CHAIRMAN'S STATEMENT

Our performance for the financial year 2016 has surpassed 2015 with even better returns.

p — 18

GMD'S MANAGEMENT DISCUSSION & ANALYSIS

MRCB's property development activities are underpinned by its 400 acre urban land bank.

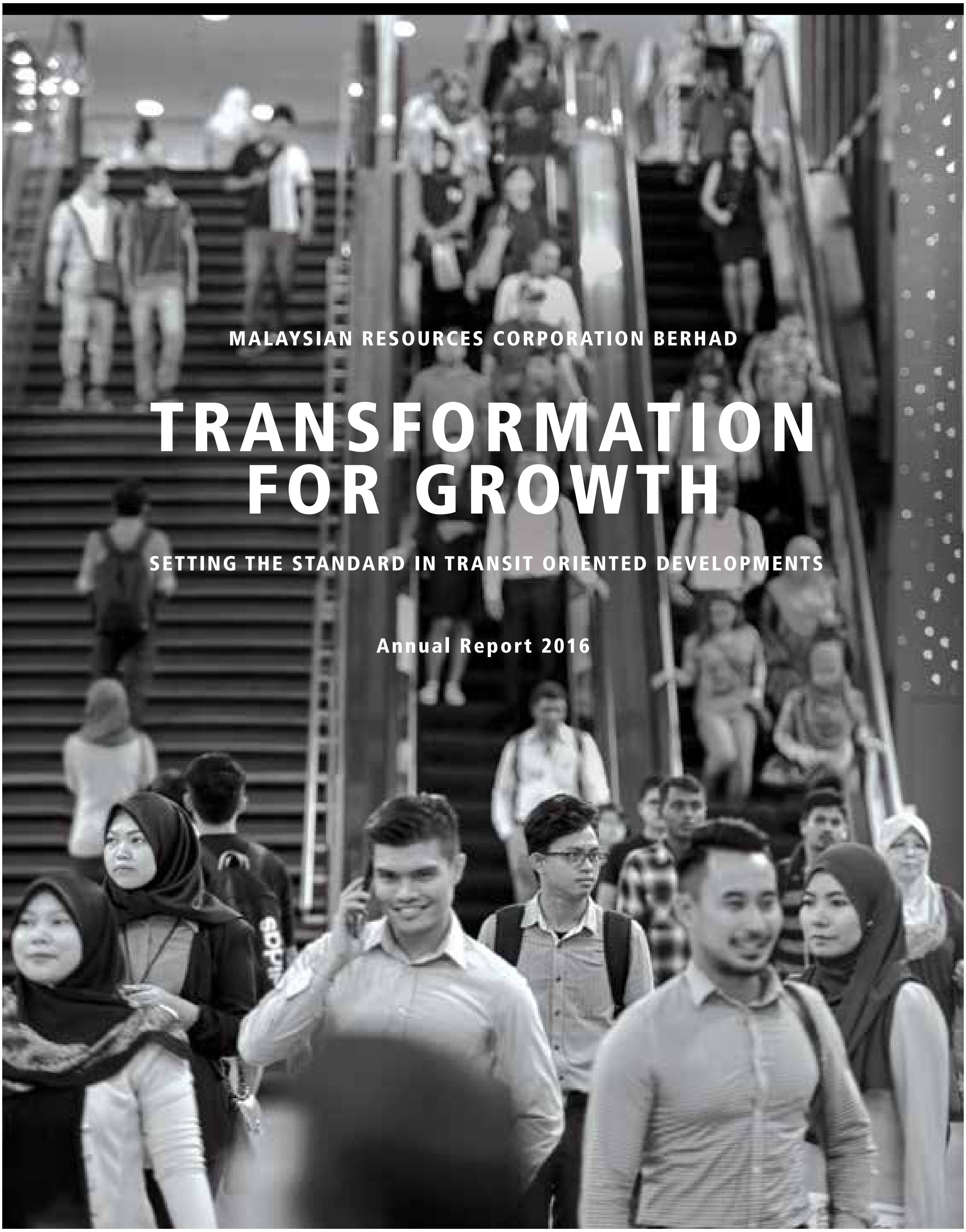
p — 22

SUSTAINABILITY STATEMENT

Sustainable development is a group-wide strategic business objective.

p — 48

MRCB



MALAYSIAN RESOURCES CORPORATION BERHAD

TRANSFORMATION FOR GROWTH

SETTING THE STANDARD IN TRANSIT ORIENTED DEVELOPMENTS

Annual Report 2016

SETTING THE STANDARD IN TRANSIT ORIENTED DEVELOPMENTS

PJ SENTRAL GARDEN CITY

PETALING JAYA,
SELANGOR DARUL EHSAN

11.91 Acres

GDV RM2.62 Billion

CYBERJAYA CITY CENTRE

CYBERJAYA,
SELANGOR DARUL EHSAN

45.31 Acres

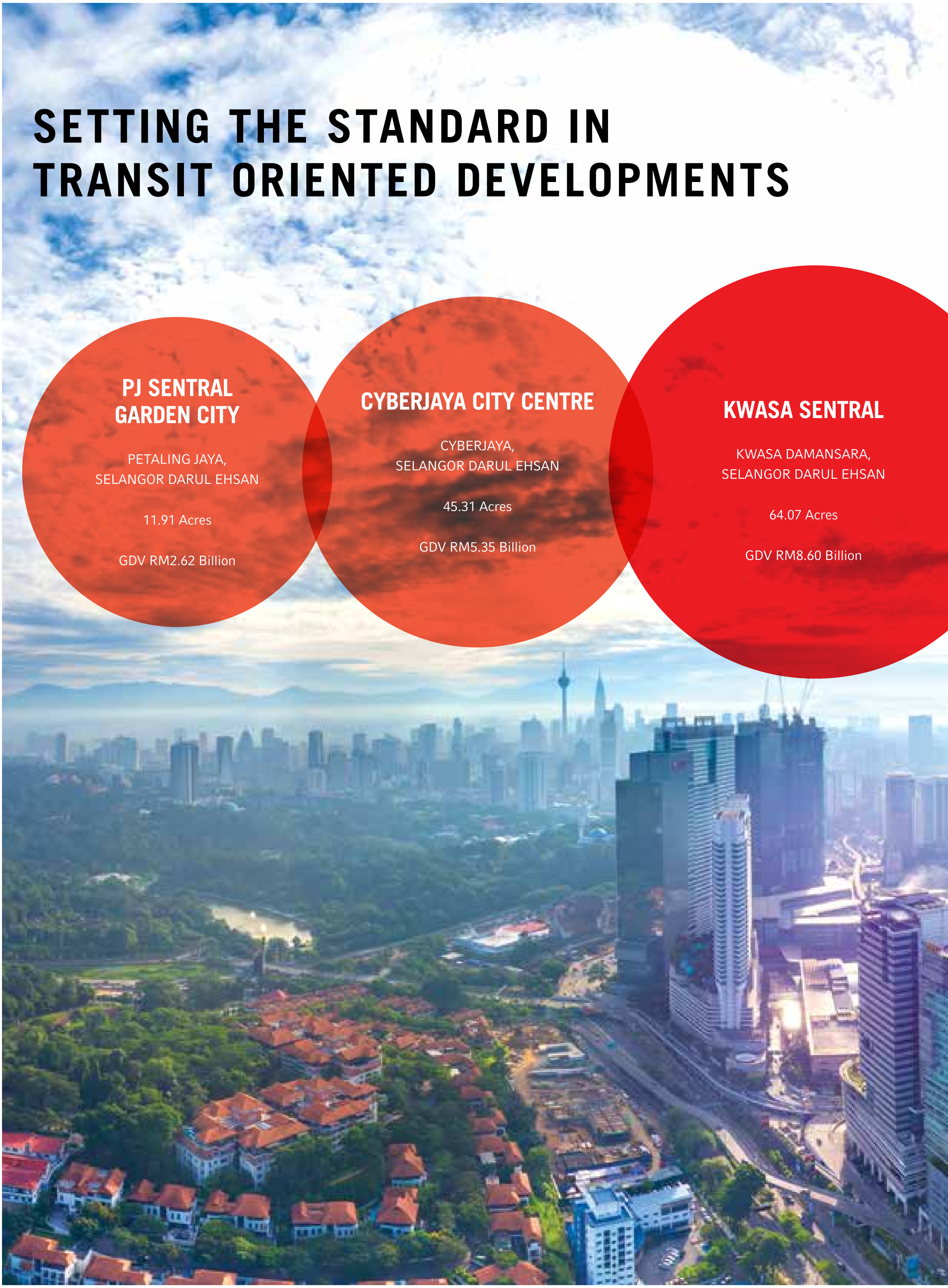
GDV RM5.35 Billion

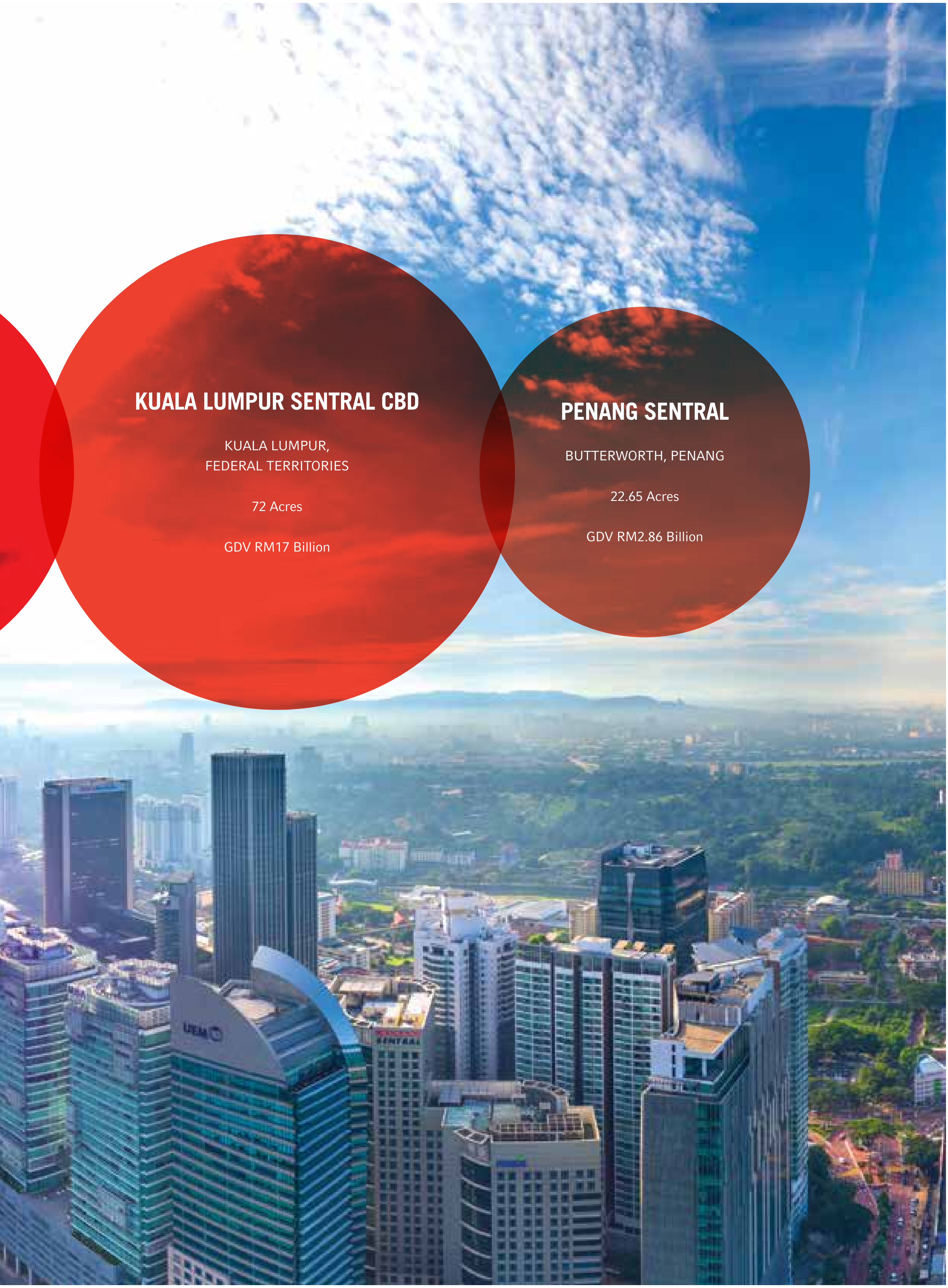
KWASA SENTRAL

KWASA DAMANSARA,
SELANGOR DARUL EHSAN

64.07 Acres

GDV RM8.60 Billion





KUALA LUMPUR SENTRAL CBD

KUALA LUMPUR,
FEDERAL TERRITORIES

72 Acres

GDV RM17 Billion

PENANG SENTRAL

BUTTERWORTH, PENANG

22.65 Acres

GDV RM2.86 Billion

TRANSFORMATION FOR GROWTH

At MRCB, we are committed to creating and delivering innovative and sustainable property and infrastructure solutions for future generations.

