potential to position itself against mixed development projects such as Empire City, Pantai Sentral Park and Bangsar South, due to the following advantages:-

(i) strategic location within an established community i.e. Overseas Union Garden, Kuchai Lama, Bandar Kinrara, Sungai Besi and Seri Kembangan;

(ii) located adjacent to the existing LRT stations namely Sri Petaling and Bukit Jalil, connecting the western part of Klang Valley (Kelana Jaya line) and Kuala Lumpur city centre (Ampang line); and

(iii) a new proposed mass rapid transit line 2, namely Sungai Besi Station, which is located within a two (2) kilometres radius from the Lands.

Based on the proposed selling price and cost assumptions adopted by Rahim & Co in its Feasibility Report, the project may generate a GDV of RM11.99 billion (over a development period of 14 years, without taking into account any inflationary impact), and is expected to be well received by the market due to its strong fundamentals, i.e. accessibility to highways, rapid population growth, transportation facilities and mobility.

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

Please refer to Appendix C(V) of Part C of this Circular for the executive summary of the Feasibility Report.

8.6 Prospects of the Lands

As set out in the Feasibility Report, Rahim & Co has envisaged that the Lands be developed into an integrated development comprising commercial and residential properties, including serviced apartments, shop offices, office towers, apartments, SOHO, two (2) retail malls and a hotel, with a project horizon of approximately 14 years.

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

Based on the proposed selling price and cost assumptions adopted in the Feasibility Report, the project may generate a GDV of RM11.99 billion, with a corresponding estimated GDC of approximately RM9.22 billion.

In view of the above and subject to prevailing market conditions, our Company expects to undertake an integrated development on the Lands in the future. However, management presently estimates that the GDV would be approximately RM20.67 billion. For information purposes, such estimates differ from the figures set out in the Feasibility Report as Rahim & Co had conducted an independent assessment of the future development prospects for the Lands based on its own assumptions. Nevertheless, any future development of the Lands is expected to contribute positively to our Group's earnings and financial position in the future.

The rest of this page has been intentionally left blank

9. EFFECTS OF THE PROPOSALS

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

9.1 Share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as it does not involve an issuance of new MRCB Shares.

9.2 NA per share and gearing

Based on the audited consolidated statement of financial position of our Company as at 31 December 2017, the pro forma effects of the Proposals on the consolidated NA per share and gearing of our Company are as follows:-

	Audited as at 31 December 2017	**After the Proposals**
	RM('000)	**RM('000)**
Share capital	4,309,422	4,309,422
Retained earnings	457,849	454,995 [(4)]
Other reserves	56,819	56,819
Shareholders' equity	4,824,090	4,821,236
Non-controlling interests	104,498	104,498
Total equity	4,928,588	4,925,734
Number of Shares outstanding ('000)	4,386,746	4,386,746
NA per MRCB Share (RM) [(1)]	1.10	1.10
Interest-bearing borrowings	3,384,690	2,453,806 [(5)]
Gearing (times) [(2)]	0.69	0.50 [(5)]
Net gearing (times) [(3)]	0.53	0.30 [(5)]

Notes:-

(1) *Calculated based on NA over number of MRCB Shares outstanding.*

(2) *Calculated based on total interest-bearing borrowings over total equity.*

(3) *Calculated based on total interest-bearing borrowings (less cash, bank balances and other investment (including investment in unit trust which can be liquidated with one (1) days' notice)) over total equity.*

(4) *After deducting estimated expenses in relation to the Proposed Joint Venture and Proposed Construction amounting to approximately RM1.7 million and RM1.1 million respectively, and the estimated marginal loss arising from the Proposed Disposal of RM11,112.32 as set out in Section 2.2.3 of Part C of this Circular.*

(5) *The reduction in interest-bearing borrowings is due to the repayment of the principal amount of RJSB's bank borrowings of approximately RM193 million and our Group's outstanding principal amount in relation to the CMTF-i facility of approximately RM738 million as at 31 December 2017.*

For information purposes, subsequent to FYE 31 December 2017 up to LPD, RJSB had drawn down an additional RM207 million of bank borrowings bringing the total bank borrowings of RJSB to approximately RM400 million. The proceeds raised from the Proposed Disposal of approximately RM1,138 million will also be utilised for the repayment of the additional drawdown as at LPD. The effects of the additional drawdown is not illustrated in the table above as it was carried out subsequent to FYE 31 December 2017.

For information purposes, the pro forma consolidated statement of financial position of our Company in respect of the Proposed Construction should include pro forma adjustments which are directly attributable to the event or transaction, factually supportable and consistent with our Company's applicable financial reporting framework. Directly attributable adjustments exclude those that relate to future events or are dependent on actions to be taken once the transaction has been completed, even if such actions are key to the entity entering into the transaction.

As the Management Contract is an executory contract under which neither party has performed its obligation in respect of the Development as at the date of the Management Contract, the execution of the Management Contract will not have any effect on the pro forma consolidated statement of financial position of our Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017, save for transaction costs of approximately RM1.1 million, comprising advisory fees, regulatory fees, printing and advertising costs as well as miscellaneous expenses which will be charged to the statement of comprehensive income.

In addition, as the Development spans approximately 20 years and is subject to, among others, updated feasibility studies being undertaken prior to the commencement of the EPCC Works under the first EPCC Contract for each Plot, the Provisional Contract Costs for the Development and hence, the Provisional Management Contract Fees are still subject to change. As such, it is currently too early to ascertain the expected profits to be derived by our Group from the Proposed Construction and the corresponding effects on the consolidated NA per share of our Company.

In addition to the above, the pro forma financial effects of the Call Option and Put Options have not been illustrated as the consideration payable by our Group pursuant to the exercise of the Call Option and/or Put Options cannot be reasonably determined at this juncture. The actual consideration shall be calculated in the manner as set out in Section 2.1.8 of Part C of this Circular, which will be based on an agreed IRR and after taking into consideration any amounts that have been paid/distributed by BJSP to TWSB. The consideration will also depend on the number of BJSP Securities held by TWSB as at the date of the Call Option Notice, First Put Option Notice and Second Put Option Notice respectively.

The pro forma consolidated statement of financial position of our Company as at 31 December 2017 together with the reporting accountants' letter thereon is set out in Appendix C(II) of Part C of this Circular.

9.3 Earnings and EPS

As the Proposals are expected to be implemented in the second (2nd) quarter of 2018, the Proposals are not expected to have any material effect on the earnings and EPS of our Company for the FYE 31 December 2017, assuming that the Proposals had been effected at the beginning of that financial year. Nevertheless, the Proposals is expected to contribute positively to the future earnings and EPS of our Company.

10. APPROVALS REQUIRED

The Proposals are subject to and conditional upon approvals/consents being obtained from the following:-

(i) our shareholders at an EGM to be convened; and

(ii) any other relevant authority, if required.

The Proposals are inter-conditional upon each other insofar as shareholders' approval is concerned. However, in the event that the approval of shareholders is not obtained in respect of the Proposed Joint Venture and accordingly the SSA is terminated, the approval of shareholders in respect of the Proposed Construction (arising from EPF's deemed interest) will no longer be required for our Company to undertake the Proposed Construction.

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

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

Save as disclosed below, none of the major shareholders and/or directors of our Company or any persons connected to them have any interest, direct and/or indirect, in the Proposals:-

(a) Major shareholder

EPF is a major shareholder of our Company and the sole shareholder of TWSB, whereby upon completion of the Proposed Subscription, TWSB will hold 80% equity interest in BJSP.

Pursuant to the terms of the SSA, BJSP shall not, without the prior written consent of TWSB, among others, enter into any contract, including the Management Contract, prior to the completion of the First Tranche Subscription. Hence, RJSB and BJSP had, via the Consent Letter, sought and obtained TWSB's consent for BJSP to appoint the Management Contractor and to allow BJSP to enter into the Management Contract with MRCB Land prior to the completion of the First Tranche Subscription.

In this regard, EPF as the sole shareholder of TWSB is deemed interested in the Proposals and will abstain from voting in respect of its direct and/or indirect interest in our Company on the resolution pertaining to the Proposals to be tabled at the forthcoming EGM. 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 our Company, if any, on the resolution pertaining to the said Proposals to be tabled at the forthcoming EGM.

(b) Directors

(i) Tan Sri Azlan Zainol is the Non-Independent Non-Executive Chairman of our Company and the representative of EPF;

(ii) Datuk Shahril Ridza Ridzuan is a Non-Independent Non-Executive Director of our Company and the Chief Executive Officer of EPF; and

(iii) Rohaya Mohammad Yusof is a Non-Independent Non-Executive Director of our Company and the Head of Private Markets Department of EPF.

As such, Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof are deemed interested in the Proposals. Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposals. The Interested Directors will also abstain from voting in respect of their direct and/or indirect interest in our Company on the resolution pertaining to the Proposals to be tabled at the forthcoming EGM. 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 our Company, if any, on the resolution pertaining to the said Proposals to be tabled at the forthcoming EGM.

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

	<----------Direct---------->		<----------Indirect---------->	
	No. of MRCB Shares	%	No. of MRCB Shares	%
Interested Major Shareholder				
EPF	1,530,917,500	34.87	-	-
Interested Directors				
Datuk Shahril Ridza Ridzuan	1,000,000	0.02	-	-
Tan Sri Azlan Zainol	240,000	*	60,000 [(1)]	*
Rohaya Mohammad Yusof	-	-	-	-

Notes:-

[(1)] *Deemed interested by virtue of his interest in Edenview Projects Sdn Bhd pursuant to Section 8 of the Act.*

* *Less than 0.01%.*

12. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND/OR INTERESTED MAJOR SHAREHOLDERS FOR THE PRECEDING 12 MONTHS

Save as disclosed below, our 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 LPD:-

(i) On 14 August 2014, our Company announced that it had entered into a shareholders' agreement with Kwasa Land Sdn Bhd ("**Kwasa Land**") and Kwasa Sentral Sdn Bhd ("**KSSB**"), both of which are wholly-owned subsidiaries of EPF, for the subscription of 700,000 new ordinary shares, representing a 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("**Subscription**"). The remaining 30% equity interest in KSSB will be held by Kwasa Land. KSSB is a special purpose vehicle incorporated to undertake the mixed development of 64.30 acres of land identified to be the town centre of the proposed Kwasa Damansara Township.

The Subscription was approved by our shareholders at the EGM held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, among others, allow our Company, Kwasa Land and KSSB to mutually agree on a suitable date to be the unconditional date (which shall be a date falling within six (6) months after the date of fulfilment of the conditions precedent).

On 11 November 2016, our Company announced that all the conditions precedent as set out in the shareholders' agreement and supplemental shareholders' agreement have been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The balance subscription payment to be paid upon the unconditional date shall be approximately RM737.9 million as the MX-1 land size is now 64.30 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, our Company, Kwasa Land and KSSB shall mutually agree on a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by our Company, Kwasa Land and KSSB.

On 20 December 2017, our Company announced that following the payment for the balance subscription payment to KSSB, the Subscription was completed on even date.

(ii) On 28 October 2015, our Company announced that it had entered into a management contract with Kwasa Utama Sdn Bhd, a company which EPF has 100% effective equity interest in ("**KUSB**"), whereby KUSB has appointed our Company as the management contractor in connection with the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres known as plot C8 (part of Lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 40160 Shah Alam, Selangor Darul Ehsan for a provisional total contract sum of RM3,145,493,294 payable in cash ("**C8 Construction**").

The C8 Construction was approved by our shareholders at the EGM held on 21 December 2015 and the management contract became unconditional on the same date.

On 9 December 2016, our Company announced that it had entered into a supplemental agreement to the management contract with KUSB to amend certain terms and conditions of the management contract and a novation agreement with MRCB Land and KUSB for our Company to transfer and novate to MRCB Land all its rights, liabilities, benefits, interests, duties and obligations of the management contract.

The C8 Construction is expected to be completed by (a) 31 December 2024, or (b) the date of completion of all the contracts between KUSB and MRCB Land (for which the issuance of a first notice to proceed by KUSB were issued on or before 31 December 2024), whichever is later.

(iii) On 26 May 2016, our Company announced that MRCB Builders had entered into a project delivery partner ("**PDP**") agreement with Kwasa Land, a wholly-owned subsidiary of EPF, whereby Kwasa Land had appointed MRCB Builders as a PDP in connection with the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township ("**Project**") located on a piece of land (formerly known as Rubber Research Institute Malaysia land) in Sungai Buloh measuring approximately 2,330.42 acres, for a provisional fee of approximately RM112.28 million (excluding GST and reimbursables) ("**PDP Contract**").

The PDP Contract was approved by our shareholders at the EGM held on 30 November 2016 and the PDP Contract became unconditional on 1 December 2016.

The Project is expected to be completed by the end of year 2023.

(iv) On 22 March 2018, our Company announced that MRCB Land had on 22 March 2018 entered into a management contract with KSSB, for the appointment of MRCB Land as the management contractor in connection with the development and construction of Project MX-1, for a provisional total project sum of RM7,461,991,606 ("**MX-1 Proposed Construction**").

The MX-1 Proposed Construction is expected to be completed by year 2030.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, the Privatisation Project and the corporate exercises disclosed below, there is no other corporate exercise which our Company has announced on Bursa Securities but is pending completion as at LPD:-

(i) The C8 Construction, as set out in Section 12(ii) of Part C of this Circular.

(ii) The Project pursuant to the PDP Contract, as set out in Section 12(iii) of Part C of this Circular.

(iii) On 19 March 2018, our Company announced that Legasi Azam Sdn Bhd, a wholly-owned subsidiary of MRCB Land, had entered into a sale and purchase agreement with Pertubuhan Keselamatan Sosial for the disposal of a parcel of freehold land measuring 1.866 acres held under Geran 34211, Lot No 94, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan bearing postal address No.16, Jalan Kia Peng, 50450 Kuala Lumpur for cash consideration of RM323 million, excluding GST ("**Proposed Disposal by LASB**").

The Proposed Disposal by LASB is expected to be completed by the third (3rd) quarter of 2018.

(iv) The MX-1 Proposed Construction, as set out in Section 12(iv) of Part C of this Circular.

14. ADVISERS

RHB Investment Bank was appointed as the Principal Adviser for the Proposed Joint Venture on 26 May 2017.

CBRE|WTW was appointed as the Valuer for the Lands on 3 May 2017.

Rahim & Co was appointed to prepare the Feasibility Report on 31 October 2016.

PwC was appointed as the Reporting Accountants for the Proposed Joint Venture and Proposed Construction on 8 January 2018 and 29 March 2018, respectively.

YMF was appointed as the QS to prepare the GDC Report on 12 March 2018.

In view that the Proposals are deemed RPTs under Paragraph 10.08 of the Listing Requirements, Public Investment Bank has been appointed on 26 April 2017 and 13 March 2018 to act as the Independent Adviser to advise the non-interested directors and non-interested shareholders of our Company on the Proposed Joint Venture and Proposed Construction respectively.

15. DIRECTORS' STATEMENT AND RECOMMENDATION

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

The view of your Board (save for the Interested Directors) was arrived at after having considered, among others, the terms and conditions of the SSA, the valuation for the Lands, the terms and conditions of the Management Contract, the QS' independent analysis of the GDC for the Development, the rationale for and prospects of the Proposals as well as after discussion with the advisers appointed by our Company.

16. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee (save for Rohaya Mohammad Yusof, being an Interested Director) is of the opinion that the Proposals are in the best interest of our Company and the terms of the Proposals 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 (save for Rohaya Mohammad Yusof, being an Interested Director) was arrived at after having considered, among others, the terms and conditions of the SSA, the valuation for the Lands, the terms and conditions of the Management Contract, the QS' independent analysis of the GDC for the Development, the rationale for and prospects of the Proposals as well as after discussions with the Independent Adviser.

17. TENTATIVE TIMELINE FOR THE PROPOSALS

Barring any unforeseen circumstances and subject to the approvals (as set out in Section 10 of Part C of this Circular) being obtained, the tentative timeline in relation to the Proposed Joint Venture is as follows:-

Month	Events
End May 2018	• EGM to approve the Proposals • SSA and the Management Contract become unconditional

18. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals as described in Section 10 of Part C of this Circular having been obtained, the Proposed Joint Venture is expected to be implemented by the second (2^{nd}) quarter of 2018.

The Management Contract is expected to become unconditional by the second (2^{nd}) quarter of 2018.

Barring unforeseen circumstances, the Development will span approximately 20 years from 2019 to 2038.

19. EGM

The EGM, notice of which is enclosed in this Circular, will be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 12:00 noon or immediately after the conclusion of the 47^{th} Annual General Meeting of our Company which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof, for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposals.

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 date and time stipulated 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.

20. FURTHER INFORMATION

You are advised to refer to the attached appendices of Part C of this Circular for further information.

Yours faithfully,
For and on behalf of your Board
MALAYSIAN RESOURCES CORPORATION BERHAD

TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

INFORMATION ON BJSP

1. BACKGROUND INFORMATION

BJSP was incorporated in Malaysia on 21 April 2017 as a private limited company and is a wholly-owned subsidiary of RJSB. Upon completion of the Proposed Subscription, TWSB will hold an 80% equity interest in BJSP while the remaining 20% equity interest will be held by RJSB. The principal activity of BJSP is property development.

2. SHARE CAPITAL

As at LPD, the issued share capital of BJSP is RM100,000 comprising 100,000 BJSP Shares.

3. SUBSTANTIAL SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at LPD, the substantial shareholders of BJSP and their respective shareholdings in BJSP are as follows:-

		<------Direct------>		<------Indirect------>	
Name	**Place of incorporation**	**No. of BJSP Shares**	**%**	**No. of BJSP Shares**	**%**
RJSB	Malaysia	100,000	100	-	-
MRCB Land	Malaysia	-	-	100,000	100 [(1)]
MRCB	Malaysia	-	-	100,000	100 [(2)]
EPF	Malaysia	-	-	100,000	100 [(3)]

Notes:-

(1) *Deemed interested by virtue of its interest in RJSB pursuant to Section 8 of the Act.*

(2) *Deemed interested by virtue of its interest in MRCB Land pursuant to Section 8 of the Act.*

(3) *Deemed interested by virtue of its interest in MRCB pursuant to Section 8 of the Act.*

4. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

As at LPD, the particulars of BJSP's directors and their respective shareholdings in BJSP are as follows:-

		<------Direct------>		<------Indirect------>	
Name	**Nationality**	**No. of BJSP Shares**	**%**	**No. of BJSP Shares**	**%**
Shireen Iqbal Mohamed Iqbal	Malaysian	-	-	-	-
Kwan Joon Hoe	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATED COMPANY

As at LPD, BJSP does not have any subsidiary or associated company.

6. FINANCIAL INFORMATION

BJSP has yet to commence operations since its incorporation and hence no financial information is available for BJSP.

7. MATERIAL CONTRACTS

Save for the SSA and the Management Contract, as at LPD, BJSP 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.

8. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at LPD, BJSP Board is not aware of any material commitment incurred or known to be incurred by BJSP which may have a substantial impact on the financial position of BJSP.

As at the LPD, BJSP Board is not aware of any contingent liability incurred or known to be incurred by BJSP which, upon becoming enforceable, may have a material impact on the financial position of BJSP.

9. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, BJSP is not engaged in any litigation, claim or arbitration, either as plaintiff or defendant, which has material and adverse effect on the financial position of BJSP 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 business of BJSP.

The rest of this page has been intentionally left blank

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

pwc

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN A CIRCULAR TO SHAREHOLDERS

The Board of Directors
Malaysian Resources Corporation Berhad
Level 33A, Menara NU 2, No. 203
Jalan Tun Sambanthan, Kuala Lumpur Sentral
50470, Kuala Lumpur
Wilayah Persekutuan, Malaysia

26 April 2018

PwC/SG/MR/KAL/OWZ/ii/0276C

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statement of Financial Position

1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2017. The Pro Forma Consolidated Statement of Financial Position (which we have stamped for the purpose of identification), has been compiled by the Directors of the Company for inclusion in the Circular to Shareholders to be dated 4 May 2018 pursuant to the requirements of Paragraph (1), Part G, Appendix 10B of the Main Market Listing Requirements. The Pro Forma Consolidated Statement of Financial Position has been prepared in connection with the following proposals:

- Proposed joint venture between Rukun Juang Sdn Bhd ("RJSB"), which in turn is a 85% owned subsidiary of MRCB Land Sdn Bhd ("MRCB Land") and Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly-owned subsidiary of the Employees Provident Fund board ("EPF"), for the purpose of developing three (3) parcels of leasehold land ("Exchange Lands") located in Bukit Jalil, Kuala Lumpur ("Proposed Joint Venture"); and
- Management Contract between Bukit Jalil Sentral Property Sdn Bhd ("BJSP"), a wholly owned subsidiary of RJSB and MRCB Land, a wholly-owned subsidiary of MRCB, for the appointment of MRCB Land as the Management Contractor ("Management Contract") in connection with the development and construction of a mixed development on the Exchange Lands located in Bukit Jalil, for a provisional total project sum of RM11,007,326,245, in relation to the Proposed Joint Venture (as defined above) ("Proposed Construction").

(Collectively herein referred as the "Proposals")

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

pwc

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/KAL/OWZ/ii/0276C
26 April 2018

2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position is described in the Notes to the Pro Forma Consolidated Statement of Financial Position.

3 The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors, for illustrative purposes only, to show the effects of the Proposals on the audited consolidated statement of financial position of the Company as at 31 December 2017 had the transactions 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 2017, on which an audit report dated 22 March 2018 has been published.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

4 The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

Our Independence and Quality Control

5 We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

6 Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

7 Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Directors on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

pwc

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/KAL/OWZ/ii/0276C
26 April 2018

8 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 International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

9 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 Statement 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 Statement 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.

10 The purpose of the Pro Forma Consolidated Statement 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.

11 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has 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 Statement 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 Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

12 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 Statement of Financial Position has been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

13 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Board of Directors
Malaysian Resources Corporation Berhad
PwC/SG/MR/KAL/OWZ/ii/0276C
26 April 2018

Opinion

14 In our opinion, the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position.

Other Matters

15 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 PLT

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The Pro Forma Consolidated Statement of Financial Position as set out below has been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") as at 31 December 2017 on the assumption that the Proposals as set out in Note 2 had been effected on that date, and should be read in conjunction with the notes thereon.

The Proposed Joint Venture and Proposed Construction are inter-conditional, insofar as shareholders' approval is concerned.

	Note	Audited 31.12.2017 RM'000	Pro Forma (After Proposed Joint Venture and Proposed Construction) RM'000
NON CURRENT ASSETS			
Property, plant and equipment		614,240	614,240
Investment properties		1,211,298	1,211,298
Land held for property development		1,557,440	1,557,440
Associates		285,608	285,608
Joint ventures	5.1	293,065	571,075
Available for sale financial assets		577	577
Long term loan and receivables		34,188	34,188
Intangible assets		225,633	225,633
Deferred tax assets		116,603	116,603
		4,338,652	4,616,662
CURRENT ASSETS			
Inventories		154,492	154,492
Property development costs		696,941	696,941
Trade and other receivables	5.2	3,045,275	1,786,560
Amount due from associates and joint ventures		134,380	134,380
Tax recoverable		15,973	15,973
Financial assets at fair value through profit or loss		1,645	1,645
Service concession asset		1,135,279	1,135,279
Other investment		54,110	54,110
Deposits, cash and bank balances	5.3	724,237	902,548
		5,962,332	4,881,928
TOTAL ASSETS		**10,300,984**	**9,498,590**

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

	Note	Audited 31.12.2017	Pro Forma (After Proposed Joint Venture and Proposed Construction)
		RM'000	RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		4,309,422	4,309,422
Retained earnings	5.4	457,849	454,995
Other reserves		56,819	56,819
Shareholders' equity		4,824,090	4,821,236
Non-controlling interests		104,498	104,498
TOTAL EQUITY		**4,928,588**	**4,925,734**
NON CURRENT LIABILITIES			
Post - employment benefits obligation		18,626	18,626
Long term borrowings	5.5	891,248	794,748
Long term liabilities		332,259	332,259
Government grant		80,186	80,186
Deferred tax liabilities		62,278	62,278
		1,384,597	1,288,097
CURRENT LIABILITIES			
Provision for liabilities and charges		24,098	24,098
Trade and other payables	5.6	1,255,145	1,386,489
Current tax liabilities		39,250	39,250
Short term borrowings	5.7	1,432,107	597,723
Senior and Junior Sukuk		1,058,500	1,058,500
Redeemable preference shares		178,699	178,699
		3,987,799	3,284,759
TOTAL LIABILITIES		**5,372,396**	**4,572,856**
TOTAL EQUITY AND LIABILITIES		**10,300,984**	**9,498,590**
Net assets (attributable to Equity holders of the Company)	A	4,824,090	4,821,236
Number of shares in issue – Ordinary shares	B	4,386,746	4,386,746
Net assets per share	A/B	1.10	1.10
Total borrowing*	C	3,384,690	2,453,806
Total cash and bank balances and other investment**	D	778,347	956,658
Total Equity	E	4,928,588	4,925,734
Gearing (times)	C/E	0.69	0.50
Net gearing (times)	(C-D)/E	0.53	0.30

* *Total borrowing comprise of long term borrowings, short term borrowings, senior and junior sukuk, and hire purchase liabilities. Hire purchases liabilities included within trade payables totalled RM2,835,411.*

***Other investment include investment in unit trust which can be liquidated with one day's notice.*

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

1 INTRODUCTION

On 28 October 2015, Rukun Juang Sdn Bhd ("RJSB"), a 85% owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB" or "the Company"), entered into a Privatisation Agreement with the Government of Malaysia, as represented by the Ministry of Youth and Sports ("GoM") and Syarikat Tanah dan Harta Sdn Bhd ("Hartanah") for the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, for a total contract sum of RM1,631,880,000. In consideration of RJSB agreeing to undertake the Privatisation Agreement, the GoM agreed to transfer three (3) parcels of leasehold land ("Exchange Lands").

Based on the second supplemental agreement with the GoM dated 21 April 2017, the contract sum has been reduced from RM1,631,880,000 to RM1,343,257,764 to commensurate with the reduction in the size of the Exchange Lands. The provisional contract sum for project 1 *(refurbishing, renovating and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre together with the construction of the common infrastructures including boulevard, parking, steps and new signage)* is RM1,211,914,000, which will be satisfied via Exchange Lands. The balance of the contract sum of RM131,343,764, being the difference between the total contract sum and provisional contract sum for project 1 will be set aside as part of consideration of project 2 *(developing, planning, designing, constructing, completing, testing and commissioning of a sports complex, sports mall, convention centre, a multi storey car park, hostels, sport museum, library, integrated rehabilitation centre and youth park together with the construction of the common infrastructures)*. Project 2 had not commenced as at 31 December 2017.

On 31 May 2017, a subscription and shareholders agreement ("SSA") was signed between RJSB, Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly owned subsidiary of Employees Provident Fund Board ("EPF"), MRCB and Bukit Jalil Sentral Property Sdn Bhd ("BJSP"), a wholly owned subsidiary of RJSB. Based on the SSA, TWSB agreed to subscribe 80% equity interest in BJSP, the company, identified to hold the Exchange Lands. As at 31 December 2017, the SSA remained conditional subject to the fulfilment of conditions precedents stipulated in the SSA.

RJSB had obtained TWSB's consent for BJSP to appoint MRCB Land as the Management Contractor on 26 March 2018 so that MRCB Land can commence work where necessary should there be a delay in the completion of the SSA.

2 PROPOSALS

The Pro Forma Consolidated Statement of Financial Position has been prepared in connection with the Proposals as set out below for inclusion in the Circular to Shareholders.

2.1 <u>Proposed Joint Venture</u>

In accordance with the terms of the SSA, RJSB and TWSB had agreed that RJSB will nominate BJSP to receive and accept the transfer of the Exchange Lands in place of RJSB. In return for the Exchange Lands, BJSP will pay RJSB the consideration as follows:

- A fixed sum of RM1,343,246,652 to RJSB, calculated based on the area of the Exchange Lands of RM405 per square feet (First Tranche Exchange Lands Consideration); and
- A sum equivalent to the actual financing cost incurred by RJSB for undertaking and implementing the Privatisation in relation to project 1 (as prescribed in the Privatisation Agreement) only in accordance with the terms and conditions of the Privatisation Agreement and the actual tender costs incurred by RJSB in obtaining the Privatisation, subject to a sum not exceeding RM25 per square foot of the Exchange Lands (Second Tranche Exchange Lands Consideration).

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

2 PROPOSALS (CONTINUED)

The Pro Forma Consolidated Statement of Financial Position has been prepared in connection with the Proposals as set out below for inclusion in the Circular to Shareholders.

2.1 Proposed Joint Venture (continued)

The Exchange Lands consideration will be settled by BJSP in the following manner:

Mode of settlement	% of Exchange Lands Consideration
Cash payment through the issuance of ordinary shares and RPS-A (First and Second Tranche) to TWSB	80%
Issuance of ordinary shares and RPS-A (First and Second Tranche) to RJSB	20%
Total	**100%**

Proposed Subscription

The Proposed Subscription will be carried out in two (2) tranches.

The Shareholders (RJSB and TWSB) will subscribe to the following Subscription Shares (collectively, the First Tranche Subscription Shares) within 15 Business Days from the completion of the condition precedent of the SSA*.

Party	Shares held as at 31 December 2017	First Tranche Subscription Shares		Resultant number of Shares following the completion of the First Tranche Subscription	Proceeds from subscription of shares (RM)
	Ordinary Shares ("OS")	OS	Redeemable Preference Shares ("RPS")-Class A		
RJSB	100,000	1,900,000	266,649,330	2,000,000 OS 266,649,330 RPS-A	268,649,330
TWSB	Nil	8,000,000	1,066,597,322	8,000,000 OS 1,066,597,322 RPS-A	1,074,597,322
Total	**100,000**	**9,900,000**	**1,333,246,652**	**10,000,000 OS** **1,333,246,652 RPS-A**	**1,343,246,652**

**The condition precedent include the title registered in the name of BJSP as the registered proprietor in respect of each of the Exchange Lands.*

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

2 PROPOSALS (CONTINUED)

2.1 Proposed Joint Venture (Continued)

Proposed Subscription (continued)

Subject to the actual financing cost and tender cost incurred by RJSB for undertaking and implementing the Privatisation Agreement, the Shareholders (RJSB and TWSB) will subscribe for and BJSP will allot and issue, such number of new RPS-A not exceeding the Subscription Shares (collectively, the Second Tranche Subscription Shares) as indicated below within 15 Business Days following the issuance of the development order by the relevant authorities in respect of the Exchange Lands.

Party	**Second Tranche Subscription Shares (RPS-A)**	**Resultant number of RPS-A following the completion of the First and Second Tranche Subscription**	**Total proceeds from subscription of RPS-A (RM)**
RJSB	16,583,292	283,232,622 RPS-A	283,232,622
TWSB	66,333,168	1,132,930,490 RPS-A	1,132,930,490
Total	**82,916,460**	**1,416,163,112 RPS-A**	**1,416,163,112**

As at 31 December 2017, RJSB had incurred RM46,801,389 of actual financing and tendering costs. Accordingly, based on the terms of the SSA, RJSB and TWSB would subscribe to RM9,360,278 and RM37,441,111 of the second tranche subscription of RPS-A respectively.

The salient terms of the RPS-A include the following:

Tenure:	Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed;
Dividend:	Cumulative dividend at the rate of 7% per annum based on the Issue Price of RM1.00 for each RPS-A. However, payment of dividend is only required upon redemption of RPS A or upon liquidation or winding-up of the BJSP;
Redemption:	The RPS-A may be redeemed upon meeting any applicable debt service ratio imposed by the financiers of BJSP at the discretion of the Board of BJSP; and
Redemption price:	Each RPS-A shall be redeemed at a redemption price as may be agreed upon and approved unanimously by the Shareholders of BJSP.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

2 PROPOSALS (CONTINUED)

2.1 Proposed Joint Venture (Continued)

In addition to the subscription of ordinary shares and RPS-A, the SSA also includes a Call Option Notice, First Put Option Notice and Second Put Option Notice.

The Call Option Notice represents duly executed and completed notice from MRCB and/or RJSB to TWSB in respect of the exercise of the Call Option, which can be immediately exercised after the completion of the First Tranche Subscription and ending on the day falling 24 months thereafter to purchase 29% of TWSB's shares in BJSP.

The First Put Option Notice represents duly executed and completed notice from TWSB to RJSB in respect of the exercise of the Put Option, which can be immediately exercised after the expiry of the Call Option Period and ending on the day falling 12 months thereafter to sell 29% of BJSP's shares held by TWSB. In the event that TWSB shall not have issued the First Put Option Notice to MRCB and/or RJSB before the last day of the First Put Option Period, TWSB shall, notwithstanding such failure, be deemed to have automatically exercised the First Put Option on the last of the First Put Option Period without the requirement of the issuance of the First Put Option Notice to MRCB and/or RJSB.

The Second Put Option Notice represents duly executed and completed notice from TWSB to RJSB in respect of the exercise of the Put Option, which can be immediately exercised on the Business Day falling immediately after the 7th anniversary date of the completion of the First Tranche Subscription and ending on the day falling 12 months thereafter to sell the remaining shares held by TWSB as at the date of the Second Put Option Notice.

2.2 Proposed Construction

The Proposed Construction is in connection with Management Contract between BJSP and MRCB Land for the appointment of MRCB Land as the Management Contractor ("Management Contract") in connection with the development and construction of Exchange Lands located in Bukit Jalil ("Development"), for a provisional total project sum of RM11,007,326,245, in relation to the Proposed Joint Venture payable as the work is executed (as defined herein) ("Proposed Construction"). The Development will span approximately 20 years.

MRCB Land will subscribe for, and BJSP will allot and issue to MRCB Land, 1,000 RPS class B ("RPS-B") at an issue price of RM1.00 each upon having the Management Contract become unconditional.

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

2 PROPOSALS (CONTINUED)

2.2 Proposed Construction (Continued)

The salient terms of the RPS-B include the following:

Tenure:	Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed;
Dividend:	Cumulative preferential dividend calculated as follows: [A = B + [20% x (C-D)] Where: A = the dividend, capital contribution and such other distribution as BJSP may decide for each RPS-B B = the aggregate issue price for all the RPS-B C = the aggregate distributable profits of BJSP derived from the project as at the date of declaration of dividend, capital distribution or such other distribution D = an amount representing an internal rate of return of 15% on the Aggregate Shareholders' Capital Contributions, calculated from the issue date of the RPS-B until the date of declaration of dividend, capital distribution or such other distribution, compounded annually. Aggregate Shareholders' Capital Contributions refers to the aggregate actual subscription price paid by the shareholders of BJSP for subscription shares, including preference shares and other classes of shares in BJSP, together with the aggregate amount of any loans/advances granted by the shareholders of BJSP Any dividends shall be payable only at the end of the development period.
Redemption:	The RPS-B may be redeemed at the discretion of the Board of BJSP in accordance with the terms of the SSA; and
Redemption price:	Each RPS-B shall be redeemed at the issue/subscription price of the RPS-B together with all cumulative preferential dividend accrued on the RPS-B as at the date of issue of the redemption notice.

The Proposed Joint Venture and Proposed Construction are inter-conditional, insofar as shareholders' approval is concerned.

3 BASIS OF PREPARATION

The Pro Forma Consolidated Statement of Financial Position, for which the Directors of the Company are solely responsible, has been prepared based on the audited consolidated financial statement of the Company for the financial year ended 31 December 2017 in accordance with Financial Reporting Standards ("FRS") and in a manner consistent with both the format of the financial statement and current accounting policies adopted by the Company.

The audit report dated 22 March 2018 on the consolidated financial statement of the Company for the financial year ended 31 December 2017 used in the preparation of the Pro Form Consolidated Statement of Financial Position, was not subject to any qualification or modification.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

3 BASIS OF PREPARATION (CONTINUED)

The Pro Forma Consolidated Statement of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of the Proposals on the audited consolidated statement of financial position of the Company as at 31 December 2017, had these transactions been effected on that date.

The Pro Forma Consolidated Statement of Financial Position is prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the Proposals on the financial position of the Company and its subsidiaries ("the Group") presented had the transactions or events occurred on 31 December 2017. Further, such information does not purport to predict the Group's future financial position.

4 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANICAL POSITION

The Pro Forma Consolidated Statement of Financial Position incorporated the effects of the Proposals as set out in Note 2.

Effects of Proposed Joint Venture

The arrangement with BJSP has been reflected as a joint venture in the Pro Forma Consolidated Statement of Financial Position.