We create developments that leave a positive impact by setting world standards for safety, innovation and sustainability.

Our environments are places where people feel comfortable and allow them to be the best that they can be.

We believe that a diverse and inclusive workplace not only means people feel valued, it helps build a better, stronger and more innovative MRCB.

Ultimately, we understand that the decisions we make today, affects the lives of people tomorrow. We are MRCB, Setting the Standard.

Kuala Lumpur Sentral (KL Sentral) CBD

In order to provide our various Stakeholders a complete and integrated picture of the Group, we have published a comprehensive report of our business operations.

Annual Report

AR

Contents
Provides a comprehensive assessment of the Group's performance for 2016 and outlook for 2017.

Regulations Complied
- Bursa Malaysia Main Market Listing Requirements.

Financial Report

FS

Contents
Presents the full set of the Group's audited financial statements.

Regulations Complied
- Financial Reporting Standards.

Online Version

Scan the above QR code to view our Annual Report & Financial Report 2016 in online version.

WHAT'S INSIDE

2016 AT A GLANCE

REVENUE GROWTH

+42%

RM2,408 million

PRETAX PROFIT GROWTH

+6%

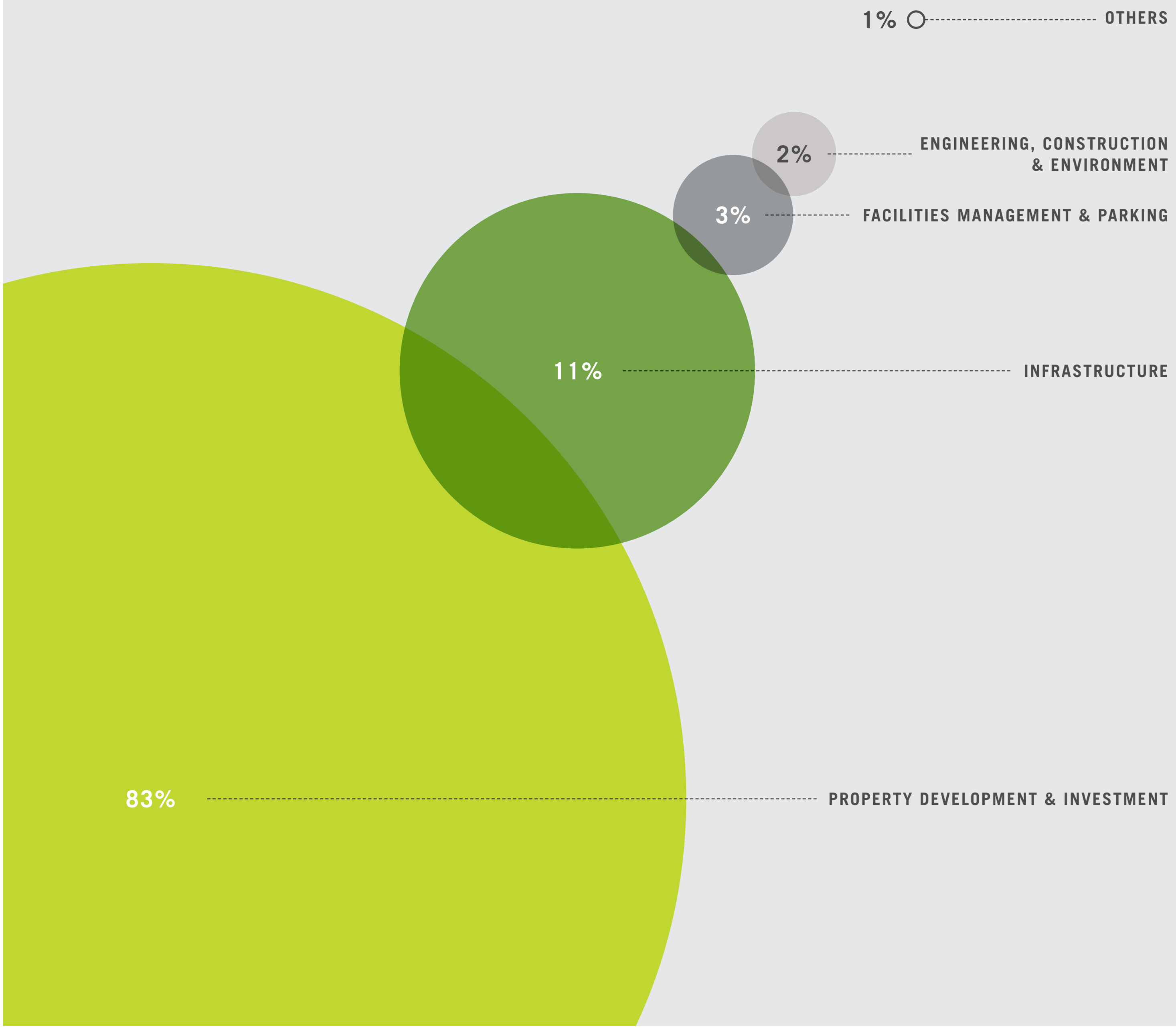
RM393 million

SHAREHOLDERS' FUNDS

+29%

RM2,926 million

TOTAL SEGMENT RESULTS FOR OPERATING PROFIT



NET ASSETS PER SHARE

RM**1.36**

RETURN ON TOTAL NET ASSETS

9%

REDUCTION IN NET GEARING

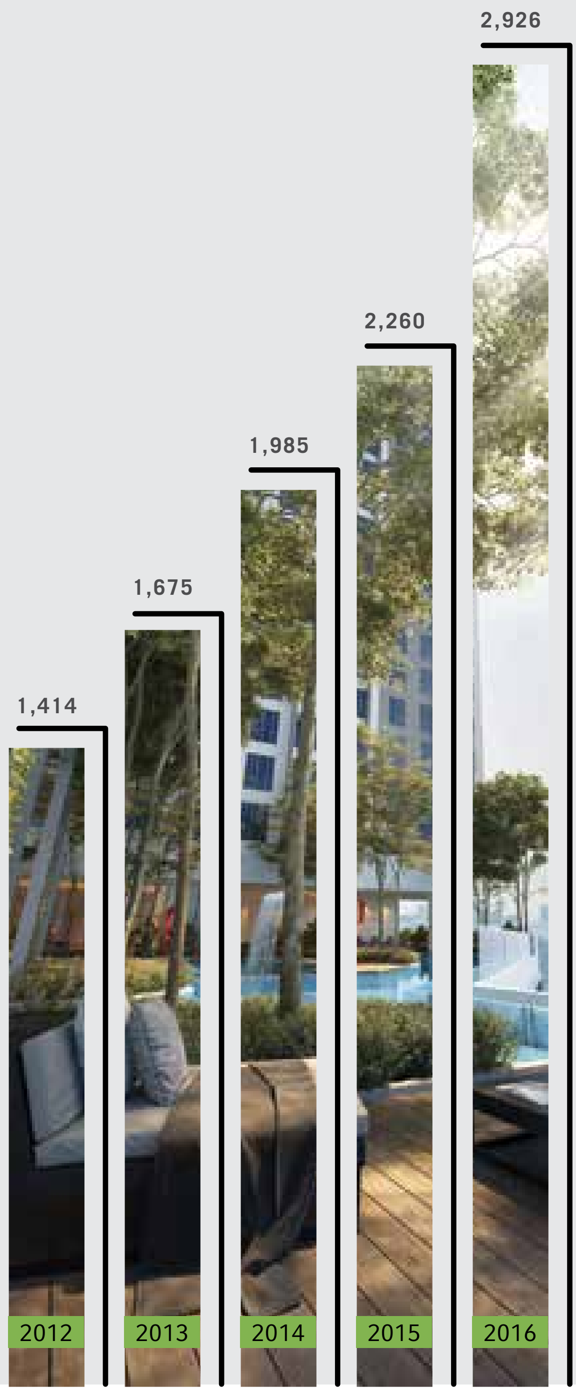
43%

DIVIDEND PER SHARE

2.75sen

SHAREHOLDERS' FUNDS

RM2,926 million



DEVELOPMENT LAND BANK

400acres

LAND BANK ESTIMATED GDV

RM**49**billion

EXTERNAL ORDER BOOK

RM**7.0**billion

BASIC EARNINGS PER SHARE

14sen

** All figures as at 31 December 2016*

OUR VISION, MISSION AND VALUES

Our Vision

SETTING **THE STANDARD**

Our Mission

Leading the field through innovation in property development, engineering and construction

Our Values

1. Courageous
2. Creative
3. Driven
4. Customer Centric
5. Accountable

ABOUT THIS REPORT

MRCB Group's 2016 Annual Report is aligned with best practice for disclosures in annual reports.

It adheres to the corporate disclosure framework outlined by Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and takes into account other guidelines published in this regard.

KL Sentral CBD

Basis of Preparation

This report aims to provide a transparent and balanced assessment of how we create value, taking into account both qualitative and quantitative matters that are material to our operations and strategic objectives, and which may influence the decision making of our stakeholders.

The report reviews our strategic performance, our commitment to creating sustainable Economic, Environmental and Social value, an account of our Governance, and a comprehensive review of our risks and the measures we have put in place to mitigate those risks.

For more details, please refer to Our Strategic Performance on page 18, Commitment to Sustainable Value on page 48, and How We Are Governed on page 88.

Our annual report includes our business model and annual financial statements which should be read in conjunction with our analysis of our overall business performance and segmental performance reviews.

Our corporate structure and business model are provided on page 13 while our financial statements can be found in the Financial Report 2016.

This annual report is our primary report. It is supplemented with online disclosures which can be found at www.mrcb.com.