The transaction involving the Proposed Joint Venture can be summarised as follows:

	Note	RM	RM
Consideration to be received in respect of Exchange Lands			
- First Tranche Exchange Lands Consideration	A	1,343,246,652	
- Second Tranche Exchange Lands Consideration	5.2	46,801,389	
			1,390,048,041
Less: Investment retained as Joint Venture			
- Ordinary shares		(2,000,000)	
- RPS A – First Tranche Subscription Shares		(266,649,330)	
- RPS A – Second Tranche Subscription Shares		(9,360,278)	
	5.1		(278,009,608)
Net Cash received	5.3		**1,112,038,433**

	Note	RM	RM
A – This can be further analysed as follows:			
- Settlement of project 1 upon the transfer of Exchange Lands to BJSP	5.2	1,211,914,000	
- Amounts received in advance in respect of project 2	5.6	131,343,764	
- Loss arising from the transfer of Exchange Lands to BJSP*	5.4	(11,112)	
Total			**1,343,246,652**

**The loss is due to the difference in value between the contract sum for the Privatisation Project of RM1,343,257,764 and the First Tranche Exchange Lands Consideration of RM1,343,246,652.*

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

4 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANICAL POSITION (CONTINUED)

Effects of Proposed Joint Venture (continued)

The cash consideration received of RM1,112,038,433 will be utilised to repay bank borrowings of RM930,884,263 and transaction cost RM1,708,520.

	Note	RM
Prepayment of short term borrowings	5.7	834,384,263
Prepayment of long term borrowings	5.5	96,500,000
Total		**930,884,263**

The estimated transaction costs of RM1,708,520 which is mainly in relation to advisory fees, regulatory fees, printing and advertising costs and miscellaneous expenses of the Proposed Joint Venture will be charged to statement of comprehensive income.

The call option and put option rights in the SSA are derivative financial instruments that have been recognised by MRCB in accordance with the requirements of FRS 139 "Financial Instruments: Recognition and Measurement". The derivatives have been classified as fair value through profit or loss. As at the date of the Pro Forma Consolidated Statement of Financial Position, the fair value of the derivatives have been assessed as immaterial. Any subsequent fair value changes will be recognised in the statement of comprehensive income.

Effects of Proposed Construction

The Pro Forma Consolidated Statement of Financial Position of the Company in respect of the Proposed Construction should include pro forma adjustments which are directly attributable to the event or transaction, factually supportable and consistent with the Company's applicable financial reporting framework. Directly attributable adjustments exclude those that relate to future events or are dependent on actions to be taken once the transaction has been completed, even if such actions are key to the entity entering into the transaction.

As the Proposed Construction as set out in Note 2.2 is an executory contract under which neither party has performed its obligation in respect of the Development as at the date of the Management Contract, the execution of the Management Contract will not have any effect on the Pro Forma Consolidated Statement of Financial Position of the Company as at 31 December 2017, had the Management Contract been executed on 31 December 2017, except for the transaction cost mainly in relation to advisory fees, regulatory fees, printing and advertising costs and miscellaneous expenses of approximately RM1,133,800 which will be charged to statement of comprehensive income.

The Pro Forma impact for the subscription of RPS-B of RM1,000 has not been illustrated as it is immaterial.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

5 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1 Joint Venture

		RM'000
Per audited financial statements of MRCB as at 31 December 2017		293,065
Adjustments for Proposed Joint Venture		
- Investment by RJSB in BJSP		
- Ordinary shares	2,000	
- First Tranche RPS-A	266,650	
- Second Tranche RPS-A	9,360	
		278,010
As per Pro Forma		**571,075**

5.2 Trade and Other Receivables

		RM'000
Per audited financial statements of MRCB as at 31 December 2017		3,045,275
Adjustments for Proposed Joint Venture		
- Settlement of project 1 upon the transfer of Exchange Lands to BJSP	(1,211,914)	
- Settlement of project 1 actual financing and tendering costs	(46,801)	
		(1,258,715)
As per Pro Forma		**1,786,560**

5.3 Deposits, Cash and Bank Balances

		RM'000
Per audited financial statements of MRCB as at 31 December 2017		724,237
Adjustments for Proposed Joint Venture and Proposed Construction		
- Consideration received from BJSP arising from TWSB investment		
- Ordinary shares	8,000	
- First Tranche RPS-A	1,066,597	
- Second Tranche RPS-A	37,441	
		1,112,038
- Transaction costs in connection with Proposed Joint Venture		(1,709)
- Transaction costs in connection with Proposed Construction		(1,134)
- Repayment of short term and long term borrowings		(930,884)
As per Pro Forma		**902,548**

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

5 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

5.4 Retained earnings

	RM'000
Per audited financial statements of MRCB as at 31 December 2017	457,849
Adjustments for Proposed Joint Venture and Proposed Construction	
- Loss arising from the transfer of Exchange Lands to BJSP	(11)
- Transaction costs in connection with Proposed Joint Venture	(1,709)
- Transaction costs in connection with Proposed Construction	(1,134)
As per Pro Forma	**454,995**

5.5 Long term borrowings

	RM'000
Per audited financial statements of MRCB as at 31 December 2017	891,248
Adjustment for Proposed Joint Venture	
- Repayment of long term borrowing	(96,500)
As per Pro Forma	**794,748**

5.6 Trade and Other Payables

	RM'000
Per audited financial statements of MRCB as at 31 December 2017	1,255,145
Adjustment for Proposed Joint Venture	
- Consideration received in advance in respect of project 2	131,344
As per Pro Forma	**1,386,489**

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONTINUED)

5 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

5.7 Short term borrowings

	RM'000
Per audited financial statements of MRCB as at 31 December 2017	1,432,107
Adjustment for Proposed Joint Venture	
- Repayment of short term borrowings	(834,384)
As per Pro Forma	**597,723**

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of MRCB in accordance with a resolution dated 26 April 2018.

ANN WAN TEE
GROUP CHIEF FINANCIAL OFFICER

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

SALIENT TERMS OF THE RPS-A AND RPS-B

1. Salient terms of the RPS-A

Issuer	:	BJSP.
Issue Price	:	The issue/subscription price of the RPS-A is RM1.00 per RPS-A.
Issue size	:	Up to RM1,500,000,000 nominal value.
Tenure	:	Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.
Transferability	:	Subject to the constitution of BJSP, the RPS-A shall not be transferable.
Dividend	:	Cumulative dividend at the rate of 7% per annum based on the Issue Price.
Liquidation preference/ repayment of capital	:	In the event of the liquidation or winding-up of BJSP, the redemption value of the RPS-A not previously redeemed and all arrears of preferential dividend declared and accrued up to the date of commencement of the winding-up shall be paid in priority to any payment to the holders of ordinary shares and other classes of preference shares issued by BJSP (including the RPS-B, which will rank behind the RPS-A in priority) but there shall be no further or other participation in the profits or assets of BJSP.
Redemption	:	The RPS-A may be redeemed by BJSP upon meeting any applicable debt service ratio imposed by the financiers of BJSP at the discretion of BJSP Board in accordance with the following provisions:- (a) BJSP may at any time give prior notice in writing ("**Redemption Notice**") to the holders of the RPS-A of its intention to redeem all or any part of the RPS-A which are fully paid up on the date specified in the Redemption Notice, as a form of return of capital; (b) if BJSP decides to partially redeem the RPS-A, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such RPS-A on the redemption date; (c) on the redemption date, BJSP shall redeem the RPS-A specified in the redemption notice at the Redemption Price and pay the dividend which has accrued on them (whether declared or earned or not) down to the redemption date against delivery to TWSB of the certificates for the RPS-A to be redeemed and shall issue free of charge fresh certificates for any unredeemed RPS-A; (d) the RPS-A to be redeemed shall cease to rank for dividend on the redemption date unless on the certificates for the preference shares being tendered, BJSP fails to effect such redemption; (e) no RPS-A shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption; and (f) BJSP shall comply with all the provisions of the Act relating to the redemption of the RPS-A.
Redemption Price	:	Each RPS-A shall be redeemed at a redemption price as may be agreed upon and approved unanimously by the Shareholders.
Conversion	:	Nil/not applicable.

SALIENT TERMS OF THE RPS-A AND RPS-B *(Cont'd)*

Voting rights	:	The RPS-A shall not confer on the holders thereof the right to vote in either in person or by proxy at any general meeting of BJSP unless:- (a) at the date of the notice convening the meeting any dividend on the RPS-A has been declared but remains unpaid for more than six (6) months; or (b) the business of such meetings is or includes the consideration of a resolution relating to the following:- (i) the reduction of capital of BJSP; (ii) the winding-up of BJSP; (iii) any abrogation or variation or otherwise directly affecting the special rights and privileges attaching to the RPS-A; (iv) the creation of any new class of redeemable preference shares ranking in priority to or equally with the RPS-A in issue unless the holders holding at least 75% in nominal value of the RPS-A consent thereto in writing; or (v) proposal for the disposal of the whole of BJSP's property, business and undertaking except for in the ordinary course of business. Where the holders of RPS-A are entitled to vote at any general meeting, every RPS-A shall on a poll, carry one (1) vote for every RM1.00 paid up on each such RPS-A and every ordinary share shall, notwithstanding any other provision of the constitution of BJSP, carry one vote for every RM1.00 paid up on each such share. The holders of the RPS-A shall be entitled to receive notices, reports and accounts (including balance sheets and profit and loss accounts) and attend meetings of which holders of ordinary shares in the capital of BJSP are entitled.
Ranking	:	The RPS-A will rank on par among themselves in all respects and in priority to the ordinary shares of BJSP and any other preference shares issued from time to time subsequent to the issuance of the RPS-A (including the RPS-B, which will rank behind the RPS-A in priority) but after all secured obligations of BJSP and the Shareholders' loans (which shall rank in priority to RPS-A and RPS-B).
Status	:	The RPS-A shall not be listed or quoted on any stock exchange.

The rest of this page has been intentionally left blank

SALIENT TERMS OF THE RPS-A AND RPS-B ***(Cont'd)***

2. Salient terms of the RPS-B

Issuer	:	BJSP.
Subscriber	:	The Management Contractor shall be the sole subscriber for the RPS-B, with such rights, privileges and restrictions as set out in the SSA.
Issue Price	:	The issue/subscription price of the RPS-B is RM1.00 per RPS-B.
Issue size	:	Up to RM1,000 nominal value.
Tenure	:	Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.
Transferability	:	Subject to the constitution of BJSP, the RPS-B shall not be transferable.
Dividend	:	The RPS-B shall collectively confer on the holder thereof the right to receive, in priority to any payment to the holders of any other class of shares in the capital of BJSP, cumulative preferential dividend calculated as follows:- $[A = B + [20\% \times (C - D)]$ Where: A = the dividend, capital distribution and such other distribution as BJSP may decide for each RPS-B B = the aggregate issue price for all the RPS-B C = the aggregate distributable profits of BJSP derived from the project as at the date of declaration of dividend, capital distribution or such other distribution D = an amount representing an internal rate of return of 15% on the Aggregate Shareholders' Capital Contributions, calculated from the issue date of the RPS-B until the date of declaration of dividend, capital distribution or such other distribution, compounded annually "**Aggregate Shareholders' Capital Contributions**" refers to the aggregate actual subscription price paid by the Shareholders for Shares, including preference shares and other classes of shares in BJSP, together with the aggregate amount of any loans/ advances granted by the Shareholders to BJSP. Any dividends shall be payable only at the end of the development period.
Liquidation preference/ repayment of capital	:	In the event of the liquidation or winding-up of BJSP, the redemption value of the RPS-B not previously redeemed and all arrears of preferential dividend declared and accrued up to the date of commencement of the winding-up shall be paid in priority to any payment to the holders of ordinary shares and other classes of preference shares issued from time to time, save and except for the RPS-A (which shall rank in priority to the RPS-B), but there shall be no further or other participation in the profits or assets of BJSP.

SALIENT TERMS OF THE RPS-A AND RPS-B *(Cont'd)*

Redemption	:	The RPS-B may be redeemed at the discretion of BJSP Board in accordance with the following provisions:- (a) BJSP may at any time give prior notice in writing ("**Redemption Notice**") to the holders of the RPS-B of its intention to redeem all or any part of the RPS-B which are fully paid up on the date specified in the Redemption Notice, as a form of return of capital; (b) if BJSP decides to partially redeem the RPS-B, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such RPS-B on the redemption date; (c) on the redemption date, BJSP shall redeem the RPS-B specified in the redemption notice at the Redemption Price and pay the dividend which has accrued on them (whether declared or earned or not) down to the redemption date against delivery to BJSP of the certificates for the RPS-B to be redeemed and shall issue free of charge fresh certificates for any unredeemed RPS-B; (d) the RPS-B to be redeemed shall cease to rank for dividend on the redemption date unless on the certificates for the preference shares being tendered, BJSP fails to effect such redemption; (e) no RPS-B shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption; and (f) BJSP shall comply with all the provisions of the Act relating to the redemption of the RPS-B.
Redemption Price	:	Each RPS-B shall be redeemed at the issue/ subscription price of the RPS-B together with all cumulative preferential dividend accrued on the RPS-B to be redeemed as at the date of issue of the redemption notice.
Conversion	:	Nil/not applicable.
Voting rights	:	RPS-B shall not carry any voting rights.
Ranking	:	The RPS-B will rank on par among themselves in all respects and in priority to the ordinary shares of BJSP and any other preference shares issued from time to time, save and except for the Shareholders' loans (which shall rank in priority to RPS-A and RPS-B) and the RPS-A (which shall rank in priority to the RPS-B), but after all secured obligations of BJSP.
Status	:	The RPS-B shall not be listed or quoted on any stock exchange.

The rest of this page has been intentionally left blank

VALUATION CERTIFICATE

CBRE | WTW

C H Williams Talhar & Wong Sdn Bhd (18149-U)
30-01 30th Floor
Menara Multi-Purpose
8 Jalan Munshi Abdullah
P O Box 12157
50100 Kuala Lumpur
Malaysia

T +(6 03) 2616 8888
F +(6 03) 2616 8899
E kualalumpur@cbre-wtw.com.my
W www.cbre-wtw.com.my

Our Ref : WTW/01/V/001594/17/AH

3 January 2018

PRIVATE & CONFIDENTIAL

Malaysian Resources Corporation Berhad
Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sirs,

CERTIFICATE OF VALUATION
LOT NOS. PT 16843, PT 16844 & PT 16845
MUKIM PETALING, DISTRICT OF KUALA LUMPUR
FEDERAL TERRITORY OF KUALA LUMPUR
<u>FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD</u>

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 in relation to the proposed joint venture between Rukun Juang Sdn Bhd ("RJSB"), a 85%-owned subsidiary of MRCB Land Sdn Bhd ("MRCB Land"), which in turn is a wholly-owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB"), and Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly-owned subsidiary of the Employees Provident Fund Board ("EPF"), for the purpose of developing three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur ("Lands") ("Proposed Joint Venture"). The Proposed Joint Venture entails the following:-

i) RJSB and TWSB will co-invest in a special purpose company, namely Bukit Jalil Sentral Property Sdn Bhd ("Bukit Jalil Sentral") for purposes of jointly developing the Lands; and
ii) The proposed disposal by RJSB of the Lands to Bukit Jalil Sentral for an aggregate consideration of up to RM1,426,163,112.

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 30 November 2017 **BASED ON THE BASIS / ASSUMPTIONS AND PROVISO AS STATED IN DETAIL UNDER TERMS OF REFERENCE HEREIN** with permission to transfer, lease, charge, mortgage and free from all encumbrances is **RM1,430,000,000/- (Ringgit Malaysia : One Billion And Four Hundred Thirty Million Only)**.

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

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

CBRE | WTW

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

Our Ref: WTW/01/V/001594/17/AH

Page 2

TERMS OF REFERENCE

To assess the market value of the above mentioned property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed joint venture between Rukun Juang Sdn Bhd ("RJSB"), a 85%-owned subsidiary of MRCB Land Sdn Bhd ("MRCB Land"), which in turn is a wholly-owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB"), and Tanjung Wibawa Sdn Bhd ("TWSB"), a wholly-owned subsidiary of the Employees Provident Fund Board ("EPF"), for the purpose of developing three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur ("Lands") ("Proposed Joint Venture"). The Proposed Joint Venture entails the following:-

i) RJSB and TWSB will co-invest in a special purpose company, namely Bukit Jalil Sentral Property Sdn Bhd ("Bukit Jalil Sentral") for purposes of jointly developing the Lands; and

ii) The proposed disposal by RJSB of the Lands to Bukit Jalil Sentral for an aggregate consideration of up to RM1,426,163,112.

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

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

Lot Nos.	Plot	Land Area
PT 16843	Plot 1A	97,489 sq. m / 24.09 acres
PT 16844	Plot 2A	37,116 sq. m / 9.17 acres
PT 16845	Plot 5	173,510 sq. m / 42.88 acres
Total		308,115 sq. m / 76.14 acres

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

3. THE PROPOSED DEVELOPMENT HAS NO LOW COST COMPONENTS;

4. THE SUBJECT PROPERTY IS A VACANT LAND WITH VACANT POSSESSION. NO VALUE IS ATTRIBUTED TO ALL SITE IMPROVEMENTS INCLUDING THE BUILDINGS/STRUCTURES ERECTED ON SITE.

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

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED."
(This paragraph is required in accordance with Standard 9 of the Malaysian Valuation Standards)

CBRE | WTW

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

Our Ref: WTW/01/V/001594/17/AH

Page 3

PROPERTY IDENTIFICATION

The property : Three (3) parcels of commercial development land

Location : Within the locality of Stadium Bukit Jalil, 57000 Kuala Lumpur

Title Nos. / Lot Nos. / Plot Nos / Land Area :

Title Nos.	Lot Nos.	Plot Nos.	Land Area
HSD 120470	PT 16843	Plot 1A	97,489 sq. m / 24.09 acres
HSD 120471	PT 16844	Plot 2A	37,116 sq. m / 9.17 acres
HSD 120472	PT 16845	Plot 5	173,510 sq. m / 42.88 acres
Total			308,115 sq. m / 76.14 acres

Tenure : Leasehold 99 years expiring on 7 December 2116 (Unexpired term of about 99 years)

Category of Land Use : Building

Encumbrances : Nil

Registered Owner : PESURUHJAYA TANAH PERSEKUTUAN*

Date of Valuation : 30 November 2017

*Note**
Reference is made to the privatisation agreement dated 28 October 2015 (as amended and varied by supplemental agreements dated 29 January 2016 and 21 April 2017) entered into between RJSB, the Government of Malaysia, as represented by the Ministry of Youth and Sports ("Government") and Syarikat Tanah dan Harta Sdn Bhd in relation to the proposed refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur ("Privatisation Project"). In consideration of RJSB (as defined herein) agreeing to undertake the Privatisation Project, the Government will cause the Federal Lands Commissioner (Pesuruhjaya Tanah Persekutuan), being the current registered owner of the Lands, to transfer the Lands (as defined herein) to RJSB and/ or its nominee(s). Subsequently, RJSB (as defined herein) and TWSB (as defined herein) had entered into the Proposed Joint Venture (as defined herein). TWSB will be the joint venture partner of RJSB to jointly develop the Lands, pursuant to the Proposed Joint Venture.

GENERAL DESCRIPTION

The subject property comprises three (3) parcels of commercial land identified as PT 16843, PT 16844 and PT 16845, Mukim Petaling, District of Kuala Lumpur, Federal Territory of Kuala Lumpur.

i) PT 16843 – Plot 1A

The subject plot has a land area of 1,049,360.4 square feet / 24.09 acres and is near rectangular in shape. At the time of inspection, we noted that there is a pond located in the middle of the subject plot with an area approximately 138,520.8 square feet / 3.18 acres. The pond area is not included in our valuation as it has been carved out as per the Pre-Computation Plan prepared by Sr. Loh Sow Kam from Jurukur Bandardesa bearing plan no. JBD/WP/186/T/PCP/P1M.

We also noted that the subject plot was currently designated as Bukit Komanwel Park and several buildings / structures serving as shelter hut and hard landscape were erected on site. The building is generally constructed of reinforced concrete framework, plastered brick walls and roof are generally of timber pitched roof covered with interlocking tiles.

However, for the purpose of our valuation, we have not ascribed any value for the above mentioned buildings/structures.

During our site inspection, we noted that the site boundaries are generally not demarcated with any form of fencings and the subject lot is generally covered with light undergrowth and trees.

ii) PT 16844 – Plot 2A

The subject plot has a land area of 399,512.91 sq. ft / 9.17 acres and is near triangular in shape. At the time of inspection, we noted that there is a pond located at the north-western portion of the subject plot with an area approximately 41,382 square feet / 0.95 acres. The pond area is not included in our valuation as it has been carved out as per the Pre-Computation Plan prepared by Sr. Loh Sow Kam from Jurukur Bandardesa bearing plan no. JBD/WP/186/T/PCP/P1M.

The site boundaries are generally not demarcated with any form of fencings and the subject lot is generally covered with light undergrowth and trees. Eastern portion of the subject plot which previously accommodates second-hand car dealer has been improved with gravel.

GENERAL DESCRIPTION (Cont'd)

iii) PT 16845 – Plot 5

The subject plot has a land area of 1,867,644.29 sq. ft / 42.88 acres and is near rectangular in shape. The land area is inclusive of the existing road situated to the north of Subject Property.

At the time of inspection, we noted that a driving range, basketball courts and a few other buildings / structures were erected on the site. The building is generally constructed of reinforced concrete framework, plastered brick walls and roof are generally of timber pitched roof covered with interlocking tiles.

However, for the purpose of our valuation, we have not ascribed any value for the above mentioned buildings/structures.

We also noted that the site boundaries are generally not demarcated with any form of fencings and the subject lot is generally covered with light undergrowth and trees.

In this valuation exercise, we were unable to ascertain the exact site boundaries of the subject property. It is assumed that the land area and site dimensions of the subject property correspond with the details as shown in the site plan provided to us by the client.

Planning Provision

The subject property is designated for commercial use as per the Express Condition in the document of title.

Subject Property has a Plot Ratio of 1:6.5 and has been approved in principal by Dewan Bandaraya Kuala Lumpur vide a letter bearing reference number (15) DBKL.JPRB.5358/86/11 [OSC (B) A13 S3 160715-006(P2)] dated 2 November 2016.

Proposed Development

Based on a Market and Feasibility Study for the subject property carried out by Rahim and Co. Research Sdn Bhd dated 2 May 2017 and the information provided by the client, the proposed development will be divided into three (3) phases.

CBRE | WTW

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

Our Ref: WTW/01/V/001594/17/AH

Page 6

GENERAL DESCRIPTION (Cont'd)

Details of the proposed development are summarised as follows:-

<table>
<tr><th>Phase</th><th>Area (Acre)</th><th>Product Size (Acre)</th><th>Development Components</th><th>Type</th><th>Total GFA Exclusive of Carpark (sq ft)</th><th>Total NFA (sq ft)</th><th>No. of Car Park</th></tr>
<tr><td rowspan="18">1</td><td rowspan="18">24.09</td><td rowspan="6">7.5</td><td rowspan="3">Serviced Apartment 1</td><td>1+1 BR</td><td>449,000</td><td>314,300</td><td rowspan="3">1,693</td></tr>
<tr><td>2 BR</td><td>364,286</td><td>255,000</td></tr>
<tr><td>3BR</td><td>500,000</td><td>350,000</td></tr>
<tr><td rowspan="2">SOHO</td><td>1BR</td><td>560,000</td><td>420,000</td><td rowspan="2">938</td></tr>
<tr><td>1+1 BR</td><td>396,667</td><td>297,500</td></tr>
<tr><td>Retail Mall 1</td><td>Retail Mall 1</td><td>333,333</td><td>200,000</td><td>327</td></tr>
<tr><td>7.00</td><td colspan="5">Green Park</td></tr>
<tr><td rowspan="3">5.59</td><td rowspan="3">Serviced Apartment 2</td><td>2 BR</td><td>1,334,143</td><td>933,900</td><td rowspan="3">3,327</td></tr>
<tr><td>2+1 BR</td><td>1,355,714</td><td>949,000</td></tr>
<tr><td>3 BR</td><td>428,571</td><td>300,000</td></tr>
<tr><td>3.00</td><td>Retail Mall 2</td><td>Retail Mall</td><td>666,667</td><td>400,000</td><td>794</td></tr>
<tr><td rowspan="7">1</td><td rowspan="7">4 to 5 Star Hotel</td><td>Standard Room</td><td>138,462</td><td>90,000</td><td rowspan="7">566</td></tr>
<tr><td>Deluxe Room</td><td>138,462</td><td>90,000</td></tr>
<tr><td>Executive Suite</td><td>42,000</td><td>27,300</td></tr>
<tr><td>Family Suite</td><td>12,308</td><td>8,000</td></tr>
<tr><td>F&B</td><td>17,692</td><td>11,500</td></tr>
<tr><td>Ballroom</td><td>76,923</td><td>50,000</td></tr>
<tr><td>Meeting Room</td><td>6,154</td><td>4,000</td></tr>
<tr><td rowspan="3">2</td><td rowspan="3">9.17</td><td rowspan="3">9.17</td><td rowspan="3">Office</td><td>10-storey Office Block</td><td>662,000</td><td>496,500</td><td rowspan="3">3,089</td></tr>
<tr><td>20-storey Office Block</td><td>1,333,333</td><td>1,000,000</td></tr>
<tr><td>30-storey Office Block</td><td>600,000</td><td>450,000</td></tr>
</table>

CBRE | WTW

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

Our Ref: WTW/01/V/001594/17/AH

Page 7

GENERAL DESCRIPTION (Cont'd)

Phase	Area (Acre)	Product Size (Acre)	Development Components	Type	Total GFA Exclusive of Carpark (sq ft)	Total NFA (sq ft)	No. of Car Park
3	42.88	1.05	Apartment 5 (low rise)	1,200 sf	179,200	134,400	291
				2,400 sf	64,000	48,000	
		33.83	Apartment 1	2 BR	2,314,286	1620,000	14,300
			Apartment 2	2+1BR	2,514,286	1,760,000	
			Apartment 3	3BR	2,914,286	2,040,000	
			Apartment 4	4BR	2,400,000	1,680,000	
				4+1BR	428,571	300,000	
		4.00	Shop office	4-storey shop	1,101,760	826,320	1,543
		4.00	Show Gallery	4-Storey Show Gallery	219,429	153,600	308

METHOD OF VALUATION

The subject property is valued using the Income Approach (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 Approach of Valuation. The Comparison Approach 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, based on the feasibility study prepared by Rahim & Co Research Sdn Bhd headed by Sr. Sulaiman Akhmady Mohd Saheh and our investigation, the proposed development will be divided into three (3) phases with a total development period of 14.5 years.

The propose development period has been divided into three (3) main phases with each sub-phases estimated to complete within three (3) to four (4) years maximum. We are of the opinion that the estimated development period for each phase is reasonable and is in line with the industry practice.

Furthermore, based on our observation and survey, take up rates for similar development schemes within the vicinity are generally good and hence the above estimated development period is reasonable.

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 RM11,847,518,285/- as tabulated below:-

Usage	Proposed Selling Price (RM psf)	Justification
Serviced Apartment / SOHO	RM700 psf to RM900 psf	Based on our analysis of the transacted prices and developer's selling price of serviced apartment/SOHO within the locality, the adjusted values range from RM879 to RM963 per square foot
Apartment/ Condominium /Premium Condominium	RM650 psf to RM 950 psf	Based on our analysis of the transacted prices and developer's selling price of condominium/premium condominium within larger vicinity, the adjusted values range from RM665 to RM836 per square foot. We have made an upward adjustment for the premium condominium (low rise) in view of its exclusive features compared to other normal condominiums.
Shop Office	RM800 psf	Based on our analysis of the transacted prices of shop offices within Klang Valley, the adjusted values range from RM748 to RM813 per square foot

CBRE | WTW

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

Our Ref: WTW/01/V/001594/17/AH

Page 9

VALUE CONSIDERATION (Cont'd)

Usage	Proposed Selling Price (RM psf)	Justification
Retail Mall/Shopping Mall	RM1,000 psf to RM1,100 psf	Based on our analysis of the transacted prices of retail mall/shopping mall within a larger vicinity, the adjusted values range from RM853 to RM1,051 per square foot
Hotel	RM 800,000/- per room	Based on our analysis of the transacted prices of hotel within a larger vicinity, the adjusted prices range from RM694,938 per room to RM823,333 per room. The proposed hotel is to be developed into a 4 to 5 star category. For the purpose of this valuation, we have adopted the selling price of RM800,000/- per room.
Offices	RM750 psf to RM 800 psf	Based on our analysis of the transacted prices of offices within larger vicinity, the adjusted values range from RM705 to RM804 per square foot.
Show Gallery	RM800 psf	There is a dearth of transaction recorded for the show gallery, however due to its similarity with the shop offices, we have adopted the selling price as per the shop office. Based on our analysis of the transacted prices of shop offices within Klang Valley, the adjusted values range from RM748 to RM813 per square foot.
Car Park	RM35,000 per bay	Based on our analysis of the transacted prices of car park within Klang Valley, the adjusted values range from RM34,000 to RM68,000 per bay.

The above Gross Development Value is based on the comparison analysis of each development component and therefore we concluded that the above prices is fair and reflective of the market after taking into consideration the necessary adjustment factors and also in-line with the proposed selling price in the Rahim & Co Feasibility Study report.

This assumption was made after taking into consideration all necessary adjustment in relation to the location, size, building age, tenure, public transportation and others against all selected comparables.

CBRE | WTW

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

Our Ref: WTW/01/V/001594/17/AH

Page 10

VALUE CONSIDERATION (Cont'd)

(b) Gross Development Cost (GDC)

The total Gross Development Cost (GDC) is estimated at RM9,035,324,338/-.

Based on the Market and Feasibility Study prepared by Rahim & Co Research Sdn Bhd dated 2 May 2017 and JUBM Langdon Seah Construction Cost Handbook Malaysia 2017 as well as our investigation, the total Gross Development Cost (GDC) inclusive of developer's profit is estimated at RM9,035,324,338/- based on the following material parameters:-

<table>
<tr><th>Items</th><th colspan="2">Rate Adopted</th><th>Justification</th></tr>
<tr><td>Earthwork and Site Clearance</td><td colspan="2">RM300,000 per acre</td><td>The cost is estimated on the cost for the earthwork and site clearance of the subject property.</td></tr>
<tr><td rowspan="12">Building Cost</td><td>Serviced Apartment</td><td>RM200 psf</td><td rowspan="12">Based on the estimated cost by the quantity surveyors and construction cost consultants provided by the client and our investigations.</td></tr>
<tr><td>SOHO</td><td>RM220 psf</td></tr>
<tr><td>Retail Mall 1</td><td>RM300 psf</td></tr>
<tr><td>Retail Mall 2</td><td>RM340 psf</td></tr>
<tr><td>4 to 5 star Hotel</td><td>*RM468 psf</td></tr>
<tr><td>Offices</td><td>RM220 psf</td></tr>
<tr><td>Premium Condominum (Low Rise)</td><td>RM250 psf</td></tr>
<tr><td>Condominium</td><td>RM200 psf</td></tr>
<tr><td>Shop Offices</td><td>RM180 psf</td></tr>
<tr><td>Show Gallery</td><td>RM180 psf</td></tr>
<tr><td>Elevated Car Park</td><td>RM90 psf</td></tr>
<tr><td>Basement Car Park</td><td>RM120 psf</td></tr>
<tr><td>Infrastructure Works</td><td colspan="2">RM600,000 per acre</td><td>The cost is estimated based on our survey and enquiries with developers.</td></tr>
<tr><td>Finance Cost</td><td colspan="2">8.00% on 30% of total estimated cost of construction</td><td>The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Rate 6.85% per annum plus security margin of 1.00% to 2.50% per annum.</td></tr>
<tr><td>Professional Fees</td><td colspan="2">7.00% of total estimated cost of construction</td><td>The rate which is adopted at 7.00% is line with the industry standard.</td></tr>
<tr><td>Developer's Profit and Risk</td><td colspan="2">15% of GDV</td><td>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.</td></tr>
<tr><td>Development Period</td><td colspan="2">14.5 years</td><td>Estimation of development period is 14.5 years in line with the feasibility study prepared by Rahim and Co Research Sdn Bhd.</td></tr>
<tr><td>PV Rate</td><td colspan="2">8.00% per annum</td><td>In tandem with finance rate based on our enquiries with financial institutions.</td></tr>
</table>

**Note: Average cost over total Hotel GFA*

The market value of the subject property is derived at RM1,430,000,000/-.

VALUE CONSIDERATION (Cont'd)

Comparison Method

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

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Sevices Department (JPPH)	Bursa Announcement Dated 11 May 2015	Bursa Announcement Dated 14 August 2014
Lot No, Town, District and State	Lot 481123, Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Lot 72241, PT 194, PT 193 & PT 215, Bandar Petaling Jaya, and PT252 Mukim of Damansara, District of Petaling, Selangor	Part of Parent Lot No. 3636, Mukim of Sungai Buloh, District of Petaling, Selangor
Location	Located along Jalan Lembah Ledang	Located next to Western Digital in Sungai Way Free Trade Zone	Plot MX-1, located within Kwasa Damansara Development, Along Jalan Sungai Buloh, 47800 Petaling Jaya, Selangor
Type	Mixed development land	Commercial land	Commercial land
Tenure	Term in perpetuity	Leasehold 99 years expiring on 12 August 2106	Leasehold 99 years
Land Area (sq metres)	77,450	68,780.09	259,282.30
Land Area (sq feet)	833,664	740,342	2,790,889
Land Area (acres)	19.14	17.00	64.07
Plot Ratio	1:5	1:4	1:4
Date	23 December 2016	11 May 2015	14 August 2014
Consideration	RM646,000,000/-	RM286,000,000/-	RM1,166,500,000/-
Vendor	Pesuruhjaya Tanah Persekutuan	Kelana Resort Sdn Bhd & Viva Variasi Sdn Bhd	Kwasa Land Sdn Bhd
Purchaser	Jakel Land Sdn Bhd	Sunway Dimension Stones Sdn Bhd	Malaysian Resources Corporation Berhad
Analysis (RM per sq metre)	RM8,341/-	RM4,158/-	RM4,499/-
Analysis (RM per sq foot)	RM775/-	RM386/-	RM418/-
Adjustment	Adjustment is made on Location – General, Accessibility, Shape, Size, Tenure, Planning Approval, Plot Ratio, LRT Station and Transfer of land period		
Adjusted Value (RM per sq. metre)	RM4,588/-	RM4,574/-	RM5,174/-
Adjusted Value (RM per sq. foot)	RM426/-	RM425/-	RM481/-

VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

The adjusted land values range from RM425 per square foot to RM481 per square foot.

We have adopted Comparable 1 as the best comparable as it represent the latest transaction in the market.

We have adopted a round up sum at RM430 per square foot.

The total market value based on RM 430 per square foot is RM1,426,103,170/-, say RM1,430,000,000/-.

Reconciliation of Value

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

Residual Method	-	RM1,430,000,000/-
Comparison Method	-	RM1,430,000,000/-

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

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 30 November 2017 BASED ON THE BASIS/ASSUMPTIONS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE and free from all encumbrances is RM1,430,000,000/- (Ringgit Malaysia: One Billion And Four Hundred Thirty 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)

EXECUTIVE SUMMARY OF FEASIBILITY REPORT

Rahim&Co
international property consultants

Our Ref: 30VM5516015

Rahim & Co Research Sdn Bhd
(200137-X)
Level 17 Menara Liberty
1008 Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T | +(603) 2691 9922
F | +(603) 2691 9992
E | research@rahim-co.com

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

www.rahim-co.com

2 May 2017

Malaysian Resources Corporation Berhad
Level 30, Menara Allianz Sentral,
No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur

Dear Sirs,

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

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

This Market and Feasibility Study Certificate has been prepared for inclusion in the circular to the shareholders of MRCB dated 4 MAY 2018 .

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

1.0 SITE ANALYSIS

1.1 Site Location

The Subject Site comprises of 3 plot of land which are identified as Exchange Land 1 (Plot F & G), Exchange Land 2 (Plot I) and Exchange Land 3 (Lot 38207). Combine land area for Plot F, G, I & Lot 38207 is 76.14 acres. Generally, the subject site is located within Bukit Jalil areas close proximity to Bukit Jalil National Sports Complex (within 10-15 minutes walking distance). The subject sites are situated on the north of Bukit Jalil National Sports Complex.

Plot F & G are fronting Jalan Barat and MEX Highway, MEX Highway is an elevated highway which runs along the same alignment as Jalan Barat. There's an existing lake which separates the two plots. Plot I is fronting Jalan Merah Cagar and KESAS Highway whilst Lot 38207 fronting onto KESAS Highway. Plot I separated from Plot F & G by LRT alignment and Sungai Kuyoh.

1.2 Site Description

As mentioned earlier, combined land area of Plot F, G, I & Lot 38207 is 76.14 acres. Table 1.2 describe the individual land parcels information. The lands are freehold land and fall under DBKL Jurisdiction but when the client get the land pursuant to the privatisation agreement, it will be a 99-years leasehold land.

Table 1.1 & 1.2 below describe the salient point and immediate surrounding attributes regarding the Subject Sites.

Table 1.1

Topography	Flat and hilly terrain
Land Shape	Irregular shape
Immediate Surroundings	
Northern	Shah Alam Expressway (KESAS), Endah Parade, Endah Villa, Bandar Baru Sri Petaling and Sri Petaling LRT Station.
Eastern	Sungai Besi IWK Sewage Treatment Plant (STP), Plus Highway, PPR Raya Permai Sg Besi
Southern	National Hockey Stadium, Bukit Jalil National Stadium, Bukit Jalil LRT Station, Carpark A & B, Bukit Jalil Food Court, Parkhill Development
Western	International Medical University, Vista Komanwel Apartment and Covillea Apartment.

Table 1.2	
Locality	Bukit Jalil (Mukim Petaling, Kuala Lumpur)
Local Authority Jurisdiction	Dewan Bandaraya Kuala Lumpur (DBKL)
Land Size Parcel 1 *(Exchange Land 1)*: Plot F&G Parcel 2 *(Exchange land 2)*: Plot I Parcel 3 *(Exchange Land 3)*: Lot 38207	Plot F &G : 24.09 acres *(excluding the lake)* Plot I : 9.17 acres *(excluding the lake)* Lot 38207: 42.88 acres **TOTAL : 76.14 acres**
Lot No Parcel 1 *(Exchange Land 1)*: Plot F&G Parcel 2 *(Exchange Land 2)*: Plot I Parcel 3 *(Exchange Land 3)*: Lot 38207	Plot F : part of PT 2875 Plot G : part of PT 2875 Plot I : part of Lot 35323 Lot 38207 : Lot 38207
Express Condition	Nil
Category of Land Use	"Tidak Dinyatakan"/ Nil
Restriction in Interest	Not stated
Current Usage	Plot F : Park Plot G : Commonwealth Hill (Recreational Park) Plot I: Bukit Jalil Auto City Lot 38207: Extreme Sports Park (also site for the formerly proposed Motor Sports Training Centre)

1.3 Site Linkages

The location of the subject site is strategic whereby all major centres such as Kuala Lumpur, Petaling Jaya and Shah Alam could be reached between 12-32 minutes driving time.

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

Destination	Distance (km)	Driving Time (mins)
Seri Kembangan	6	12
Cheras	10	18
Puchong	14	17
Subang Jaya	16	20
Kuala Lumpur City Centre	16	27
Bandar Baru Bangi	17	22
Petaling Jaya	17	32
Cyberjaya	24	27
Shah Alam	25	27
Kepong	25	35
Putrajaya	26	29
Kota Damansara	28	32
Klang	33	27

1.4 Site Accessibility & Public Transport Facilities

At micro level, accessibility to the subject site is good. The subject Sites are well connected to major highways such as Shah Alam Expressway (KESAS) and MEX Highway. Subject site is accessible through Jalan Barat via Shah Alam Expressway (KESAS), Jalan Merah Cagar and Jalan Jalil Perkasa 7. Looking into more detail, Exchange Land 1 enjoys direct access from Jalan Barat which runs along its western boundary. Whilst Exchange Land 2 & 3 enjoys direct access from Jalan Merah Cagar but in the near future there will be a SUKE Highway which is the Exchange Land 3 will have a direct access to. Currently, based on our observation on Jalan Merah Cagar, the road is congested at Bukit Jalil LRT station particulary during Peak Hours (morning & after office).

The subject Sites are within walking distance to 2 LRT station namely Sri Petaling and Bukit Jalil Station. There is a new proposed MRT Line 2, Sungai Besi Station which is located within a 2km radius from the Subject Sites. There are many bus stations within the Subject Sites vicinity. There are 3 bus stations at the Subject Sites boundary parameter. With 2 LRT Stations, 3 Bus Stations and proposed Sungai Besi MRT Line 2 station within 2km, indeed enhances the Subject Sites potential & comparative advantage.

1.5 Planning Investigation

The Subject Site falls under the jurisdiction of Kuala Lumpur City Council (DBKL). Based on our verbal enquiries, the Subject Site is zoned as Public Open Space under the Kuala Lumpur Draft Local Plan 2020. However, the land use has been changed to commercial used with a plot ratio of 1:6.5 and approved by DBKL.

(The rest of this page is intentionally left blank)

2.0 PROPERTY MARKET & COMPETITORS ANALYSIS

2.1 Market Study Area

- Putting the subject Sites in its context where it sits within a matured area population as well as the activities, the competitors analysis will cover a 3km radius from subject sites.
- The study area shall cover the following areas:
  North - Kuchai, OUG and Sri Petaling
  East - Sungai Besi, Cheras and Bandar Tasik Selatan
  South - Seri Kembangan, The Mines and Serdang
  West - Taman Perindustrian OUG, Bukit OUG and part of Bandar Kinrara.
- However, we would like to note that there are limited or no purpose built office competitors within the areas covered above. We then will look into other suburban centres within Klang Valley for example Petaling Jaya North (Bandar Utama, Kota Damansara and Damansara Perdana) for the Purpose Built Office component.

a) Condominium & Serviced Apartments

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

Development Scheme	Location	Built-up Area (sf)	Selling Price (RM psf)
Savanna 2 Lowrise Condominium	Bukit Jalil (opposite Bukit Jalil Country Golf Club)	1,605-2,079	717-798
KM1 West	Bukit Jalil	1,335-1,508	668-672
Savana Condominium	Bukit Jalil (opposite Bukit Jalil Country Golf Club)	1,211-1,281	530-694
Kiara Residence 1	Bukit Jalil	1,050-1,454	512-562
KM 1 East	Bukit Jalil (facing Bukit Jalil Gold & Country Resort)	1,878-2,346	939-961
The Treez	Bukit Jalil	1,700-4,647	598-668

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

Development Scheme	Location	Built-up Area (sf)	Selling price (RM psf)	Launched	Expected Completion
Parkhill Residence@ Bukit Jalil	Bukit Jalil (opposite Bukit Jalil National Sports Complex)	1,100-1,300	600-610	2015	2019
Twin Arkz	Bukit Jalil (opposite Jalil Link)	1,025-1,521	580-630	2013	August 2017
The Link 2	Bukit Jalil (opposite Bukit Jalil Recreation Park)	667-1,218	690-720	2014	February 2018
The Rainz	Bukit Jalil (opposite KESAS Highway)	1,513-1,930	580-630	2014	March 2018
The Park Sky Residence	Bukit Jalil (opposite Bukit Jalil Highway)	868-1,565	790-821	2015	Q2 2019
The Park 2	Bukit Jalil	868-1,565	895-979	2016	Q2 2020
Waltz Residences	OUG	948-1,691	780-816	September 2016	July 2020
Denai Sutera@ Alam Sutera	Bukit Jalil (opposite Bukit Jalil Highway)	1,130-1,496	536-550	2014	August 2017
The Andes	Bukit Jalil	1,105-1,846	610-620	2015	2018
Casa Green	Bukit Jalil	1,003	489-688	2015	2018
The Harve	Bukit Jalil	1,023-1,239	550	October 2016	2020

- We have conducted a pricing analysis on existing and upcoming supply of condominium within the immediate vicinity which includes surroundings in Bukit Jalil.
- From our observation, the price benchmark in the area is RM536-RM979 psf for existing developments.
- The latest launched units are The Park 2 and Waltz Residence (2016) which are priced above RM895 psf and RM780 psf respectively. Other developments were launched in 2013, 2014 and 2015.

b) SOHO

The definition of SOHO, SOVO and SOFO are as follows:

SOHO: Small-office-home-office that offers the convenience of incorporating living area and workspace. Built on commercial properties, its small size is a result of economic and lifestyle considerations.
SOVO: Small-office-virtual-office that offers fully equipped with telecommunication and infrastructural facilities that allow for immediate business start-ups.
SOFO: Small-office-flexible-office that offers flexibility for purposes of residential or commercial or both. The units are void of an internal partition allowing occupants to customize it.

As there were no supply of SOHO within the study area, thus we have study SOHO within Kuala Lumpur.

Selected existing comparable SOHO transactions in the vicinity are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling Price (RM psf)
Centrio SOHO@Pantai Hillpark	Lembah Pantai	623-1,361	740-842
The Scott SOHO	Jalan Klang Lama	775-1,905	578-608
Flexis @ One SoHo	Seri Kembangan	475-1,271	550-632
Binjai 8 Premium Soho	Lorong Binjai, KL	753-1,784	990-1,275
Soho Suites KLCC	Jalan Perak, KL	530-620	1,526
Summer Suites	Off Jalan Sultan Ismail, KL	469-1,347	1,098-1,322
Axis SoHu	Kampung Pandan	530-982	720-774

- The existing competitors which are not within commercial settings selling at lower price level e.g. The Scott SOHO, Centrio SOHO @ Pantai Hillpark, Flexis @ One SoHo and Axis SoHu (RM550-842 psf) as compared to those within commercial settings command higher pricing i.e. Binjai 8 Premium Soho and Soho Suites KLCC (RM990-1,526 psf).

Selected upcoming comparable SOHO transactions in the vicinity are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling price (RM psf)	Launched	Expected Completion
Cube @ One South	One South, Seri Kembangan	445-449	880	2014	2017
3 Towers	Jalan Ampang, KL	399-2,045	730-1,053	2013	2017
28 BLVD	Pandan Perdana, Cheras	450-2,174	640-889	2015	2019
Paramount Utropolis	Seksyen U13, Shah Alam	447	NA	2014	2017
Liberty Tower	i-City, Shah Alam	466-767	810-860	2014	2018
Parisien Tower	i-City, Shah Alam	466-797	815-865	2015	2018
Highpark Suites	Kelana Jaya, Petaling Jaya	452-840	970-997	2015	2019

- As observed, there are a few upcoming developments within the vicinity.
- The upcoming SOHO are priced between RM640-1,053 psf.

c) Purpose Built Office

Existing purpose built offices within the studied suburban centre:

Building Name	Location	NLA (sf)	Average Rental Rates (RM psf)	Occupancy Rates
Menara Glomac @Glomac Damansara	Damansara	540,000sf	RM5.25psf	100%
Surian Tower	Mutiara Damansara	280,000sf	RM5.25psf	100%
Menara UAC	Mutiara Damansara	141,341sf	RM5.25psf	100%
Menara Mudajaya	Mutiara Damansara	200,000sf	RM4.85psf	100%
Plaza 33 hyperoffice	Petaling Jaya	500,000sf	RM5.25psf	100%
1 First Avenue	Bandar Utama	630,000sf	RM5.65psf	100%
PJ exchange (PJX)	Petaling Jaya	300,000sf	RM5.25psf	90%
UOA 1 Damansara	Damansara Height	190,922sf	RM4.85psf	100%
Wisma UOA Damansara II	Damansara Height	296,850sf	RM5.75psf	100%
HP Tower	Damansara Height	348,322sf	RM5.25psf	95%
Menara Millenium	Damansara Height	562,540sf	RM5.50psf	100%

- As there were limited supply of good offerings of Purpose Built Offices within the studied area, thus we have studied purpose built offices in other suburban centres i.e. Petaling Jaya North (Kota Damansara, Bandar Utama and etc.) as well as Petaling Jaya.
- Existing purpose built offices within the suburban centres have recorded excellent occupancy rates at 90% to 100%.
- The average rental rates are in the range of RM4.85 to RM5.75 psf.

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

Year	Buildings	Location	Net Lettable Area (sf)	Consideration(RMpsf)
2011	Menara Multi-Purpose	Jalan Munshi Abdullah	541,424	693
2011	Pavilion Tower	Bukit Bintang	167,407	738
2011	Menara Prudential	Jalan Sultan Ismail	78,300	962
2011	Bangkok Bank @ Berjaya Corporate Suites	Jalan Sultan Ismail	105,950	952
2012	Tower 8 Horizon Ph2	Bangsar South	N/A	938
2012	Menara Tun Razak	Jalan Tun Razak	311,530	1,160
2012	Wisma UEP (ARREIT)	Subang	90,541	442
2013	East Wing of The Icon	Jalan Tun Razak	278,182	844
2013	Petronas Twin Towers	KLCC	296,876	2,052
2013	Menara 3 Petronas	KLCC	812,806	1,588
2013	Menara Exxon Mobil	KLCC	379,934	1,147
2013	Menara PMI	Jalan Changkat Ceylon	104,011	577
2013	Menara 238 (formerly Menara Marinara)	Jalan Tun Razak	460,000	420
2013	Menara PJD	Jalan Tun Razak	796,355 (GFA)	531
2013	The Horizon Phase 1, Tower 1	Bangsar South	61,700	1,175
2013	The Horizon Phase 1, Tower 3	Bangsar South	180,973	1,190
2013	The Horizon Phase 1, Tower 7	Bangsar South	71,552	894
2014	Platinum Sentral	KL Sentral	450,000	1,667
2014	ING Tower (19 office parcels + 190 car park bays)	Jalan Ampang	160,413	825
2014	Menara CIMB	KL Sentral	605,000	1,091
2015	Integra	KLCC	760,715	1,393
2016	Cap Square Tower	Jalan Munshi Abdullah	601,574	850
2016	Menara Shell	KL Sentral	557,053	1,149

- Purpose built offices transacted in year 2014 and 2016 were sold within the range between RM825psf to RM1,667psf.
- The latest transacted purpose built office within Klang Valley is Menara Shell which was transacted at RM1,149psf.

d) Shops/ Shop Offices

Transactions of Selected Comparable Shop Offices are as follows:

Development Scheme	Location	Built-up Area (sf)	Selling price (RM psf)
Aked Esplanad	Bukit Jalil	3,600 - 5,760	523
The Earth	Bukit Jalil	6,720 – 9,000	759
The Link	Bukit Jalil	4,950 – 6,600	850-869
Bukit Jalil Integrated Business Park	Bukit Jalil	5,126	364
OUG Parklane	OUG	2,558 – 7,832	684-790
Tiara Mutiara 1	OUG	4,097	727
Jalan Radin Bagus 6	Sri Petaling	5,280	757
The Trillium	Sungai Besi	4,805-26,794	481-541
Central SOHO Shopoffices	Sungai Besi	3,500-4,800	800
The Link 2	Bukit Jalil	7,992-11,988	632-676
Rivertree Avenue	Serdang	3,960-5,400	695-707

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

- There are 4 existing development schemes in Bukit Jalil which comprise shop offices, namely Aked Esplanade, The Earth, The Link and Bukit Jalil Business Park. Other existing shop offices within 3km radius are OUG Parklane, Tiara Mutiara 1 and Sri Petaling.
- 3 storey shop offices are selling between RM2,205,000 to RM4,300,000 whilst 4 storey shop offices are transacted between RM3,460,000 to RM5,610,000.
- Selling price per square foot for existing shop offices ranges between RM364psf to RM869psf.
- Upcoming 3 storey shop offices are selling between RM2,800,000 to RM8,149,680 whilst 4 & 6 storey shop offices (The Link 2) are transacted at RM5,400,000-RM7,576,416 (The Link 2). The selling price per square foot for upcoming shop offices ranges between RM632psf to RM968psf.

(The rest of this page is intentionally left blank)

e) Retail/Shopping Complex

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

Building Name	Location	NFA/NLA (sq ft)	Transaction/ Revaluation Year	Transacted Price (RM)	Value psf (RM psf)
Starhill Gallery	Bukit Bintang	297,354	2010	629,000,000	2,115
Lot 10 Shopping Centre	Bukit Bintang	256,811	2010	401,000,000	1,561
Sunway Pyramid	Bandar Sunway	1,685,568	2010	2,132,025,000	1,265
Pavilion Mall	Bukit Bintang	1,335,119	2011	3,190,300,000	2,390
Midvalley Megamall	Midvalley City	1,718,951	2014R	3,610,000,000	2,100
Part of Sg Wang Plaza	Bukit Bintang	450,470	2014R	824,000,000	1,829
The Gardens Mall	Midvalley City	817,053	2014R	1,280,000,000	1,567
The Mines	Mines Resort City	719,563	2014R	680,000,000	945
Festival Mall	Setapak	487,342	2014	349,000,000	716
Subang Parade	Subang Jaya	504,151	2014R	406,800,000	807
Tropicana City Mall	Petaling Jaya	448,248	2015	440,503,299	983
USJ Mall (Damen)	Subang	420,920	2015	488,000,000	1,159
Intermark Mall	Jalan Tun Razak	200,000	2015	160,000,000	711

- During the year 2010 to 2015, the market value for retail mall ranges from RM945 to RM2,390psf. There are few revaluation carried out in 2014 such as The Gardens Mall, Midvalley Megamall, Sg.Wang Plaza and The Mines with each saw a capital appreciation of 10%, 5%, 14% and 28% respectively.
- The market value for tier 1 ranges from RM2,100 to RM2,390psf. Pavilion Mall was transacted at RM2,390psf and Starhill Gallery at RM2,115psf in 2010.While Midvalley Megamall was valued at RM2,100 in 2014. Tier 2 ranges from RM1,265 to RM1,829psf. Sg.Wang Plaza reached RM1,829psf, The Garden Mall at RM1,567psf, Lot 10 Shopping Centre at RM1,561psf and Sunway Pyramid at RM1,265psf.
- There were 2 retail malls in Klang Valley changed hand in this year, Capita Malls Malaysia Trust (CMMT) has entered into a Sale and Purchase Agreement to acquire Tropicana City Mall and office tower for a total consideration of RM540million (RM983psf). Meanwhile, Pavilion has recently proposed to acquire USJ Mall (Damen) in Subang for RM488million (RM1,159psf).

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

Building Name	Location	NFA/NLA (sq.ft.)	Completion Year
Pavilion Bukit Jalil	Bukit Jalil	1,320,000	2019
Paradigm 2	OUG	1,500,000	2021
Maju Linq	Bandar Tasik Selatan	200,000	End 2017

- Paradigm Mall OUG, Pavilion in Bukit Jalil City & Maju Linq will add in another 1.32 million sf NLA, 1.50 million sf and 200,000 sf, respectively.
- Considering the two major retail malls to be injected in the area, the positioning for retail offering at the subject site will be on a complementary basis rather than competing. This implies a strategy to create a mall with a different niche market which would be in the form of a concept lifestyle mall – synergized with the overall land uses within the overall development.

f) Hotel

Selected transactions of hotels

Hotel Name	Transaction / Revaluation Year	Value per room
Mandarin Oriental Kuala Lumpur	2004 T	933,126
The Westin	2007 T	1,006,637
*Coronade Hotel	2010 R	413,333
Sky Express Hotel	2012 R	315,789
Radius Hotel	2012 R	349,345
*Vistana Penang Bukit Jambul	2013 R	266,979
Vistana Kuala Lumpur Titiwangsa	2015 R	329,670
*Vistana Kuantan City Centre	2015 R	395,349
Pyramid Tower Hotel	2015 R	537,341
JW Marriot Hotel	2015 R	693,405
*Tanjong Jara Resort	2015 R	718,519
*Cameron Highlands Resort	2015 R	1,010,101
*Pangkor Laut Resort	2015 R	1,035,714
Sunway Resort Hotel & Spa	2015 R	1,164,948
The Ritz Carlton Kuala Lumpur	2015 R	1,199,095
The Residences at The Ritz-Carlton, Kuala Lumpur	2015 R	1,247,012
Double Tree Hotel by Hilton	2015 R	718,519
Renaissance Kuala Lumpur	2016 T	840,659
A Loft KL	2016 T	868,672

** : Outside Klang Valley, under REIT*

***T** : Transaction*
***R** : Revaluation*

- Based on the analysis of past hotel transactions, analysed transaction prices per room until 2016 had been hovering between RM266,979 and RM1.25million per room. Latest transactions of Aloft Hotel and Renaissance Kuala Lumpur recorded RM868,672 and RM840,569 per room.
- Overall, the average value of hotel room is approximately RM739,169 per room.

Occupancy Rates of selected Existing Hotels in Kuala Lumpur in year 2016

Hotel Name	Location	No. of Rooms	Star Rating	Occupancy Rates
Grand Seasons Hotel	Jalan Pahang	800	4	75%
Vistana Hotel	Pekeliling	362	4	60%
Corus Hotel	Jalan Ampang	388	4	50%
Somerset Hotel	Jalan Ampang	247	4	70%
Micasa All Suites	Jalan Tun Razak	242	5	60%
G Tower	Jalan Tun Razak	180	5	80%
Sunway Putra Hotel	Jalan Putra	650	5	50%
Double Tree Hilton Hotel	Jalan Tun Razak	540	5	80%
Sheraton Imperial Hotel Kuala Lumpur	Jalan Sultan Ismail	385	5	78%
Seri Pacific Hotel	Jalan Putra	560	5	60%

- Study on 10 selected hotels which are 4 & 5-star hotels that are concentrated in Kuala Lumpur city center revealed that the occupancy rates were holding up at between 50%-80%. G Tower Hotel & Double Tree Hilton Hotel achieved high occupancy rates of 80% in 2016.

Upcoming Supply of Hotels in Kuala Lumpur

Name	Location	Star Rating	No. of Room	Exp. Completion
Jumeirah Hotel	Jalan Ampang	5	190	2021
W Hotel & Residences	Jalan Ampang	5	150	2018
Fairmont KL	Jalan Ampang	5	750	2020
Four Seasons Place	Jalan Ampang	5	209	2018
The Ruma	Jalan Kia Peng	5	250	Mid 2018
Kempinski Hotel	Jalan Conlay	5	260	2020
Banyan Tree	Jalan Conlay	5	94	End 2017
Equatorial Hotel	Jalan Sultan Ismail	5	450	2018

2.2 Market Summary

Condominium & Serviced Apartment Market Sector

- Good take-up rate observed for Condominium & Serviced Apartment whereby the average take-up rate for upcoming development is 85%.
- High Price acceptance for upcoming Condominium & Serviced Apartment ranging from RM489psf to RM979 psf with an average of RM734 psf.
- The Park 2 recorded higher prices with RM979 as it is located at Bukit Jalil City.
- Condominium & Serviced Apartment project with fast take up rate offer built up range from 661sf – 1,691sf.
- Most of upcoming project offers modern design, image & lifestyle.

SOHO Market Sector

- As there were limited supply of good offerings of SOHO within the study area, thus we have study SOHO within Klang Valley.
- The average take-up rate for existing development is 97.9% and for the upcoming development is 83.7%
- High Price acceptance for existing Soho ranging from RM400 to RM1,360 with an average RM880 whilst for the upcoming Soho the price acceptance is RM640psf to RM1,053 psf with an average of RM847 psf.

Purpose Built Office Market Sector

- As there were limited supply of good offerings of Purpose Built Office within the study area, thus we have study purpose built office in other suburban centres i.e. Petaling Jaya North (Kota Damansara, Bandar Utama and etc.) as well as Petaling Jaya.
- Existing purpose built offices within the suburban centres have recorded excellent occupancy rates at 90% to 100% which is an average about 95%.
- The rental rates are in range of RM4.50 to RM6.00 psf.

Retail Market Sector

- There is already plenty number of existing retail from regional mall, sub-regional mall and neighbourhood mall within the study area.
- The nearest retail area within subject site is Endah Parade.
- Average occupancy rate for existing retail is 71.6% and the visitors to malls is thriving especially during weekdays (night) and weekends as we can see from the heavy traffic flow and space availability of the parking lots.

Shops Market Sector

- There are 3 development schemes in Bukit Jalil which comprises shop offices, namely Aked Esplanade, The Earth and The Link. Others existing shop offices within 3km radius are OUG Parklane, Tiara Mutiara 1, Sri Petaling and The Trillium.
- The existing 3 storey shop offices are selling between RM1,700,000 to RM4,000,000 whilst 4 storey shop offices were transacted between RM5,100,000 to RM5,600,000.
- Selling price per square foot for existing shop offices range between RM364psf to RM869psf.

- The upcoming 3 storey shop offices are selling between RM2,800,000 to RM8,200,000 whilst 4 storey shop offices were transacted at RM5,300,000 (The Link 2)
- Selling price per square foot for upcoming shop offices range between RM632psf to RM968psf.

Hotel Market Sector

- Supply of Hotel room for both existing and upcoming competitors within the study area is 8,545 rooms.
- The highest occupancy rate is 85% for Putra KL Hotel followed by Double Tree Hilton Hotel and G Tower located at Jalan Tun Razak at 80% and the lowest occupancy rate is 48% for City Villa Hotel.

(The rest of this page is intentionally left blank)

3.0 STRATEGIC EVALUATION

3.1 SWOT Analysis

Strength

Location advantages
Bukit Jalil has been earmarked as one of the international zones in Kuala Lumpur Structure Plan 2020 and will be developed as a high end residential area. It is strategically located close to KL city centre and surrounded by well-established neighbourhoods e.g. Puchong, OUG, Sg. Besi, Seri Kembangan etc. Good connectivity to major arterial roads and various highway / expressway such as MEX Highway, Shah Alam Expressway (KESAS), Bukit Jalil Highway and PLUS Highway. Other than that, a new upcoming SUKE Highway have a direct access to the Exchange Land 3.

Site advantages
A lake is sited between Plot F & G and Sg Kuyoh next to Plot I, providing natural settings for both sites. Part of the Commonwealth Hill Park within Plot G can be maintained and to be capitalize as development catalyst, where everyone is creating greens, the site has an existing green offer. Higher terrain in Plot G & Lot 38207 is an advantage in development design, higher platform provides better view.

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

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

Weakness

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

The Subject Site comprises 4 parcels of lands which are not contiguous and are separated either by lake, LRT alignment, river or main arterial road. Connectivity between parcels needs to be created particularly on Parcel G where the main retail mall and hotel are located. Limited accessibility to the development may bring hassle to the ingress and egress to the site.

Opportunity

Market

Property market of Bukit Jalil and its surrounding including OUG & Puchong have been very active since the announcement of the Ampang LRT line extension in year 2012. Many high rise residence have been developed such as Skyluxe, The Park 2 and others. And now, the locals will see another 2 big players i.e. WCT and Malton entering the market with integrated development concepts. Acceptance of local market on higher pricing level showed good demand proven with good take up rate of The Park 2 (launched September 2016) in Bukit Jalil City.

Amenities & Facilities

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

Accessibility & Linkages – It has multiple highway access like KESAS Highway, Bukit Jalil Highway, Kuala Lumpur –Seremban Highway and MEX Highway. It also has 2 existing LRT stations (Sri Petaling & Bukit Jalil).

Timing

As the property market is seen to soften in 2015 and 2016, this movement is seen to continue on in 2017 but certain areas and sectors do show promising performance despite so. LRT extension line will be ready for operations in Q1 2016, daily ridership is expected to double up from existing 200,000 passengers. This will also benefit the proposed development as to tap demand from passer-by commuters.

Threats

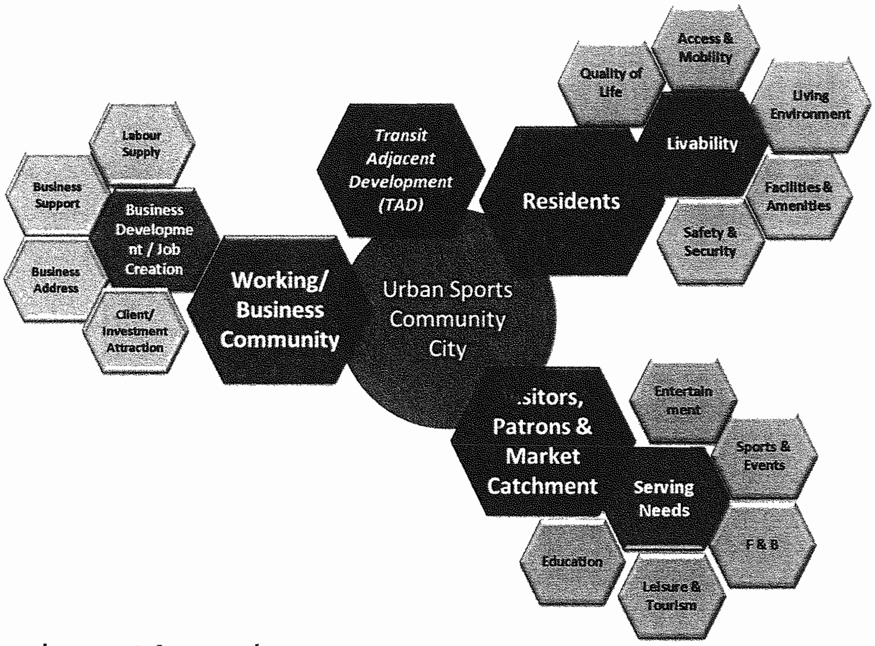
Preparation to counter the controversial issue of changing the usage of Commonwealth Hill Park to commercial development. Competition with 2 major developments i.e. Bukit Jalil City and Paradigm OUG as both developments are expected to be completed earlier before the subject site which might cause the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

Other external factors such as the uncertainty in global economy, crude oil price and Malaysian currency might hold back potential investors and buyers interest in the development. Property market create some concern to the investment community in general market at the moment.

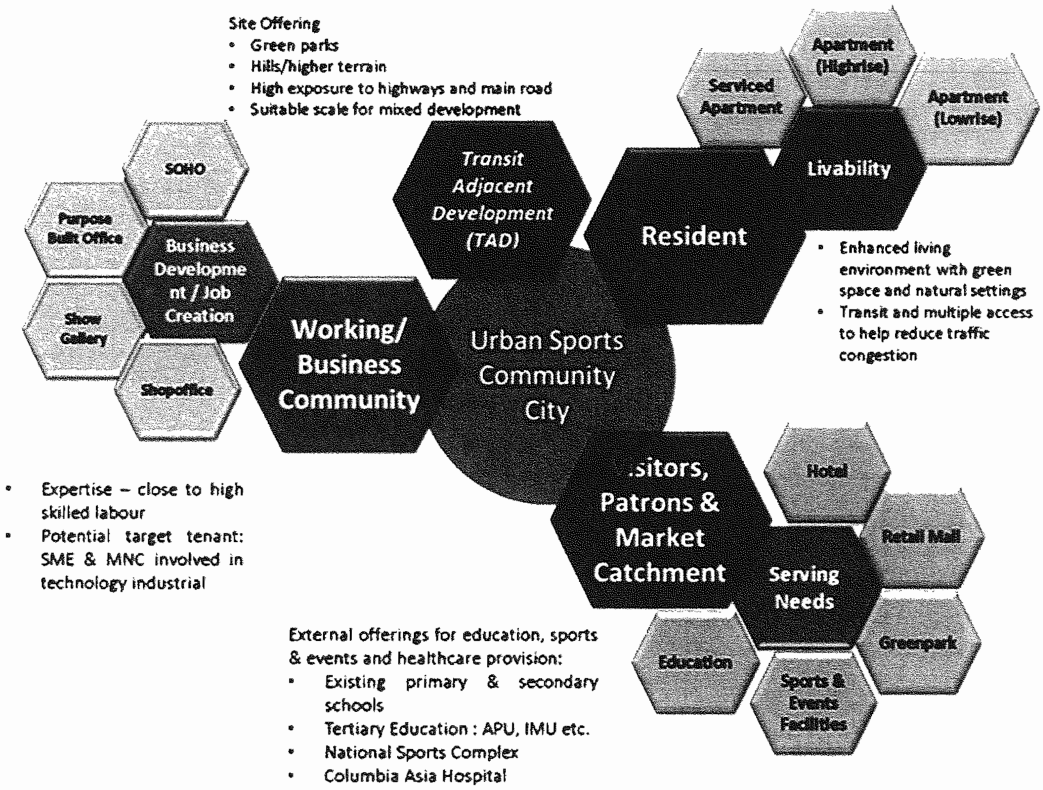
3.2 Development Concept

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

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

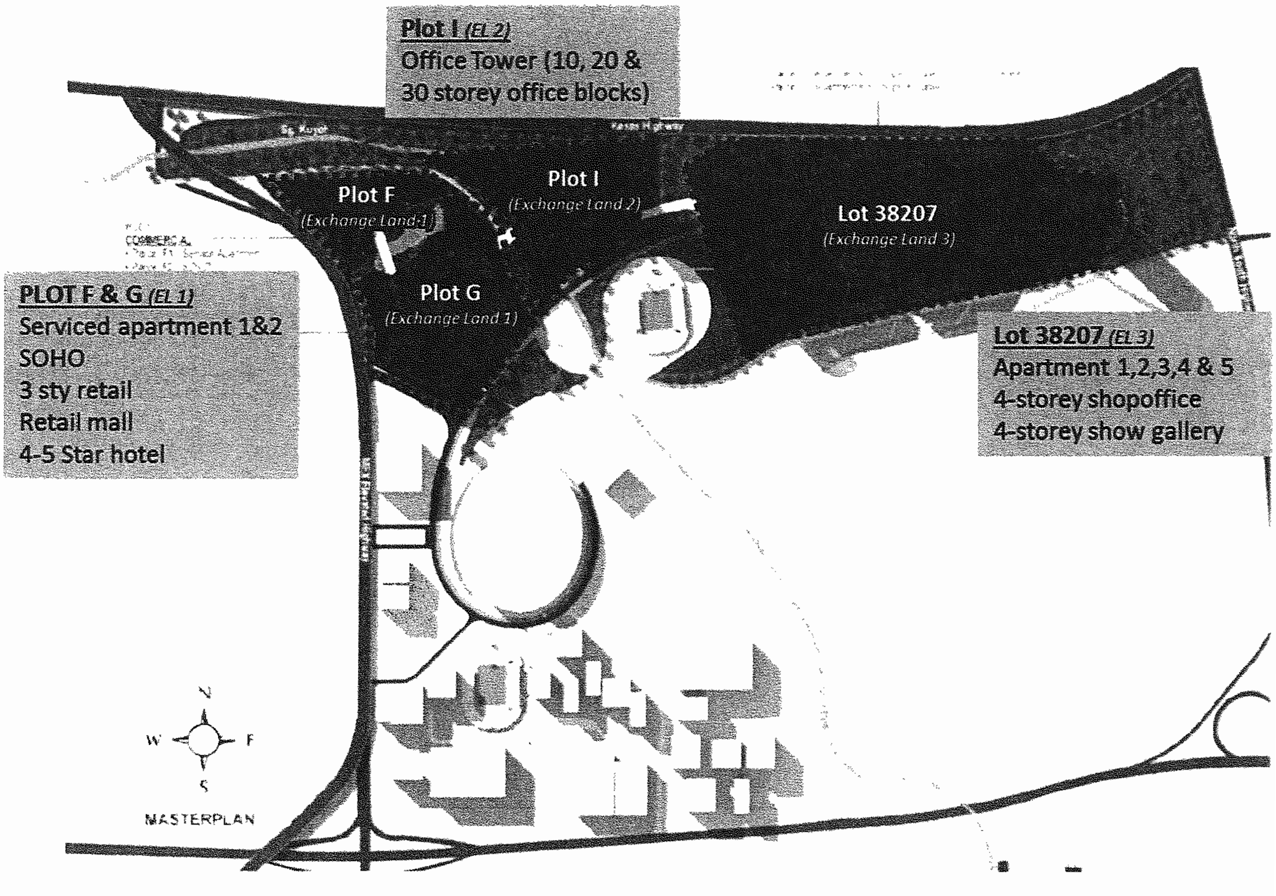


3.3 Development Approach



3.4 Development Formulation & Components

Considering the market prospect of the Subject Site, we have arrived at the recommending for the proposed development contents as follows:



4.0 FEASIBILITY STUDY

4.1 Cost Assumptions

The following parameter and development cost (which corresponds to the Client's previous study) have been adopted

Item	Cost Assumption/ Parameter
Preliminaries	0.5% of infrastructure, landscaping and construction cost
Earthworks	RM300,000 per acre
Statutory contribution	
a) Electricity supply (TNB)	0.65% of GDV
b) Sewerage (IWK)	1.00% of GDV
c) Water supply (JBA/SYABAS)	0.3% of GDV
d) DID	0.4% of construction cost
e) Development charges & submissions fees	2.00% of construction cost
Subdivision, survey fees, issuance of titles	2.5% of construction cost
Infrastructure & open space	RM600,000 per acre
Building cost	
a) Serviced Apartment & Apartment	RM200 psf on GFA
b) SOHO	RM220 psf on GFA
c) Retail Mall 1	RM300 psf on GFA
d) Retail Mall 2	RM340 psf on GFA
e) Hotel	RM550 psf on GFA
f) Office	RM220 psf on GFA
g) Apartment (low rise)	RM250 psf on GFA
h) Shop office	RM180 psf on GFA
i) Show gallery	RM180 psf on GFA
j) Car Park	RM120 psf on GFA
Construction of ancillary buildings	0.1% of GDV
Management fees (PMC)	3% of Earthwork, infrastructure & construction cost
Professional fees	10% of construction cost
Marketing, advertising & legal expenses	3% of GDV
Contingency	5% of earthworks, infrastructure and construction cost
Land cost	RM430 psf

4.2 Revenue Assumptions

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

Phase	Year	Plot	Development Component	Total NLA (sf)	Proposed Selling Price (RM psf)
1	2018-2023	F & G	Serviced Apartment 1	919,300	800-900
			SOHO	717,500	850-900
			Retail Mall 1	200,000	1,000
			Serviced Apartment 2	2,182,900	700-800
			Retail Mall 2	400,000	1,100
			4-5 Star Hotel	280,800	RM800,000 per room
			Greenpark	-	-
2	2021-2024	I	10 sty office block	496,500	850
			20 sty office block	1,000,000	800
			30 sty office block	450,000	750
3	2023-2031	38207	Apartment 1	1,850,000	650-800
			Apartment 2	1,850,000	650-800
			Apartment 3	1,850,000	650-800
			Apartment 4	1,850,000	650-800
			Apartment 5 (low rise)	182,400	900-950
			Shopoffice	826,320	800
			Show Gallery	153,600	800

4.3 Financial Result

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

Financial Result	**Exchange Land 1 (Plot F&G)**	**Exchange Land 2 (Plot I)**	**Exchange Land 3 (Lot 38207)**	**Overall/ Consolidated**
TOTAL GDV	**RM 4,027.95 million**	**RM 1,622.82 million**	**RM 6,170.28 million**	**RM 11,988.00 million**
Total Construction Cost	*RM 2,558.20 million*	*RM 1,009.60 million*	*RM 3,948.50 million*	*RM 7,516.30 million*
Land Cost	*RM 451.22 million (RM430psf)*	*RM 171.76 million (RM430psf)*	*RM 803.18 million (RM430psf)*	*RM 1.426.16 million (RM430psf)*
Finance Cost (Interest rate @ 8.00%)	*RM 122.00 million*	*RM 24.00 million*	*RM 136.48 million*	*RM 282.48 million*
TOTAL GDC **inclusive finance cost**	**RM3,131.43 million**	**RM1,205.36 million**	**RM4,888.15 million**	**RM9,224.94 million**
Gross Development Profit (GDP)	**RM 896.52 million**	**RM 417.45 million**	**RM 1,282.12 million**	**RM 2,596.10 million**
Return on Value (ROV)	22.26%	25.72%	20.78%	21.96%
Return on Cost (ROC)	28.63%	34.63%	26.23%	28.14%
Net Present Value (NPV) (Discount rate @ 8.00%)	RM 349.65 million	RM 140.73 million	(RM 95.45 million)	RM 345.04 million
IRR	17.12%	17.88%	6.93%	10.70%

With reference made to recommended selling prices presented in the previous sections, the estimated GDV (Gross Development Value) for the proposed development is RM11.99 billion against an estimated GDC (Gross Development Cost) of RM9.22 billion.