Assurance Approach and Board Approval

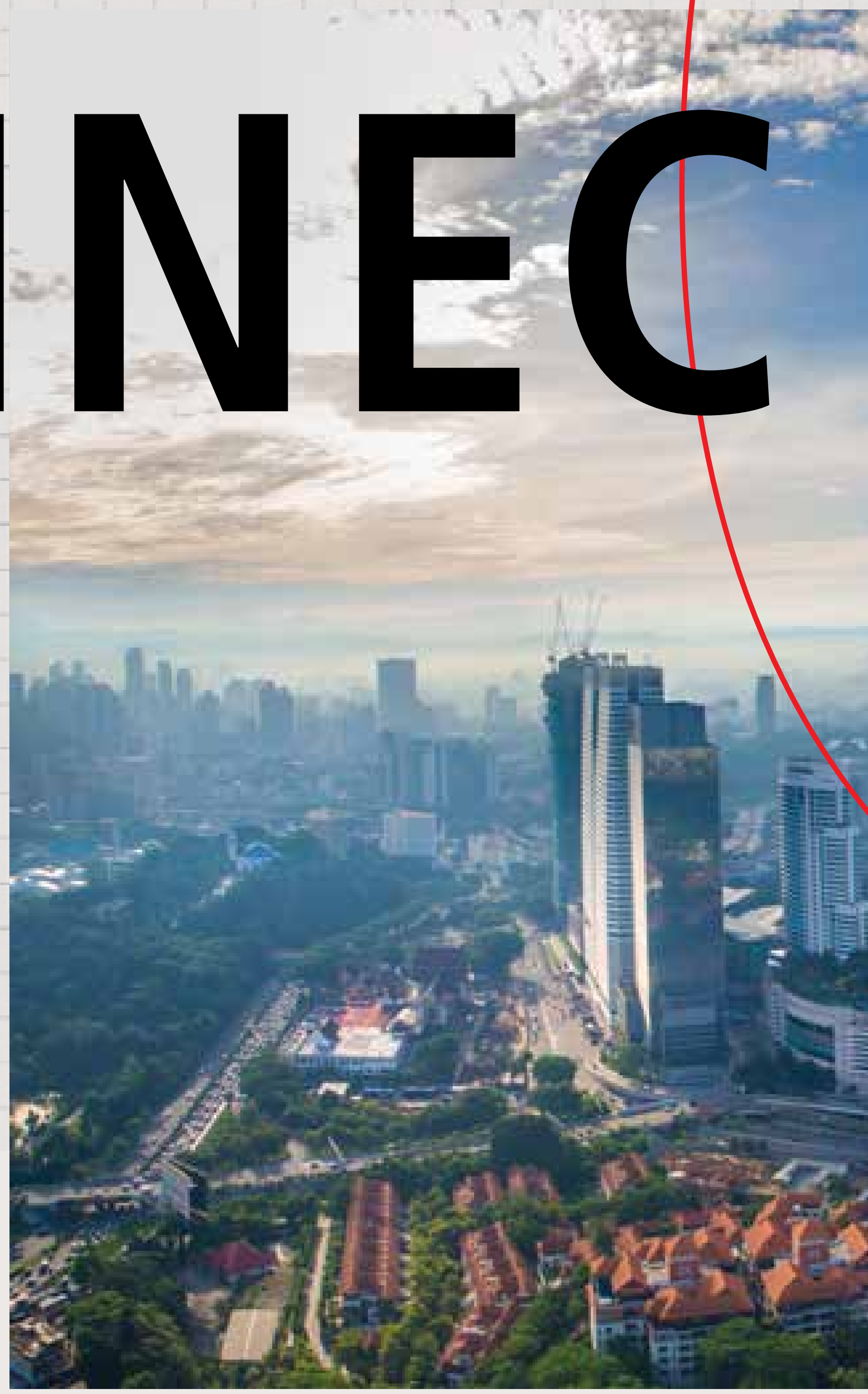
This is our annual report which outlines our corporate journey in creating long-term sustainable value for all our stakeholders. Our financial report is audited by an independent third party, PwC, who have audited our Financial Statements and whose audit opinion can be viewed on page 8 to 9 Financial Report 2016 of the ordinary financial statements.

Forward-looking statements

This report contains forward-looking statements which are based on current estimates and projections of MRCB Group management and currently available information. These forward-looking statements relate to the plans, objectives, goals, strategies, future operations and performance of MRCB Group and our subsidiaries. They are not guarantees of the future developments and results outlined as they are dependent on a number of factors which involve various risks, uncertainties and assumptions. Such factors include those laid out in the Statement of Risk Management and Internal Control on page 110. We do not assume any obligation to update the forward-looking statements contained in this report.

Here in Kuala Lumpur Sentral CBD, getting home and getting to work is such a breeze.

REDEFINING CONNEC



As the pioneer of Transit Oriented Developments (TOD), MRCB is leading the way in effecting a paradigm shift in public transport connectivity in Malaysia.

Through our TOD projects, we are contributing towards the seamless integration of public transport systems, working and living areas, enabling people to move around easily between their workplace and their home.

What is TOD?

A transit-oriented development (TOD) is a mixed-use residential and commercial area designed to maximise access to public transport and often incorporates features to encourage transit ridership.

It's so convenient.

Accessibility at its best.

TIVITY

KL SENTRAL CBD

GDV

RM17 billion

LAND SIZE

72 acres

CORPORATE PROFILE

MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB") IS A LEADING PROPERTY AND CONSTRUCTION COMPANY THAT HAS BEEN LISTED ON THE MAIN BOARD OF BURSA MALAYSIA SINCE 1971.

MRCB'S CORE ACTIVITIES ARE:

1

PROPERTY DEVELOPMENT & INVESTMENT

MRCB is a leading urban property developer, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs.
MRCB was the pioneer of Transit Oriented Development ("TOD") in Malaysia, through its flagship and award winning Kuala Lumpur Sentral CBD project, which has attracted some of the world's leading corporations as tenants due to its excellent transportation connectivity. MRCB's future TOD projects – PJ Sentral Garden City, Penang Sentral, Kwasa Sentral, Cyberjaya City Centre and Bukit Jalil Sentral, will feature excellent transportation connectivity at their core.

MRCB owns an urban development land bank of 400 acres with an estimated Gross Development Value (GDV) of RM49 billion.

The Group's Property investment activity is through its 27.9% equity stake in MRCB-Quill REIT.

9 Seputeh

LRT3

2

ENGINEERING,CONSTRUCTION & ENVIRONMENT

Designing, building and contracting gives MRCB complete control over its own property development projects, helping the Group ensure that the project's vision is fully realised.

As well as constructing world class commercial and residential buildings, MRCB's Engineering, Construction & Environment division also has an enviable track record in transportation infrastructure, Engineering, Procurement and Construction (EPC) of high voltage power transmission projects comprising substations, overhead transmission lines and underground cabling. Its environment business undertakes the rehabilitation and flood mitigation of rivers and coastal areas.

Engineering, Construction & Environment Division has an external order book of RM7.0 billion.

3

INFRASTRUCTURE & CONCESSION

Infrastructure & Concession Division has a 30 year concession to operate and collect toll on the RM1.3 billion Eastern Dispersal Link Expressway in Johor Bahru, an 8.62 km highway that links with Bangunan Sultan Iskandar Customs, Immigration & Quarantine Complex.

4

FACILITIES MANAGEMENT

MRCB's Facilities Management operation has successfully established its own brand as a major player in Malaysia in managing, maintaining and providing security services at integrated transportation hubs, high profile commercial and residential complexes and as well as operating car parks.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1
TAN SRI AZLAN ZAINOL
Non-Independent Non-Executive Chairman

2
TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

3
MOHD IMRAN TAN SRI MOHAMAD SALIM
Executive Director

4
DATUK SHAHRIL RIDZA RIDZUAN
Non-Independent Non-Executive Director

5
JAMALUDIN ZAKARIA
Senior Independent Director

6
ROHAYA MOHAMMAD YUSOF
Non-Independent Non-Executive Director

7
HASMAN YUSRI YUSOFF
Independent Director

AUDIT COMMITTEE

- Hasman Yusri Yusoff
- Jamaludin Zakaria
- Rohaya Mohammad Yusof

EXECUTIVE COMMITTEE

- Datuk Shahril Ridza Ridzuan
- Tan Sri Mohamad Salim Fateh Din
- Jamaludin Zakaria

NOMINATION & REMUNERATION COMMITTEE

- Jamaludin Zakaria
- Rohaya Mohammad Yusof
- Hasman Yusri Yusoff

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

- Datuk Shahril Ridza Ridzuan
- Mohd Imran Tan Sri Mohamad Salim
- Jamaludin Zakaria

COMPANY SECRETARY

Mohd Noor Rahim Yahaya
(MAICSA 0866820)

REGISTERED OFFICE

Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03-2786 8080
Fax : 03-2780 7668

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7849 0777
Fax : 03-7841 8151/8152

PRINCIPAL BANKERS

- Affin Bank Berhad
- RHB Islamic Bank Berhad
- Malayan Banking Berhad
- CIMB Bank Berhad
- CIMB Islamic Bank Berhad
- HSBC Bank Malaysia Berhad
- Malaysia Building Society Berhad

AUDITORS

PricewaterhouseCoopers

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad

DATE OF LISTING

22 March 1971

CORPORATE STRUCTURE

PROPERTY

- KUALA LUMPUR SENTRAL SDN BHD 74%
  - UNITY PORTFOLIO SDN BHD 100%
- ONESENTRAL PARK SDN BHD 100%
- PREMA BONANZA SDN BHD 51%
- MRCB UTAMA SDN BHD 100%
- MALAYSIAN RESOURCES DEVELOPMENT SDN BHD 100%
  - SERI ISKANDAR DEVELOPMENT CORPORATION SDN BHD 70%
  - MRCB INTERNATIONAL SDN BHD 100%
    - MRCB LAND (AUSTRALIA) PTY LTD 100%
    - MRCB AUSTRALIA HOLDING COMPANY PTY LTD 100%
      - MRCB PROJECT CARNEGIE PTY LTD 100%
- MRCB PUTRA SDN BHD 100%
- MRCB SENTRAL PROPERTIES SDN BHD 100%
- SOOKA SENTRAL SDN BHD 100%
- EXCELLENT BONANZA SDN BHD 100%
- COSY BONANZA SDN BHD 65.7%
- 348 SENTRAL SDN BHD 100%
- 59 INC SDN BHD 100%
- COUNTRY ANNEXE SDN BHD 100%
- GAPURNA LAND SDN BHD 100%
- GAPURNA BUILDERS SDN BHD 100%
- MRCB LAND SDN BHD 100%
  - EFFICIENT CLASS SDN BHD 100%
  - CRYSTAL HALLMARK SDN BHD 100%
  - PINNACLE PARADISE SDN BHD 100%
  - SUBANG SENTRAL SDN BHD 100%
  - ESQUIRE MOMENTS SDN BHD 100%
  - LEGASI AZAM SDN BHD 100%
  - RUKUN JUANG SDN BHD 85%
  - STIGMA TIARA SDN BHD 100%
  - METRO SPECTACULAR SDN BHD 51%
  - CSB DEVELOPMENT SDN BHD 70%
  - NILAITERA SDN BHD 100%
- P.J. SENTRAL DEVELOPMENT SDN BHD 100%
- SYNARGYM SDN BHD 100%
- PENANG SENTRAL SDN BHD 100%
- PUNCAK WANGI SDN BHD 100%

ENGINEERING, CONSTRUCTION AND ENVIRONMENT

- MRCB BUILDERS SDN BHD 100%
  - MRCB ENVIRONMENTAL SERVICES SDN BHD 100%
    - MRCB ENVIRONMENT SDN BHD 100%
  - TRANSMISSION TECHNOLOGY SDN BHD 100%
  - MRCB ENGINEERING SDN BHD 100%
  - MILMIX SDN BHD 100%
  - REGION RESOURCES SDN BHD 100%
  - SANJUNG SEPANG SDN BHD 100%

INFRASTRUCTURE & CONCESSION

- MRCB PRASARANA SDN BHD 100%
  - MRCB LINGKARAN SELATAN SDN BHD 100%
  - MRCB SOUTHERN LINK BERHAD 100%

FACILITIES MANAGEMENT

- SEMASA SENTRAL SDN BHD 100%
- SEMASA PARKING SDN BHD 100%
- SEMASA SENTRAL (PENANG) SDN BHD 100%
- MR SECURITIES SDN BHD 100%
  - SEMASA SECURITY SDN BHD 100%

HOW WE CREATE AND PRESERVE VALUE

Our business model focuses on delivering value across the entire value chain, creating sustainable returns for shareholders and making a positive impact in the communities in which we operate.