This amounts to a Return on Investment (over GDC) of 28.14% and Return on Investment (over GDV) of 21.96%.

The proposed development is expected generate an Internal Rate of return (IRR) of 10.70%.

5.0 RECOMMENDATION & CONCLUSION

With our analysis of the Subject Site and the market in the foregoing sections, we propose the following development contents:

Plot	Component	Type	Product Built-up Area	No. of Units	GFA (sf)	NLA (sf)
F & G	Serviced Apartment 1	1+1 BR	700	449		314,300
		2 BR	850	300		255,000
		3 BR	1,000	350		350,000
	(Excl. parking)			1,099	1,313,286	919,300
	SOHO	1BR	700	600		420,000
		1+1 BR	850	350		297,500
	(Excl. parking)			950	956,667	717,500
	Retail Mall 1	Retail Mall 1	200,000	1		200,000
		Parking Retail (F)		327	66,717	
	(Excl. parking)			1	333,333	200,000
	Greenpark					
	Serviced Apartment 2	2 BR	1,100	849		933,900
		2+1 BR	1,300	730		949,000
		3 BR	1,500	200		300,000
	(Excl. parking)			1,779	3,118,429	2,182,900
	Retail Mall 2	Retail Mall 2	400,000	1		400,000
		Parking Retail (G)		794	215,352	
	(Excl. parking)			1	666,667	400,000
	4-5 Star Hotel	Standard Room	450	200		90,000
		Deluxe Room	450	200		90,000
		Executive Suite	650	42		27,300
		Family Suite	1000	8		8,000
		F&B	3000	2		6,000
		F&B	5500	1		5,500
		Ballroom	50000	1		50,000
		Meeting Room	1000	4		4,000
		Parking Hotel (G)		566	153,594	
	(Excl. parking)			450	432,000	280,800
Subtotal	**(Excl. parking)**			**4,280**	**6,820,381**	**4,700,500**
I	Office	10 sty office block	82,750	6		496,500
		20 sty office block	200,000	5		1,000,000
		30 sty office block	450,000	1		450,000
	(Excl. parking)			12	2,595,333	1,946,500

Subtotal	**(Excl. parking)**			**12**	**2,595,333**	**1,946,500**
38207	Apartment 5 (low rise)	Apartment 5 (low rise)	1,200	112		134,400
			2,400	20		48,000
		Parking Apt 5 (38207)		291	74,671	
	(Excl. parking)			132	243,200	182,400
	Apartment 1	2 BR	900	1,800		1,620,000
	Apartment 2	2+1 BR	1,100	1,600		1,760,000
	Apartment 3	3 BR	1,200	1,700		2,040,000
	Apartment 4	4 BR	1,400	1,200		1,680,000
		4+1 BR	1,500	200		300,000
		Parking Apt (38207)		14,300	3,745,812	
	(Excl. parking)			6,500	10,571,429	7,400,000
	Shopoffice	4 sty shopoffice	7,512	110		826,320
		Parking Shoplex (38207)		1543	422,361	
	(Excl. parking)			110	1,101,760	826,320
	Show Gallery	4 sty showgallery	9,600	16		153,600
				308	52,947	
	(Excl. parking)			16	219,429	153,600
Subtotal	**(Excl. parking)**			**6,758**	**12,135,817**	**8,562,320**
TOTAL				**11,050**	**21,551,531**	**15,209,320**

The proposed development will be an integrated development comprising commercial and residential properties. The entire proposed development will be launched in 3 phases with an entire project horizon of 14 years.

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

i) Strategic location within an established community i.e. OUG, Kuchai, Bandar Kinrara, Sg. Besi and Seri Kembangan.

ii) Adjacent to the existing LRT stations i.e. Sri Petaling & Bukit Jalil Station of the future primary mode of public transportation connecting both western part of Klang Valley (Kelana Jaya line) and Kuala Lumpur city centre (Ampang line).

Based on the proposed selling price and the cost assumption adopted, the project will generate a GDV of RM11.99 billion and a GDC of RM9.22billion which results in a GDP of RM2.60 billion. The proposed development is expecting 21.96% ROI (over GDV) and 28.14% ROI (over GDC).

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

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

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

Yours sincerely,
RAHIM & CO RESEARCH SDN BHD

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

EXECUTIVE SUMMARY OF THE GDC REPORT

YONG DAN MOHAMAD FAIZ SDN. BHD.
(13239-K)
QUANTITY SURVEYORS AND CONSTRUCTION COST CONSULTANTS
No. 18-1, Jalan PJS 8/12, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan.
Tel : 03 – 5632 9999 Fax : 03 – 5636 3723 / 03 – 5636 7723
E – Mail : ymfsb@unifi.my
Lembaga Juruukur Bahan Malaysia Permit No. 1993/FC00009

Sr KANG KIAN KIAT MRISM MRICS
Sr MOHAMAD FAIZ HAMID PPRISM FRISM
Sr HISHAM ABU BAKAR MRISM
Sr BADRULSHAH ISMAIL FRISM

Associate Office:
YONG DAN MOHAMAD FAIZ (SABAH)
Lot 23, Block C, 2nd Floor, Plaza Grand Millennium, Jalan Pintas Penampang, 89500 Penampang, Sabah.
Tel: 088-733 611 / 088-733 622 Fax: 088-733 699
E-Mail: ymfsabah@yahoo.com
LJBM Permit No. 2000/FP00282

Our Ref: KL/807/18/1 23 March 2018

The Board of Directors
Malaysian Resources Corporation Berhad
Level 30, Menara Allianz Sentral
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

Dear Sir or Madam,

EXECUTIVE SUMMARY OF THE INDEPENDENT GROSS DEVELOPMENT COST ("GDC") ANALYSIS REPORT DATED 23 MARCH 2018 ("GDC REPORT") FOR THE MIXED DEVELOPMENT ON THREE (3) PARCELS OF LAND KNOWN AS LAND 1, LAND 2 AND LAND 3 (AS DEFINED HEREIN) MEASURING IN AGGREGATE APPROXIMATELY 76.14 ACRES, COMPRISING OFFICE TOWERS, HOTELS, RETAILS, SMALL OFFICE/VIRTUAL OFFICE ("SOVO"), SMALL OFFICE/HOME OFFICE ("SOHO"), SERVICED APARTMENTS AND RESIDENTIAL TOWERS ("PROPOSED DEVELOPMENT")

The Executive Summary of the GDC Report was prepared for inclusion in the circular to the shareholders of Malaysian Resources Corporation Berhad ("**MRCB**" or the "**Company**") dated 4 MAY 2018 in relation to, among others, the Management Contract between Bukit Jalil Sentral Property Sdn Bhd, a wholly-owned subsidiary of Rukun Juang Sdn Bhd, a 85%-owned subsidiary of MRCB Land Sdn Bhd ("**MRCB Land**"), which in turn is a wholly-owned subsidiary of Malaysian Resources Corporation Berhad ("**MRCB**" or the "**Company**") and MRCB Land for the appointment of MRCB Land as the Management Contractor for the Proposed Development.

In accordance with our appointment by your good self to perform an independent analysis of the GDC of the Proposed Development, we have subsequently concluded our report and the salient details of our report are as follows:-

1.1 PROJECT BACKGROUND

1.1.1 The project is located on three (3) parcels of leasehold land held under (i) HSD 120470, PT 16843; (ii) HSD 120471, PT 16844; and (iii) HSD 120472, PT 16845, all in the Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan.

1.1.2 The development will span approximately 20 years and is expected to be a residential and commercial hub, with a plot ratio of 1:6:5. The development is expected to comprise four (4) plots, which consist office towers, hotels, retail mall and shops, SOVO, SOHO, serviced apartments and residential towers. An outline of the types of development to be carried out on each of the plots is set out below:-

(a) Plot F : Retail mall, showroom, office towers, SOVO;
(b) Plot G : Retail shops, office towers, serviced apartments, SOHO;
(c) Plot I : Retail shops, hotels, SOHO, serviced apartments; and
(d) Plot 38207 : Residential towers

1.2 REPORT METHODOLOGY

1.2.1 In the preparation of the GDC Report, we relied upon two (2) categories of information which are:-

- Information provided by MRCB
- Our own assumptions based on relevant and acceptable market and industry best practices and standards

1.3 INFORMATION PROVIDED BY MRCB

1.3.1 The plot demarcation of each plot with total acreage. Refer to Table 1.
1.3.2 The total Gross Floor Area ("**GFA**") of each development components. Refer to Table 1.
1.3.3 Associated Cost percentile factor to GDC. Refer to Table 2.
1.3.4 Land cost. Refer to Table 4.
1.3.5 Land Related Cost. Refer to Table 4.
1.3.6 Total Gross Development Value ("**GDV**")
1.3.7 Financing Cost

Table 1:- GFA (sq ft) and plot acreage – Provided by MRCB

Plot Type	GFA (sq ft) Building	GFA (sq ft) Carpark	Plot acreage
Plot F	**2,298,497**	**655,900**	**8.83**
Retail Mall / Showroom / Office	749,549	196,700	2.65
SOVO 1	600,000	210,000	2.83
SOVO 2	948,948	249,200	3.35
Plot G	**4,322,362**	**1,127,700**	**15.27**
Retail Shops / Offices	1,296,709	340,200	4.58
SOHO 1	508,551	133,000	1.80
SOHO 2	500,000	130,900	1.77
Serviced Apartment 1	1,008,551	264,600	3.56
Serviced Apartment 2	1,008,551	264,000	3.56
Plot I	**2,596,394**	**681,800**	**9.17**
Retail Shops	239,667	63,000	0.85
3 Star Hotel	539,251	141,400	1.90
Business Hotel + SOHO	908,738	238,700	3.21
Business Hotel + Serviced Apartment	908,738	238,700	3.21
Plot 38207	**12,139,690**	**7,025,900**	**42.90**
Residential Apartment T1	971,175	562,100	3.43
Residential Apartment T2	1,335,366	772,800	4.71
Residential Apartment T3	1,335,366	772,800	4.71
Residential Apartment T4	971,175	562,100	3.43
Residential Apartment T5	1,456,763	842,800	5.14
Residential Apartment T6	1,456,763	842,800	5.14
Residential Apartment T7	1,335,366	772,800	4.71
Residential Apartment T8	1,820,953	1,054,900	6.43
Residential Apartment T9	1,456,763	842,800	5.14
TOTAL GFA (sq ft) and plot acreage	**21,356,943**	**9,496,300**	**76.14**

Source: - Bukit Jalil Exchange Land Concept Layout provided by MRCB

Table 2:- GDC's Associated Cost – Provided By MRCB

Cost Element	Factor (%)	Remarks
PMR Service Fees		
- Regulatory Services	Fee is based on 5% of all Capital contribution charges ("**CCC**") and Submission fee ("**SF**") (pre-Goods and Services Tax ("**GST**")) + 6% GST	This fee is attributed to MRCB Land for its management of all statutory contribution and submission fees to relevant Government Agencies.
- Professional Fees	Fee is based on 5% of professional fees for consultants (pre-GST) + 6% GST	This fee is attributed to MRCB Land for management and coordination of all consultants.
- PM Services	Fee is based on 5% of EPCC contract sum for each plot, including contingency ("**EPCC Contract Sum**")(pre-GST) + 6% GST	This fee is attributed to MRCB Land for management and coordination of all physical construction work on site
- Office Overheads & Administration	2.0% of EPCC Contract Sum	This is to cater for overheads incurred by the head office in delivering the project.
- Financing Cost	A lump sum amount of RM1,262,355,739.00 is provided by MRCB to be included in GDC	This is to cater for cost of borrowing to finance the project.

The land cost and land related cost amounting to RM1,426,163,112.00 and RM191,825,386.00 respectively, was provided by MRCB.

1.4 YONG DAN MOHAMAD FAIZ SDN BHD'S ("YMF") OWN ASSUMPTIONS BASED ON ACCEPTABLE MARKET AND INDUSTRY BEST PRACTICES

1.4.1 In generating the GDC, the pertinent cost elements are illustrated in Table 3 below:-

Table 3:- GDC Cost Element

Item	Item Description	Remarks
1	Land Cost	Provided by MRCB
2	Land Related Cost	Provided by MRCB
3	EPCC Contract Sum	Provided by YMF using comparable unit rate methods of similar development components inclusive of contingency allowance to cater for unseen factors at this preliminary stage and other acceptable yardstick as per industry's practice.
4	Authority and Statutory Charges	Provided by YMF based on relevant Government Agencies guidelines and other allowances as YMF deems appropriate. This includes CCC and SF.
5	Professional Fees	Provided by YMF using percentile factor based on scale of fees from relevant professional bodies.
6	Sales and Marketing Consultancy Expenses	For the sale option, sales & marketing expenses will be provided by YMF based on a percentile factor of estimated GDV.
7	Office Overhead & Administration	As per illustrated in Table 2, Page 3 where the percentile factor is provided by MRCB.
8	Financing Cost	A lump sum amount provided by MRCB.
9	Sales and Marketing Consultancy Fees	For the sale option, sales & marketing consultancy fees will be provided by YMF based on a percentile factor of estimated GDV.
10	PMR Services Fees	As per illustrated in Table 2, Page 3 where the percentile factor is provided by MRCB.

1.5 GDC

Table 4:- Summary of GDC

Item Description	Total Amount (RM)	Remarks
a. Total Land Cost	1,426,163,112.00	Provided by MRCB.
b. Land Related Cost	191,825,386.00	Provided by MRCB.
c. Total EPCC Contract Sum including 6% GST	8,582,992,369.27	Provided by YMF. See Table 5, Page 6 for sample construction cost for one development component. For summary of EPCC Contract Sum, see Table 6, Page 7.
d. Authority and Statutory Charges	803,722,100.00	Provided by YMF.
i. Capital Contribution RM784,253,000.00		See Table 8, Page 8.
ii. Submission Fees RM19,469,100.00		See Table 9, Page 8.
e. Professional Fees – for Consultants including 6% GST	686,639,389.54	Provided by YMF.
f. Sales and Marketing Consultancy Expenses including 6% GST	413,467,078.80	Provided by YMF. See Table 10, Page 9.
g. Office Overheads & Administration	171,659,847.39	Percentile factor provided by MRCB. See Table 10, Page 9.
h. Financing Cost	1,262,355,739.00	Provided by MRCB.
SUB-TOTAL (Item a to Item h)	13,538,825,022.00	
i. Sales and Marketing Consultancy Fees including 6% GST	416,361,348.35	Provided by YMF. See Table 10, Page 9.
j. PMR Services Fees including 6% GST	503,667,692.94	Percentile factor provided by MRCB. See Table 10, Page 9.
SUB-TOTAL (Item i to Item j)	920,029,041.29	
TOTAL ESTIMATED GDC	14,458,854,063.29	

Yong Dan Mohamad Faiz sdn Bhd

Quantity surveyors and
Construction cost consultants

Table 5:- Construction Cost Element – Sample (Plot F-Retail Mall /Showrooms / Offices)

Cost element	Factor % /GFA (sq ft)	Rate/sq ft (RM)	Total Amount (RM)
1. Preliminaries	6% of Total of Item 2,3,4,5,6&7		12,145,676.19
2. Substructure Works	15% of Item 3i)		15,533,653.48
3. Building Works			
i) Building	749,549sq ft	138.16	103,557,689.84
ii) Basement Carpark	98,350sq ft	164.00	16,129,400.00
iii) Elevated Carpark	98,350sq ft	137.00	13,473,950.00
4. Mechanical & Electrical Works ("M&E Services")	45% of Item 3i)	-N/A-	46,600,960.43
5. External Works Within Boundary			
i) Local infrastructure	Land area 2.65 acre		2,729,500.00
ii) Relocation of services	RM1,000,000.00/acre + 3% inflation		27,295.00
iii) Unforeseen authority requirement	RM10,000.00/acre + 3% inflation RM1,000,000.00/acre + 3% inflation		2,729,500.00
6. Ancillary Building	Additional buildings deemed necessary		92,650.00
7. Provisional Sums	Additional budget provisions		1,553,337.75
8. Sub-Total (Item 1-7)			214,573,612.69
9. Contingency (5% of Item 8)			10,728,680.63
10. Sub-Total (Item 8&9)			225,302,293.32
11. GST (6% of Item 10)			13,518,137.60
12. EPCC CONTRACT SUM (Item 10+Item 11)			238,820,430.92

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

Yong Dan Mohamad Faiz sdn Bhd

Quantity surveyors and
Construction cost consultants

Table 6:- Summary of EPCC Contract Sum

Plot Type	Total Unit Rate (RM/sq ft) for EPCC Contract Sum	Total Amount (RM)
Plot F		
Retail Mall / Showroom / Office	252.39	238,820,430.92
SOVO 1	293.27	237,552,280.10
SOVO 2	270.70	290,610,173.73
Plot G		
Retail Shops / Offices	282.68	462,714,513.78
SOHO 1	289.21	185,545,120.62
SOHO 2	301.36	190,131,131.53
Serviced Apartment 1	198.01	252,097,466.53
Serviced Apartment 2	208.98	265,942,301.73
Plot I		
Retail Shops	358.08	108,377,707.07
3 Star Hotel	378.09	257,344,643.73
Business Hotel + SOHO	504.47	578,842,561.88
Business Hotel + Serviced Apartment	421.96	484,177,545.25
Plot 38207		
Residential Apartment T1	214.47	328,841,195.47
Residential Apartment T2	226.10	476,662,025.40
Residential Apartment T3	236.90	499,426,073.19
Residential Apartment T4	242.97	372,543,087.35
Residential Apartment T5	264.53	608,302,613.27
Residential Apartment T6	271.00	623,188,167.17
Residential Apartment T7	284.40	599,562,111.47
Residential Apartment T8	291.07	837,078,900.50
Residential Apartment T9	297.99	685,241,318.57
		8,582,992,369.27*
AVERAGE CONSTRUCTION COST		**RM276.39/sq ft**

Note: * Differences due to rounding

Table 7:- Quantum of Professional Fees to Consultants

Type of Consultants	Percentile (%)	Scope of Work
Architect	3.0% of Construction Cost including contingency but excluding GST ("CC")	Design & Planning
Civil & Structural Engineer	1.5% of CC	Design & Planning
Mechanical & Electrical Engineer	0.9% of CC	Design & Planning
Quantity Surveyor	0.9% of CC	Cost & Contract Management
Other Consultants	1.7% of CC	Various Consultants if required for the project
TOTAL	**8.0% of CC**	

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

Table 8:- Summary of CCC

Type Of Contribution		Estimated Cost (RM)
TNB – Electrical Supply		91,050,000.00
SYABAS – Water Supply		14,853,000.00
SPAN – Sewerage		217,100,000.00
TELEKOM – Telecommunication		36,250,000.00
Additional provisions:		
i)	Transmission main intake (PMU)	150,000,000.00
ii)	Sewerage treatment plant and retention pond	100,000,000.00
iii)	Pumps and elevated water tank	15,000,000.00
iv)	Natural gas	80,000,000.00
v)	Road widening, new ramps connecting existing highways (MEX and Kesas)	50,000,000.00
vi)	Relocation of existing utility connections due to surrounding area already being developed	30,000,000.00
TOTAL		**784,253,000.00**

Table 9:- Estimated Total SF

Type of Contribution	Total Est. Cost (RM)
Development Order	310,900.00
ISF – Commercial	15,530,000.00
ISF- Drainage	380,700.00
Road & Drainage drawings submission fees	35,500.00
Earthwork drawings submission fees	327,000.00
Building Plan Approval Fees	2,885,000.00
TOTAL EST. COST	**19,469,100.00**

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

Yong Dan Mohamad Faiz sdn Bhd

Quantity surveyors and
Construction cost consultants

Table 10:- GDC's associated Cost

Cost Element	Factor (%)	Total Amount (RM)
Sales and Marketing Consultancy Expenses	*2.0% of estimated GDV (RM 20,673,353,940.00 x 2.0%)	**413,467,078.80**
Office Overhead & Administration	2.0% of EPCC Contract Sum (2.0% x RM8,582,992,369.27)	**171,659,847.39**
Sales and Marketing Consultancy Fees	**1.9% of estimated GDV + 6% GST (1.9% x RM20,673,353,940.00)+ 6% GST	**416,361,348.35**
PMR Services Fees		
- Regulatory Services	5% x ***CCC + ***SF = 5% x (RM739,861,320.75 + RM18,367,075.47)	37,911,419.81
- Professional Fees	5% x ***Total Consultancy Fees = 5% x RM647,773,009.00	32,388,650.45
- PM Services	5% x ***EPCC Contract Sum = 5% x RM8,097,162,612.51	404,858,130.63
	Sub-Total	**475,158,200.89**
	6% GST	**28,509,492.05**
	TOTAL	**503,667,692.94**
	TOTAL	**1,505,155,967.48**

* *The rate ranges from 1.5% to 4%, depending on the Developer's budget for advertising and marketing and on subsidising legal fees.*

** *Based on industrial practice, market rate is between 1.5% to 2%. In this analysis, 1.9% is used.*

*** *Costs are before GST*

1.6 CONCLUSION

1.6.1 The total estimated GDC is **RM14,458,854,063.29**, as shown in Table 4, on page 5.

1.6.2 We are of the opinion that the methodology employed in generating the GDC is in line with the market and industry best practices.

1.6.3 The derived estimated total GDC is reasonable and within the acceptable range for a development of this nature.

Yours faithfully,
For and on behalf of
Yong Dan Mohamad Faiz Sdn Bhd

JURUUKUR BAHAN BERDAFTAR
HISHAM BIN ABU
BAKAR

Sr Hisham Abu Bakar
Reg. QS, FRISM

Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

2. CONSENTS

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

3. DECLARATIONS OF CONFLICT OF INTEREST

3.1 RHB Investment Bank

EPF is a common shareholder of our Company and RHB Bank Berhad (being the holding company of RHB Investment Bank) ("**RHB Bank**"). Nevertheless, EPF is not involved in the day-to-day operations of RHB Bank and its subsidiaries ("**RHB Banking Group**").

In addition, Tan Sri Azlan Zainol, a Non-Independent Non-Executive Chairman of MRCB, is also a Non-Independent Non-Executive Chairman of RHB Bank and RHB Investment Bank. He is also a Non-Independent Non-Executive Director of RHB Securities Singapore Pte Ltd and President of the Board of Commissioners of PT RHB Sekuritas Indonesia, both of which are subsidiaries of RHB Investment Bank. Nevertheless, in view of his role as a non-executive chairman and a non-executive director, he is not involved in the day-to-day operations of the said entities.

As at LPD, the RHB Banking Group have extended various credit facilities amounting to approximately RM1,397.88 million (with an amount of approximately RM1,132.08 million outstanding) to our Group. Such credit facilities represent approximately 0.61% of the audited total assets of RHB Banking Group as at 31 December 2017 of approximately RM230,209.93 million. RHB Investment Bank understands that it is the intention of our Group to utilise part of the cash consideration to be received from the Proposed Disposal to repay the outstanding principal amount of the CMTF-i facility of approximately RM738 million and outstanding credit facilities of RM200 million from RHB Islamic Bank Berhad.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any possible conflict of interest that exists or is likely to exist in relation to its appointment as the Principal Adviser for the Proposals is mitigated by the following:-

(a) the above credit facilities are provided by RHB Banking Group on an arms' length basis and in the ordinary course of its business and are not conditional upon RHB Investment Bank being appointed as the Principal Adviser for the Proposals or upon any other proposal being undertaken by any entity within RHB Banking Group;

(b) the corporate finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team in-charge of the Proposals in RHB Investment Bank is independent from the team handling the facilities;

(c) the utilisation of proceeds raised by our Group from the Proposed Disposal and the decision on the amount and credit facilities to be repaid using such proceeds is at the sole and absolute discretion of our Group and RHB Investment Bank has not rendered any advice/recommendation on the utilisation of proceeds by our Group;

(d) the appointment of RHB Investment Bank as Principal Adviser in relation to the Proposals is in the ordinary course of its business as a licensed investment bank;

(e) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls and checks which includes segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and

(f) RHB Investment Bank does not receive or derive any financial interest or benefit from the Proposals, save for professional fees in relation to the appointment of RHB Investment Bank as the Principal Adviser for the Proposals.

3.2 Public Investment Bank

Public Investment Bank is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Independent Adviser for the Proposals.

3.3 PwC

PwC is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Reporting Accountants for the Proposals.

3.4 CBRE|WTW

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

3.5 Rahim & Co

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

3.6 YMF

YMF is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the QS for the Proposed Construction.

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 Group which upon becoming enforceable may have a material and adverse impact on the financial position of our Group:-

	RM('000)
Authorised capital commitment for property, plant and equipment:-	
- contracted for	10,090
- not contracted for	31,050
Total	**41,140**

5. CONTINGENT LIABILITIES

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

	RM('000)
Performance guarantees extended to third parties	498,582

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Constitutions of our Company and BJSP;

(ii) the audited consolidated financial statements of our Group for the past two (2) FYE 31 December 2016 to 2017;

(iii) the pro forma consolidated statement of financial position of our Company as at 31 December 2017 together with the Reporting Accountants' letter thereon as set out in Appendix C(II) of Part C of this Circular;

(iv) the Valuation Report, together with the valuation certificate as set out in Appendix C(IV) of Part C of this Circular;

(v) the Feasibility Report, together with the executive summary of the Feasibility Report as set out in Appendix C(V) of Part C of this Circular;

(vi) the GDC Report, together with the Executive Summary of the GDC Report referred to in Appendix C(VI) of Part C of this Circular;

(vii) the SSA;

(viii) the Management Contract;

(ix) the Consent Letter and the Concurrence Letter; and

(x) the letters of consent referred to in Section 2 above.

PART D

IAL TO THE NON-INTERESTED SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED JOINT VENTURE AND PROPOSED CONSTRUCTION

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE "*DEFINITIONS*" SECTION AND CONTEXT OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSALS. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THE IAL FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM PIVB, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSALS. THE IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART C OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF MRCB.

1. INTRODUCTION

The chronology of events leading up to the Proposals:

Announcement date	Events
28 October 2015	▪ RJSB (an 85%-owned subsidiary of MRCB Land) had entered into the Privatisation Agreement with the Government and Hartanah for the Privatisation Project, i.e. the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur, to be carried out by RJSB at its own cost and expense. On 29 January 2016 and 21 April 2017 respectively, RJSB had entered into supplemental agreements with the Government and Hartanah to among others, reduce the contract sum from RM1,631,880,000.00 to RM1,343,257,764.32 to commensurate with the reduction in the size of the Lands from a total of 92.50 acres to 76.14 acres, as well as to revise the works packages under Project 1 and Project 2, respectively. ▪ In consideration of RJSB undertaking the Privatisation Project, the Government will cause the FLC to transfer the Lands via Hartanah to RJSB and/or its nominee(s) upon the completion of Project 1.
31 May 2017	▪ MRCB, RJSB, TWSB (a wholly-owned subsidiary of EPF) and BJSP (a wholly-owned subsidiary of RJSB) had entered into the SSA for the Proposed Joint Venture, which entails: (i) Proposed Subscription - proposed subscription by RJSB and TWSB of ordinary shares and redeemable preference shares (class A and class B) in BJSP, and any preference shares or other classes of shares issued by BJSP from time to time, for purposes of jointly developing the Lands; and (ii) Proposed Disposal - proposed disposal by RJSB of the Lands to BJSP for the Lands Consideration, representing an amount of up to RM1,426,163,112.
8 August 2017	▪ RJSB had on 7 August 2017, received the last sectional certificate of practical completion issued in respect of each section of the construction works for Project 1 from the Government, which marks the completion and handing over of Project 1 to the Government. The construction commencement date for Project 2 shall take place on a date to be mutually agreed upon by the Government and RJSB.
9 February 2018	▪ RJSB had entered into a third supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary the calculation of the land bond to be provided by RJSB to the Government as security for the continued performance of RJSB's obligations under the Privatisation Agreement up to the completion of Project 2, in order to expedite the transfer of the Lands to BJSP, as nominated by RJSB.

Announcement date	Events
26 March 2018	▪ RJSB and BJSP had sought TWSB's consent, which was granted by TWSB on 26 March 2018, for BJSP to appoint the Management Contractor prior to the completion of the First Tranche Subscription in view that the Lands are expected to be transferred to BJSP before the SSA turns unconditional and before the First Tranche Subscription. This will enable BJSP to commence works on the Lands, where necessary, especially in the event of a delay in the Proposed Joint Venture. ▪ Following the above, BJSP had entered into the Management Contract with MRCB Land, where MRCB Land was appointed as the Management Contractor in relation to the Development for the Provisional Total Project Sum (inclusive of GST).
18 April 2018	▪ The FLC, via Hartanah, had on 17 April 2018 completed the transfer of the Lands to BJSP, as nominated by RJSB.

Further details on the chronology of events are set out in Section 1, Part C of the Circular.

In view of the interests of the Interested Directors and the Interested Major Shareholder as set out in Section 11, Part C of the Circular, the Proposals are deemed as related party transaction pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Pursuant thereto, the Board had appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals.

2. EVALUATION OF THE PROPOSALS

2.1 Rationale for the Proposals

2.1.1 Allows MRCB to carry out large scale property development at a prime location and at the same time leverage on funding from the Shareholders

We note that the Proposed Joint Venture would enable MRCB to:

(i) collaborate with EPF to undertake the Development, which is an integrated development project located within the Bukit Jalil area, on the north of the Bukit Jalil National Sports Complex, with a development period of 20 years, which the management of MRCB has estimated to have a potential GDV of RM20.67 billion; and

(ii) participate with EPF via TWSB under the Proposed Subscription which will also help to ease the financial commitment of MRCB of having to finance the entire Development on its own, as funding would be secured from both RJSB and TWSB in the form of equity, other than obtaining financing from financial institutions.

2.1.2 Provide the Group with a steady stream of income

We note that the Proposed Construction represents an opportunity for the Group to further enhance its profile in the engineering and construction segment and is expected to provide the Group with a steady income flow via the Provisional Total Project Sum over the development period of 20 years.

We are of the opinion that the rationale for the Proposals is reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

Please refer to Section 10 of this IAL for further details on the rationale for the Proposals.

2.2 Financial evaluation of the Proposals

2.2.1 Evaluation of the Proposed Subscription

We are of the view that the salient terms of the RPS-A and RPS-B, as well as the salient terms of the Call Option and Put Options are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

2.2.2 Evaluation of the Proposed Disposal

We concur with the market values of the Lands based on the respective valuation methodologies adopted by the Valuer. As such, we are of the opinion that the value of the Lands of RM1,430.00 million is reasonable.

We note that the Lands Consideration amounting up to RM1,426.16 million represents only a slight discount of approximately RM3.84 million or 0.27% to the market value of the Lands of RM1,430.00 million as appraised by the Valuer.

Based on the above, we are of the view that the Proposed Joint Venture is fair and reasonable, and not detrimental to the interests of the non-interested shareholders of MRCB.

2.2.3 Evaluation of the Proposed Construction

We concur with the basis and assumptions adopted in deriving the Provisional Total Project Sum to be received by MRCB Land under the Management Contract of RM11.01 billion. Further, it is RM232.54 million or 2.16% higher than the QS estimation of RM10.77 billion under the GDC Report. As such, we are of the view that the Provisional Total Project Sum under the Management Contract of RM11.01 billion is fair and reasonable, and not detrimental to the interests of the non-interested shareholders of MRCB.

Nonetheless, it should be noted that the amount of RM11.01 billion is only provisional at this juncture and is subject to changes depending on the finalisation of items such as the final EPCC Contract Sum, actual Professional Fees, and actual Authority and Statutory Charges.

Please refer to Section 11 of this IAL for further details on our comments on the financial evaluation of the Proposals.

2.3 Evaluation of the salient terms of the SSA and Management Contract

We are of the opinion that the terms contained in the SSA and Management Contract are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

Please refer to Section 12 of this IAL for further details on our comments on the salient terms of the SSA and Management Contract.

2.4 Effects of the Proposals

Share capital and substantial shareholders' shareholdings	No effect on the issued share capital and the shareholdings of the substantial shareholders of the Company as it does not involve any issuance of new MRCB Shares.
NA and gearing	▪ The pro forma NA of MRCB will decrease from RM4,824.09 million to RM4,821.24 million, after deducting estimated expenses in relation to the Proposed Joint Venture and Proposed Construction amounting to approximately RM1.7 million and RM1.1 million respectively, and the estimated marginal loss arising from the Proposed Disposal of RM11,112.32. The pro forma NA per MRCB Share will remain at RM1.10. ▪ The pro forma gearing level of MRCB will decrease from 0.69 times to 0.50 times, after taking into consideration the repayment of bank borrowings via a portion of proceeds to be received from the Proposed Disposal of RM931 million.
Earnings and EPS	▪ Assuming that the Proposals had been effected at the beginning of the FYE 31 December 2017, it is not expected to have any effect on the earnings and EPS of MRCB for the FYE 31 December 2017 as the Proposals are expected to be implemented in the second quarter of 2018. ▪ However, the Proposals are expected to contribute positively to the future earnings and EPS of MRCB.

Premised on the above, we are of the opinion that the pro forma effects of the Proposals are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

Please refer to Section 13 of this IAL for further details on our comments on the effects of the Proposals.

2.5 Risk factors

The risk factors relating to the Proposals are as follows:

(i) Failure to complete the SSA;
(ii) Disputes or default of Shareholders;
(iii) Exercise of Put Options by TWSB;
(iv) MRCB acting as guarantor for RJSB;
(v) Non-completion of the Proposed Construction;
(vi) Construction risk;
(vii) Dependence on subcontractors;
(viii) Demand risks;
(ix) Funding and interest rate risk;
(x) Inability to obtain authority and/or statutory approvals; and
(xi) Revision to the Development resulting in a revision to the Provisional Total Project Sum.

We are of the view that that although measures may be taken by the Board and the management to limit/mitigate the risks highlighted herein, no assurance can be given that the risks will not crystalise and give rise to material and adverse impact on the financial position and business of the Group.

Notwithstanding the above, we are of the view that risks such as non-completion of the SSA and Management Contract due to non-fulfillment or non-waiver of the SSA Conditions Precedent and MC Condition Precedent are reasonable and are common aspects of any transactions/arrangements. In addition, the Group is already exposed to the inherent risks associated with the construction and property development industry such as delay in the completion of projects, reliance on subcontractors, fluctuations in the levels of demand and supply for real estate properties, funding and interest rate risks, inability to obtain authority and/or statutory approvals and revision to the contract cost. As such, the Group is not expected to be exposed to new business risks as a result of the Proposals.

Please refer to Section 14 of this IAL for further details on our comments on the risk factors.

2.6 Overview and prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group

We are of the view that the Proposals are favourable to the Group after taking into consideration the favourable prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group.

Please refer to Section 15 of this IAL for further details on our comments on the overview and prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group.

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposals, we are of the opinion that the Proposals are ***FAIR*** and ***REASONABLE*** and ***NOT DETRIMENTAL*** to the interests 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 Proposals to be tabled at the forthcoming EGM of MRCB.

NON-INTERESTED SHAREHOLDERS OF MRCB ARE ADVISED TO READ BOTH THIS IAL AND PART C OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF MRCB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PUBLIC INVESTMENT BANK
大众投资银行

Registered Office:

27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

4 May 2018

To: The non-interested shareholders of Malaysian Resources Corporation Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MALAYSIAN RESOURCES CORPORATION BERHAD IN RELATION TO THE PROPOSALS

1. PREAMBLE

This independent advice letter ("**IAL**") is prepared for inclusion in the Circular. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "*Definitions*" section of the Circular, except where the context otherwise requires or where otherwise defined herein.

2. INTRODUCTION

The chronology of events in relation to the Proposals:

Announcement date	Events
28 October 2015	▪ RJSB (an 85%-owned subsidiary of MRCB Land) had entered into the Privatisation Agreement with the Government and Hartanah for the Privatisation Project, i.e. the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil, Kuala Lumpur, to be carried out by RJSB at its own cost and expense. On 29 January 2016 and 21 April 2017 respectively, RJSB had entered into supplemental agreements with the Government and Hartanah to among others, reduce the contract sum from RM1,631,880,000.00 to RM1,343,257,764.32 to commensurate with the reduction in the size of the Lands from a total of 92.50 acres to 76.14 acres, as well as to revise the works packages under Project 1 and Project 2, respectively. ▪ In consideration of RJSB undertaking the Privatisation Project, the Government will cause the FLC to transfer the Lands via Hartanah to RJSB and/or its nominee(s) upon the completion of Project 1.
31 May 2017	▪ MRCB, RJSB, TWSB (a wholly-owned subsidiary of EPF) and BJSP (a wholly-owned subsidiary of RJSB) had entered into the SSA for the Proposed Joint Venture, which entails: (i) Proposed Subscription - proposed subscription by RJSB and TWSB of ordinary shares and redeemable preference shares (class A and class B) in BJSP, and any preference shares or other classes of shares issued by BJSP from time to time, for purposes of jointly developing the Lands; and (ii) Proposed Disposal - proposed disposal by RJSB of the Lands to BJSP for the Lands Consideration, representing an amount of up to RM1,426,163,112.
8 August 2017	▪ RJSB had on 7 August 2017, received the last sectional certificate of practical completion issued in respect of each section of the construction works for Project 1 from the Government, which marks the completion and handing over of Project 1 to the Government. The construction commencement date for Project 2 shall take place on a date to be mutually agreed upon by the Government and RJSB.

Announcement date	Events
9 February 2018	▪ RJSB had entered into a third supplemental agreement to the Privatisation Agreement with the Government and Hartanah to vary the calculation of the land bond to be provided by RJSB to the Government as security for the continued performance of RJSB's obligations under the Privatisation Agreement up to the completion of Project 2, in order to expedite the transfer of the Lands to BJSP, as nominated by RJSB.
26 March 2018	▪ RJSB and BJSP had sought TWSB's consent, which was granted by TWSB on 26 March 2018, for BJSP to appoint the Management Contractor prior to the completion of the First Tranche Subscription in view that the Lands are expected to be transferred to BJSP before the SSA turns unconditional and before the First Tranche Subscription. This will enable BJSP to commence works on the Lands, where necessary, especially in the event of a delay in the Proposed Joint Venture. ▪ Following the above, BJSP had entered into the Management Contract with MRCB Land, where MRCB Land was appointed as the Management Contractor in relation to the Development for the Provisional Total Project Sum (inclusive of GST).
18 April 2018	▪ The FLC, via Hartanah, had on 17 April 2018 completed the transfer of the Lands to BJSP, as nominated by RJSB.

Further details on the chronology of events are set out in Section 1, Part C of the Circular.

In view of the interests of the Interested Directors and the Interested Major Shareholder as set out in Section 11, Part C of the Circular, the Proposals are deemed as related party transaction pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Pursuant thereto, the Board had appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals.

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 Proposals together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposals. The non-interested shareholders of MRCB should nonetheless rely on their own evaluation of the merits of the Proposals before making a decision on the course of action to be taken.

NON-INTERESTED SHAREHOLDERS OF MRCB ARE ADVISED TO READ BOTH THIS IAL AND PART C OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF MRCB.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

3. DETAILS OF THE PROPOSED JOINT VENTURE

3.1 Details of the Proposed Subscription

3.1.1 The Proposed Subscription will entail the investment by RJSB and TWSB in BJSP through the subscription for new BJSP Shares and new RPS-A in BJSP, all at an issue price of RM1.00 each and free from encumbrances. The Proposed Subscription will be carried out in two tranches.

3.1.2 Once the Management Contract has become unconditional in accordance with the SSA, RJSB will procure the Management Contractor to subscribe for 1,000 new RPS-B in BJSP (in a single tranche) at an aggregate subscription price of RM1,000 calculated based on an issue price of RM1.00 per RPS-B.

3.1.3 As at the LPD, BJSP is a wholly-owned subsidiary of RJSB, of which RJSB holds 100,000 BJSP Shares as at the LPD. Upon completion of the Proposed Subscription and the subscription by the Management Contractor for 1,000 RPS-B in BJSP, the total share capital of BJSP and the respective shareholdings of the Shareholders and the Management Contractor will be as follows:

	BJSP Shares			RPS-A			RPS-B		
Shareholder	**No.**	**RM**	**%**	**No.**	**RM**	**%**	**No.**	**RM**	**%**
RJSB	2,000,000	2,000,000	20	Up to 283,232,622	Up to 283,232,622	20	-	-	-
TWSB	8,000,000	8,000,000	80	Up to 1,132,930,490	Up to 1,132,930,490	80	-	-	-
Management Contractor	-	-	-	-	-	-	1,000	1,000	100
Total	**10,000,000**	**10,000,000**	**100**	**Up to 1,416,163,112**	**Up to 1,416,163,112**	**100**	**1,000**	**1,000**	**100**

3.1.4 The subscription consideration will be payable by TWSB entirely in cash, while the subscription consideration payable by RJSB will be capitalised from the Lands Consideration owing by BJSP to RJSB pursuant to the Proposed Disposal in the manner set out in Section 2.2.2 of Part C of the Circular. It is the intention of RJSB to retain the Subscription Shares.

Further details on the Proposed Subscription are set out in Section 2.1, Part C of the Circular.

3.2 Details of the Proposed Disposal

3.2.1 In accordance with the terms of the SSA, the Shareholders agree that RJSB shall nominate BJSP to receive and accept the transfer of the Lands in place of RJSB. BJSP will pay RJSB the Lands Consideration amounting up to RM1,426,163,112 (equivalent to RM430 psf) via the First Tranche Lands Consideration and the Second Tranche Lands Consideration.

3.2.2 The Lands Consideration will be settled by BJSP in the following manner:

Mode of settlement	**% of Lands Consideration**	**Date of settlement**	**RM**
Cash payment	80%	Within 15 business days after the completion of the First Tranche Subscription.	1,074,597,322
		Within 15 business days after the completion of the Second Tranche Subscription.	Up to 66,333,168
			Up to 1,140,930,490
Capitalised against RJSB's portion of the Proposed Subscription	20%	Within 15 business days after the completion of the First Tranche Subscription.	^268,649,330
		Within 15 business days after the completion of the Second Tranche Subscription.	Up to 16,583,292
			Up to 285,232,622
Total	**100%**		**Up to 1,426,163,112**

Note:

^ *Includes the initial subscription by RJSB of 100,000 BJSP Shares amounting to RM100,000 as at the LPD.*

Further details of the Proposed Disposal are set out in Section 2.2, Part C of the Circular.

4. DETAILS OF THE PROPOSED CONSTRUCTION

MRCB Land has been appointed as the Management Contractor and its role shall entail amongst others, the provision of the following services:

(i) to provide sales and marketing consultancy to BJSP on an exclusive basis for the buildings to be developed as part of the Development;

(ii) to facilitate BJSP on a best endeavours basis to obtain all approvals required under the law from any statutory authority having jurisdiction over the Development or the EPCC Works;

(iii) to prepare the Initial Feasibility Study and the Updated Feasibility Study, and to provide project management services for the Development; and

(iv) to procure the EPCC Works.

In consideration for the provision of the aforementioned Services, BJSP shall pay MRCB Land the estimated Provisional Total Project Sum of RM11,007,326,245 (inclusive of GST).

Further details of the Proposed Construction are set out in Section 3, Part C of the Circular.

5. SOURCES OF INFORMATION

In preparing this IAL, PIVB has relied upon the following sources of information and documents:

(i) the information contained in Part C of the Circular and the appendices attached thereto;

(ii) the SSA;

(iii) the Feasibility Report;

(iv) the Valuation Certificate and Valuation Report;

(v) the Management Contract;

(vi) the QS Report;

(vii) other relevant information, documents, confirmations and representation furnished to us by the management of MRCB; and

(viii) other publicly available information.

6. LIMITATIONS TO THE EVALUATION OF THE PROPOSALS

We were not involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposals. The terms of reference of our appointment as the Independent Adviser to the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals are in accordance with the requirements set out in Paragraphs 10.08(2) and (3) of the Listing Requirements.

Our scope is limited to expressing an independent opinion on the fairness and reasonableness of the Proposals insofar as the non-interested shareholders are concerned based on the following information and documents available to us as mentioned in Section 5 of this IAL.

We have made all reasonable enquiries to the Board and Management and have relied upon the information and documents as mentioned above. We are satisfied that all relevant facts, information and representations necessary for our evaluation of the Proposals have been disclosed to us and that such information is sufficient, accurate, valid and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

The Board has confirmed to us that all relevant material facts and information essential to the evaluation of the Proposals have been disclosed to us and has accepted full responsibility for the accuracy of the information provided to us. After making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied with the disclosures from the Board and Management and have no reason to believe that any of the information provided is unreliable, incomplete, misleading or inaccurate.

In rendering our advice, we had taken note of pertinent factors, which we believe are necessary and of importance to our assessment of the Proposals and therefore of general concern to the non-interested shareholders of MRCB. As such:

(i) the scope of PIVB's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness and other implications of the Proposals only. Comments or points of consideration which may be commercially oriented are included for our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of MRCB to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposals;

(ii) PIVB's views and recommendation as contained in the IAL only cater to the non-interested shareholders of MRCB at large and not to any non-interested shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and

(iii) we recommend that any individual non-interested shareholder or group of non-interested shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD.

We will notify the non-interested shareholders of MRCB if, after the despatch of this IAL, we become aware that the information or document previously circulated or provided:

(i) contains a material statement which is false or misleading;

(ii) contains a statement from which there is a material omission; or

(iii) does not contain a statement relating to a material development.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of MRCB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

We confirm that there is no situation of conflict of interest that exists or are likely to exist in relation to our role as the Independent Adviser in connection to the Proposals. Other than our current appointment for the Proposals, we have not advised MRCB in the capacity of principal adviser nor independent adviser for any corporate exercise within the past two years preceding the LPD.

PIVB is an approved corporate finance adviser within the meaning of the Principal Adviser Guidelines issued by the Securities Commission Malaysia and a participating organisation of Bursa Securities. Our credentials and experience where we had been appointed as an independent adviser in the past one year preceding the LPD include, amongst others, the following:

(i) acquisition by Puncak Niaga Holdings Berhad of the entire issued share capital of Triplc Berhad from Pimpinan Ehsan Berhad for a cash consideration of RM210,000,000. Our independent advice letter was issued on 18 January 2018;

(ii) unconditional mandatory take-over offer by Paragon Adventure Sdn Bhd ("**PASB**") to acquire all the remaining ordinary shares in Goh Ban Huat Berhad ("**GBH**") ("**GBH Shares**") not already owned by Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh (collectively, the "**Ultimate Offerors**") and PASB and such number of new GBH Shares that may be issued and allotted prior to the closing date of the offer arising from the exercise of the outstanding warrants 2010/2020 issued by GBH ("**Warrants**") and all the remaining Warrants not already owned by the Ultimate Offerors and PASB for a cash offer price of RM1.40 per GBH Share and RM0.40 per Warrant respectively. Our independent advice circular was issued on 27 October 2017;

(iii) conditional mandatory take-over offer by Parallel Pinnacle Sdn Bhd ("**Parallel**") to acquire all the remaining ordinary shares in AbleGroup Berhad ("**AbleGroup Shares**") not already owned by Parallel for a cash consideration of RM0.13 per AbleGroup Share. Our independent advice circular was issued on 16 October 2017;

(iv) exemption to CCS Capital Sdn Bhd ("**CCS Capital**") and persons acting in concert with it ("**PACs**") under subparagraph 4.08(1) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**") from the obligation to undertake a mandatory take-over offer for all the remaining ordinary shares in PCCS Group Berhad not already owned by CCS Capital and its PACs upon completion of the rights issue of shares with warrants. Our independent advice letter was issued on 30 August 2017;

(v) exemption to Takzim Empayar Sdn Bhd, SC Estate World Sdn Bhd and the persons acting in concert with them, from the obligation to undertake a mandatory take-over offer for all the remaining ordinary shares in SC Estate Builder Berhad not already held by them pursuant to the rights issue with warrants under subparagraph 4.08(1) of the Rules. Our independent advice letter was issued on 4 July 2017;

(vi) exemption to Syarikat Kretam (Far East) Holdings Sdn Bhd and the persons acting in concert with it from the obligation to undertake a mandatory offer for all the remaining ordinary shares in WMG Holdings Bhd not already held by them arising from the completion of the acquisitions and share exchange pursuant to Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010. Our independent advice letter was issued on 30 May 2017; and

(vii) mutual cessation of the subscription and shareholders' agreement dated 30 August 2013 between Thriven Global Berhad, MJC Development Sdn Bhd and Mayfair Ventures Sdn Bhd via a settlement agreement dated 2 December 2016. Our independent advice letter was issued on 24 May 2017.

Premised on the foregoing, PIVB is capable and competent in carrying out our role and responsibilities as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of MRCB in relation to the Proposals.

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

Save as disclosed below, none of the directors or major shareholders of MRCB and/or persons connected to them has any interest, direct or indirect, in the Proposals.

		Direct		Indirect	
Related party	**Nature of relationship**	**No. of MRCB Shares held**	**%**	**No. of MRCB Shares held**	**%**
EPF	▪ Major shareholder of MRCB ▪ Sole shareholder of TWSB. Upon completion of the Proposed Subscription, TWSB will hold 80% equity interest in BJSP	1,530,917,500	34.87	-	-
Datuk Shahril Ridza Ridzuan	▪ Non-Independent Non-Executive Director of MRCB ▪ Chief Executive Officer of EPF	1,000,000	0.02	-	-
Tan Sri Azlan Zainol	▪ Non- Independent Non-Executive Chairman of MRCB ▪ Representative of EPF	240,000	*	(a)60,000	*
Rohaya Mohammad Yusof	▪ Non-Independent Non-Executive Director of MRCB ▪ The Head of Private Markets Department of EPF	-	-	-	-

Notes:

(a) *Deemed interested by virtue of his interest in Edenview Projects Sdn Bhd pursuant to Section 8 of the Act.*

* *Less than 0.01%.*

Based on the above, EPF as the sole shareholder of TWSB is deemed interested in the Proposals and will abstain from voting in respect of its direct and/or indirect interest in MRCB on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. 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 Proposals to be tabled at the forthcoming EGM.

Tan Sri Azlan Zainol, Datuk Shahril Ridza Ridzuan and Rohaya Mohammad Yusof are also deemed interested in the Proposals. Accordingly, they have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposals. They will also abstain from voting in respect of their direct and/or indirect interest in MRCB on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. They have also 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 Proposals to be tabled at the forthcoming EGM.

9. EVALUATION OF THE PROPOSALS

PIVB's scope in arriving at our opinion and recommendation as the Independent Adviser to the non-interested shareholders of MRCB in relation to the Proposals is limited to the following bases and analyses:

(a)	Rationale for the Proposals	Section 10
(b)	Financial evaluation of the Proposals	Section 11
(c)	Evaluation of the salient terms of the SSA and Management Contract	Section 12
(d)	Effects of the Proposals	Section 13
(e)	Risk factors	Section 14
(f)	Overview and prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group	Section 15

The views expressed by PIVB in this IAL are, amongst others, based on current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of MRCB should take further note of any announcements relevant to their consideration of the Proposals which may be released after the LPD.

10. RATIONALE FOR THE PROPOSALS

We have set out below our comments on the rationale for the Proposals as stated in Section 5, Part C of the Circular.

10.1 Allows MRCB to carry out large scale property development at a prime location and at the same time leverage on funding from the Shareholders

We noted that the Proposed Joint Venture would enable MRCB to collaborate with EPF to undertake the Development, which is an integrated development project located within the Bukit Jalil area, on the north of the Bukit Jalil National Sports Complex, with a development period of 20 years. Based on the Feasibility Report, Rahim & Co envisaged that the future development prospects of the Lands may generate an estimated GDV of RM11.99 billion, with a corresponding estimated GDC of RM9.22 billion. Notwithstanding the above, the management of MRCB has estimated a potential GDV of RM20.67 billion for the Development.

Further, the Proposed Joint Venture via the Proposed Subscription will enable the Development to be carried out efficiently as funding would be secured from both RJSB and TWSB in the form of equity, other than obtaining financing from financial institutions. In view that the Development is a large scale project with a development period of 20 years, the Proposed Subscription provides for the Call Option and Put Options, which allows both RJSB and TWSB to regulate their shareholdings in BJSP (if required), and to further enhance their commitment in ensuring the success of the Proposed Joint Venture.

The participation of EPF via TWSB under the Proposed Subscription will also help to ease the financial commitment of MRCB of having to finance the entire Development on its own. This eventually enables MRCB to have the flexibility to reallocate its cash flows efficiently and undertake other property development projects concurrently with the Development.

10.2 Provide the Group with a steady stream of income

We noted that the Proposed Construction represents an opportunity for the Group to further enhance its profile in the engineering and construction segment, which is the Group's largest revenue contributor, contributing 62.82% of the Group's total revenue for the FYE 31 December 2017 of RM2.82 billion. Further, the Proposed Construction is expected to provide the Group with a steady income flow via the Provisional Total Project Sum of approximately RM11.01 billion over the development period of 20 years.

Premised on Sections 10.1 to 10.2 above, we are of the opinion that the rationale for the Proposals is reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

11. FINANCIAL EVALUATION OF THE PROPOSALS

11.1 Evaluation of the Proposed Subscription

We noted that BJSP has yet to commence operations as at the LPD. As such, we have reviewed some of the salient terms of the RPS-A and RPS-B, and Call Option and Put Options as part of our evaluation of the Proposed Subscription.

Our comments on some of the salient terms of the RPS-A are as follows:

Salient terms of the RPS-A	PIVB's comments
Issue Price The issue/subscription price of the RPS-A is RM1.00 per RPS-A.	The term is reasonable as the RPS-A will be issued at a proposed value of RM1.00 each, in view that BJSP has yet to begin operations.
Tenure Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.	The term is reasonable as it is the intention of the Shareholders to have a long-term equity interest in BJSP in view of the long development period of the Lands. However, BJSP would have the flexibility of redeeming the RPS-A at a later stage should BJSP meet the requirements for redemption.
Dividend Cumulative dividend at the rate of 7% per annum based on the Issue Price.	The term is reasonable as the dividend rate for the RPS-A of 7% is comparable to the average Base Lending Rate of 6.98% as at 19 February 2018, as extracted from the website of Bank Negara Malaysia. Further, the dividend rate is justifiable as it will not burden BJSP with additional borrowings and increased gearing. In addition to the above, MRCB would also benefit from the dividend payment from the RPS-A held in BJSP by RJSB, an indirect subsidiary of MRCB. The dividend payment will also cease upon the redemption of the RPS-A.
Liquidation preference/repayment of capital In the event of the liquidation or winding-up of BJSP, the redemption value of the RPS-A not previously redeemed and all arrears of preferential dividend declared and accrued up to the date of commencement of the winding-up shall be paid in priority to any payment to the holders of ordinary shares and other classes of preference shares issued by BJSP (including the RPS-B, which will rank behind the RPS-A in priority) but there shall be no further or other participation in the profits or assets of BJSP.	The term is reasonable as it is common for preference shares holders to be given priority for repayment of capital over ordinary shares holders.

Salient terms of the RPS-A	PIVB's comments
Redemption The RPS-A may be redeemed by BJSP upon meeting any applicable debt service ratio imposed by the financiers of BJSP at the discretion of the BJSP Board in accordance with the following provisions:- (a) BJSP may at any time give prior notice in writing ("**Redemption Notice**") to the holders of the RPS-A of its intention to redeem all or any part of the RPS-A which are fully paid up on the date specified in the Redemption Notice, as a form of return of capital; (b) if BJSP decides to partially redeem the RPS-A, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such RPS-A on the redemption date; (c) on the redemption date, BJSP shall redeem the RPS-A specified in the redemption notice at the Redemption Price and pay the dividend which has accrued on them (whether declared or earned or not) down to the redemption date against delivery to TWSB of the certificates for the RPS-A to be redeemed and shall issue free of charge fresh certificates for any unredeemed RPS-A; (d) the RPS-A to be redeemed shall cease to rank for dividend on the redemption date unless on the certificates for the preference shares being tendered, BJSP fails to effect such redemption; (e) no RPS-A shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption; and (f) BJSP shall comply with all the provisions of the Act relating to the redemption of the RPS-A.	The term is reasonable as it provides BJSP with the option and flexibility to redeem the RPS-A at the redemption price during the tenure of the RPS-A, in the event BJSP has sufficient and/or excess cash flow and upon meeting any applicable debt service ratio imposed by financiers.
Redemption Price Each RPS-A shall be redeemed at a redemption price as may be agreed upon and approved unanimously by the Shareholders.	The term is reasonable as the redemption price for the RPS-A may be agreed upon and approved unanimously by the Shareholders at a later stage.
Conversion Nil/not applicable.	The term is reasonable as the RPS-A would not dilute the NA per BJSP Share and EPS of BJSP as the RPS-A is not convertible into BJSP Shares.

Our comments on some of the salient terms of RPS-B are as follows:

Salient terms of the RPS-B	PIVB's comments
Issue Price The issue/subscription price of the RPS-B is RM1.00 per RPS-B.	The term is reasonable as the RPS-B will be issued at a proposed value of RM1.00 each, in view that BJSP has yet to begin operations.
Tenure Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.	The term is reasonable as it is the intention of the Shareholders to have a long-term equity interest in BJSP in view of the long development period of the Lands. However, BJSP would have the flexibility of redeeming the RPS-B at a later stage should BJSP meet the requirements for redemption.
Dividend The RPS-B shall collectively confer on the holder thereof the right to receive, in priority to any payment to the holders of any other class of shares in the capital of BJSP, cumulative preferential dividend calculated as follows:- $[A = B + [20\% \times (C - D)]$ Where: A = the dividend, capital distribution and such other distribution as BJSP may decide for each RPS-B B = the aggregate issue price for all the RPS-B C = the aggregate distributable profits of BJSP derived from the project as at the date of declaration of dividend, capital distribution or such other distribution D = an amount representing an internal rate of return of 15% on the Aggregate Shareholders' Capital Contributions, calculated from the issue date of the RPS-B until the date of declaration of dividend, capital distribution or such other distribution, compounded annually "**Aggregate Shareholders' Capital Contributions**" refers to the aggregate actual subscription price paid by the Shareholders for Shares, including preference shares and other classes of shares in BJSP, together with the aggregate amount of any loans/ advances granted by the Shareholders to BJSP. Any dividends shall be payable only at the end of the development period.	The term is reasonable as the dividend payable by BJSP is only at the end of the development period of 20 years. The dividend payable would allow the Management Contractor to receive the aggregate issue price for all the RPS-B in addition to 20% of the aggregate distributable profits of BJSP in excess of an amount representing an internal rate of return of 15% on the Aggregate Shareholders' Capital Contribution. We note that the aforementioned 20% is beneficial to MRCB Land as the Management Contractor (a wholly-owned subsidiary of MRCB), as MRCB Land will be able to participate in the profit arising from the development of the Lands. It will also incentivise MRCB Land to manage the Development efficiently, such that they are rewarded with a larger dividend from BJSP.

Salient terms of the RPS-B	PIVB's comments
Liquidation preference/repayment of capital In the event of the liquidation or winding-up of BJSP, the redemption value of the RPS-B not previously redeemed and all arrears of preferential dividend declared and accrued up to the date of commencement of the winding-up shall be paid in priority to any payment to the holders of ordinary shares and other classes of preference shares issued from time to time, save and except for the RPS-A (which shall rank in priority to the RPS-B), but there shall be no further or other participation in the profits or assets of BJSP.	 The term is reasonable as it is common for preference shares holders to be given priority for repayment of capital over ordinary shares holders.
Redemption The RPS-B may be redeemed at the discretion of BJSP Board in accordance with the following provisions:- (a) BJSP may at any time give prior notice in writing ("**Redemption Notice**") to the holders of the RPS-B of its intention to redeem all or any part of the RPS-B which are fully paid up on the date specified in the Redemption Notice, as a form of return of capital; (b) if BJSP decides to partially redeem the RPS-B, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such RPS-B on the redemption date; (c) on the redemption date, BJSP shall redeem the RPS-B specified in the redemption notice at the Redemption Price and pay the dividend which has accrued on them (whether declared or earned or not) down to the redemption date against delivery to BJSP of the certificates for the RPS-B to be redeemed and shall issue free of charge fresh certificates for any unredeemed RPS-B; (d) the RPS-B to be redeemed shall cease to rank for dividend on the redemption date unless on the certificates for the preference shares being tendered, BJSP fails to effect such redemption; (e) no RPS-B shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption; and (f) BJSP shall comply with all the provisions of the Act relating to the redemption of the RPS-B.	 The term is reasonable as it provides BJSP with the option and flexibility to redeem the RPS-B at the redemption price during the tenure of the RPS-B in the event BJSP has sufficient and/or excess cash flow and upon meeting any applicable debt service ratio imposed by financiers.
Redemption Price Each RPS-B shall be redeemed at the issue/subscription price of the RPS-B together with all cumulative preferential dividend accrued on the RPS-B to be redeemed as at the date of issue of the redemption notice.	 The term is reasonable as it covers all entitlements due to the holder of RPS-B at the point of redemption.
Conversion Nil/not applicable.	 The term is reasonable as the RPS-B would not dilute the NA per BJSP Share and EPS of BJSP as the RPS-B is not convertible into BJSP Shares.

Premised on the above, we are of the view that the salient terms of the RPS-A and RPS-B are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

In accordance with the terms of the SSA, TWSB shall grant to the Company and/or RJSB the Call Option, and the Company and/or RJSB shall grant to TWSB the First Put Option and the Second Put Option.

Our evaluation on the salient terms of the Call Option and Put Options are as follows:

No.	Description	Call Option	First Put Option^	Second Put Option	PIVB's comments
1.	Issuer	TWSB	MRCB and/or RJSB	MRCB and/or RJSB	The terms are reasonable as the Call Option and Put Options will provide MRCB and/or RJSB and TWSB with the flexibility to regulate their shareholdings in BJSP.
2.	Holder of the rights	MRCB and/or RJSB	TWSB	TWSB	The terms are reasonable as the Call Option and Put Options will provide MRCB and/or RJSB and TWSB with the flexibility to regulate their shareholdings in BJSP.
3.	Option period	24 months from the business day falling immediately after the completion of the First Tranche Subscription	12 months from the business day falling immediately after the expiry of the Call Option Period	12 months from the business day falling immediately after the expiry of 7 years from the completion of the First Tranche Subscription	The terms are reasonable as it sets out the timeframe for the exercise of the Call Option and Put Options.
4.	Purpose	To require TWSB to sell such number of BJSP Securities in excess of 51% of the issued share capital of BJSP, held by TWSB as at the date of the Call Option Notice to MRCB and/or RJSB	To require MRCB and/or RJSB to buy such number of BJSP Securities in excess of 51% of the issued share capital of BJSP, held by TWSB as at the date of the First Put Option Notice, from TWSB	To require MRCB and/or RJSB to buy the remaining number of BJSP Securities held by TWSB as at the date of the Second Put Option Notice, from TWSB	The terms are reasonable as the Call Option and Put Options will provide the Shareholders with the flexibility to regulate their shareholdings in BJSP and allow MRCB and RJSB to increase their interest in BJSP at a later stage.
5.	Option price	A consideration payable by MRCB and/or RJSB that will give TWSB an internal rate of return ("**IRR**") of 10% in proportion to the Call Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the Call Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	A consideration payable by MRCB and/or RJSB that will give TWSB an IRR of 8% in proportion to the First Put Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the First Put Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	A consideration payable by MRCB and/or RJSB that will give TWSB an IRR of 9.5% in proportion to the Second Put Option Shares, based on the aggregate amount of TWSB's investment in BJSP as at the date of the Second Put Option Notice, less any amount which has been paid/distributed by BJSP to TWSB	We note that the consideration payable by MRCB and/or RJSB to TWSB for the BJSP Shares held by TWSB based on the Call Option Price, First Put Option Price and Second Put Option Price are expected to give TWSB with an IRR of 10%, 8% and 9.5%, respectively, which had been mutually agreed between the Shareholders. However, we note that if MRCB were to raise funds from the capital market to fund the development of the Lands, the cost of equity of MRCB would be approximately 12.9% as at the LPD, as extracted from Bloomberg, which is higher than the aforementioned IRR. Hence, the IRRs are reasonable.

No.	Description	Call Option	First Put Option^	Second Put Option	PIVB's comments
6.	Shareholdings in BJSP after exercise of option *	RJSB : 49% TWSB : 51%	RJSB : 49% TWSB : 51%	RJSB : 100% TWSB : -	The terms are reasonable as the Call Option and Put Options in the SSA will provide the Shareholders with the flexibility to regulate their shareholdings in BJSP. Further, the exercise of the options may result in RJSB having 100% equity interest in BJSP, should TWSB wish to monetise and exit their investment in the Lands.

Notes:

* *Based on the shareholdings of RJSB and TWSB of 20% and 80% of the share capital of BJSP, respectively, upon completion of the Proposed Subscription.*

^ *Provided the Call Option has not been exercised and save and unless notified by TWSB to MRCB and/or RJSB before the expiry of the Call Option Period that TWSB waives its rights in respect of the First Put Option.*

In the event that TWSB fails to exercise its rights under the First Put Option before the expiry of the First Put Option Period, TWSB shall, notwithstanding such failure, be deemed to have automatically exercised the First Put Option on the last day of the First Put Option Period without the requirement of the issuance of the First Put Option Notice to MRCB and/or RJSB.

In addition, TWSB shall immediately cease to be entitled to exercise the First Put Option in the event TWSB sells or transfers or otherwise disposes of such number of BJSP Securities resulting in its shareholdings in BJSP being equivalent to 51% or less, other than pursuant to a transfer to a 100%-held related party of TWSB.

Premised on the above, we are of the view that the salient terms of the Call Option and Put Options are reasonable and not detrimental to the interest of the non-interested shareholders of MRCB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11.2 Evaluation of the Proposed Disposal

In evaluating the fairness and reasonableness of the terms of the Proposed Disposal, we have taken into consideration the market value of the Lands, as appraised by CBRE|WTW, an independent registered value, which forms part of the basis and justification of arriving at the Lands Consideration. We have made reference to the Valuation Certificate and are satisfied with the market value as ascribed by the Valuer based on the material date of valuation as at 30 November 2017.

In arriving at the market value of Lands, the Valuer had adopted different methodologies for the Lands. The description used by the Valuer is as follows:

(i) Income Approach (Residual Method)

In the Residual Method of valuation, consideration is given to the GDV 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.

(ii) Comparison Method

The 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/exposure, size, tenure, shape/terrain, planning approval, title restrictions, if any and other relevant characteristics to arrive at the market value.

The Valuation Certificate is appended in **Appendix C(IV) of Part C** of the Circular, while the Valuation Report can be inspected at the registered office of MRCB.

Based on the methods as disclosed above, we noted that the Valuer has adopted the Residual Method as the primary method and the Comparison Method as a check in deriving the market value of Lands.

We are of the view that the adoption of the Residual Method as the primary method of valuation is appropriate given that:

(i) the Residual Method is commonly applied for the valuation of land bank to be developed that is expected to generate cash flows and earnings in the medium to long term through the sale of property units;

(ii) while no development order has been granted as at the date of the Valuation Report by the relevant authorities, Rahim & Co (via its Feasibility Report) has the indicative development components and gross floor area of the Lands;

(iii) there was sufficient information provided in the Feasibility Report, for the Valuer to reasonably determine the value of Lands; and

(iv) the Residual Method takes into consideration the various factors such as location, development concept, size, accessibility and other relevant characteristics.

We are of the view that the adoption of the Comparison Method as a check is appropriate given that:

(i) the Comparison Method provides a snapshot of market demand and supply conditions for similar types of properties which have been transacted;

(ii) the Valuer had identified comparable transactions for its analysis; and

(iii) while no exact comparable exists, the Valuer had made adjustments to the market values of the comparable transactions and selected what it considered the most applicable.

While the actual development order for the Lands has not been granted as at the date of the Valuation Report, we are of the view that the basis and assumptions used by the Valuer to be acceptable for the purposes of valuation as the plot ratio for the development plans had been approved in principal by Dewan Bandaraya Kuala Lumpur.

We also note that the valuation was 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.

As extracted from the Valuation Certificate, the market value of Lands arrived at using the Residual Method and Comparison Method are set out below:

Method of valuation	**Market value (RM)**
Residual Method	1,430,000,000
Comparison Method	1,430,000,000

11.2.1 Residual Method

Based on the Valuation Report, the Development will be divided into three phases with a total development period of approximately 14 years. The basis and assumptions used by the Valuer in their valuation of the Lands as extracted from the Valuation Report together with our views are as follows:

<table>
<tr><th>No.</th><th>Basis and assumptions used</th><th>PIVB's comments</th></tr>
<tr><td>1.</td><td>The land are of the subject property are as follows:
<table><tr><td>Lot Nos.</td><td>Plot</td><td>Land area</td></tr><tr><td>PT 16843</td><td>Plot 1A</td><td>97,489 sq. m / 24.09 acres</td></tr><tr><td>PT 16844</td><td>Plot 2A</td><td>37,116 sq. m / 9.17 acres</td></tr><tr><td>PT 16845</td><td>Plot 5</td><td>173,510 sq. m / 42.88 acres</td></tr><tr><td>Total</td><td></td><td>308,115 sq. m / 76.14 acres</td></tr></table></td><td>The land area is consistent with the description set out in the SSA.</td></tr>
<tr><td>2.</td><td>The subject property has a plot ratio of 1:6.5.</td><td>The plot ratio is consistent with the Conditions Precedent of the SSA.</td></tr>
<tr><td>3.</td><td>The proposed development has no low cost components.</td><td>This is consistent with the development plan for the Lands as determined by the management of MRCB.</td></tr>
<tr><td>4.</td><td>The subject property is a vacant land with vacant possession. No value is attributed to all site improvements including the buildings/structures erected on site.</td><td>This assumption is reasonable as the subject property is assumed to be vacant for valuation purposes.</td></tr>
</table>

Premised on the basis and assumptions above, in arriving at the market value of the Lands based on the Residual Method, the Valuer had adopted the total GDV of RM11.85 billion based on the following phases:

No.	Phase	Development components	GDV / Total selling price (after Bumiputera discount) (RM)
(i)	Phase 1	Serviced apartments, SOHO, shopping malls and hotel	4,033,174,525
(ii)	Phase 2	Offices and car park	1,622,815,000
(iii)	Phase 3	Apartments, shop offices and show gallery	6,191,528,760
Total			**11,847,518,285**

(Source: Valuation Report)

The total GDV of RM11.85 billion adopted by the Valuer is slightly lower than the total GDV estimated by Rahim & Co of RM11.99 billion, of which the Executive Summary of the Feasibility Report is appended as **Appendix C(V) of Part C** of the Circular.