> Availability of financial capital
See our financial health in our Financial Report 2016

> Outstanding people
See the calibre of our people on page 53

> Strong relationships with local government and obtaining effective planning permissions

> Availability of sufficient high quality building materials

> Availability of sufficient labour and skilled subcontractors

> Good relationships with communities in which we operate

> Good relationships with land agents and land owners to secure sufficient land in prime locations

RESOURCES AND RELATIONSHIPS CRITICAL TO OUR BUSINESS MODEL

WHAT WE DO

1

WE BUILD BESPOKE BUILDINGS PRE-LET TO CLIENTS ON LONG-TERM LEASES.

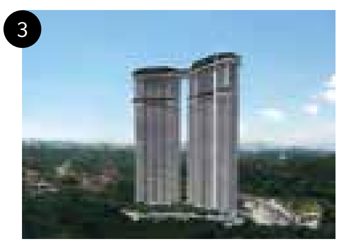
Developing bespoke buildings is an important element of our strategy as it dovetails into other forms of revenue for the Group.

2

WE PRE-SELL BESPOKE BUILDINGS

We pre-sell bespoke buildings to private or institutional purchasers and then build them.

3



WE BUILD RESIDENTIAL & RETAIL COMMERCIAL DEVELOPMENTS

We focus on developing a critical mass of commercial properties which can be sold off and thereafter opening up sales of residential units.

4

WE EARN RENTAL INCOME FROM OUR INVESTMENT PROPERTIES & UNITS IN MQREIT

We derive an ongoing rental income from our properties.

5

WE ARE A CONSTRUCTION BUSINESS

We construct highrise buildings, transportation infrastructure, high voltage power transmission lines and underground cabling.

Our environment business undertakes the rehabilitation and flood mitigation of rivers and coastal areas.

WHAT DIFFERENTIATES US

Quality, well designed buildings that attract long term leases.

Capability to deliver developments of all levels of complexity.

Proven track record.

Quality well designed homes that fit our customers' lifestyles.

> We build developments that meet benchmarked standards which in turn transforms the community.

Proven rental income.

MRCB is a Ministry of Works registered Bumiputera construction company. As one of the largest construction and property development companies in Malaysia, the Group has strengths that act as leverage when participating in Bumiputera-related property development and construction activities.

THE VALUE THIS CREATES FOR SHAREHOLDERS

Increasing margins and return on capital employed

Ability to achieve the best possible prices for the homes we sell, driving returns

Successful development enhances local relationships and reputation, helping source future sites, obtain effective planning permissions, community support and customers

Improving return on capital employed through capital efficiency

Security of materials and subcontractor supply

Good sales rates and revenues delivering improved returns

Improved revenues and improved efficiency through reduced remedial costs

THE VALUE THIS CREATES FOR CUSTOMERS AND SOCIETY

Investment in local facilities and infrastructure resulting from development

Regeneration of brownfield sites

Positive legacy for local communities by building great places to live

Efficient house design reduces energy consumption and helps to provide a more sustainable future

High standards of health and safety on our sites

Job creation through supplier and subcontractor companies that we help support

Address the construction industry skills shortage through employing and training apprentices and graduates and improving industry reputation

Efficient sales process enhances the customer journey from reservation through to completion

Continuous relationship with our customers

LONG TERM SUSTAINABLE RETURNS

REDEFINING
LIVING

MRCB's residential developments are redefining the way people live by responding to changes in social lifestyles and aspirations.

By continuously evolving our residential offerings, we are capturing opportunities available within new market segments.

SENTRAL SUITES

GDV

RM1,413 million

I'm a city person. I love the buzz and the energy. I love being near to everything.

Home is where the heart is.

LAND SIZE

4.92 acres

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present this Chairman's Statement to you. Drawing from my message last year where I highlighted that MRCB Group had generated the highest revenue and pre-tax profit in the past 10 years, I am delighted to report that our performance for the Financial Year 2016 (FY2016) has surpassed 2015 with even better returns.

Our Group recorded revenue of RM2.4 billion in 2016, an increase of 41.9%, while pre-tax profit increased by 6.1% to RM392.6 million. Our strong performance is attributable to the transformative journey the Group has been on since 2013. As a result, the Board of Directors declared a first and final single tier dividend in respect of FY2016 of 2.75% or 2.75 sen per ordinary share, totalling approximately RM59.1 million.

KEY TRANSFORMATION HIGHLIGHTS

In 2013, our Group embarked on its transformation journey, with a refreshed management and sharply focused strategy following our acquisition of certain companies within the Gapurna Group. Our intent was to inject an entrepreneurial flair into our business, with a new sustained direction in terms of business strategy.

Over the past three years, our focus has been on profitability and de-gearing, whilst building up our property land banks and shoring up our construction order book. We have also realigned the business, with more focus on our core business activities. There has been a huge asset disposal programme over the past two years, which contributed substantially towards our de-gearing. All our non-core businesses have less been divested except for the Eastern Dispersal Link in Johor.

"OUR PERFORMANCE FOR THE FINANCIAL YEAR 2016 HAS SURPASSED 2015 WITH EVEN BETTER RETURNS."

TAN SRI AZLAN ZAINOL

TRANSFORMATION MILESTONES

- GDV OF OUR LAND BANK INCREASED BY 825% FROM RM5.3 BILLION IN 2013 TO **RM49 BILLION IN 2016.**
- EXTERNAL CONSTRUCTION BOOK HAS **GROWN BY 268%** FROM RM1.9 BILLION IN 2013 TO **RM7 BILLION IN 2017.**
- NET GEARING HAS **REDUCED FROM 1.73 TIMES IN 2013 TO 0.73 TIMES IN 2016.**

From a land bank of 81 acres with an estimated Gross Development Value (GDV) of RM5.3 billion in 2013, today we have a high value urban land bank of 400 acres with a GDV of RM49 billion signifying a growth of 394%. Our external construction order book has grown by 268% from RM1.9 billion in 2013 to RM7 billion today, while our net gearing has reduced from 1.73 times in 2013 to 0.73 times in 2016, reducing by a factor of 1.00 times.

We have developed and grown our construction segment to be a full capability end-to-end construction business. This is in line with our strategy to be a full-service construction company, armed with strong expertise allowing us room to maneuver should our sub-contractors be unable to deliver as per the high quality we expect within the schedule drawn up, so that our project timeline is not jeopardised. We have focused on building the foundations of our construction segment, to make it a sustainable business in its own right. As a consequence of our efforts, we have had a big uplift in our external order book.

OUR STRATEGIC BUSINESS OVERVIEW

MRCB is a property and engineering, construction and infrastructure developer – these are our fundamental core businesses. We are an urban developer with a focus on developing mostly commercial buildings. A large portion of our development focuses on bespoke buildings for major corporations such as Menara Shell for Shell Malaysia (Shell) and Menara Celcom for Celcom (Malaysia) Berhad.

Located in prime urban centres, our land bank has a very high value. We are predominantly focused on Transit Oriented Developments (TOD), with a host of learnings and skills acquired during the development of the 72 acre KL Sentral CBD over the past 15 years. With our experience in KL Sentral CBD, we are Malaysia's predominant TOD developer, with 78% of our projects comprising TODs.

We firmly believe that transportation is where the future lies with the huge investment the Government is putting into public transportation infrastructure and systems. Our strategy is anchored on that macro dynamic, as transportation is going to become increasingly more important over time. We believe our expertise in developing fully integrated developments around transportation infrastructure gives us a competitive advantage in the industry.

In difficult property markets, our TOD strategy also helps underpin demand, and thus we have weathered challenging times well. As an illustration, although we have not launched our Sentral Suites development in KL Sentral CDB, we already have very encouraging registrations for Towers 1 and 3. The predominant reason for the high demand is that people want to be close to transportation because of the ease and convenience it brings, and this factor is playing a bigger role with regards to choices people make regarding where they live, and by corporations on where they locate.

In 2016, we undertook a successful private placement exercise to increase the Group's Bumiputera shareholding to comply with the Ministry of Finance's requirement to be a Bumiputera controlled public listed entity, which requires 35% of its shares to be Bumiputera-owned. With the completion of the placement exercise, MRCB's Bumiputera equity currently stands at 35.23%. This is in line with our strategy to be a Bumiputera construction company, which gives us a competitive edge.

STRENGTHENING OUR GOVERNANCE

Transparency and Accountability

During the year under review, we strengthened our governance in a number of ways. For the past two years, the Group has been engaging closely with the Minority Shareholders Watchdog Group where before each AGM and EGM we make an effort to meet up with them and communicate the points we will be presenting at the AGM and EGM. We answer all the questions and queries they put forward to us in an atmosphere of transparency and good faith, and in turn present their questions and our answers at the AGM or EGM.

We have taken a proactive approach with regards to requirements under the Malaysian Code of Corporate Governance 2016 (MCCG) and the Companies Act 2016, both of which come into effect in 2017. As at 31 May 2016, we have begun electronic voting with independent scrutiny at our AGM and EGM to proactively meet MCCG 2016 core plus elements.

Internal controls, Risks and Audits

Besides a Whistleblowing Policy which we have had in place since 2013, in 2016 we also implemented a No Gift Policy as part of our ongoing anti bribery and corruption push within our businesses.

We also implemented a Pre-Qualification Committee which is encouraging as many companies as possible to pre-qualify with us as vendors on our projects. Our aim is to expand our supplier list within all the categories in the construction sector to drive down costs, and also be very open and transparent in our procurement dealings.

The Pre-Qualification Committee is tasked with scrutinizing and enhancing our pre-qualification criteria to improve risk mitigation in addition to blacklisting contractors which have breached our rules. It also allows us to extract more cost savings.

We have implemented a Tender Cost Committee which provides better oversight of our tender processes, whereby we have internal auditors present before any tenders are opened. The Committee also makes sure thorough due diligence is conducted with regards to tenders, and the award of projects is conducted fairly within a competitive bid system.

Moving forward, we are engaging with Transparency International to review our anti-bribery and anti-corruption processes. We are also exploring inviting the Malaysian Anti-Corruption Commission (MACC) in to our highly sensitive projects to provide oversight in terms of ensuring a corruption free business environment.

Corporate Disclosure and Communication Policy

Our Group has increased the levels of disclosure under our corporate disclosure policy. We intend to continue with greater disclosure in our annual reports, and through engagements with analysts and the investment community and on our revamped website, by providing greater and more in-depth details of our business.