We have noted that the proposed selling price adopted by the Valuer is in line with the range of the adjusted selling prices per square foot of recent transactions within the Klang Valley. Details in arriving at the GDV are set out below and in the Valuation Certificate.

The Valuer had made adjustments to the transacted prices to account for differences in location / visibility, building age / condition, design / finishes / specifications, size, strata/individual title, tenure, public amenities and other relevant characteristics, if any, to arrive at the final proposed selling prices.

Component	Proposed selling price (RM)	Total selling price after Bumiputera discount (RM)	Justification
Service apartment/SOHO	700 to 900 psf	3,033,174,525	Based on the analysis of the transacted prices and developer's selling price of service apartment/SOHO within the locality conducted by the Valuer, the adjusted values range from RM879 to RM963 psf. The Valuer had further adjusted the range of values above, depending on the size of the service apartments to derive the range of the proposed selling prices.
Apartment	650 to 950 psf	5,419,351,800	Based on the analysis of the transacted prices and developer's selling price of condominium/premium condominium within larger vicinity conducted by the Valuer, the adjusted values range from RM665 to RM836 psf. The Valuer made an upward adjustment for the premium condominium (low rise) in view of its exclusive features compared to other normal condominiums.
Shop office	800 psf	651,140,160	Based on the analysis of the transacted prices of shop offices within the Klang Valley conducted by the Valuer, the adjusted values range from RM748 to RM813 psf.

Component	Proposed selling price (RM)	Total selling price after Bumiputera discount (RM)	Justification
Retail mall/shopping malls	1,000 to 1,100 psf	640,000,000	Based on the analysis of the transacted prices of retail mall/shopping mall within a larger vicinity conducted by the Valuer, the adjusted values range from RM853 to RM1,051 psf.
Hotel	Approximately 800,000 per room	360,000,000	Based on the analysis of the transacted prices of hotels within a larger vicinity conducted by the Valuer, the adjusted values range from RM694,938 per room to RM823,333 per room. The proposed hotel is to be developed into a 4 to 5-star category. For the purpose of this valuation, the Valuer adopted the selling price of RM800,000 per room.
Offices	750 to 800 psf	1,514,700,000	Based on the analysis of the transacted prices of offices within the larger vicinity conducted by the Valuer, the adjusted values range from RM705 to RM804 psf.
Show gallery	800 psf	121,036,800	There is a dearth of transaction recorded for the show gallery, however due to its similarity with the shop offices, the Valuer adopted the selling price as per the shop office. Based on the analysis of the transacted prices of shop offices within the Klang Valley conducted by the Valuer, the adjusted values range from RM748 to RM813 psf.
Car park	35,000 per bay	108,115,000	Based on the analysis of the transacted prices of car park within the Klang Valley conducted by the Valuer, the adjusted values range from RM34,000 to RM68,000 per bay.
Total		**11,847,518,285**	

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

We have also taken note that the total GDC of RM9.04 billion as adopted by the Valuer was based on the following material parameters:

Items	Rate adopted		Justification
Earthwork and site clearance	RM300,000 per acre		The cost is estimated by the Valuer on the cost for the earthwork and site clearance of the subject property.
Building cost	Service apartment	RM200 psf	Based on the estimated cost by the quantity surveyors and construction cost consultants provided by MRCB and investigations by the Valuer.
	SOHO	RM220 psf	
	Retail Mall 1	RM300 psf	
	Retail Mall 2	RM340 psf	
	4 to 5 star Hotel	RM468 psf	
	Premium condominium (Low Rise)	RM250 psf	
	Condominium	RM200 psf	
	Shop Offices	RM180 psf	
	Show Gallery	RM180 psf	
	Elevated car park	RM90 psf	
	Basement car park	RM120 psf	
Infrastructure works	RM600,000 per acre		The cost is estimated by the Valuer based on the Valuer's survey and enquiries with developers.
Finance cost	8.00% on 30% of the total estimated cost of construction		The finance cost of 8.00% per annum is based on the Valuer's enquiries with financial institutions i.e. Base Rate 6.85% per annum plus security margin of 1.00% to 2.50% per annum. The assumption is reasonable as we note that as at 19 February 2018, the average Base Lending Rate as extracted from the website of Bank Negara Malaysia is approximately 6.98%.
Professional fees	7.00% of total estimated cost of construction		The rate which is adopted by the Valuer at 7.00% is in line with the industry standard.
Developer's profit and risk	15% of GDV		The surveys and enquiries with developers conducted by the Valuer revealed that the rate of return of about 15% to 20% of GDV is required for a developer to commit to a project development.
Development period	14.5 years		The estimated development period of 14 years is in line with the feasibility study prepared by Rahim & Co. However, an additional 0.5 year was provided for the time required to obtain vacant possession of the Lands.
Present value rate	8.00% per annum		In tandem with the finance rate based on the Valuers' enquiries with financial institutions.

(Source: Valuation Certificate)

In valuing the Lands, the Valuer had estimated the GDV of each individual phase and deducted the expected GDC of the respective phases. The Valuer had discounted the resultant residual value over the estimated development period of each phase.

The breakdown of the Valuer's computations to derive at the market value of the Lands based on the Residual Method is as follows:

	Total GDV (RM)	Total GDC (RM)	Residual value (RM)	Development period (years)	Market value* (RM)
Phase 1	4,033,174,525	3,092,096,567	941,077,958	3 to 4 years	609,856,747
Phase 2	1,622,815,000	1,164,575,155	458,239,846	3 years	262,597,366
Phase 3	6,191,528,760	4,778,652,616	1,412,876,144	3 to 4 years	556,682,699
Total					**1,429,136,812**
Adopted					**1,430,000,000**

Note:

* *The market values of each phase were derived by discounting the residual value by the expected development period at a discount rate of eight percent (8.00%) per annum, in tandem with the finance rate based on the Valuer's enquiries with financial institutions.*

(Source: Valuation Report)

Premised on the above, we are of the view that the valuation of the Lands using the Residual Method as the primary valuation methodology is reasonable. We have also reviewed the basis and assumptions in deriving the GDV and GDC and believe that the basis and assumptions are reasonable. Premised on the above, we are of the view that the adopted market value of RM1,430.00 million is fair.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11.2.2 Comparison Method

In addition to the Residual Method, as a check, the Valuer had also assessed the market value of the Lands using the Comparison Method.

The salient details of the comparable transactions which had been extracted by the Valuer from the Valuation and Property Services Department ("**JPPH**") and announcements made to Bursa Securities are as follows:

Details	Comparable 1*	Comparable 2	Comparable 3
Lot No., town, district and state	Lot 481123, Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Lot 72241, PT 194, PT 193 & PT 215, Bandar Petaling Jaya, and PT252 Mukim of Damansara, District of Petaling, Selangor	Part of Parent Lot No. 3636, Mukim of Sungai Buloh, District of Petaling, Selangor
Location	Located along Jalan Lembah Ledang	Located next to Western Digital in Sungai Way Free Trade Zone	Plot MX-1, located within Kwasa Damansara Development, along Jalan Sungai Buloh, 47800, Petaling Jaya, Selangor
Type	Mixed development land	Commercial land	Commercial land
Tenure	Term in perpetuity	Leasehold 99 years expiring on 12 August 2106	Leasehold 99 years
Land area (sq ft)	833,664	740,342	2,790,889
Date / Date of announcement on Bursa Securities	23 December 2016	Bursa Securities announcement dated 11 May 2015	Bursa Securities announcement dated 14 August 2014
Consideration	RM646,000,000	RM286,000,000	RM1,166,500,000
Analysis (psf)	RM775	RM386	RM418
Adjustments#	Adjustment is made on location – general, accessibility, shape, size, tenure, planning approval, plot ratio, LRT station and transfer of land period		
Adjusted value (psf)	RM426	RM436	RM493

(Source: Valuation Certificate)

Notes:

* *Comparable 1 was chosen as the best comparable as it represents the latest transaction in the market.*

\# *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Location	-	*Downward adjustment* *Behind Western Digital, Kelana Jaya*	*Upward adjustment* *Along Jalan Sungai Buloh*
Accessibility	*Downward adjustment* *Jalan Semantan*	-	-
Shape / condition	-	-	*Downward adjustment* *Rectangular / Flat*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Size	*Downward adjustment* *19.14 acres*	*Downward adjustment* *17.00 acres*	-
Tenure	*Downward adjustment* *Term in perpetuity*	-	-
Plot ratio	*Upward adjustment* *1 : 5*	*Upward adjustment* *1 : 4*	*Upward adjustment* *1 : 4*
LRT station	*Upward adjustment* *1 MRT station nearby*	*Upward adjustment* *No*	*Downward adjustment* *2 MRT stations*
Transfer of land	*Downward adjustment* *Normal*	*Downward adjustment* *Normal*	-

We are of the view that the Comparison Method adopted by the Valuer is reasonable as the comparables have similar characteristics in terms of type and localities and the necessary adjustments have been made to account for relevant factors such as location, accessibility, shape/condition, size, tenure, plot ratio, the availability of LRT stations in the vicinity and the transfer of land.

Consequently, the Valuer had adopted Comparable 1 as the best comparable as it represents the latest transaction in the market and had adopted a rounded adjusted value of RM426 psf for the Lands. The adjusted value of RM426 psf translates into a total market value of the Lands of RM1,430.00 million.

Premised on the above, we are of the view that the valuation of the Lands using the Comparison Method as a check is reasonable and the market value of the Lands derived therefrom is fair.

Based on our evaluations as set out in Sections 11.2.1 and 11.2.2 above, we concur with the market values of the Lands based on the respective valuation methodologies adopted by the Valuer. As such, we are of the opinion that the value of the Lands of RM1,430.00 million is reasonable.

Premised on our evaluations in Sections 11.1 and 11.2 of this IAL, we note that the Lands Consideration amounting up to RM1,426.16 million represents only a slight discount of approximately RM3.84 million or 0.27% to the market value of the Lands of RM1,430.00 million as appraised by the Valuer. Pursuant thereto, we are of the view that the Proposed Joint Venture is fair and reasonable, and not detrimental to the interests of the non-interested shareholders of MRCB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11.3 Evaluation of the Proposed Construction

We noted that the Provisional Total Project Sum of RM11.01 billion payable by BJSP to MRCB Land in the Proposed Construction was arrived at based on commercially negotiated terms after taking into consideration the preliminary plans for the Development, the estimated Provisional Contract Costs and the bases for the Provisional Management Contract Fees.

In view of the above, we have relied on the GDC Report prepared by the QS, appointed by the Board to undertake an independent analysis of the GDC for the Development (which includes the Provisional Contract Costs and the Provisional Management Contract Fees), in providing our opinion on the fairness and reasonableness of the Provisional Total Project Sum.

The comparison of the Provisional Total Project Sum as extracted from the Management Contract and the GDC Report are set out below:

	Management Contract (RM'000)			GDC Report (RM'000)	
	Estimated GDC[(a)]	Provisional Total Project Sum	Note	Estimated GDC[(a)]	Provisional Total Project Sum
Land cost[(b)]	1,426,163	-		1,426,163	-
Land related cost[(b)]	191,825	-		191,825	-
Authority and Statutory Charges[(b)]	939,223	-		803,722	-
Financing cost[(b)]	1,262,356	-		1,262,356	-
Subtotal	***3,819,567***	-		***3,684,066***	-
<u>Provisional Contract Costs (inclusive of GST):</u>					
EPCC Contract Sum	8,538,394	8,538,394	(i)	8,582,992	8,582,992
Professional Fees	683,072	683,072	(ii)	686,639	686,639
Sales and Marketing Consultancy Expenses	723,567	723,567	(iii)	413,467	413,467
Office Overhead and Administrative Expenses	170,768	170,768	(iv)	171,660	171,660
Subtotal	***10,115,801***	***10,115,801***		***9,854,758***	***9,854,758***
<u>Provisional Management Contract Fees:</u>					
Sales and Marketing Consultancy fee	361,784	361,784	(v)	392,794	392,794
PMR Services fees:			(vi)		
- PM Services	402,754	402,754		404,858	404,858
- Professional Fees	32,220	32,220		32,389	32,389
- Regulatory Services	44,303	44,303		37,912	37,912
GST	50,464	50,464		52,077	52,077
Subtotal	***891,525***	***891,525***		***920,030***	***920,030***
Grand total	***14,826,893***	***11,007,326***		***14,458,854***	***10,774,788***

Notes:

(a) We have set out the comparison of the GDC between the Management Contract and the GDC Report for information purposes only.

(b) Land cost, land related cost, Authority and Statutory Charges and financing cost will be borne by BJSP. Thus, they are not included in the Provisional Total Project Sum payable by BJSP to MRCB Land.

Based on the table above, we noted that the Provisional Total Project Sum under the Management Contract of RM11.01 billion is RM232.54 million or 2.16% higher than the QS estimation of RM10.77 billion under the GDC Report due primarily to the Sales and Marketing Consultancy Expenses and Sales and Marketing Consultancy fee.

Premised on the foregoing, we have reviewed the basis and assumptions adopted by the QS in arriving at the Provisional Total Project Sum of RM10.77 billion. We have also reviewed and compared the basis and assumptions adopted by the management under the Management Contract in arriving at the Provisional Total Project Sum of RM11.01 billion against the basis and assumptions adopted by the QS in the ensuing paragraphs:

(i) EPCC Contract Sum

The EPCC Contract Sum of RM8.58 billion estimated by the QS comprised of various cost elements, namely preliminaries, sub-structure works, building works, mechanical and electrical services, external works within boundary, ancillary buildings, provisional sums, contingency sum and GST.

The methodology that was adopted by the QS to derive an estimate of construction cost is by using unit rate method of similar development components inclusive of contingency allowance to cater for unseen factors and other acceptable yardstick as per the industry's practice, based on the following reasons:

(a) gross floor area and preliminary layout plans for each Plot have been determined; and

(b) building type and intended function for each Plot have been determined which allows the QS to allocate a particular unit rate for each type of building.

The unit rate method has also been adopted by the management under the Management Contract. As set out in the GDC Report, the unit rate method is widely and commonly used in the industry during the preliminary stage of construction for budgeting purposes.

(ii) Professional Fees

The Professional Fees represent payments to consultants to be engaged for the Development which includes architects, civil and structural engineers, mechanical and electrical engineers and quantity surveyors and any other consultants required for the Proposed Construction.

The Professional Fees under the Management Contract was estimated based on 8.00% of the EPCC Contract Sum whilst the Professional Fees in the GDC Report was estimated based on 8.00% of estimated construction cost (including contingency but excluding GST).

(iii) Sales and Marketing Consultancy Expenses

The Sales and Marketing Consultancy Expenses represent expenses to be incurred by MRCB Land in relation to the marketing effort for the Development, which include advertising, promotional costs, press and public relations, marketing collateral and publications.

The Sales and Marketing Consultancy Expenses under the Management Contract have been estimated at a rate of 3.50% of the GDV, whilst the Sales and Marketing Consultancy Expenses in the GDC Report was estimated based on 2.00% of the GDV. It was further provided in the GDC Report that the industry rate ranges from 1.50% to 4.00%, depending on the developer's budget for advertising and marketing fees.

(iv) Office Overhead and Administrative Expenses

Office Overhead and Administrative Expenses are expenses incurred by MRCB Land in connection with managing the operations of the Development on behalf of BJSP.

The Overhead and Administrative Expenses in the GDC Report was estimated at 2.00% of the EPCC Contract Sum. The Office Overhead and Administrative Expenses under the Management Contract were also estimated at a same rate of 2.00% of the EPCC Contract Sum.

(v) Sales and Marketing Consultancy fee

Sales and Marketing Consultancy fee represents fee payable to MRCB Land when MRCB Land successfully secures lessee and/or buyer for the Development.

Sales and Marketing Consultancy fee under the Management Contract was estimated at a rate of 1.75% of the GDV, while the Sales and Marketing Consultancy fee in the GDC Report was estimated based on 1.90% of the GDV. It was further provided in the GDC Report that the industry rate ranges from 1.50% to 2.00%.

(vi) PMR Services fees

The PMR Services comprised of PM Services, Professional Fees and Regulatory Services. Under both the Management Contract and GDC Report, the PM Services fee is arrived based on 5% of the EPCC Contract Sum, while the Professional Fees and Regulatory Services fee are based on 5% of the Professional Fees and Authority and Statutory Charges, respectively.

We have also noted that the rate of 5% is consistent with the rates set out in previous contracts entered into by the Group for provision of similar services such as the management contract for a commercial development, named Kwasa Utama dated 28 October 2015 ("**Project C8 Management Contract**"), the project delivery partner contract for the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the Kwasa Damansara Township dated 26 May 2016 ("**PDP Contract**"), as well as the management contract for the development and construction of a mixed development identified to be the town centre of the Kwasa Damansara Township dated 22 March 2018 ("**MX-1 Management Contract**").

Based on the above, we concur with the basis and assumptions adopted in deriving the Provisional Total Project Sum to be received by MRCB Land under the Management Contract of RM11.01 billion. Further, it is RM232.54 million or 2.16% higher than the QS estimation of RM10.77 billion under the GDC Report. As such, we are of the view that the Provisional Total Project Sum under the Management Contract of RM11.01 billion is fair and reasonable, and not detrimental to the interests of the non-interested shareholders of MRCB.

Nonetheless, it should be noted that the amount of RM11.01 billion is only provisional at this juncture and is subject to changes depending on the finalisation of items such as the final EPCC Contract Sum, actual Professional Fees, and Authority and Statutory Charges.

12. EVALUATION OF THE SALIENT TERMS OF THE SSA AND MANAGEMENT CONTRACT

12.1 Salient terms of the SSA

Our comments on the salient terms of the SSA as extracted from Section 4.1, Part C of the Circular are as follows:

Salient terms of the SSA	PIVB's comments
SSA Conditions Precedent	
(i) The obligations of the Shareholders are conditional upon the following SSA Conditions Precedent being obtained/fulfilled or waived (as the case may be) by the Cut-Off Date:-	The Conditions Precedent are reasonable as the terms are mainly approvals required from the relevant parties to give effect to the Proposed Subscription.
(a) the approval of all relevant authorities having been obtained, including without limitation:-	Further, the terms are also reasonable as it provides a reasonable timeframe for the fulfillment of the Conditions Precedent.
(A) BJSP having obtained the approval of the EPU to acquire the Lands pursuant to the EPU's Guideline on the Acquisition of Properties on terms and conditions acceptable to TWSB or the written confirmation from EPU or other relevant authorities that EPU's approval is not required by BJSP for the acquisition of the Lands; and	
(B) EPF having obtained the approval of the Minister of Finance, Malaysia for its indirect investment in BJSP and the Lands.	
(b) the issuance of an issue document of title registered in the name of BJSP as the registered proprietor in respect of each of the Lands:-	
(A) free from all encumbrances, leases and endorsed tenancies exempt from registration;	
(B) with endorsement of a leasehold period of 99 years;	
(C) subject to the category of 'building'; and	
(D) such express conditions and restriction in interest;	
(c) the approved plot ratio for the development of the Lands being no less than 1:6.5; and	
(d) MRCB having obtained (at its own cost and expense) the approval of its shareholders at an EGM to be convened in respect of the Proposed Joint Venture, including the proposed subscription by RJSB of the BJSP Securities in accordance with the terms and conditions of the SSA.	

<table>
<tr><th>Salient terms of the SSA</th><th>PIVB's comments</th></tr>
<tr><td>
(ii) If:-
(a) on the expiry of the Cut-Off Date, any of the SSA Conditions Precedent have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
(b) on the expiry of the Cut-Off Date, any of the SSA Conditions Precedent have not been obtained/fulfilled or waived; or
(c) at any time prior to the expiry of the Cut-Off Date, any of the SSA Conditions Precedent have been granted subject to terms and conditions which are not acceptable to a Shareholder being terms and conditions which affect that Shareholder, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected Shareholder 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 SSA by giving a notice in writing to that effect to the other party, whereupon the parties shall not have any further rights under the SSA except in respect of:-
(A) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
(B) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.
</td><td></td></tr>
<tr><td>
Shareholding proportions
Subject to the Call Option and the Put Options as set out in Section 2.1.8 of Part C of this Circular, and save as agreed by the Shareholders, the respective shareholdings of the Shareholders in BJSP (based on the BJSP Shares held) shall, after the completion of the Proposed Subscription and at all times throughout the duration of the SSA, be maintained in the following proportions ("Shareholding Proportions"):-
<table>
<tr><th>Shareholder</th><th>Shareholding Proportions</th></tr>
<tr><td>RJSB</td><td>20%</td></tr>
<tr><td>TWSB</td><td>80%</td></tr>
</table>
</td><td>The terms are reasonable as the Shareholding Proportions was mutually agreed between RJSB and TWSB. Further, the terms serve to clarify the respective shareholdings of RJSB and TWSB in BJSP.</td></tr>
</table>

Salient terms of the SSA	PIVB's comments
Board of Directors	
(i) At all times while the SSA remains in force, the Shareholders shall procure that at any one time, unless otherwise expressly agreed by the Shareholders, the number of directors of BJSP shall not be more than five (5) in number. *(ii) Except as otherwise provided in the SSA, RJSB will, while it remains a Shareholder, be entitled to nominate and appoint one (1) director of BJSP and TWSB will, while it remains a Shareholder, be entitled to nominate and appoint four (4) directors.* *(iii) In the event there is a change in the Shareholding Proportions due to the exercise of the Call Option or the First Put Option, as the case may be, RJSB will, while it remains a Shareholder with a shareholding of not less than 40% of the total issued share capital in BJSP, be entitled to nominate and appoint two (2) directors and TWSB will, while it remains a Shareholder with a shareholding of not less than 51% of the total issued share capital in BJSP, be entitled to nominate and appoint three (3) directors.* *(iv) Unless otherwise agreed, the chairman of board of directors of BJSP ("**BJSP Board**") and any Shareholders' meetings will be a director nominated by TWSB (so long as it holds more than 50% of the issued share capital of BJSP) and such chairman shall not be entitled to exercise any casting vote.*	The terms are reasonable as it sets out the parameters for the appointment of Directors in BJSP in proportion to the Shareholding Proportion. Further, the nomination of the chairman of BJSP by TWSB is reasonable as they are the controlling shareholders in BJSP.
Tag-along right and drag-along right	
*(i) In the event a Shareholder (in this context as the "**Transferor**"), after having first complied with the provisions of the SSA, becomes entitled to transfer its BJSP Securities, Shareholders' Loans and interest on the Shareholders' Loans (collectively, the "**Shares and Advances**") and intends to accept a good faith offer from any person ("**Tag-Along Purchaser**") to purchase all of its Shares and Advances, the Transferor shall give notice in writing to the other Shareholder ("**Tag-Along Notice**") within 14 days after having received such offer. The other Shareholder (if it so desires) may accept the tag-along offer made to it by serving on the Tag-Along Purchaser (with a copy to the Transferor) a notice in writing of its acceptance within 30 days of the date of the tag-along offer specifying the number of Shares and Advances which the other Shareholder has agreed to sell.*	The terms are reasonable as it allows the Shareholders an equal opportunity to benefit from the transfer or sale of Shares and Advances by RJSB and TWSB. We also note that it allows an avenue for the Shareholders to exit from the SSA via a third party.

Salient terms of the SSA	PIVB's comments
*(ii) In the event that TWSB still being a majority shareholder holding not less than 80% of the issued share capital of BJSP, after having first complied with the provisions of the SSA, becomes entitled to sell or transfer any of its Shares and Advances to any other third party or parties ("**Drag-Along Purchaser**"), TWSB shall have a right to drag along and require RJSB to sell a pro-rata proportion of its Shares and Advances to the Drag-Along Purchaser (unless such requirement is expressly waived by TWSB), upon the same terms and conditions as are offered to TWSB by the Drag-Along Purchaser. TWSB shall give a drag-along notice in writing to RJSB within 14 days after having received such offer.*	
Right to step-in *Upon the occurrence of any of the following events:-* *(i) RJSB fails to cause BJSP, or BJSP for whatsoever reason fails to launch the development with at least RM600,000,000 of GDV within 24 months from the SSA Unconditional Date; or* *(ii) A declaration by TWSB that an event of default under the SSA has occurred or non-payment by MRCB under the MRCB guarantee (details of which are set out in Section 4.1.9 of Part C of this Circular) after demand by TWSB; or* *(iii) Any situation (other than the force majeure events) which in the reasonable opinion of TWSB would have a material adverse effect on the ability of MRCB, RJSB and/or BJSP to carry out the development; or* *(iv) MRCB and/ or RJSB fails, neglects or refuses to complete the Call Option, First Put Option and/or the Second Put Option in accordance with the provisions of the SSA;* *and such failure or circumstances is not remedied within 60 days of a written notice by TWSB requiring such remedy or within such longer period as the parties may mutually agree having regard to the nature of the breach:-* *(a) TWSB shall be entitled to take over all of BJSP Securities held by RJSB and Shareholders' loans or advances extended by RJSB at 90% of the fair value of such shares and loans; and* *(b) RJSB shall deliver the termination deliverables (as set out in the SSA) to TWSB and the identified default sale provisions under the SSA shall apply accordingly as if RJSB is the Defaulting Shareholder (as defined in Section 4.1.8.3 of Part C of this Circular).*	The terms are reasonable as it ensures the performance of RJSB and MRCB of its obligations pursuant to the SSA. We note that the management of MRCB is confident of achieving a GDV of not less than RM600 million within 24 months from the SSA Unconditional Date. This is further supported by the estimated GDV as set out in the Feasibility Report, which stated that the GDV of the Development components which are expected to be launched within 24 months from the SSA Unconditional Date is estimated to be approximately RM1,610.50 million.

Salient terms of the SSA	PIVB's comments
Deadlock	
*(i) A deadlock is deemed to have occurred if no resolution is reached on any Shareholders' reserved matter at any general meeting and such unresolved Shareholders' reserved matter will result in BJSP not being able to continue to conduct or carry on the business ("**Deadlock**").* *(ii) Any Shareholder may, by written notice to the other Shareholder, request a meeting on any business day not being more than 15 business days after the date the Deadlock occurred.* *(iii) If the Deadlock is not resolved within 30 business days from the date the deadlock meeting is convened, any Shareholder may serve upon the other Shareholder and BJSP a notice in writing ("**Deadlock Notice**"), which shall constitute an irrevocable offer by the notifying offeror Shareholder, open for acceptance by the offeree Shareholder for 30 days from the date of the service of the Deadlock Notice to purchase all of the BJSP Securities held by the offeree Shareholder at the price at which such offeror Shareholder is willing to buy all such BJSP Securities.* *(iv) In the event that no Deadlock Notice is served by a Shareholder upon the expiry of 60 business days from the deadlock meeting, the following will take place:-* *(a) the Shareholders will exercise and cause the directors to exercise all voting rights in relation to BJSP to ensure that BJSP shall remain in the same position prior to the Deadlock and none of the Shareholders shall be entitled to refer the dispute to arbitration or judicial review or to initiate any court or litigation proceedings; or* *(b) if both the Shareholders agree, BJSP shall be wound up and BJSP Board shall pass a resolution for the winding-up of BJSP within 60 days from the meeting mentioned in Section 4.1.6(iii) above and the assets of BJSP will be distributed to the Shareholders in accordance with their Shareholding Proportions; or* *(c) if both the Shareholders agree, all the BJSP Securities will be sold to a third party at fair value, as determined by an independent assessor mutually acceptable to and jointly appointed by the Shareholders.*	The terms are reasonable as it provides the Shareholders an avenue to exit in the event of a Deadlock situation. We also note that if both Shareholders agree to the sale of the BJSP Securities to a third party in a Deadlock situation, the Shareholders may sell its BJSP Securities at a fair value to be determined by an independent assessor mutually acceptable to and jointly appointed by the Shareholders.

Salient terms of the SSA	**PIVB's comments**
Board and shareholders' reserved matters	
(i) Unless otherwise agreed by the Shareholders in writing, the following matters, amongst others, shall only be effected by a resolution of BJSP Board in respect of which at least one (1) director nominated by TWSB and one (1) director nominated by RJSB shall have voted in favour of such resolution:-	The terms are reasonable as it ensures that proper resolutions are passed by the nominated directors and shareholders of BJSP for the events highlighted.
(a) any proposal for a material change to the business of BJSP for any reason.	
(b) any acquisition, disposal, transfer, mortgage or charge of any undertaking, property and/or assets of BJSP or any agreement to do so, other than an acquisition, disposal, transfer, mortgage or charge carried out in the ordinary course of business of BJSP.	
(c) the obtaining of any loan or financing from a Shareholder in excess of the estimated shareholders' funding.	
(d) any incurring of any capital expenditure or otherwise acquiring/purchasing any assets or series of related assets outside the ordinary course of business.	
(e) any merger or amalgamation with any other entity and acquisition of any shares in any body corporate or participation in any partnership or joint venture agreement.	
(f) save and except as contemplated under the SSA, any increase, reduction, amalgamation, sub-division or other alteration to the issued share capital of BJSP or any rights or privileges attached to any BJSP Securities or class of shares or upper limit of total loan capital.	
(g) any borrowings or financing which has not been previously approved under the annual business plan and budget of BJSP.	
(h) any redemption, purchase or cancellation of any shares or issue of further shares or other dilution of the interest of the shareholders of BJSP or variation of any rights attaching to any of the BJSP Securities.	
(ii) Unless otherwise agreed by the Shareholders in writing, the unanimous votes of all the Shareholders are required to pass resolutions in respect of, amongst others, the following matters and decisions:-	
(a) save and except as contemplated pursuant to provisions of the SSA, any increase, reduction, amalgamation, sub-division or other alteration to the issued share capital of BJSP or any rights or privileges attached to any BJSP Securities or class of shares or upper limit of total loan capital.	

<table>
<tr><th>Salient terms of the SSA</th><th>PIVB's comments</th></tr>
<tr><td>
(b) any declaration, making and payment of any dividend or distribution (whether in cash or in kind and including the payment of any dividend in specie, bonus shares, rights or other distribution of the BJSP's profit), other than an interim dividend which shall be approved by BJSP's Board.
(c) admission of any shareholder(s) into BJSP by the allotment of new BJSP Securities in BJSP.
(d) any change in the composition of BJSP's Board.
(e) any calls for capital contribution from the Shareholders in excess of the amount contemplated under the provisions of the SSA.
(f) any other matters for which a special resolution is required under the Act.
</td><td></td></tr>
<tr><td>
Termination
Deemed termination events
The SSA shall be deemed terminated upon occurrence of any of the following events:-
(i) the termination of the SSA by mutual written consent of all the Shareholders; or
(ii) the winding-up of BJSP in accordance with provisions of the SSA.
Termination arising from sale of all shares by a Shareholder
If any Shareholder sells or transfers all its BJSP Securities to another Shareholder or to a third party in accordance with the provisions of the SSA, the SSA will terminate only as to that Shareholder upon the completion of the sale or transfer (whichever is the latter to occur) of all its BJSP Securities to the other Shareholder or to the relevant third party.
Termination arising from default
The following events or circumstances constitute events of default:-
(i) MRCB, RJSB or TWSB commits any material breach of any of its obligations under the SSA, including without limiting thereto fails to provide its Shareholding Proportions of the estimated shareholders' funding required for the development project on the Lands, and fails to take appropriate steps to remedy such breach (if capable of remedy) within 21 days after being given notice so to do by the other non-defaulting party ("Non-Defaulting Shareholder"); or
(ii) MRCB, RJSB or TWSB assigns, transfers or disposes of its BJSP Securities in violation of the terms and conditions of the SSA; or
</td><td>
The terms are reasonable as it sets out the circumstances which will allow the SSA to be terminated. We also note that the terms serve to safeguard the interests of the Shareholders in the event of a termination of the SSA.
We also note that in the event of termination arising from default, the defaulting Shareholders have 21 days after given notice by the non-defaulting party to remedy the material breach of obligations.
</td></tr>
</table>

Salient terms of the SSA	PIVB's comments
(iii) MRCB, RJSB or TWSB goes into liquidation, whether compulsory or voluntary (except for the purposes of a good faith reconstruction or amalgamation with the consent of the other party, such consent not to be unreasonably withheld) or becomes a wound-up company; or *(iv) MRCB, RJSB or TWSB becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors or is placed under judicial management; or* *(v) MRCB, RJSB or TWSB shall be in breach of any of its representations or warranties or any of its representations or warranties have become, inaccurate or misleading in any material respect and it fails to remedy the same to the satisfaction of the non-defaulting party within 21 days from the date of a written notice from the non-defaulting party requiring such breach to be remedied or such longer period as may be mutually agreed between the parties having regard to the nature of the breach; or* *(vi) EPF is in breach of its letter of undertaking to MRCB and RJSB; or* *(vii) RJSB permits any change in the ownership of more than 50% of the voting shares of RJSB or the ownership of a majority or the beneficial or voting interest or the power, directly or indirectly, to direct the management of RJSB, whether through the ownership of voting securities, by contract or otherwise; or* *(viii) There is any change in the composition of BJSP Board insofar as the EPF's representative(s) is concerned.* *On and at any time after the occurrence of any of the events of default above, the Non-Defaulting Shareholder will be entitled to give a notice ("**Default Sale Notice**") to the other party in default ("**Defaulting Shareholder**") requiring the Defaulting Shareholder to comply with the provisions in the Default Sale Notice as set out in the provisions of the SSA.* *For the purpose of the Default Sale Notice, the Non-Defaulting Shareholder shall require the Defaulting Shareholder to sell all of the Defaulting Shareholder's Shares and the Defaulting Shareholder's Shareholders' Loans in BJSP to the Non-Defaulting Shareholder or to its holding company or 100% subsidiary at 90% of the fair value of such BJSP Securities.*	

Salient terms of the SSA	PIVB's comments
MRCB guarantee *In accordance with the terms of the SSA, MRCB irrevocably and unconditionally agrees:-* *(i) to guarantee to TWSB and BJSP the punctual performance by RJSB of all the financial obligations of RJSB under the SSA;* *(ii) to undertake with TWSB and BJSP that whenever RJSB defaults in the payment and settlement of any amount upon it becoming due and payable in accordance with the provisions of the SSA, MRCB shall pay that amount as if MRCB was the principal obligor in accordance with the terms of the SSA; and* *(iii) to agree that if any obligation guaranteed by MRCB is or becomes unenforceable, invalid or illegal, MRCB will, as an independent and primary obligation, indemnify TWSB and BJSP immediately on demand against any cost, claim, expense, loss or liability TWSB and/or BJSP incurs as a result of RJSB not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by RJSB under the SSA on the date when it would have been due. The amount of the cost, expense, loss or liability shall be equal to the amount which TWSB and BJSP would otherwise have been entitled to recover.*	The terms are reasonable in view that MRCB is the major shareholder with 85% indirect equity interest in RJSB.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

12.2 Salient terms of the Management Contract

Our comments on the salient terms of the Management Contract as extracted from Section 4.2, Part C of the Circular are as follows:

Salient terms of the Management Contract	PIVB's comments
MC Condition Precedent *For purposes of Section 4.2 of Part C of this Circular, BJSP and MRCB Land shall hereinafter be collectively referred to as the "**Parties**" and individually as the "**Party**".* *The provision of any Services by the Management Contractor to BJSP under the Management Contract shall be conditional upon MRCB obtaining its shareholders' approval for the Management Contract on or before the expiry of six (6) months from the date of the Management Contract ("**MC Cut-Off Date**"), where required.* *The Management Contractor shall commence the performance of its obligations as set out in the Management Contract on the date the Management Contractor gives notice to BJSP that the MC Condition Precedent has been obtained or, as the case may be, gives notice that the MC Condition Precedent is inapplicable if no approval is required for the Management Contract. In any case, the date of such notice shall be a date that is no later than the MC Cut-Off Date. If the MC Condition Precedent is not obtained by MRCB by the MC Cut-Off Date, then the Management Contract shall automatically terminate and the parties hereto shall have no claim whatsoever against the other on any matter in respect of, or arising from, the Management Contract.*	The MC Condition Precedent is reasonable as it is mainly pertaining to the MRCB shareholders' approval required to give effect to the Proposed Construction. In addition, as the Management Contract is conditional upon the MRCB shareholders' approval, we note that MRCB Land will not be subject to any claims by BJSP in the event the said approval is not obtained.
Provision of the Services by MRCB Land *(a) Feasibility Study Preparation Services* *(i) BJSP acknowledges that as of the date of the Management Contract, it has received and approved the Initial Feasibility Study from the Management Contractor.* *(ii) Upon receipt of a written request from BJSP, the Management Contractor shall prepare an Updated Feasibility Study (as defined herein) and use its best endeavours to deliver the Updated Feasibility Study to BJSP within one (1) month from the Management Contractor's receipt of BJSP's request or such other period as the Parties may mutually agree in writing.* *"**Updated Feasibility Study**" means an existing feasibility study for the Development as a whole prepared by the Management Contractor, which is updated by the Management Contractor to incorporate all data current at that time including the rent payable under a lease for a building in a Plot and/or GDV, and which shall contain updated estimates of the EPCC Contract Sum, the Professional Fees and the Authority and Statutory Charges for the EPCC Works.*	The term is reasonable as the Initial Feasibility Study and Updated Feasibility Study would be carried out by MRCB Land as a basis for planning the Development to meet BJSP's objective and will enable BJSP to estimate the necessary costs for the EPCC Contract Sum.