Health & Safety

In the area of health and safety, we have stepped up our safety standards at our construction sites. In 2016, we strengethened our health and safety team with new hires and completely revamped our safety policies and embarked on an internal communications drive to create awareness and educate our staff on the changes, and this will continue in 2017.

We have strengthened our health and safety team with new hires and look forward to the injection of new ideas and standards on health and safety from them. From here on, we are going to be measuring everything more robustly to ensure health and safety is ingrained into our business.

CHANGES IN BOARD

It is with deep regret and sadness that I report the passing of our Director Puan Chuah Mei Lin in January 2017. Her presence will be sorely missed, and her invaluable contributions and guidance in helping us strengthen our position in the industry is deeply appreciated.

APPRECIATION

On behalf of the Board of Directors, I wish to express my deepest appreciation to all our shareholders, the regulatory authorities, business partners, contractors, suppliers, bankers and financiers for their continuous support and cooperation.

I am also deeply appreciative of the unwavering commitment and dedication of our employees in giving their best to our Group, thus keeping us at the forefront of the industry. My sincere gratitude also goes to my colleagues on the Board and our senior management team for their strong leadership in helping us achieve a successful and profitable 2016.

Thank you.

AZLAN ZAINOL
Chairman

PJ Sentral Garden City

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION & ANALYSIS

"MRCB'S PROPERTY DEVELOPMENT ACTIVITIES ARE UNDERPINNED BY ITS 400 ACRE URBAN LAND BANK WHICH HAS AN ESTIMATED GROSS DEVELOPMENT VALUE (GDV) OF RM49 BILLION."

TAN SRI MOHAMAD SALIM FATEH DIN

MRCB Group's business activities for the Financial Year 2016 (FY2016) spanned four areas, namely Property Development and Investment; Engineering, Construction and Environment; Facilities Management; and Infrastructure and Concession.

MRCB's uniqueness is cemented by its focus on Transit Oriented Development (TOD) projects, as it continues to strengthen its position among the top developers in Malaysia. Building on the success of Kuala Lumpur Sentral Central Business District (CBD), the Group is leveraging on its knowledge and expertise through other TOD developments such as PJ Sentral Garden City, Cyberjaya City Centre, the northern transport hub Penang Sentral, Kwasa Sentral and Bukit Jalil Sentral.

MRCB's property development activities are underpinned by its 400 acre urban land bank which has an estimated Gross Development Value (GDV) of RM49 billion, while its property investment activities are conducted through its equity stake in MRCB-Quill REIT (MQREIT).

Apart from constructing world class commercial and residential developments, MRCB's Engineering, Construction and Environment division also has an enviable track record in highways, rail infrastructure, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. Our external order book now stands at over RM7 billion with a total unbilled portion of RM5.4 billion.

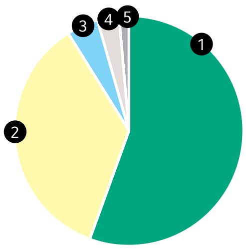
During the year under review, the construction and property sectors were defined by challenging conditions. The Group was relatively unimpacted by these negative trends and performed well, due mainly to our focused strategy on being a Transit Oriented Developer, with fundamentally strong strategies in our core businesses of property development and construction.

TOTAL REVENUE

RM2,408 MILLION

PROFIT BEFORE TAX

RM393 MILLION



		RM' Million
1	Property Development & Investment	1,330
2	Engineering, Construction & Environment	858
3	Infrastructure	113
4	Facilities Management	71
5	Others	36

OUR FUNDAMENTAL STRATEGIES

The Group's business strategies revolve around the core areas of Property Development and Investment and Engineering, Construction and Environment.

Property Development and Investment

Within the property development and investment sector, MRCB's business model generates profits through four distinct ways.

1

We build bespoke buildings pre-let to clients on long-term leases.

One of our fundamental business strategies in commercial property development is to develop bespoke buildings for long term lease.

Developing bespoke buildings is an important element of our strategy as it dovetails into other forms of revenue for the Group. Developing bespoke buildings for tenants also reduces risk for the Group, as these buildings are pre-let prior to the commencement of any construction at favourable rental rates for very long durations. These purpose built buildings are optimized to each clients' business requirements. This offers these clients greater performance, reliability, scalability and optimization than an "off-the-shelf" building not designed specifically for them and their operational requirements. As a result, each building carries more value due to this customisation. As an example, we built Menara Shell in KL Sentral CBD for Shell Malaysia, which signed a 15 plus 15 year lease. This long term lease created a valuable asset. Similarly, we are presently building Menara Celcom in PJ Sentral for Celcom (Malaysia) Berhad, which has signed a 21 year lease.

Profits on these completed developments are generated from lease income or if there were to be any eventual realisation of the investment in the future.

2

We Pre-sell bespoke buildings

Another strategy we employ is to pre-sell bespoke buildings to owner-occupiers or other purchasers and then build them. Examples of this strategy are located in PJ Sentral, where MyIPO Tower has been pre-sold to the Intellectual Property Corporation of Malaysia and MBSB Tower has been pre-sold to Malaysia Building Society Berhad. In this case, profits are recognised progressively as each phase of construction is undertaken and completed.

Property Developments

▼

Bespoke Pre-let (Long Term Lease)

- Menara Shell*
- PJ Sentral: Menara Celcom

Subsequently sold to MQREIT

▼

Bespoke Pre-sold (Enbloc to Institutional Purchasers)

- PJ Sentral: MyIPO Tower
- PJ Sentral: MBSB Tower
- Menara MRCB Putrajaya

3

We build residential & retail commercial developments

Within our TODs, we deliberately focus initially on developing a critical mass of commercial properties, which acts as a catalyst to stimulate demand for residential and commercial retail property. This strategy leverages on people's desire to live close to where they work, making the whole development a self-sustaining one. For this approach to garner the returns we desire, the entire development must be fully integrated, in that people must be able to move around easily and get to public transportation access points without difficulty. The residential and commercial retail developments are sold, with profits booked in progressively as construction works are being undertaken and eventually completed. An example of this is Sentral Suites residential towers in KL Sentral CBD, a residential development to be launched in 2017, which also contains commercial retail units as part of the development.

Other residential developments which are not strictly tied-in to TODs, but nevertheless have strong transportation connectivity are the very successful 9 Seputeh development in Old Klang Road and Kalista in Bukit Rahman Putra, both earmarked for new launches in 2017.

4

We earn rental income from our investment properties & units in MQREIT

MRCB has a number of investment properties in its portfolio which include legacy assets such as Menara MRCB and Plaza Alam Sentral in Shah Alam, Ascott Sentral in Kuala Lumpur CBD and Kompleks Sentral in Kuala Lumpur. We derive on-going rental income from these properties.

MRCB also has a 27.9% stake in MQREIT. MRCB earns a long term stream of income from the units it owns in MQREIT and at the same time maintains some indirect exposure to the underlying investment properties it has developed and sold to MQREIT.

Residential Sales/Commercial Sales (Progressive revenue)

- KL Sentral: Sentral Residences
- 9 Seputeh
- Bandar Sri Iskandar, Perak
- Bukit Rahman Putra: Kalista
- The Easton, Burwood
- Lot 349, Sentral Suites

Property Rental Income

- Plaza Alam Sentral
- Menara MRCB (Shah Alam)
- Kompleks Sentral
- Ascott, KL Sentral

Engineering, Construction and Environment

Our Engineering, Construction and Environment segment is an important part of our business and our strategies are centred on scaling up for the future, to ensure sustainable business growth and profitability in the long-term.

MRCB is a Ministry of Works registered Bumiputera Construction Company. As the largest listed Bumiputera construction and property development company in Malaysia, the Group is well placed to participate in projects reserved for Bumiputera contractors only. There is substantial allocation of Government initiated construction contracts for Bumiputera companies for infrastructure projects, roads and railways such as the Mass Rapid Transit (MRT) 2 project, and we are now well positioned to tender for these projects.

In scaling up for the future, we are also concentrating on establishing ourselves as a full service, autonomous construction company, with the aim of improving construction margins and growing our fee based income. Within this segment, another key area of focus is the identification and growth of new business segments and markets.

"OUR STRONG FINANCIAL PERFORMANCE STRENGTHENED OUR BALANCE SHEET, WITH SHAREHOLDERS' FUNDS OF RM3 BILLION."

GROUP FINANCIAL AND NON-FINANCIAL PERFORMANCE

Financial Performance

In the year ended 31 December 2016, the Group recorded 41.9% growth in revenue to RM2.4 billion and a Profit Before Tax of RM393 million which grew 6.1% from the previous year.

The main contributors to the Group's revenues and profits were the Property Development and Investment segment and the Engineering, Construction and Environment segment.

Our strong financial performance strengthened our balance sheet, with shareholders' funds of RM3 billion and the Group's total assets standing at RM7.5 billion as at 31 December 2016. We successfully pared down our net gearing to 0.73 times at the end of 2016, compared to 1.27 times the previous year.

Non-Financial Performance

Human Resource

In order to successfully deliver projects for our clients, it is critical that we employ the right people with the right skills, and offer a variety of training and career development opportunities to all our people. To help develop talent, we undertake to provide all employees with clear induction, appraisal and appropriate development programmes. We believe that ensuring our employees have the skills and ability to anticipate future market demands and incorporate new and emerging technologies is an essential investment. We offer a variety of training and development opportunities for all our people. In 2016, we invested RM374,609 in internal and external training programmes. This translates to 12.14% increase compared to the previous year.

Safety Records

MRCB is committed to providing a safe work environment for all its employees, both in offices and on site. We also recognise that we have a wider responsibility in safeguarding the health, safety and wellbeing of subcontractors, suppliers and the general public who have contact with our projects.

All employees and subcontractors must adhere to the OHSAS18001 safety management systems when conducting work. Our dedicated Health, Safety and Sustainability team monitors compliance with our safety, health and management system by conducting monthly inspections of every site and delivering internal audits in accordance with a predetermined schedule. The nature of risks that our people are exposed to, and the most effective ways of mitigating them, vary depending on the type of work. As a result, our divisions manage health and safety in a way which is appropriate to the type of work they do and the risks their employees face.

We also adopt the Safety and Health Assessment in Construction (SHASSIC) which is an independent method of assessing and evaluating the safety and health performance of a contractor in construction works. Four SHASSIC assessment programmes were conducted at various MRCB sites in 2016 namely 9 Seputeh, Penang Sentral-Hub, Johorland and Aman Desaru. All assessments achieved recognition level three star and above.

We will continue to make sure, through proper training and education, that our people are fully engaged and involved in improving safety in the workplace, at home and on their journeys to and from work. We ensure that everyone understands the part they play in their own safety and that of their co-workers, as well as the wider community and environment in which they work.

Sustainability Highlights

Sustainable development is a group-wide strategic business objective and we have been systematically embedding sustainability principles throughout our operations. Our sustainability strategy integrates investment, development, property and infrastructure management to ensure we meet the current and future needs of Malaysia and the wider community.

Early this year, we conducted a materiality assessment to identify key priorities for our stakeholders and their potential impact on MRCB. The results guide us in our strategic decision-making and stakeholder engagement agenda. It also forms as a basis of our reporting on sustainability performance. Details of our sustainability journey can be found on page 48 of this report. We will continue to work with all sectors of society to embrace the world of new opportunities that sustainable development brings, while promoting socioeconomic growth and improving the environment in which we live. Our recent achievements in pioneering Malaysia's smart cities through Transit-oriented Development (TOD) projects, green developments and world-class connectivity are just some examples of our commitment in building the nation through sustainable developments.