Salient terms of the Management Contract	PIVB's comments
(b) Sales and Marketing Consultancy *The provision of Sales and Marketing Consultancy is subject always to the prior approval of BJSP's Board of the budget for Sales and Marketing Consultancy expenses prepared by the Management Contractor.*	The term is reasonable as the Sales and Marketing Consultancy expenses incurred would be reimbursed by BJSP accordingly. We also note that this is in addition to the Provisional Management Contract Fees payable by BJSP to the Management Contractor.
(c) PMR Services *(i) The PMR Services consists of PM Services and Regulatory Services. The scope of the PM Services provided by the Management Contractor includes the provision of the Feasibility Study Preparation Services (as described in Section 4.2.2(a) of Part C of this Circular).* *(ii) In respect of the PM Services, in addition to the provision of the Feasibility Study Preparation Services, the Management Contractor shall also, during the design and construction phases of the Development, provide project management services and design services through the consultants using building information modelling systems and processes.* *(iii) In respect of Regulatory Services, the Management Contractor shall provide a list of all authority and statutory approvals required for the Development and for each Plot. The Management Contractor shall facilitate the Employer in obtaining all authority and statutory approvals on a best endeavour basis.*	The terms are reasonable as it sets out the services to be provided by the Management Contractor in respect of the PMR Services.
(d) Appointment of Contractor for the EPCC Works *(i) BJSP agrees that MRCB Builders or any of MRCB's subsidiaries shall be appointed as the Contractor under the EPCC Contract(s) to be executed between the Contractor and the Management Contractor for the provision of the EPCC Works, on the terms and conditions set out in the EPCC Contract(s).*	The term is reasonable as MRCB Builders or any of MRCB's subsidiaries would be familiar with the Development as MRCB Land, which is a wholly-owned subsidiary of MRCB, is the appointed Management Contractor.
(ii) The Management Contractor agrees that it shall procure the Contractor to make the following warranties to BJSP:- *(A) that the Contractor shall carry out and complete its obligations under the EPCC Contract(s) in accordance with the EPCC Contract(s).* *(B) that the Contractor shall exercise all reasonable skill, care and diligence in relation to:-* *(1) the performance of the EPCC Works; and* *(2) the design of the EPCC Works.*	The term is reasonable as it serves to safeguard the interest of BJSP in the event of any breach or non-performance of the Contractor in accordance with the EPCC Contract.

Salient terms of the Management Contract	PIVB's comments
(iii) In connection with the Management Contractor's warranties as set out in Section 4.2.2(d)(ii) of Part C of this Circular, and as security for the Contractor's performance of such warranties, the Management Contractor further agrees that it shall procure the Contractor to issue a performance bond for 5% of the EPCC Contract Sum and a design guarantee bond. The said performance bond and design guarantee bond shall be: *(A) in a form and with terms to be approved by BJSP;* *(B) wholly assigned by the Management Contractor to BJSP within 20 business days of the issuance thereof; and* *(C) the Management Contractor shall procure the Contractor to agree to and acknowledge the Management Contractor's assignment of the performance bond and the design guarantee bond provided under the EPCC Contract(s) to BJSP.*	The rate of 5% is reasonable as the performance bond is within the ordinary course of business for construction projects. The rate and other terms are also similar to other contracts executed by the Group such as the Project C8 Management Contract and the MX-1 Management Contract.
(iv) Notwithstanding anything to the contrary in the Management Contract and in the EPCC Contract(s):- *(A) any provision, supply, preparation, performance, delivery or doing of any other act, duty, obligation, responsibility or of the making of any covenant or of the giving of any representation, undertaking or indemnity ("**Performance**") by the Management Contractor under the Management Contract or under the EPCC Contract(s) for or in connection to the Performance of the EPCC Works (except for the management part of the EPCC Works) for the Development as a whole and for each Plot shall be understood and construed as the procurement by the Management Contractor on a best endeavour basis of the Performance of the EPCC Works by the Contractor.* *(B) where Performance of the EPCC Works are so procured from the Contractor by the Management Contractor, the Performance of the EPCC Works shall be at the sole risk of the Contractor and, subject to Section 4.2.2(d)(ii) and Section 4.2.2(d)(v) of Part C of this Circular, the Contractor shall be directly liable to BJSP for any and all non-Performance for the EPCC Works. For the avoidance of doubt, the Management Contractor shall not be liable to BJSP for any non-Performance of the EPCC Works which are attributable to the Contractor.*	The term is reasonable as it serves to safeguard the interest of the Management Contractor in the event of any breach or non-performance of the Contractor's undertakings, warranties or obligations under the EPCC Contract.
(v) the total liability of the Contractor to BJSP howsoever arising under or in connection with the EPCC Contract(s) and the EPCC Works shall not exceed the sum equivalent to the value of the certified EPCC Works carried out under the respective EPCC Contract(s), save and except that this limit shall not apply to the Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Contractor.	The term is reasonable as the Contractor's total liability arising from its provision of the services is limited to the value of the certified EPCC Works carried out.

Salient terms of the Management Contract	PIVB's comments
(e) *Appointment of consultants for the Development* (i) *BJSP agrees that the Management Contractor shall directly appoint the consultants for the Development and shall have the right to novate all of the appointments to the Contractor at the Management Contractor's discretion.* (ii) *Notwithstanding anything to the contrary in the Management Contract and in the letters of appointment, where any design in relation to the PM Services and/or the EPCC Works are so procured from the consultants by the Management Contractor, such design shall be provided at the sole risk of the consultants and the consultants shall be directly liable to BJSP for any and all deficiencies in such design. For the avoidance of doubt, the Management Contractor shall not be liable to BJSP for any deficiencies in such design which are provided by the consultants.* (iii) *The total liability of the consultants to BJSP shall not exceed the sum equivalent to their professional fees.*	The term is reasonable as it serves to safeguard the interest of the Management Contractor in the event of any design deficiencies in relation to the PM Services and/or EPCC Works of the appointed consultants.
(f) *Appointment of third parties to provide Services* *Subject to Section 4.2.9(b) of Part C of this Circular, the Management Contractor shall have the right, without the prior written consent of BJSP, to appoint (i) a subsidiary of the Management Contractor and/or MRCB or (ii) an entity on the approved panel list of the Management Contractor and/or Contractor, to provide the Services. In the event the Management Contractor intends to appoint a third party other than the parties identified under (i) and (ii) above, the Management Contractor shall obtain the prior written approval of BJSP. BJSP shall provide its decision within seven (7) business days of the Management Contractor submitting its written request to BJSP for such approval.*	The term is reasonable as BJSP shall be given the right to assess the credentials of the new third party prior to its appointment to ensure the performance of their services.
(g) *Management of consultants, sub-consultants and/or other third parties* *The Management Contractor is required to liaise, assist and co-ordinate with consultants, sub-consultants and/or other third parties employed or appointed by lessees and other tenants of a Plot where Services for a Plot is concerned and shall interface its Services with the works and/or services performed by such third parties, without any cost implication to BJSP in any circumstances whatsoever.*	The term is reasonable as it is the common scope of work of a management contractor to liaise, assist and coordinate with the other consultants and/or third parties.
(h) *Commencement and completion date* (i) *The Services to be provided by the Management Contractor to BJSP under the Management Contract shall commence from the date of notice which has been provided by the Management Contractor to BJSP as confirmation that the MC Condition Precedent set out in Section 4.2.1 of Part C of this Circular is met or, as the case may be that such MC Condition Precedent is not applicable; subject to and in accordance with the terms of the Management Contract.*	The term is reasonable as the Management Contractor shall commence the performance of its obligations upon the fufilment of the MC Condition Precedent, which is the date the Management Contractor gives notice to BJSP that the MRCB shareholder's approval has been obtained.

Salient terms of the Management Contract	PIVB's comments
(ii) *Subject to the satisfaction of the MC Condition Precedent under Section 4.2.1 of Part C of this Circular, BJSP shall agree to grant exclusive possession of the site of the Development to the Management Contractor upon commencement of the EPCC Works under the first EPCC Contract.*	The term is reasonable as the Management Contractor is granted exclusive possession of the site to undertake the Proposed Construction, which is common for construction projects.
(iii) *The Management Contract shall be valid, binding and effective for the period of 20 years commencing on and from the date of the Notice as defined in Section 4.2.1 of Part C of this Circular issued by the Management Contractor pursuant to and in accordance with Section 4.2.1 of Part C of this Circular and includes any extension to be mutually agreed by BJSP and the Management Contractor or unless terminated earlier in accordance with the terms of the Management Contract.*	The term is reasonable as the Development is for a period of approximately 20 years.
<u>Determination of contract sum</u>	
(a) *The Management Contractor shall pay the Contractor the contract sum as stated in the letter of acceptance, or such other sum as shall become payable under and at the times and in the manner specified in the EPCC Contract(s). The contract sum is a fixed price lump sum and is not subject to re-measurement, recalculation, adjustment or alteration in any way whatsoever, other than in accordance with the express provisions of the EPCC Contract(s). Any arithmetical error or any errors in the prices and rates shall be corrected and/or rationalised by the Management Contractor or the project director without any change to the contract sum before the signing of the EPCC Contract(s).*	The term is reasonable as it serves to safeguard the interests of the Management Contractor as the contract sum is a fixed lump sum and is not subject to any adjustments.
(b) *The contract sum for the EPCC Works payable to the Contractor shall be exclusive of GST. If the contract sum is subject to GST, the Management Contractor shall be liable for the payment of such GST at the prevailing rate. Except for GST, the contract sum is inclusive of all taxes and regulatory charges, including but not limited to value added tax, consumption tax, tax on remittances, excise tax, mercantile tax on contracts, impost, duty, assessment, levy, permit and license and withholding tax (of any kind, howsoever computed, whether by reference to the Contractor net income or otherwise) which may now be or hereafter imposed by the Government of Malaysia (including any fines and penalties thereof) and/or any other similar taxes which may be levied by the taxing authority of Malaysia, which shall be for the sole account of the Contractor.*	The term is reasonable as the payment of such taxes is applicable to all consumers in Malaysia.

Salient terms of the Management Contract	PIVB's comments
Payment by BJSP	
(a) *Sales and Marketing Consultancy*	
In consideration for the Management Contractor's provision of the Sales and Marketing Consultancy:- (i) *BJSP shall pay the Management Contractor the Sales and Marketing Consultancy Expenses together with all GST payable thereon; and* (ii) *the Sales and Marketing Consultancy fee which shall be calculated as follows:-*	The term is reasonable as the Sales and Marketing Consultancy Expenses incurred by the Management Contractor would be reimbursed by BJSP accordingly.
(A) *if the Management Contractor secures a lessee and the lessee signs an agreement with BJSP for a lease of a building in a Plot and has paid not less than three (3) months of the net rental (being gross rental excluding the leased building's service charge) on the said lease, BJSP shall pay the Management Contractor a fee equivalent to two (2) months of net rental of the lease; or*	The terms are reasonable as the Management Contractor is rewarded accordingly if the Management Contractor is able to secure a lessee for a lease of a building in a plot.
(B) *if BJSP sells a part of a Development and the buyer was secured by the Management Contractor, upon the buyer signing the sale and purchase agreement, BJSP shall pay the Management Contractor a fee equivalent to 1.75% of the GDV, being the proceeds of the sale of such part of the Development.* *For the avoidance of doubt, for the purposes of Section 4.2.4(a)(ii)(B):-* (1) *the proceeds of sale shall be calculated net of all discounts made to the sale price for such part of the Development that is sold and such discounts shall be as agreed to between BJSP, the buyer and the Management Contractor; and* (2) *The sale price shall be determined by reference to the sale price as set out in the relevant sale and purchase agreement.*	The terms are reasonable as the Management Contractor is rewarded if the Management Contractor is able to secure a buyer if part of a Development is sold. Further, we note that the rate of 1.75% is within the range analysed by the QS of 1.50% to 2.00%.
(b) *PMR Services*	
In consideration for the provision of the PMR Services, BJSP shall pay the Management Contractor the PMR Services fees (as set out in the ensuing sections) together with all GST payable thereon. If any of the Authority and Statutory Approvals is not granted or refused or revoked due to no fault of the Management Contractor, and provided that the Management Contractor has submitted satisfactory evidence to BJSP (including copies of all applications, documents and appeals) in connection with the relevant authority's refusal in granting the Authority and Statutory Approvals or revocation of the Authority and Statutory Approvals, the Management Contractor shall nonetheless be paid in full for all Regulatory Services undertaken by the Management Contractor.	The term is reasonable as it serves to safeguard the interests of the Management Contractor, in the event that any authority or statutory approval is not granted due to no fault of the Management Contractor.

Salient terms of the Management Contract	PIVB's comments
The provisional PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on (i) 5% of the estimated EPCC Contract Sum; (ii) 5% of the estimated Professional Fees; and (iii) 5% of the estimated Authority and Statutory Charges for that Plot as determined by the Initial Feasibility Study for that Plot and as updated in an Updated Feasibility Study, where applicable.	The terms are reasonable as the rate of 5% is based on commercially negotiated terms by both parties and is similar to the rate used in the previous contract entered into by the Group, such as the Project C8 Management Contract, the PDP Contract and the MX-1 Management Contract.
The final PMR Services fees payable to the Management Contractor for the provision of PMR Services for a particular Plot shall be calculated based on:- *(i) 5% of the final EPCC Contract Sum as agreed by BJSP (as calculated in accordance with final account provisions of the EPCC Contract for that Plot);* *(ii) 5% of the final Professional Fees incurred (as calculated in accordance with the terms of the relevant letters of appointment as agreed by BJSP for that Plot); and* *(iii) 5% of the final Authority and Statutory Charges (as evidenced by the official receipts/confirmation of payment issued by the relevant authorities or statutory body upon payment of such charges to BJSP's reasonable satisfaction for that Plot).*	
If the final PMR Services fee is different from the provisional PMR Services fee for that Plot, the PMR Services Fees payable to the Management Contractor for the provision of PMR Services for that Plot shall be adjusted upwards or downwards, as applicable, so that the sum of the final PMR Services Fees paid to the Management Contractor for the provision of PMR Services for that Plot shall be the total of the sum as referred in the paragraph above. *In the event the final PMR Services fees is lower than the provisional PMR Services fees that have been paid to the Management Contractor, the Management Contractor shall reimburse the difference to BJSP.*	The terms are reasonable as it sets out the obligations of both parties in the event the final PMR Services fee is different compared to the provisional PMR Services fee.
For the avoidance of doubt, GST shall not be included when determining the final PMR Services fees, but such final PMR Services fees will be subject to GST, where applicable.	The term is reasonable as the payment of such taxes is applicable to all consumers in Malaysia.
(c) EPCC Works	
BJSP shall pay the Management Contractor the EPCC Contract Sum together with all GST payable thereon for the EPCC Works and the Management Contractor shall in turn pay all such sums to the Contractor in accordance with the provisions of the EPCC Contract(s) respectively. *The final EPCC Contract Sum shall be calculated in accordance with the final account provisions of the EPCC Contract(s) as agreed by BJSP.*	The terms are reasonable as they set out the obligations by the respective parties for the payment of the EPCC Contract Sum.

Salient terms of the Management Contract	**PIVB's comments**
(d) GST	
All sums due and payable under the Management Contract are subject to GST, where applicable, and BJSP shall be liable for the payment of such GST.	The term is reasonable as the payment of such taxes is applicable to all consumers in Malaysia.
(e) General conditions of payment	
(i) The invoicing period for the payment for all Services performed by the Management Contractor under the Management Contract including the Contract Costs shall commence at the end of the calendar month in which the Management Contract is executed and thereafter shall be on a monthly basis. The Management Contractor shall submit its invoice for:- *(A) payment of its Management Contract Fees and GST payable thereon; and* *(B) payment of the Contract Costs and GST payable thereon;* *together with evidence that the invoiced Services have been rendered, that the portion of the Contract Costs being the Sales and Marketing Consultancy Expenses were approved in compliance with Section 4.2.2(b) of Part C of this Circular and that the Office Overhead and Administrative Expenses are payable.*	The terms are reasonable as they stipulate the effective date BJSP shall assume the obligation to pay the Management Contractor for the services rendered and the payment process for the services rendered by the Management Contractor.
(ii) BJSP's representative shall within 15 days of receipt of the Management Contractor's invoice approve such amounts invoiced or request further information or documents from the Management Contractor as reasonably required to verify the invoice. Upon receipt of such further information or documents as requested from the Management Contractor or in the absence thereof, BJSP's representative shall approve or reject the invoiced amount concerned. *Payments of the approved Management Contractor's invoiced amounts shall be made to the Management Contractor within 15 business days from the date BJSP's representative approves or ought to have approved the invoiced amount.*	These terms are reasonable as they stipulate the effective date BJSP shall assume the obligation to pay the Management Contractor for the services rendered and the payment process for the services rendered by the Management Contractor.
(iii) In the event the Management Contractor is required to reimburse BJSP pursuant to Section 4.2.4(b) above, the Management Contractor shall pay BJSP within 15 days from the date BJSP's representative issues a written notification.	The term is reasonable as they stipulate the time period in the event the Management Contractor is required to reimburse BJSP.
(iv) In the event of a delay in payment by a party to the other in accordance with Section 4.2.4(e)(ii) or Section 4.2.4(e)(iii) (whichever applicable), the defaulting party shall pay late payment interest to the other party at the rate of 7% per annum on a daily basis on the outstanding amount from the date the payment was due to the date full payment is received. *For information purposes, the late payment interest rate of 7% per annum was commercially negotiated between the Parties and the Management Contractor deems it to be reasonable.*	The terms are reasonable as it serves to safeguard the interests of both parties in the event BJSP fails to make payment or the Management Contractor fails to reimburse BJSP, on a timely basis, and in the manner as prescribed in the Management Contract. We also note that the rate of 7% is commercially negotiated between the parties and is similar to the rate used in the previous contract entered into by the Group such as the Project C8 Management Contract and the MX-1 Management Contract.

Salient terms of the Management Contract	**PIVB's comments**
Right of first refusal for the provision of maintenance or ancillary services *Subject to the mutual agreement of the Parties, upon completion of any phase and/or of the whole of the Development, the Management Contractor shall have the right of first refusal in relation to the provision of any maintenance or ancillary services that is or may be required by BJSP for any phase or for the whole of the Development.* *For information purposes, maintenance or ancillary services may include services relating to building management, security services and car park operations.*	The term is reasonable as the Management Contractor has the existing knowledge and is familiar with the Development. However, in respect of the future provision of any maintenance or ancillary services, the terms are neither favourable nor detrimental to any party as the terms of the maintenance contract will need to be agreed by both parties.
Representations and warranties *(a) The Management Contractor and BJSP each represent and warrant that as at the date of the Management Contract:-* *(i) it has the power, and is fully authorised, to enter into and perform the terms of the Management Contract; and* *(ii) it is solvent and there is no winding up petition against it.* *(b) Additionally, the Management Contractor represents and warrants that as at the date of the Management Contract:-* *(i) it has the skill, knowledge and experience required to perform the Services; and* *(ii) its provision of the Services is in compliance with all applicable laws, rules or regulations and that it has obtained and will maintain the validity of all professional or business licenses required to comply with such laws, rules or regulations.*	The terms are reasonable as it sets out the obligation of the respective parties and serves to safeguard the interests of both parties.
No liability for consequential loss *No Party to the Management Contract shall be liable to the other Party, either in contract or in tort, for any consequential, incidental, indirect, special or punitive damages of the other Party, including loss of future revenue, or income or profits; arising from the breach or alleged breach of the Management Contract.*	The term is reasonable as it safeguards the interests of both parties in the event of any consequential loss arising from the breach or alleged breach of the Management Contract.

Salient terms of the Management Contract	PIVB's comments
Termination (a) *The Management Contract may be terminated with immediate effect by either Party by giving written notice to the other Party if:-* (i) *The other Party fails to pay any amount due under the Management Contract on the due date for payment and remains in default for more than 30 days after being notified in writing to make such payment;* (ii) *The other Party commits a material breach of any term of the Management Contract (other than a breach of payment as described under Section 4.2.8(a)(i) of Part C of this Circular); and* (A) *the Party in breach fails to provide its written proposal to the other Party to cure that breach ("**Cure Proposal**") within 30 days of its receipt of written notice from the other Party notifying the Party of such breach; or* (B) *the Party in breach fails to remedy that breach within a further period of 60 days from the date the other Party receives the Cure Proposal from the Party in breach or such other number of days as may be mutually agreed in writing by the Parties;* *A "**material breach**" means a breach (including an anticipatory breach) that has a serious effect on the benefit which the terminating Party would otherwise derive from a substantial part of the Management Contract over the term of the Management Contract. In deciding whether any breach is material, no regard shall be had to whether it occurs by some accident, mishap, mistake or misunderstanding.* (iii) *an effective resolution is passed to wind-up a Party or a liquidator is otherwise appointed for such Party or either Party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors or is placed under judicial management; or* (iv) *MRCB ceases to Control the Management Contractor.* *"**Control**" means (a) the ownership, in the case of a corporation, of more than 50% of the voting shares of the corporation; or (b) the power, directly or indirectly, to direct the management of the controlled entity, whether through the ownership of voting securities, by contract or otherwise;*	The terms are reasonable as it sets out the circumstances which will allow the Management Contract to be terminated.

Salient terms of the Management Contract	PIVB's comments
(b) Additionally, BJSP may, at its discretion, upon the effective termination of the SSA, terminate this Management Contract upon BJSP giving 45 days prior written notice to the Management Contractor. *(c) Upon the effective date of termination of the Management Contract:-* *(i) all legal obligations, rights and duties arising out of the Management Contract shall terminate except for such legal obligations, rights and duties as shall have accrued prior to the effective date of termination and except as otherwise expressly provided in the Management Contract.* *(ii) each Party shall immediately pay to the other Party all sums due and owing to in connection with the Management Contract, including all fees and if any, expenses and disbursements incurred up to the effective date of termination of the Management Contract.* *(d) If the Management Contract is terminated for whatever reason, BJSP shall, through the appropriate novation agreement(s) to be entered into between the parties and the Contractor, at the cost of the Management Contractor, step in as the employer under all existing EPCC Contract(s) to the exclusion of the Management Contractor and the EPCC Contract(s) will be and remain in full force and effect (without any discontinuance or suspension) notwithstanding the termination of the Management Contract.* *(e) If the appointment of the Contractor is terminated for whatever reason under any EPCC Contract:-* *(i) the Management Contractor shall notify BJSP in writing of the reasons for such termination;* *(ii) the Management Contractor may appoint a contractor in substitution of the relevant Contractor which has been terminated in accordance with and subject to the provisions of the Management Contract; and* *(iii) such termination shall not affect any other existing EPCC Contract(s).*	The terms are reasonable as they set out the obligations of the respective parties and serves to safeguard the interests of the parties in the event of a termination of the Management Contract and the SSA.
(f) Based on the terms and conditions set out in the draft EPCC Contract, which shall substantially be in the form as appended to the Management Contract unless amended in accordance with the terms of the EPCC Contract or with the mutual agreement of the Management Contractor and the Contractor, the Contractor shall be in default under the EPCC Contract in the event the Contractor:- *(i) fails to commence EPCC Works at the site within two (2) weeks after the date of possession of the site;* *(ii) suspends or abandons the carrying out of the EPCC Works or any part thereof for a continuous period of seven (7) days;* *(iii) fails to proceed regularly and diligently with the performance of his obligations under the EPCC Contract(s);*	The terms are reasonable as it sets out the circumstances which will allow the EPCC Contract(s) to be terminated.

Salient terms of the Management Contract	PIVB's comments
(iv) fails to execute the EPCC Works in accordance with or persistently neglects to carry out his obligations under the EPCC Contract(s); *(v) refuses or persistently neglects to comply with a written notice from the project director appointed under the EPCC Contract in relation to any defective work or equipment, materials or goods or which do not meet the requirements of the EPCC Contract;* *(vi) fails to comply with the representations, warranties and undertakings of the Contractor;* *(vii) fails to obtain the prior written consent of the project director appointed under the EPCC Contract relating to sub-contracting and assignment;* *(viii) fails to comply with any terms and conditions of the EPCC Contract;* *(ix) commits any material and/or persistent breach of any safety, health or environmental obligations or any law that threatens the safety and health of any personnel or person or causing serious environmental pollution;* *(x) becomes bankrupt, insolvent or compounds with or enters into an arrangement or composition with its creditors or an order is made or resolution is effectively passed for the winding up of the Contractor (except for the purpose of restructuring or amalgamation with the written consent of the Management Contractor, which consent shall not be unreasonably withheld) or a provisional liquidator, receiver or manager of its business over its business or undertaking is appointed or possession is taken by or on behalf of creditors or debenture holders over property secured by a floating charge; or* *(xi) execution is levied against a substantial portion of the Contractor's assets.* *The Management Contractor can also terminate the EPCC Contract(s) by giving the Contractor seven (7) days written notice.* *In addition, the EPCC Contract(s) may be terminated forthwith by the Contractor by giving written notice to that effect if the Management Contractor without any reasonable cause fails to perform or fulfil any of its obligations which adversely affects the EPCC Works, the Contractor issues a notice to the Management Contractor specifying the default and requiring the Management Contractor to remedy the default within the period specified in the notice or such other period as may be agreed by the Management Contractor and the Contractor from the date of receipt of such notice, and the Management Contractor fails to remedy the default in the specified or agreed time period.*	

Salient terms of the Management Contract	PIVB's comments
Indemnity *(a) Subject to Section 4.2.9(d) of Part C of this Circular, the Parties agree that the Management Contractor shall perform all of its obligations under the Management Contract at its own risk and releases BJSP, to the fullest extent permitted by the law, and shall indemnify and keep BJSP and their agents and servants indemnified from and against all claims and demands from third parties of every kind resulting from or arising out of the Services except to the extent such claims or demands are attributable to BJSP, their agents or servants.* *(b) Subject to Section 4.2.9(d) of Part C of this Circular, the Management Contractor undertakes to indemnify BJSP and keep BJSP at all times fully indemnified from and against any and all claims, losses, expenses, costs and/or liabilities arising directly as a result of any breach or non-performance of the Management Contractor's undertakings, warranties or obligations under the Management Contract. Provided always that the Management Contractor shall not be in breach or default in the event the Management Contractor is unable to carry out or complete all or any portion of its undertakings, warranties or obligations under the Management Contract as a result of Force Majeure (as defined below)* *"**Force Majeure**" means an exceptional event or circumstance:-* *(i) which is beyond a Party's control;* *(ii) which such Party could not reasonable have provided against before entering into the Management Contract;* *(iii) which, having arisen, such Party could not reasonable have avoided or overcome; and* *(iv) which is not substantially attributable to the other Party.* *(c) Subject to Section 4.2.9(d) of Part C of this Circular, in respect of the Sales and Marketing Consultancy, the Management Contractor indemnifies and holds BJSP harmless against and from the consequences of payment of the Sales and Marketing Consultancy fee by BJSP pursuant to Section 4.2.4(a)(ii) of Part C of this Circular as fees for consultancy services instead of for payment for agency services under the Valuers, Appraisers and Estate Agents Act 1981.* *(d) The total liability of the Management Contractor to BJSP howsoever arising under or in connection with the Management Contract shall not exceed the sum equivalent to the Management Contract Fees paid and actually due and payable to the Management Contractor under the Management Contract save and except that this limit shall not apply to the Management Contractor's liability in any case of fraud, deliberate default or reckless misconduct by the Management Contractor.* *(e) The indemnity set out in this section shall survive the termination of the Management Contract whether by completion of the Services or otherwise.*	The terms are set out to protect the interest of BJSP in the event of any breach or non-performance of Management Contractor's undertakings, warranties or obligations under the EPCC Contract.

Salient terms of the Management Contract	PIVB's comments
Delay/performance damages	
(a) *If the Contractor fails to complete the EPCC Works by the date for completion or within any extended time granted under the EPCC Contract, the project director appointed under the EPCC Contract shall issue a certificate of non-completion to the Contractor.*	The terms are set out to safeguard the interests of the Management Contractor in the event of any delay/failure to complete the EPCC Works.
(b) *Without prejudice to the Management Contractor's right to terminate the EPCC Contract, when the project director appointed under the EPCC Contract issues the certificate of non-completion, the Management Contractor shall be entitled to recover from the Contractor, liquidated and ascertained damages calculated based on the rate stated in the EPCC Contract, from the date of the failure to complete the EPCC Works to the date of the Certificate of Practical Completion or the date of termination of the EPCC Contract. The project director may deduct such liquidated and ascertained damages from any money due or to become due to the Contractor, failing which such damages shall be recovered from the Performance Bond as described in Section 4.2.11 below or as a debt due from the Contractor. The project director shall inform the Contractor of such deduction.*	
Performance Bond	
(a) *The Contractor shall, as a condition precedent to the commencement of the EPCC Works, deposit with the Management Contractor a performance bond substantially in the form as set out in the EPCC Contract issued by an approved licensed bank or financial institution incorporated in Malaysia in favour of the Management Contractor for a sum equivalent to 5% of the EPCC Contract Sum to secure the due performance of the Contractor's obligation under the EPCC Contract ("**Performance Bond**").*	The terms are reasonable as they serve to safeguard the interests of the Management Contractor. The terms are in line with the Standard Form of Design and Build Contract (PWD Form DB (Rev. 1/2010)).
(b) *The Performance Bond shall remain valid and effective from the date of issuance until three (3) months after the expiry of the defect liability period or the issuance of the certificate of completion of making good defects, whichever is the later.*	
(c) *If the Contractor fails to provide the Performance Bond within the period stated in the letter of acceptance and remains in such default for more than seven (7) days from the receipt of default notice or any period determined by the Management Contractor, the Management Contractor shall have the right to forthwith terminate the appointment of the Contractor under the EPCC Contract by giving a written notice to that effect.*	
(d) *The Management Contractor shall be entitled at any time to call upon the Performance Bond, wholly or partially, or deduct a sum equal to 5% of the EPCC Contract Sum from payments due to the Contractor under the EPCC Contract in the event that the Contractor fails to perform or fulfill its obligations under the EPCC Contract including failure to extend the validity period of the Performance Bond and such failure is not remedied in accordance with the EPCC Contract.*	

Salient terms of the Management Contract	PIVB's comments
(e) *The Performance Bond (or any balance thereof remaining for the credit of the Contractor) may be released or refunded to the Contractor on the completion of making good of all defects, shrinkages or other faults which may appear during the defects liability period and upon the issuance of the certificate of completion of making good defects for the whole of the EPCC Works.* (f) *If the EPCC Contract is terminated by reason of default, corruption or unlawful or illegal activities by the Contractor, the Performance Bond or any balance thereof shall be forfeited.* (g) *If the terms of the Performance Bond specify an expiry date and the completion date for the EPCC Works is extended, the Contractor shall at their own expense extend the validity period of the Performance Bond within one (1) month prior to the expiry date or within such period as specified by the Management Contractor so that it shall remain effective until issuance of the certificate of completion of making good defects.*	
<u>Design Guarantee</u> (a) *The Contractor shall deposit with the Management Contractor a Design Guarantee substantially in the form as set out in the EPCC Contract as a security to the Contractor's obligations under the EPCC Contract ("**Design Guarantee**"). The Design Guarantee shall be effective for the duration of five (5) years commencing from the date of practical completion ("**Design Guarantee Period**").* (b) *If any defect or damage shall occur to the EPCC Works or any part of the EPCC Works as a result of any defect, fault, insufficiency or inadequacy in the design including workmanship, material or equipment arising from design default during the Design Guarantee Period, the Management Contractor shall issue to the Contractor a notice specifying the default and requiring the Contractor to remedy the same within the period specified at the Contractor's own cost and expense. If the same is not remedied, the Management Contractor shall be entitled, without prejudice to any other rights or remedies it may possess against the Contractor under the EPCC Contract or at law, to claim and recover from the Contractor any payment for any loss and/or damages suffered or any other expenses incurred as a result thereof.* (c) *Notwithstanding the above, the Management Contractor may elect to remedy the defect, fault, insufficiency or inadequacy in the design as at the time such defect, fault, insufficiency, inadequacy is established and the Management Contractor shall be entitled to deduct the amount up to the limit of sum certified by the project director appointed under the EPCC Contract to be the sum required to remedy the same from any money due or to become due to the Contractor under this Contract, and failing which such sum shall be recovered from the Performance Bond or as a debt due from the Contractor.*	The terms are reasonable as they serve to safeguard the interests of the Management Contractor. These terms are in line with the Standard Form of Design and Build Contract (PWD Form DB (Rev. 1/2010)).

Salient terms of the Management Contract	PIVB's comments
<u>Design Guarantee Bond</u> *(a) The Contractor shall provide to the Management Contractor a banker's guarantee issued by an approved licensed bank/financial institution in a sum and substantially in the form as set out in the EPCC Contract ("**Design Guarantee Bond**") upon or before the issuance of the certificate of practical completion of the EPCC Works as a security for the Contractor's obligations and warranties. Such Design Guarantee Bond shall remain valid for a period of five (5) years from the date of practical completion of the EPCC Works.* *For information purposes, the exact quantum of the Design Guarantee Bond will be determined by MRCB Land when the EPCC Contracts are executed for each Plot. The Design Guarantee Bond is expected to be fixed at a certain percentage of the EPCC Contract Sum, in line with market practice at that juncture.* *(b) If any defect or damage shall occur to the EPCC Works or any part thereof as a result of any defect, fault, insufficiency, imperfection, shrinkages or inadequacy in the designs including workmanship, materials or equipment which has become defective, then the approved licensed bank/financial institution issuing the Design Guarantee Bond shall pay to the Management Contractor, on demand by the Management Contractor in writing and notwithstanding any objection by the Contractor or any other third party, the sum being equal to 5% of the cost of the EPCC Works or such part thereof as may be demanded.* *(c) If the Design Guarantee Bond is not deposited with the Management Contractor, the Management Contractor shall have the right to claim from the Performance Bond the sum specified in Section 4.2.13(a) of Part C of this Circular being equal to 5% of the cost of the EPCC Works or such part thereof as may be demanded.* *(d) If a payment is made to the Management Contractor pursuant to Section 4.2.13(b) of Part C of this Circular, the Contractor shall ensure that further security in the form of an additional Design Guarantee Bond for an amount no less than the amount so paid to the Management Contractor shall be issued to the Management Contractor prior to or upon the date of such payment. If any of the issued Design Guarantee Bond were to expire prior to the validity period, a replacement Design Guarantee Bond shall be issued to the Management Contractor on or prior to the date of expiry of the first mentioned Design Guarantee Bond in an amount not less than the amount of that Design Guarantee Bond.*	The terms are reasonable as they serve to safeguard the interests of the Management Contractor. These terms are in line with the Standard Form of Design and Build Contract (PWD Form DB (Rev. 1/2010)).

Premised on Sections 12.1 and 12.2 above, we are of the opinion that the terms contained in the SSA and the Management Contract are reasonable and are not detrimental to the interests of the non-interested shareholders of MRCB.

13. EFFECTS OF THE PROPOSALS

We take cognisance of the effects of the Proposals as detailed in Section 9, Part C of the Circular and set out below are our comments thereon.