CORPORATE EXERCISES

The Group completed a private placement equity exercise in 2016, which was carried out in three tranches throughout the year. The aim was to enable MRCB to raise the necessary funds to expand our land bank and carry out our property development activities, which in turn are expected to contribute positively to our future earnings.

The first tranche of the private placement comprising 100,000,000 placement shares was completed on 25 April 2016, while the second tranche comprising of 193,625,000 placement shares were issued on 22 August 2016, and the third tranche of 63,693,171 placement shares were issued on 8 November 2016.

Another key rationale for the exercise was to increase the Group's Bumiputera shareholding to comply with the MOF requirement as a Bumiputera-controlled public listed entity, which requires 35% of its shares to be Bumiputera-owned. Upon completion of the placement exercise, MRCB's Bumiputera equity now stands at 35.23%.

KL Sentral CBD

SEGMENTAL REVIEW

PROPERTY DEVELOPMENT & INVESTMENT

Key Strategic Initiatives in 2016

MRCB is primarily an urban developer, with property development activities centred on high rise buildings in line with our objective to maximise the extraction of value from our urban land banks.

We are a Transit Oriented Developer, focused on creating a sustainable pipeline of projects which we can dispose of each year to generate recurring annual disposal profits. We have differentiated ourselves in our TOD strategy by continuously ensuring that the product is suited to the geography and socio-economic climate of the area of development. A total of 78% of our GDV or RM38.4 billion is from TOD projects.

In 2016, our key strategic initiatives in the property development and investment segment employed the following approaches:

- Creating a pipeline of projects to be monetised and capital to be recycled in core businesses
- Adopting an asset light model
- Creating a recurring income stream through investment in MQREIT
- Reorienting our product mix according to changing market conditions and environment
- Focusing on TODs, in particular capitalising on the Klang Valley's and Penang's mega transport infrastructure projects and leveraging on the success of KL Sentral CBD
- Strengthen and enhance brand presence, thereby creating a group of loyal "followers" and customers
- Ensuring a sustainable pipeline of prime land banks
- Expanding and growing through strategic alliances and collaborations
- Strengthening our international presence

2016 Achievements

In FY2016, the Group's Property Development and Property Investment activities contributed RM1.3 billion of revenue. Recognition of revenue and profit was mainly attributable to the on-going property development projects namely Sentral Residences in KL Sentral CBD, 9 Seputeh mixed residential development in Jalan Klang Lama and the office towers at PJ Sentral Garden City, Menara MRCB in Putrajaya and the SIDEC residential project in Perak.

The property development and property investment segment contributed 55% of the Group's revenue in FY2016. Sentral Residences in KL Sentral CBD achieved 94% completion and was the biggest revenue contributor at RM540 million. 9 Seputeh Phase 1 in Old Klang Road was 32% completed and contributed revenue of RM127 million. On average, sales for 9 Seputeh were at 76% with most of the remaining unsold units being the Bumiputera units. The 2 towers in PJ Sentral Garden City, MBSB and MyIPO, are about 30% completed and expected completion is in 2018. Burwood in Melbourne, Australia and Menara MRCB in Putrajaya were 95% and 50% completed respectively, and will both be completed in 2017.

The Group's higher profit before tax in the year under review was mainly attributable to the recognition of higher property development profits of RM173.3 million from the projects mentioned above, a profit of RM56.1 million generated from the sale of a piece of leasehold land located in Central Kuala Lumpur at Jalan Kia Peng to Mass Rapid Corporation Sdn Bhd (MRT Corp), and gains of RM186.5 million recorded from the disposal of completed investment properties, namely Menara Shell and Sooka Sentral.

Our results also included recurring net income from our remaining investment properties in KL Sentral CBD and Shah Alam of RM12.8 million during the financial year.

As part of our corporate transformation plan, the Group continued implementing strategic initiatives to drive future growth, which included unlocking value via the monetisation of investment properties. In line with this, in December 2016, MRCB's wholly-owned subsidiary, 348 Sentral Sdn Bhd, completed the disposal of the 33-storey Menara Shell for a cash consideration of RM640 million.

FY2016 PERFORMANCE HIGHLIGHTS

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REVENUE INCREASED BY 84% TO RM1.33 BILLION FROM RM724 MILLION IN 2015

▼

PROPERTY DEVELOPMENT & INVESTMENT CONTRIBUTED 55% TO GROUP REVENUES

▼

PROPERTY INVESTMENT TOTAL OF RM163 MILLION COMPRISING LEASING OF MENARA SHELL, ASCOTT SENTRAL AND PLAZA ALAM SENTRAL

▼

UNBILLED SALES OF RM1.2 BILLION

▼

PROPERTY LAUNCHES IN 2017:

- **PHASE 2C OF BANDAR SERI ISKANDAR COMPRISING OF 40 UNITS OF SINGLE-STOREY SEMI-D HOUSE**
- **BUKIT RAHMAN PUTRA'S KALISTA PARK HOMES COMPRISING 28 UNITS OF THREE-STOREY SUPER LINK UNITS AND 18 UNITS OF THREE-STOREY SEMI-DETACHED UNITS**
- **SENTRAL SUITES TOWER 1 AND TOWER 3, WHICH COMPRISES 458 UNITS ON 43 STOREYS AND 518 UNITS ON 43 STOREYS, RESPECTIVELY**
- **9 SEPUTEH PHASE 2 COMPRISING 3 BLOCKS OF 33 TO 38 STOREYS WITH TOTAL UNITS OF 734**

KL Sports City

Kwasa Sentral

Our adoption of an asset light business model and creating a recurring income stream through MQREIT generated an income from MQREIT at an estimated 7% yield.

As a developer focused on TODs, we have several key developments which are designed to integrate and maximise access to public transport in the pipeline namely, Kwasa Sentral, Cyberjaya City Centre, Bukit Jalil Sentral and Penang Sentral.

Sentral Suites and Kalista at Bukit Rahman Putra are residential developments in our 2017 portfolio which reflect MRCB's efforts to reorient our product mix as a strategic response to changes in the external environment.

Within our residential property developments, we have been working on strengthening and enhancing our brand presence, and create a loyal customer base. We began using new channels for our sales efforts which include digital platforms such as Property Guru, thus staying ahead of the curve within an increasingly digitalised society.

Kalista Park, Bukit Rahman Putra

Burwood, Melbourne, Australia

In 2016, the Group continued to identify land in prime locations and towards this end our wholly-owned subsidiary, MRCB Land Sdn Bhd, entered into a share sale agreement with Nusa Gapurna Development Sdn Bhd to acquire 1,000,000 ordinary shares of RM1.00 each in Nilaitera Sdn Bhd for a total of RM24.78 million. The move allows MRCB to acquire 7.8 acres of prime land in the heart of Petaling Jaya which is currently occupied by the National Film Development Corporation of Malaysia (FINAS). The acquisition is expected to contribute positively to the future earnings and cash flow of the Group. With a market value of RM194 million, the land could potentially be developed into a mixed development comprising commercial and residential properties.

In order to realise the value of the development, we sold land earmarked for the 3 Residences project located in our Kajang Utama development to PR1MA Corporation Malaysia (PR1MA). We sold the 4.07-acre land for RM23 million. As part of this deal our construction division was appointed the contractor to build the residential development for PR1MA.

Property Developments/ Investment	Land Size (Acres)	GDV (RM'mil)	Start Date	Completion Date
Transport Oriented Developments				
KL Sentral: Sentral Residences	2.35	1,330	2011	2017
KL Sentral: Lot F	5.70	2,993	2018	2025
PJ Sentral Garden City	11.91	2,619	2013	2022
Penang Sentral	22.65	2,865	2015	2027
Cyberjaya City Centre	45.31	5,350	TBD	TBD
Kwasa Sentral	64.07	8,606	2016	2029
Bukit Jalil Sentral	92.50	14,610	TBD	TBD
Sub-Total	**244.49**	**38,373**		
Commercial Developments				
Pulai Land, Johor	67.52	770	TBD	TBD
Sub-Total	**67.52**	**770**		
Residential Developments				
9 Seputeh	17.63	2,680	2014	2024
Lot 349, Sentral Suites	4.92	1,413	2016	2020
Burwood, Melbourne	1.20	178	2011	2017
Semarak City	27.41	3,163	2015	2025
Bukit Rahman Putra (incl. Kalista)	14.18	547	2016	2021
German Embassy Land	1.87	1,012	2018	2023
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	2014	2025
Sub-Total	**78.74**	**9,759**		
Others				
Suria Subang	3.20	NA	NA	NA
Batu Ferringhi, Penang	3.34	NA	NA	NA
Selbourne 2, Shah Alam	2.37	NA	NA	NA
Sub-Total	**8.91**	**-**		
TOTAL	**399.66**	**48,902**		

Sentral Suites, KL Sentral CBD

Mid-Term Targets

Moving forward into 2017, we intend to continue with our adoption of an asset light business model where we offer our most valuable commercial developments for sale to MQREIT or to other purchasers. We will also explore the possible sale of Ascott Sentral in 2017. Menara Celcom in PJ Sentral, which is targeted to be completed in late 2017, could also eventually be sold, and if it is, would be offered for sale to MQREIT.

In 2016, we conducted a preview of Sentral Suites in KL Sentral CBD and Kalista at Bukit Rahman Putra, which received a tremendous public response. A total of 54% of Kalista Park Homes were booked, comprising 28 units of three-storey super link units and 18 units of three-storey semi-detached units, while at Sentral Suites, we have recorded registrations to date of 80% for Tower 1, which comprises 458 units on 43 storeys and 55% for Tower 3 which comprises 518 units on 43 storeys.

We intend to officially launch Sentral Suites which has a GDV of RM1.4 billion, Kalista at Bukit Rahman Putra with a GDV of RM100 million and Phase 2 of 9 Seputeh with a GDV of RM900 million in 2017. These developments will continue to drive Group revenue in the coming year.

To respond to changing market conditions, we are evaluating the affordable and new market segments such as other PR1MA projects and Seri Iskandar Development Corporation (SIDEC).

The Group will maintain its focus on quality and timely delivery of projects and continue our brand building efforts so that the MRCB brand is synonymous with trusted product and service offerings. We will be actively exploring brand alliances with renowned luxury hotels and resorts operators for the upcoming development of our land banks, such as the former German Embassy land located in central Kuala Lumpur. The Group is also looking at exploring new strategic alliances and collaborations for 2017 and beyond by identifying a strategic partner in the retail space in view of the sizeable portfolio of retail malls required in the pipeline of our TODs of Kwasa Sentral, Penang Sentral and PJ Sentral.

LRT3

SEGMENTAL REVIEW

ENGINEERING, CONSTRUCTION & ENVIRONMENT

Key Strategic Initiatives in 2016

MRCB's Engineering, Construction and Environment segment currently has an external order book of RM7 billion, with an unbilled portion of RM5.4 billion.

In 2016, our key strategic initiatives within this segment utilised the following approaches:

- Establishing a comprehensive full service, multi-disciplinary construction company
- Segregation of the construction business as a standalone or autonomous segment to drive efficiencies
- Introducing best practices, new internal control procedures and processes to enhance governance and accountability
- Conducting ongoing cost reduction initiatives
- Re-evaluating our business and operations to enhance efficiency and identify areas for improvement
- Focusing on fee based projects within a Project Delivery Partner (PDP) role to reduce construction risk and improve earnings consistency
- Increasing tendering opportunities and reducing competition by achieving Bumiputera construction company status
- Creating value through new business segments such as centralised procurement

2016 Achievements

In FY2016, the Engineering, Construction & Environment segment recorded revenue of RM858 million, an increase of 11% from 2015. The stronger growth was mainly attributable to the completion of Light Rail Transit (LRT) construction works on the Ampang Lines Extension and the LRT 6 and 7 projects. In addition, the on-going construction of 6 commercial buildings in Johor, power transmission related contruction projects across Peninsular Malaysia and others smaller scale civil engineering projects in the Klang Valley contributed positively to revenue.

Contruction revenue from internal investment property development projects totaling RM509 million, comprising Menara Celcom in PJ Sentral, Lot 12 in PJ Sentral and Penang Sentral, was not consolidated through the profit & loss account. These are reflected in the Balance Sheet as work in progress or assets.

The LRT Ampang Line Extension and LRT Stations 6 & 7 are completed with some auxiliary works to be done this year. The five buidlings in Johor Desa Desaru, Westin Desaru and Desaru Convention Centre are expected to complete in 2017, whereas the Johor Land Tower and Aman Desaru projects are expected to be completed in 2018. The regeneration project of Bukit Jalil National Stadium, called KL Sports City, is on schedule to be dedlivered to the Government in July 2017 for the upcoming SEA Games to be held at the same venue in August 2017.

The RM648 million MRT2 project is at a preliminary stage and expected completion is in 2021. The LRT3 PDP project being undertaken by MRCB George Kent Sdn Bhd is also at preliminary stage. Contracts will be awarded based on individual packages, such as the construction of train depots, and physical work will commence in the second quarter of 2017. The project is scheduled to be completed by 2020.

In 2016, MRCB's construction division successfully completed and handed over the turnkey contract for the Giant Outlet in Taman Danau Kota Setapak and Giant Kangar in Mukim Utan Aji, Perlis to Guardian Health & Beauty Sdn Bhd (formerly known as GCH Retail (M) Sdn Bhd). We also completed and handed over Giant Sepang Distribution Centre's facility extension project in Dengkil, Sepang to Jupiter Lagoon Sdn Bhd.

During the year under review, we secured contracts worth a total of RM1.54 billion. MRCB Builders Sdn Bhd signed a contract with Jupiter Lagoon Sdn Bhd, a wholly-owned subsidiary of Dairy Farm International Holdings Limited, to construct a cold storage processing and distribution centre for GCH Retail (Malaysia) Sdn Bhd, a 90% owned subsidiary of Dairy Farm for RM59 million.

The Group also secured Package V210 of the MRT Line 2 Sungai Buloh-Serdang-Putrajaya project worth RM648 million from MRT Corp. The package involves the construction and completion of a viaduct guideway and other associated works from Persiaran Apec to Putrajaya Sentral in Putrajaya. This contract was a Bumiputera package, and wining the project validates our strategy of becoming a Bumiputera Construction Company.

Some of the other bigger construction project wins in 2016 were two affordable housing PR1MA projects worth RM528 million in Kajang and Brickfields. The PR1MA Brickfields project worth RM355 million comprises three residential blocks with 920 apartment units, complete with outdoor and indoor amenities such as a community hall, kindergarten, gymnasium, futsal court and playground with built-ups ranging from 690 to 1,004 square feet.

The RM173 million Kajang PR1MA project involves the construction of three residential towers of 19, 25 and 29 storeys respectively, complete with outdoor and indoor amenities such as a multipurpose hall, kindergarten, lounge, multipurpose courtyard and playground with built-ups ranging from 900 to 1,124 sq.ft.

Within the environment sub-sector, we secured a project from the Department of Irrigation and Drainage (Jabatan Pengairan dan Saliran) to carry out the rehabilitation of Phase 3 Sungai Pahang for a sum of RM178 million. The construction period is for 24 months and the project will be completed by July 2018. The main component of the project is to extend an additional 345 metres in length to the breakwater constructed and river protection works.

FY2016 PERFORMANCE HIGHLIGHTS

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2016 REVENUE INCREASED BY 11% TO RM858 MILLION FROM RM774 MILLION IN 2015

▼

SEGMENTAL PROFIT DOWN BY 66% IN 2016 TO RM12 MILLION FROM RM35 MILLION IN 2015

▼

TOTAL 2016 CONTRACT WINS OF RM1.54 BILLION

- **MRT2 FOR RM648 MILLION**
- **SG PAHANG PHASE 3 FOR RM178 MILLION**
- **KWASA LAND FOR RM112 MILLION**
- **GIANT KAJANG FOR RM59 MILLION**
- **PR1MA KAJANG FOR RM173 MILLION**
- **AQUATIC CENTRE FOR RM19 MILLION**
- **PR1MA BRICKFIEDS FOR RM355 MILLION**

▼

EXTERNAL CONSTRUCTION ORDER BOOK CURRENTLY STANDS AT RM7 BILLION WITH A TOTAL UNBILLED PORTION OF RM5.4 BILLION

▼

CONSTRUCTION TENDER BOOK OF RM6.3 BILLION

Our strategic focus on fee based PDP projects resulted in the Group signing an agreement with Kwasa Land Sdn Bhd (Kwasa Land), a wholly-owned subsidiary of EPF, in which we were appointed the PDP to develop the main infrastructure for the Majlis Perbandaran Petaling Jaya area of the new Kwasa Damansara township near Sungai Buloh. The proposed township is being built on the former Rubber Research Institute estate land of 2,330 acres which was acquired by EPF. We estimate a provisional PDP fee of approximately RM112.28 million which is based on 5% of the development cost estimated at RM2.2 billion, plus GST and reimbursable expenses. The Group was selected based on its technical capabilities and experience in delivering large scale developments and projects, as well as its current role as PDP for the LRT Line 3 project.

As the PDP for this project, we will construct and complete common infrastructure, including common roads, drainage systems, waterworks, telecommunications, sewerage, and mechanical and electrical infrastructure. Services include managing the approval processes from the authorities, managing the design consultants as well as project management in relation to the design process, procurement and construction for the project, contract administration as well as testing and commissioning by the respective works package contractors. The PDP contract will enhance the Group's track record and involvement in large scale infrastructure construction and development projects.

Additionally, MRCB was awarded a management contract for the development and construction of Kwasa Utama, located adjacent to Kwasa Sentral in the Kwasa Damansara township. The management contract signed with Kwasa Utama Sdn Bhd will kick start the 29.82-acre Kwasa Utama commercial development, which comprises eight office towers, a hotel, an auditorium and a common facility block. The provisional total contract sum for this development is RM2.6 billion, with completion expected by 2027. The RM9 billion LRT3 PDP project, which is being undertaken by MRCB George Kent Sdn Bhd will be completed in 2020. More details on this project can be found on page 34.

PR1MA Project in Brickfields

MRT 2

A key area of focus during the year was to set strong foundations for our construction business as a comprehensive full service multi-disciplinary construction company. To implement this strategy, we brought on board a new senior management team with extensive experience and expertise in the industry.

We established a new organisational structure and enhanced lines of reporting and responsibilities to segregate our construction business as an autonomous segment to drive efficiencies. Through the establishment of the Central Procurement Department, Tender Cost Committee and the Pre-Qualification Committee, MRCB introduced established best practices and new internal control procedures and processes to enhance governance and accountability while the Central Procurement Department also lowered our exposure to raw material volatility.

Key Construction Projects – and the Status of work

Project	Description	Contract Value	Target Completion	Status of Physical Completion*
LRT3 PDP	LRT3 PDP is a 50:50 joint venture with George Kent Sdn Bhd that manage the construction of the 37.6 km LRT line from Bandar Utama to Klang. It will feature one underground station and 25 elevated stations with 6,000 parking lots. Contract valued at RM9 billion, the project will serve two million users by 2020.	PDP fee of 6% from the total development cost of RM9 billion.	2020	2.5% (preliminary stage)
Kwasa Utama	The 29.82-acre Kwasa Utama mixed development project comprises the Employee Provident Fund's new Headquarters, financial institutions, office and commercial buildings, a retail mall and serviced apartment, a hotel, shared common infrastructure, amenities and parks on a piece of land known as Plot C8 in the Kwasa Damansara township in Sungai Buloh, Selangor Darul Ehsan.	Provisional total contract sum of RM2.6 billion.	2027	1% (at earth work stage)
KL Sports City	The Regeneration of KL Sports City Project 1 works include the refurbishing, renovation and upgrading of the National Stadium, Putra Stadium, hockey stadium and aquatic centre located at the National Sports Complex, Bukit Jalil together with the construction of the common infrastructures including boulevard, parking, steps and new signage.	Total contract sum is RM1.6 billion which consists of: Project 1 RM500 million Project 2 RM1.1 billion	2017	Project 1 70%
Aman Desaru	Construction of central facilities, conference centre, spa, carpark with M&E rooms and back of house facilities and related supporting facilities, 46 units of club suite, 2 units of prototype villa, beach recreation club.	RM126 million	2017	72%
Desa Desaru	Construction of 386 keys hotel in 9 blocks of 5 storey buildings.	RM213 million	2017	32%
Westin Desaru Resort	Construction of 275 room hotel in 4 blocks of 4 to 5 storey buildings.	RM203 million	2017	37%
Desaru Convention Centre	Construction of conference centre and basement car park.	RM57 million	2017	24%
Transmission Line Project	Construction of Double CCT 500kv Transmission Line Mukim Jabi to Serting.	RM122 million	2018	23%
MRT 2	Infrastructure project of a construction of Viaduct for MRT Package V 210.	RM648 million	2021	0%
PR1MA, Kajang	Construction of 3 residential towers of 19, 25 and 29 storeys respectively, complete with outdoor and indoor amenities such as multipurpose hall, kindergarten, lounge, parcourse, multipurpose courtyard and playground. Built-ups ranging from 900 to 1,124 sq ft.	RM173 million	2020	4%
PR1MA, Brickfields	Construction of 3 residential blocks with 920 apartment units, complete with outdoor and indoor amenities such as community hall, kindergarten, gymnasium, futsal court and playground. Built-ups ranging from 690 to 1,004 sq ft.	RM355 million	2020	0%

* *As at 31 December 2016. Physical completion percentage may not equate to actual accounting revenue recognition.*

TOTAL ORDERBOOK
RM7.0 BILLION

TOTAL RECOGNISED
RM1.6 BILLION

TOTAL UNBILLED
RM5.4 BILLION

RM'mil	Contract Value	Unbilled Sales
External Construction Projects (as at 31 December 2016)		
NPE Bridge	127	54
LRT extension Ampang Pack B	1,109	32
Johor Land Tower	188	109
Aman Desaru	126	58
Desaru Convention Centre	57	44
Desa Desaru	213	158
Westin Desaru Resort	203	149
Giant Hypermarket - Setapak	53	6
132 kv UGC Damansara City	33	4
Bukit Tarek - Projek BTCB	37	14
Project LGNG - Lenggeng extension	50	40
Kg Cempaka LILO - KJ	16	2
Giant Kajang	59	55
PR1MA Kajang	173	156
Jabi - Serting Hilir	122	116
Shell Station Dengkil	4	4
MRT2 V210 Package - 2.6km guideway	648	623
Sungai Pahang - Rehabilitation Phase 3	178	155
MRT Linkway - KL Sentral	50	5
Aquatic Centre	19	5
PR1MA Brickfields	355	355
Total E&C	**3,820**	**2,144**
PDP and Fee-based Projects		
Kwasa Utama, C8 - provisional TCC	2,648	2,648
Kwasa Utama, C8 - management contract	187	187
PDP LRT3	270	270
Kwasa Land - PDP Infra	112	112
Total PDP projects	**3,217**	**3,217**
Grand Total	**7,037**	**5,361**

Kwasa Sentral

Mid-Term Targets

Last year the Group began work on a number of new projects, in the early phase of their lifespan where there was a mismatch in start-up costs incurred on these projects and the revenue they contributed, which led to a reduction in the segments overall margins. Margins from the engineering and construction segment are expected to improve as these key projects progress from their preliminary phases and begin to mature in 2017.