13.1 Share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company as it does not involve any issuance of new MRCB Shares.

13.2 NA and gearing

Based on the audited consolidated financial statements of MRCB for the FYE 31 December 2017, the pro forma NA, NA per MRCB Share and gearing level after the completion of the Proposals are as follows:

(a) the pro forma NA of MRCB will decrease from RM4,824.09 million to RM4,821.24 million, after deducting estimated expenses in relation to the Proposed Joint Venture and Proposed Construction amounting to approximately RM1.7 million and RM1.1 million respectively, and the estimated marginal loss arising from the Proposed Disposal of RM11,112.32;

(b) The pro forma NA per MRCB Share will remain at RM1.10; and

(c) The pro forma gearing level of MRCB will decrease from 0.69 times to 0.50 times, after taking into consideration the repayment of bank borrowings via a portion of proceeds to be received from the Proposed Disposal of RM931 million.

13.3 Earnings and EPS

Assuming that the Proposals had been effected at the beginning of the FYE 31 December 2017, it is not expected to have any effect on the earnings and EPS of MRCB for the FYE 31 December 2017 as the Proposals are expected to be implemented in the second quarter of 2018. However, the Proposals are expected to contribute positively to the future earnings and EPS of MRCB.

Premised on the above, we are of the opinion that the pro forma effects of the Proposals are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

14. RISK FACTORS

In Section 7, Part C of the Circular, the Board had identified various risk factors (which may not be exhaustive) relating to the Proposals which may have an impact on the Group in the future.

The risk factors identified and summarised together with our views are as follows:

(i) Failure to complete the SSA

Pursuant to the SSA, the Proposed Joint Venture is subject to the fulfillment of the SSA Conditions Precedent as elaborated in Section 12.1 of this IAL.

In the event the SSA Conditions Precedent are not met or waived, the SSA will lapse and the Proposed Joint Venture will not be completed. Hence, the potential benefits to be derived from the Proposed Joint Venture by the Group may not be realised. However, we note that the Board will take reasonable steps to ensure that the SSA Conditions Precedent are met within the stipulated timeframe and that every effort is made to complete the SSA in a timely manner.

(ii) Disputes or default of Shareholders

The SSA sets out the avenue for the Shareholders to resolve any disputes or in the event of default by any of the Shareholders. In respect of any disputes of Shareholders, we note that the SSA contains provisions for Deadlock, whereby no resolution is reached on any Shareholders' reserved matter. The SSA has set out the steps to be undertaken and options available to the Shareholders, which include amongst others, requiring the Shareholders to have a meeting to resolve the Deadlock (**"Deadlock Meeting"**), offer to purchase the Shares held by the other Shareholders, or in the event there is no notice for the Deadlock Meeting, the Shareholders may agree to wind up the BJSP or sell all the Shares to a third party.

Further, there are also termination clauses in the SSA which serves to protect the interests of the Shareholders in the event of default. The defaulting party is required to sell its entire Shares and shareholders' loan in BJSP to the non-defaulting party or to its holding company or 100% subsidiary at 90% of the fair value of such Shares.

Notwithstanding the above, we note that MRCB will continue working closely with TWSB throughout the development period of the Lands and will monitor its obligations and performance under the SSA in order to avoid the occurrence of such disputes or default of Shareholders.

(iii) Exercise of the Put Options by TWSB

In accordance with the terms of the SSA and through the Put Options, TWSB has the right to dispose its interest in BJSP to RJSB and/or MRCB and exit the joint venture. Hence, RJSB and/or MRCB will be required to inject significant amount of capital into BJSP and assume the obligations of TWSB to fund the development of the Lands. RJSB and/or MRCB will be required to raise the necessary funds via additional bank borrowings.

However, we note that MRCB will continue working closely with TWSB throughout the development period of the Lands and will continuously monitor its obligations and performance under the SSA in order to prepare for such events before they arise.

(iv) MRCB acting as guarantor for RJSB

Under the terms of the SSA, MRCB being the major shareholder of RJSB with 85% equity interest in RJSB, will be required to act as a guarantor for RJSB in the event RJSB fails to pay any amount due by it to TWSB and/or BJSP. MRCB will be obliged to immediately make good such payments on behalf of RJSB and there is no assurance that MRCB will possess sufficient funding to satisfy the payments due to TWSB and/or BJSP on demand. In the event MRCB does not have the sufficient funds, MRCB will be required to raise the necessary funds via additional bank borrowings.

However, we note that the Board will take all reasonable steps to ensure that RJSB does not breach its obligations under the SSA in order to avoid the occurrence of such situations.

(v) Non-completion of the Management Contract

There is a possibility that the Management Contract may not be completed due to failure in fulfilling the MC Condition Precedent within the stipulated timeframe. In addition, the commencement of EPCC Works under the EPCC Contract(s) will be conditional upon the fulfillment of additional conditions precedent as set out in the EPCC Contract(s).

In the event the MC Condition Precedent are not met or waived, the Management Contract will lapse and the Proposed Construction will not be completed. Hence, the potential benefits to be derived from the Proposed Construction by the Group may not be realised. However, we note that the Board will take reasonable steps to ensure that the MC Condition Precedent is met within the stipulated timeframe for MRCB Land to proceed with and complete the Management Contract.

(vi) Construction risk

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

Notwithstanding the above, MRCB will seek to mitigate these risks through, among others, close monitoring of the progress of MRCB Land's construction projects and endeavour to promptly rectify any setback, and liaise with the relevant authorities or parties proactively. MRCB has also established long-term relationships with consultants, subcontractors or suppliers and where necessary, MRCB also makes bulk purchase of building materials in order to reduce the risk of shortage of building materials and/or increase in prices.

(vii) Dependence on subcontractors

The construction sector is dependent on the performance of the subcontractors to ensure timely completion of the respective building and infrastructure works as per the contractual timeline. There is no assurance that any unanticipated delay due to shortage of supplies of construction materials or labour and unsatisfactory performance of the appointed subcontractors may not have an adverse effect on MRCB's business, operations and financial performance. Further, under the EPCC Contract, the Contractor shall be responsible for the acts or defaults of any subcontractors, as if they were the acts or defaults of the Contractor.

However, we note that MRCB implements stringent selection criteria to ensure that only contractors with proven track record and adequate financial resources are engaged to undertake construction works for MRCB's development projects. It is also MRCB's current practice to award the contracts to contractors on fixed terms where increases in cost or delays by such contractors will be absorbed and/or compensated by them. In addition, MRCB is not dependent on any single contractor as MRCB engages the services of many contractors for the development of MRCB's projects. Further, MRCB will also seek to mitigate such risks by close monitoring of the contractor's work progress in order to ensure timely completion of the construction project.

(viii) Demand risks

The property and construction sectors are subject to inherent risks in terms of fluctuations in the levels of demand and supply for real estate properties. High sustained levels of supply with relatively low levels of demand may result in downward pressure on property prices. It will directly affect the profit margins of property developers and construction contractors. In such market conditions, MRCB Land may be unable to lease or sell the various plots of the Development and hence, would not earn the Sales and Marketing Consultancy fee which forms part of the Management Contract.

However, we note that the Board will mitigate such risk through continuous monitoring and adjustment of the sales and marketing strategies in response to changes in the market conditions and review of business operations to improve cost efficiencies.

(ix) Funding and interest rate risk

MRCB may seek external financing to fund its obligations under the Management Contract. However, the Group's ability to secure sufficient external financing and the cost of such financing are dependent on various factors which are not within the control of the Group such as general economic and capital market conditions, changes in interest rates, credit availability from banks or other lenders, any restrictions imposed by the Government and the political/socio-economic climate of Malaysia.

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

(x) Inability to obtain authority and/or statutory approvals

Pursuant to the terms of the Management Contract, MRCB Land shall facilitate BJSP on a best endeavour basis in obtaining all authority and statutory approvals (collectively "**Approvals**") required for the Development as a whole and specifically for each Plot.

However, there can be no assurance that BJSP and/or MRCB Land will receive the necessary Approvals from the relevant authorities, and if received, that such Approvals would not contain conditions which are onerous to BJSP and/or MRCB Land. In the event the necessary Approvals are not obtained, or if any of the conditions to the Approvals are not fulfilled, all or part of the Development may not be carried out and this could result in a delay or revision to MRCB Land's potential income stream arising from the Proposed Construction.

However, we note that in the event the necessary Approvals are not obtained, MRCB and BJSP will review the Development and make the necessary revisions to the affected components in order to secure the Approvals. Further, if the Approvals are not granted or refused or revoked due to no fault of MRCB Land, MRCB Land shall be paid in full for all Regulatory Services undertaken.

(xi) Revision to the Development resulting in a revision to the Provisional Total Project Sum

The Provisional Total Project Sum to be received by MRCB Land is provisional at this juncture and could eventually be higher or lower. The final project sum will depend on the actual cumulative project sum based on the EPCC Contracts to be entered into between the Management Contractor and the Contractor for the EPCC Works for each Plot. In the event of a downward adjustment to the Contract Costs, the final project sum payable to MRCB Land would reduce proportionately, which could in turn affect our Group's income stream from the Proposed Construction. Conversely, any upward adjustment to the Contract Costs would result in a higher payment to MRCB Land.

However, we note that MRCB Land will endeavour to minimise adverse revisions to the Development by carrying out detailed feasibility studies, project planning, cost planning and budgeting prior to the commencement of the EPCC Works for each EPCC Contract to ensure that the overall Development is in the best interest of BJSP and returns are maximised for both BJSP and MRCB Land.

In evaluating the Proposals, the non-interested shareholders of MRCB are advised to carefully consider the above risk factors and to note that these risk factors are not meant to be exhaustive before voting on the resolution pertaining to the Proposals to be tabled at the forthcoming EGM of MRCB.

We also note that although measures may be taken by the Board and the management to limit/mitigate the risks highlighted herein, no assurance can be given that the risks will not crystalise and give rise to material and adverse impact on the financial position and business of the Group.

Notwithstanding the above, we are of the view that risks such as non-completion of the SSA and Management Contract due to non-fulfillment or non-waiver of the SSA Conditions Precedent and MC Condition Precedent are reasonable and are common aspects of any transactions/arrangements. In addition, the Group is already exposed to the inherent risks associated with the construction and property development industry such as delay in the completion of projects, reliance on subcontractors, fluctuations in the levels of demand and supply for real estate properties, funding and interest rate risks, inability to obtain authority and/or statutory approvals and revision to the contract cost. As such, the Group is not expected to be exposed to new business risks as a result of the Proposals.

15. OVERVIEW AND PROSPECTS OF THE MALAYSIAN ECONOMY, THE MALAYSIAN PROPERTY MARKET, THE MALAYSIAN CONSTRUCTION SECTOR, THE LANDS AND THE MRCB GROUP

15.1 Outlook and prospects of the Malaysian economy

In 2017, the Malaysian economy recorded a robust growth of 5.9% (2016: 4.2%), supported by faster expansion in both private and public sector spending. A key highlight for the year was the rebound in gross exports growth as global demand strengthened. This was due mainly to higher demand from major trading partners following the upswing in the global technology cycle, investment expansion in the advanced economies and the turnaround in commodity prices. Altogether, the global technology upturn translated into robust demand for electronics and electrical (E&E) products while the stronger regional demand and the revival in investment activity in the advanced economies lifted exports of non-E&E products. Commodity exports also turned around in 2017, supported largely by the recovery in major commodity prices.

While real GDP growth was boosted by the external sector, domestic demand continued to anchor growth. In particular, private consumption growth strengthened to 7.0% in 2017 (2016: 6.0%), supported mainly by continued wage and employment growth, with additional impetus from Government measures. Public consumption grew by 5.4% (2016: 0.9%) due to higher spending on supplies and services by the Federal Government amid sustained growth of emoluments. Gross fixed capital formation (GFCF) grew at a faster pace of 6.2% (2016: 2.7%), driven by improvements in both public and private investments. Public investment recovered to grow at 0.1% (2016: -0.5%), supported by continued spending by the General Government and public corporations. Private investment growth accelerated to 9.3% (2016: 4.3%), as firms benefited from the conducive external and domestic operating environment.

On the supply side, most sectors registered higher growth in 2017. The performance of the two largest sectors, services and manufacturing, benefited from marked improvements in domestic and external conditions, growing at 6.2% and 6.0%, respectively (2016: 5.6% and 4.4%). The construction sector recorded a moderate growth of 6.7% (2016: 7.4%), while growth in agriculture production rebounded to 7.2% (2016: -5.1%). Growth in the mining sector, however, moderated to 1.1% (2016: 2.2%), reflecting the voluntary crude oil supply adjustments by PETRONAS, in line with the Organization of the Petroleum Exporting Countries (OPEC) agreement to limit oil production until end-2018.

Headline inflation increased to 3.7% in 2017 (2016: 2.1%). Inflation remained volatile during the year and was primarily driven by higher domestic fuel prices. Higher global commodity prices and disruptions in domestic food supplies also contributed to the higher inflation. This, however, was mitigated by the stronger ringgit exchange rate since April 2017, which helped contain the rise in production costs for domestic goods. Core inflation was also higher in 2017, averaging at 2.3% for the year (2016: 2.1%). Nevertheless, demand-driven inflationary pressures remained largely stable given the lack of persistent tightness in capital stock and the absence of significant wage pressures.

Overall, the fundamentals of the Malaysian economy continued to strengthen. Structural policies carried out over the decades have resulted in a highly open and diversified economy with multiple sources of growth. Improving labour market conditions amid faster wage growth continued to support household spending. Healthy financial institutions and sufficient domestic liquidity also ensured orderly financial intermediation. Furthermore, Malaysia's external position remained strong and well-protected from a sharper depreciation, supported by sufficient international reserves and manageable levels of external debt.

Despite the strong growth in 2017, structural reforms remained a priority to strengthen economic fundamentals and to safeguard the sustainability of the growth momentum. These include efforts to enhance domestic value-added in production and exports, promote higher quality domestic and foreign investments, raise productivity and cultivate a future-ready quality labour force.

Amid stronger global economic conditions, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Headline inflation is projected to moderate in 2018, averaging between 2.0% – 3.0%. The lower inflation compared to 2017 is due mainly to an expected smaller contribution from global energy and commodity prices

*(Source: Annual Report 2017, Bank Negara Malaysia ("**BNM**"))*

15.2 Overview and prospects of the Malaysian property market

The Malaysian economy posted a better than expected growth in the first half of 2017, supported by private sector spending and robust expansion in real exports of goods and services. The property market performance however has yet to make a comeback. There were 153,729 transactions recorded worth RM67.82 billion, indicating a decline of 6.0% in volume but value increased by a marginal 5.0%. Although market activity recorded negative growth, the rate of contraction had reduced indicating that market is gradually adjusting to the changing market landscape.

On the supply-side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) recorded a substantial increase of more than 52.0% to 85,911 units against similar half of 2016 (56,318 units). As for the demand-side, the loan applications for purchase of residential and non-residential made a turnaround in the first half of 2017, both recorded growth. In tandem, the loan approvals for purchase of residential recorded an increase of 17.1%. On the other hand, the loan approvals for purchase of non-residential recorded a contraction of 8.5%, lower than 28.3% recorded in the first half of 2016. This improved scoring in loans approvals indicated that credit-worthy residential and non-residential buyers continued to have access to financing.

Nevertheless, the Government's continuous efforts to address housing issues encompassing ownership, renting, affordable and affordability continued to top the national agenda. The overnight policy rate which continued to remain at 3.00% since July 2016 and the reassurance by Bank Negara Malaysia on eligible home buyers to continue having access to financing is a positive indicator that the central bank remains supportive of the residential sector. Further, on the development front, various national high-impact projects are expected to have an impact on the market landscape in the short and long term, which include amongst others, the Malaysia Vision Valley, Bandar Malaysia, Sungai Buloh – Kajang MRT Line Phase 2, Kuala Lumpur – Singapore High Speed Rail and East Coast Rail Link. Given the resiliency of the economy and the optimistic 2017 economic growth, the property market performance will gradually adjust and follow suit in due time.

(Source: Malaysia Property Market Report First Half 2017, Valuation & Property Services Department, Ministry of Finance)

The residential subsector is also expected to expand further with several new planned townships by private developers. In addition, the subsector will also benefit from various affordable housing programmes by the Government such as 1Malaysia Civil Servants Housing (PPA1M), MyBeautiful New Home and 1Malaysia People-Friendly Houses. On the contrary, the non-residential subsector is forecast to grow moderately following property overhang, particularly in the shops segment.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

15.3 Overview and prospects of the Malaysian construction sector

The construction sector registered a moderate growth of 6.7% (2016: 7.4%). Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from increased activity from projects in the early stages of construction, such as land clearing, piling and land reclamation work. Growth in the residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sports complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.

The construction sector is forecasted to record a stronger growth in 2018 of approximately 7.3%. This will be driven primarily by large new and existing multi-year civil engineering projects. These projects are mainly in the transportation and utilities segment.

(Source: Annual Report 2017, BNM)

15.4 Prospects of the Lands

The Lands is located within the Bukit Jalil Sports City and is bordering the Bukit Jalil National Sports Complex and residential area. It is approximately 76.14 acres in size and the Lands is easily accessible from major roads and highways such as KESAS, MEX Highway, Bukit Jalil Highway and PLUS Highway, as well as the upcoming Sungai Besi – Ulu Kelang Elevated Expressway (SUKE). The Lands is also adjacent to existing LRT stations, i.e. Sri Petaling and Bukit Jalil stations. According to the Feasibility Report, Bukit Jalil has strong fundamentals such as accessibility to several highways, rapid population growth, transport facilities and mobility which is favourable for the development of a suburban centre outside of the Kuala Lumpur city centre.

The proposed development on the Lands will be an integrated development comprising commercial and residential properties, which consists of serviced apartments, SOHO, retail malls, a hotel, offices, shop offices and a show gallery. The entire proposed development will be launched in 3 phases with the entire project horizon of approximately 14 years. According to the Feasibility Report, the proposed development has the potential to position itself against Empire City, Pantai Sentral Park and Bangsar South, due to the advantage of its strategic location within an established community, i.e., Overseas Union Garden, Kuchai Lama, Bandar Kinrara, Sungai Besi and Sri Kembangan, as well as it being adjacent to public transport facilities.

The Feasibility Report had also stated that the proposed development would generate GDV of RM11,988.00 million and GDC of RM9,224.94 million which resulted in a gross development profit of RM2,569.10 million. The proposed development is also expected to achieve a return on investment of 21.96% as compared to the GDV.

(Source: Feasibility Report)

15.5 Prospects of the MRCB Group

We note that the larger contributing revenue segments of the MRCB Group are the property development and investment segment, as well as the engineering, construction and environment segment. As set out in Sections 15.1 to 15.4 above, the overview and prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, as well as the Lands are expected to be favourable.

As such, the prospects of the MRCB Group are expected to remain favourable in view of the Proposed Joint Venture and the Proposed Construction. The Proposed Joint Venture will allow the MRCB Group to expand its property development projects to its current land bank of 393 acres with an estimated total GDV of approximately RM57.3 billion as at the LPD. As mentioned in Section 10.1 of this IAL, the MRCB Group would be able to collaborate with EPF to undertake the Development which would generate GDV of approximately RM11,988.00 million based on the Feasibility Report, which would contribute to the future earnings of the MRCB Group.

The Proposed Joint Venture will also allow the MRCB Group to add another large scale project to its existing property development projects, which consists of, amongst others, Transit Oriented Development such as Kwasa Sentral, Cyberjaya City Centre and Penang Sentral, as well as residential developments such as the 9 Seputeh mixed development in Old Klang Road, Semarak City, Sentral Suites at KL Sentral and 1060 Carnegie in Melbourne, Australia.

In addition to the above, the Proposed Construction will allow the MRCB Group to expand its engineering, construction and environment segment by participating in the proposed development of the Lands. The Proposed Construction is expected to contribute positively to the MRCB Group's future earnings as it will provide the MRCB Group with a steady income flow via the Provisional Total Project Sum of approximately RM11.01 billion over the development period of 20 years.

After taking into consideration the prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group, we are of the view that the Proposals are favourable to the Group.

16. FURTHER INFORMATION

We advise you to refer to the enclosed appendices contained in the Circular for further information.

17. CONCLUSION AND RECOMMENDATION

In arriving at our opinion and recommendation, we have taken into consideration various factors, which include amongst others:

Consideration factors	Our evaluation
Rationale for the Proposals	▪ The Proposed Joint Venture will enable MRCB to collaborate with EPF to undertake the Development, which the management of MRCB has estimated to have a potential GDV of RM20.67 billion. It will also help ease the financial commitment of MRCB of having to finance the entire Development on its own, as funding would be secured from both RJSB and TWSB in the form of equity, other than obtaining financing from financial institutions. ▪ The Proposed Construction represents an opportunity for the Group to further enhance its profile in the engineering and construction segment and is expected to provide the Group with a steady income flow via the Provisional Total Project Sum. ▪ We are of the opinion that the rationale for the Proposals is reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.
Financial evaluation of the Proposals	**<u>Proposed Joint Venture</u>** ▪ We are of the view that the salient terms of the RPS-A and RPS-B, as well as the salient terms of the Call Option and Put Options are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB. ▪ We concur with the market values of the Lands based on the respective methodologies adopted by the Valuer and that the value of the Lands of RM1,430.00 million is reasonable.

Consideration factors	Our evaluation
Financial evaluation of the Proposals *(Cont'd)*	▪ We note that the Lands Consideration amounting up to RM1,426.16 million represents only a slight discount of approximately RM3.84 million or 0.27% to the market value of the Lands. ▪ Based on the above, we are of the view that the Proposed Joint Venture is fair and reasonable, and not detrimental to the interests of the non-interested shareholders of MRCB. **<u>Proposed Construction</u>** ▪ We concur with the basis and assumptions adopted in deriving the Provisional Total Project Sum to be received by MRCB Land under the Management Contract of RM11.01 billion. Further, it is RM232.54 million or 2.16% higher than the QS estimation of RM10.77 billion under the GDC Report. As such, we are of the view that the Provisional Total Project Sum under the Management Contract of RM11.01 billion is fair and reasonable, and not detrimental to the interests of the non-interested shareholders of MRCB. ▪ Nonetheless, it should be noted that the amount of RM11.01 billion is only provisional at this juncture and is subject to changes depending on the finalisation of items such as the final EPCC Contract Sum, actual Professional Fees, and Authority and Statutory Charges.
Evaluation of the salient terms of the SSA and Management Contract	The salient terms of the SSA and the Management Contract are reasonable and are not detrimental to the interests of the non-interested shareholders of MRCB.
Effects of the Proposals	▪ The Proposals will not have any effect on the share capital and substantial shareholders' shareholdings of the Company. ▪ The pro forma NA of MRCB will decrease from RM4,824.09 million to RM4,821.24 million, after deducting estimated expenses in relation to the Proposed Joint Venture and Proposed Construction amounting to approximately RM1.7 million and RM1.1 million respectively, and the estimated marginal loss arising from the Proposed Disposal of RM11,112.32. The pro forma NA per MRCB Share will remain at RM1.10. ▪ The pro forma gearing level of MRCB will decrease from 0.69 times to 0.50 times, after taking into consideration the repayment of bank borrowings via a portion of proceeds to be received from the Proposed Disposal of RM931 million. ▪ Assuming that the Proposals had been effected at the beginning of the FYE 31 December 2017, it is not expected to have any effect on the earnings and EPS of MRCB for the FYE 31 December 2017 as the Proposals are expected to be implemented in the second quarter of 2018. However, the Proposals are expected to contribute positively to the future earnings and EPS of MRCB. ▪ Premised on the above, we are of the opinion that the pro forma effects of the Proposals are reasonable and not detrimental to the interests of the non-interested shareholders of MRCB.

Consideration factors	Our evaluation
Risk factors	▪ We are of the view that that although measures may be taken by the Board and the management to limit/mitigate the risks highlighted herein, no assurance can be given that the risks will not crystalise and give rise to material and adverse impact on the financial position and business of the Group. ▪ Notwithstanding the above, we are of the view that risks such as non-completion of the SSA and Management Contract due to non-fulfillment or non-waiver of the SSA Conditions Precedent and MC Condition Precedent are reasonable and are common aspects of any transactions/arrangements. In addition, the Group is already exposed to the inherent risks associated with the construction and property development industry such as delay in the completion of projects, reliance on subcontractors, fluctuations in the levels of demand and supply for real estate properties and funding and interest rate risks, inability to obtain authority and/or statutory approvals and revision to the contract cost. As such, the Group is not expected to be exposed to new business risks as a result of the Proposals.
Overview and prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group	▪ We are of the view that the Proposals are favourable to the Group after taking into consideration the favourable prospects of the Malaysian economy, the Malaysian property market, the Malaysian construction sector, the Lands and the MRCB Group.

Premised on our overall assessment of the Proposals, we are of the opinion that the Proposals are ***FAIR*** and ***REASONABLE*** and ***NOT DETRIMENTAL*** to the interests 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 Proposals to be tabled at the forthcoming EGM of MRCB.

Yours faithfully,
For and on behalf of
PUBLIC INVESTMENT BANK BERHAD

Fong Loong Seng
Chief Executive Officer

Lee Yo-Hunn
Head
Corporate Finance & Advisory

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Malaysian Resources Corporation Berhad ("**MRCB**" or "**Company**") will be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 12:00 noon or immediately after the conclusion of the 47th Annual General Meeting of MRCB which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions:-

ORDINARY RESOLUTION 1

MANAGEMENT CONTRACT BETWEEN KWASA SENTRAL SDN BHD, A 70%-OWNED SUBSIDIARY OF MRCB ("KSSB"), AND MRCB LAND SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MRCB ("MRCB LAND"), FOR THE APPOINTMENT OF MRCB LAND AS THE MANAGEMENT CONTRACTOR IN CONNECTION WITH THE DEVELOPMENT AND CONSTRUCTION OF A MIXED DEVELOPMENT IDENTIFIED TO BE THE TOWN CENTRE OF THE KWASA DAMANSARA TOWNSHIP, ON A PIECE OF LAND OWNED BY KSSB MEASURING 64.30 ACRES KNOWN AS MX-1, HELD UNDER HSD 315671, LOT NO. PT50854, MUKIM SUNGAI BULOH, DAERAH PETALING, SELANGOR DARUL EHSAN ("MX-1 DEVELOPMENT"), FOR A PROVISIONAL TOTAL PROJECT SUM OF RM7,461,991,606 PAYABLE IN CASH ("PROVISIONAL TOTAL PROJECT SUM OF MX-1") ("PROPOSED MX-1 CONSTRUCTION")

"**THAT**, subject to and conditional upon the approvals of all relevant authorities or parties being obtained (if required), approval be and is hereby given for MRCB Land to be appointed as the Management Contractor in connection with the development and construction of the MX-1 Development for the Provisional Total Project Sum of MX-1, in accordance with the terms and conditions as stipulated in the Management Contract dated 22 March 2018 entered into between KSSB and MRCB Land for the Proposed MX-1 Construction.

THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised with full power to accept any change to the Provisional Total Project Sum of MX-1 in such manner as the Board shall in their absolute discretion deem necessary and/or expedient and in the best interest of the Company.

AND THAT the Board be and is hereby authorised to give full effect to the Proposed MX-1 Construction with full powers to assent to any term, condition, modification, variation and/or amendment in any manner as may be required by the relevant authorities or parties or as the Board may deem necessary and/or expedient and in the best interest of the Company and to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents as may be necessary and/or expedient and in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED JOINT VENTURE BETWEEN RUKUN JUANG SDN BHD ("RJSB"), AN 85%-OWNED SUBSIDIARY OF MRCB LAND, AND TANJUNG WIBAWA SDN BHD ("TWSB"), A WHOLLY-OWNED SUBSIDIARY OF THE EMPLOYEES PROVIDENT FUND BOARD, FOR THE PURPOSE OF DEVELOPING THREE (3) PARCELS OF LEASEHOLD LAND LOCATED IN BUKIT JALIL, KUALA LUMPUR ("LANDS"), WHICH ENTAILS THE FOLLOWING:-

(I) PROPOSED SUBSCRIPTION OF 1,900,000 ORDINARY SHARES IN BUKIT JALIL SENTRAL PROPERTY SDN BHD ("BJSP") REPRESENTING 20% EQUITY INTEREST OF THE ISSUED SHARE CAPITAL OF BJSP AND UP TO 283,232,622 REDEEMABLE PREFERENCE SHARES-CLASS A IN BJSP BY RJSB ("PROPOSED SUBSCRIPTION"); AND

(II) PROPOSED DISPOSAL BY RJSB OF THE LANDS TO BJSP FOR AN AGGREGATE AMOUNT OF UP TO RM1,426,163,112, IN RELATION TO THE PROPOSED JOINT VENTURE ("PROPOSED DISPOSAL")

(COLLECTIVELY REFERRED TO AS THE "PROPOSED JOINT VENTURE")

"**THAT**, subject to the passing of Ordinary Resolution 3 and conditional upon the approvals of all relevant authorities or parties being obtained (if required), approval be and is hereby given to the Company and RJSB to enter into the proposed joint venture with TWSB to co-invest in a joint venture company, namely BJSP for purposes of jointly developing the Lands in accordance with the terms and conditions of the subscription and shareholders' agreement dated 31 May 2017 entered into between the Company, RJSB, TWSB and BJSP in relation to the Proposed Joint Venture ("SSA").

THAT approval be and is hereby given to RJSB to subscribe for 1,900,000 ordinary shares in BJSP and up to 283,232,622 redeemable preference shares-class A in BJSP at an aggregate subscription price of up to RM285,132,622, upon the terms and conditions set out in the SSA in relation to the Proposed Subscription. The redeemable preference shares-class A shall be issued upon and subject to the principal terms and conditions as stipulated in the SSA.

THAT approval be and is hereby given for the following:-

(i) the Company to exercise the right granted by TWSB at any time during the period of 24 months after the completion of the First Tranche Subscription (as defined in the Circular) ("**Call Option Period**") to require TWSB to sell to the Company and/or RJSB all of the ordinary shares, the redeemable preference shares-class A and the redeemable preference shares-class B or any other preference shares in BJSP or other classes of shares issued by BJSP from time to time ("**BJSP Securities**") which are held by TWSB in excess of 51% of the issued share capital of BJSP ("**Call Option Shares**") as at the date of the notice from the Company and/or RJSB to TWSB in respect of the exercise of the Call Option (as defined herein) ("**Call Option Notice**"), at a consideration which will give TWSB an internal rate of return of 10% in proportion to the Call Option Shares based upon the aggregate amount of TWSB's investment in BJSP less any amount which has been paid by BJSP to TWSB ("**Call Option**");

(ii) provided that the Call Option has not been exercised and save and unless notified by TWSB to the Company and/or RJSB before the expiry of the Call Option Period that TWSB waives its rights in respect of such option, for the Company and/or RJSB to grant to TWSB the right, exercisable at any time during the period of 12 months after the expiry of the Call Option Period, to require the Company and/or RJSB to purchase from TWSB all of the BJSP Securities which are held by TWSB in excess of 51% of the issued share capital of BJSP ("**First Put Option Shares**") as at the date of the notice from TWSB to the Company and/or RJSB in respect of the exercise of the First Put Option (as defined herein) ("**First Put Option Notice**") at a consideration which will give TWSB an internal rate of return of 8% in proportion to the First Put Option Shares based upon the aggregate amount of TWSB's investment in BJSP less any amount which has been paid by BJSP to TWSB; and

(iii) for the Company and/or RJSB to grant to TWSB the right, exercisable at any time during the period of 12 months after the seventh (7th) anniversary date of the completion of the First Tranche Subscription (as defined in the Circular) to require the Company and/or RJSB to purchase from TWSB all of the remaining number of BJSP Securities held by TWSB ("**Second Put Option Shares**") as at the date of the notice from TWSB to the Company and/or RJSB in respect of the exercise of the Second Put Option (as defined herein) at a consideration which will give TWSB an internal rate of return of 9.5% in proportion to the Second Put Option Shares based upon the aggregate amount of TWSB's investment in BJSP less any amount which has been paid by BJSP to TWSB ("**Second Put Option**"),

subject to the terms and conditions set out in the SSA.

THAT approval be and is hereby given to RJSB to dispose three (3) parcels of leasehold land held under (i) HSD 120470, PT 16843; (ii) HSD 120471, PT 16844; and (iii) HSD 120472, PT 16845, all in the Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur to BJSP for a total consideration of up to RM1,426,163,112, upon the terms and subject to the conditions of the SSA in relation to the Proposed Disposal.

AND THAT the Board be and is hereby authorised to give full effect to the Proposed Joint Venture with full powers to assent to any term, condition, modification, variation, revaluation and/or amendment in any manner as may be required by the relevant authorities or parties or as the Board may deem necessary and/or expedient and in the best interest of the Company and to do all acts, deeds and things and to execute, sign, deliver for and on behalf of the Company all such agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties as it may deem fit, necessary and/or expedient and in the best interest of the Company."

ORDINARY RESOLUTION 3

MANAGEMENT CONTRACT BETWEEN BJSP AND MRCB LAND FOR THE APPOINTMENT OF MRCB LAND AS THE MANAGEMENT CONTRACTOR IN CONNECTION WITH THE DEVELOPMENT AND CONSTRUCTION OF A MIXED DEVELOPMENT ON THE LANDS ("DEVELOPMENT"), FOR A PROVISIONAL TOTAL PROJECT SUM OF RM11,007,326,245 PAYABLE IN CASH ("PROVISIONAL TOTAL PROJECT SUM") ("PROPOSED CONSTRUCTION")

"**THAT**, subject to the passing of Ordinary Resolution 2 and conditional upon the approvals of all relevant authorities or parties being obtained (if required), approval be and is hereby given for MRCB Land to be appointed as the Management Contractor in connection with the development and construction of the Development for the Provisional Total Project Sum, upon the terms and subject to the conditions as stipulated in the Management Contract dated 26 March 2018 entered into between BJSP and MRCB Land for the Proposed Construction.

THAT the Board be and is hereby authorised with full power to accept any change to the Provisional Total Project Sum in such manner as the Board shall in its absolute discretion deem necessary and/or expedient and in the best interest of the Company.

THAT approval be and is hereby given to MRCB Land as the Management Contractor to subscribe for 1,000 redeemable preference shares-class B in BJSP at an aggregate subscription price of RM1,000 calculated based on an issue price of RM1.00 per redeemable preference share-class B, upon the terms and subject to the conditions set out in the SSA. The redeemable preference shares-class B shall be issued upon and subject to the principal terms and conditions as stipulated in the SSA.

AND THAT the Board be and is hereby authorised to give full effect to the Proposed Construction with full powers to assent to any term, condition, modification, variation, valuation and/or amendment in any manner as may be required by the relevant authorities or parties or as the Board may deem necessary and/or expedient and in the best interest of the Company and to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties as it may deem fit, necessary and/or expedient and in the best interest of the Company."

BY ORDER OF THE BOARD

Mohd Noor Rahim Yahaya
MAICSA 0866820
Company Secretary

Kuala Lumpur
4 May 2018

Notes:-

1. *Only members whose names appear in the Record of Depositors on 14 May 2018 shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.*
2. *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.*
6. *The duly completed Form of Proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the date and time set for the EGM or any adjournment thereof.*

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia)

FORM OF PROXY

(Please see the notes below before completing the form)

Number of Ordinary Share(s) held	CDS Account No.

*I/We (FULL NAME IN CAPITAL LETTERS) ______________________________
*NRIC No./Passport No./Company No. ______________________________
of (FULL ADDRESS) ______________________________

____

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

Name of Proxy in capital letters		Proportion of Shareholdings to be represented by the proxies:	
		Number of shares	Percentage (%)
Proxy 1			
	NRIC No./Passport No:		
and/or failing him/her			
Proxy 2			
	NRIC No./Passport No:		
	Total		

or failing *him/her the Chairman of the Meeting as *my/our proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 21 May 2018 at 12:00 noon or immediately after the conclusion of the 47th Annual General Meeting of MRCB which will be held at 10:00 a.m. on the same day and at the same venue, whichever is later or at any adjournment thereof.

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

ORDINARY RESOLUTIONS			**FOR**	**AGAINST**
Ordinary Resolution 1	:	Proposed MX-1 Construction		
Ordinary Resolution 2	:	Proposed Joint Venture		
Ordinary Resolution 3	:	Proposed Construction		

Dated this _________ day of ________________ 2018

____
Signature of Shareholders

* *DELETE IF NOT APPLICABLE.*

Notes:-

1. *Only members whose names appear in the Record of Depositors on 14 May 2018 shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.*
2. *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.*
6. *The duly completed Form of Proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the date and time set for the EGM or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

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

1st fold here