We have been actively tendering throughout the year, with RM6.3 billion of tenders submitted in 2016, mostly focused on infrastructure. We will continue to aggressively tender for projects which fulfil our margin criteria, especially infrastructure related projects and high complexity traditional building, as well as more specialised niche environment and power transmission projects.

The Group's LRT3 and Kwasa Land PDP contracts will result in improving the consistency in the segment's revenue and profit by capping risk and allowing us to extract a margin of between 5% and 6% over the next 10 years.

In furthering our goal of making our construction division more autonomous, we have begun a restructuring exercise to drive operational efficiencies and enhance our competitiveness. We are embarking on a workforce planning exercise to ensure that our structure is correct for the size of our business and to eliminate any overlapping roles and extract cost to be more efficient.

We have revamped our Key Performance Indicators (KPI), breaking them down into Headquarters (HQ)-based KPIs and Project-based KPIs. Within our HQ KPIs, we are focusing on financial results, customer satisfaction, implementation of internal processes and human capital. While within Project KPIs, our focus is on time, cost, quality, safety, and relationships with stakeholders such as the community within which we are conducting our construction projects.

The Group will also be focusing on greater project pre-planning, and conducting due diligence more robustly to identify project critical paths and pressure points to anticipate and resolve potential problems early. This will also allow us to exploit value engineering opportunities to reduce construction costs.

Safety is a key concern and MRCB will be implementing more robust safety measures on our construction sites. In order to improve overall efficiency and productivity through new technologies and reducing reliance on foreign labour for construction activities, we are also exploring other construction models such as modular construction. Currently, the construction industry is highly dependent on foreign labour and one way to reduce this dependency is to prefabricate off-site. This will mitigate the Group's exposure to any potential increase in foreign labour costs, as well as deal with issues of safety which we are concerned about.

We are also conducting research and development of pre-fabricated, pre-cast, pre-assembled Volumetric Construction Systems and a Flat Pack System for high-rise buildings. The Group is already using BIM which allows us to picture the whole project before we get on-site, enabling us to pre-plan to avoid problems on-site and improve cost efficiencies.

As we highlighted in the Chairman's Statement, our strategy as a MOF registered Bumiputera Construction Company gives us a competitive edge as the largest Bumiputera construction company in the country with increased access to tendering opportunities. This is an area we will exploit more aggressively moving forward.

Eastern Dispersal Link Highway

SEGMENTAL REVIEW:

INFRASTRUCTURE & CONCESSION

FY2016 PERFORMANCE HIGHLIGHTS

▼

2016 REVENUE DECREASED BY 2.6% TO RM112 MILLION FROM RM115 MILLION IN 2015

▼

SEGMENTAL PROFIT OF RM59 MILLION IN 2016

Our Infrastructure and Concession business is the 30-year concession to operate and collect toll revenue from the 8.62 km Eastern Dispersal Link (EDL) in Johor, which was gazetted in August 2014. The segment generated revenues of RM112 million in 2016.

Auxiliary Police Services

SEGMENTAL REVIEW:

FACILITIES MANAGEMENT

FY2016 PERFORMANCE HIGHLIGHTS

▼

2016 REVENUE DECREASED BY 5% TO RM71 MILLION FROM RM75 MILLION IN 2015

▼

SEGMENTAL PROFIT UP BY 60% IN 2016 TO RM16 MILLION FROM RM10 MILLION IN 2015

Facilities Management, which includes parking management, contributed revenue of RM71 million in 2016, a decrease of 5%. MRCB's Facilities Management business offers a diverse range of services to match clients' requirements, namely, cleaning services, mechanical and electrical services, pest control, landscaping works, facade cleaning, energy management, security services and car parking services. On 12 January 2017, we signed a share sale agreement with Crystal Clear Cleaning Sdn Bhd to dispose of Semasa Services Sdn Bhd, a wholly-owned subsidiary which currently undertakes the facilities management activity of this segment and is pending completion.

SUSTAINABILITY & GOVERNANCE

Economic, Environmental and Social (EES) Sustainability

We have embarked on our Economic, Environmental and Social (EES) sustainability journey. Our ambitions are to imprint the EES DNA into every aspect of our Group's core businesses, thus making our concern a sustainable business in the long-term.

Our mid-to long-term goals within the construction segment is to incorporate more elements of pre-fabricated design and construction into our projects through modular and pre-fabricated processes which offer a more sustainable and efficient development in terms of building materials utilised.

Our TODs also contribute to long-term sustainability, with the development of large urban land banks encouraging greater use of public transport in line with the Government's thrust in this area. Within our TODs, physical integration is a very important element. For example, throughout KL Sentral CBD, we are building covered walkways which creates sustainability by encouraging people to utilise alternative modes of transport besides private vehicles. This leads to a reduced carbon footprint. We will be continuing with this approach in all our TODs.

FIABCI World Prix D' Excellence Awards 2016 in Panama City

7th Middle East Business Leadership Awards 2016 at Intercontinental Park Lane, London

In recognition of our contributions as a Transit Oriented Developer, we received a number of accolades in 2016. We were awarded the Best Transit Oriented Development Award for Kuala Lumpur Sentral CBD and Top 10 Developer Award at the Property Insight Prestigious Developer Awards 2016 (PIPDA). The Edge Property Awards 2016 honoured us with the Property Development Excellence Award 2016 for Kuala Lumpur Sentral CBD. While at the 7th Middle East Business Leadership Awards 2016, we obtained the Best Transit Oriented Development Award for KL Sentral CBD and Best Urban Property Developer Award.

We have also leveraged on market demand for buildings with energy efficient green building features and have a number of projects with Green Building Index (GBI) specifications located in KL Sentral CBD such as Menara CIMB, Q Sentral, The Sentral Residences, Nu Sentral retail mall, 1 Sentrum, Platinum Sentral, Menara Shell and Ascott Sentral.

Menara Shell, which consumes 35% less energy than an ordinary building of its size, won the World Silver Award at the International Real Estate Federation (FIABCI) Prix D'Excellence Awards 2016 in Panama, being recognised as a state-of-the-art, Grade-A green office tower built around Malaysia's largest public transportation hub, Stesen Sentral Kuala Lumpur.

In previous years, Platinum Sentral also garnered a number of awards in recognition of its green building components. It was accorded the BCA Green Mark Platinum Award (Provisional) and BCA Green Mark Platinum full certificate in 2009 and 2014 respectively. Platinum Sentral was also the World Gold Winner at the FIABCI World Prix D'Excellence Awards 2014 in the Sustainable Development Category as well as the winner of the FIABCI Malaysia Property Award 2013 in the Sustainable Development Category, The Edge – PAM Green Excellence Award 2012, and Best Green Office Development and Best Green Initiative at the Editors Choice Property Awards 2012.

Governance

We have strengthened our governance through various measures. Our close engagement with the Minority Shareholders Watchdog Group before each AGM and EGM where we present full disclosure to them has resulted in more efficiencies in the way we conduct our business as well as ensuring high levels of accountability and transparency.

With regards to the Malaysian Code of Corporate Governance 2016 (MCCG) and the Companies Act 2016, both of which will come into effect in 2017, we have undertaken proactive measures by implementing electronic voting with independent scrutiny at our AGM and EGM.

We implemented a No Gift Policy as part of our anti-bribery and anti-corruption measures within our businesses. Similarly, we are engaging with Transparency International to audit our processes and exploring potential collaborations with the Malaysian Anti-Corruption Commission (MACC) to provide oversight in our highly sensitive projects.

Our newly implemented Pre-Qualification Committee is designed for more openness and transparency in conducting procurement dealings. The Committee looks at pre-qualification, enhancing pre-qualification and blacklisting contractors which have breached our rules or we are in dispute with, thus contributing to cost savings.

Our Tender Cost Committee provides better oversight of our tender processes and ensures robust due diligence with regards to the award of tenders within a competitive bid system.

Our Group has increased the levels of our corporate disclosure by presenting more in-depth disclosures in our annual reports, engagements with analysts and the investment community, and information available on our website.

The Group has made health and safety a top priority for its business, and will be incorporating more vigorous health and safety elements into MRCB's vision and core values. We have completely revamped our safety policies and have begun an internal communication exercise to create awareness and education. Our health and safety team has been strengthened with new hires and will be incorporating higher standards of health and safety within our Group.

"WE INTEND TO CONTINUE WITH OUR TOD APPROACH, AS THE LARGEST TOD DEVELOPER IN THE COUNTRY, THUS CREATING LONG-TERM VALUE FOR OUR BUSINESS WITHIN OUR AREA OF SPECIALISATION."

GROUP FORWARD MOVING STATEMENT

Economic sentiment is more positive for 2017 with an expected pick up in Malaysian GDP estimated at 4.5%. Despite this, the local economy remains vulnerable to global macroeconomic factors such as the weakening of the Chinese and Japanese economies and international political events such as the progression of Brexit and policy uncertainties under new US President Donald Trump.

However, we remain optimistic that MRCB Group will continue to perform well for 2017, given the different initiatives we have identified to further strengthen our deliveries. We are creating a sustainable pipeline of high visibility projects which will contribute to our bottom line in the long-term, as well as exploring opportunities in new and affordable sectors such as PR1MA. We also intend to continue to expand our successful overseas foray into the Melbourne sub-urban residential property development market, by unlocking and re-investing the capital in our soon to be completed project in Burwood, Melbourne, into a new slightly larger residential development.

We intend to achieve a competitive advantage and business differentiation by maintaining our focus on quality and timely delivery of projects. The work we have done in setting up the Central Procurement Department, Tender Cost Committee and the Pre-Qualification Committee and our new revamped KPIs establishes strong foundations for us to achieve this. We will also continue building on our MRCB brand, to be synonymous with high quality and innovative developments, and explore brand alliances which complement our aspirations, both in local projects as well as our overseas development projects.

Within our property development segment, we intend to continue with our TOD approach, as the largest TOD developer in the country, thus creating long-term value for our business within our area of specialisation.

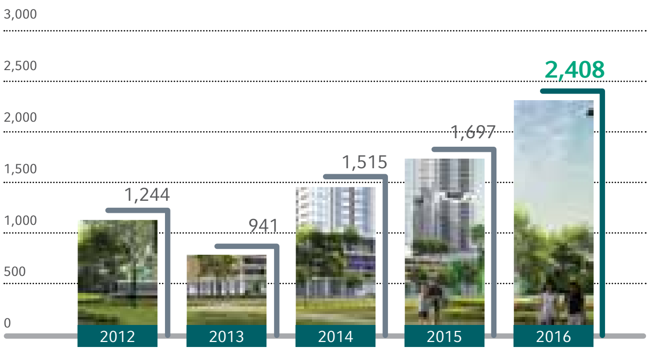
As for our construction division, we will be looking at identifying strategic partners which can contribute their technical and industry knowledge. The Group will also leverage on its core experience and skills to target infrastructure projects such as rail and highway networks and also developments within the healthcare and education sectors.

MOHAMAD SALIM FATEH DIN
Group Managing Director

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

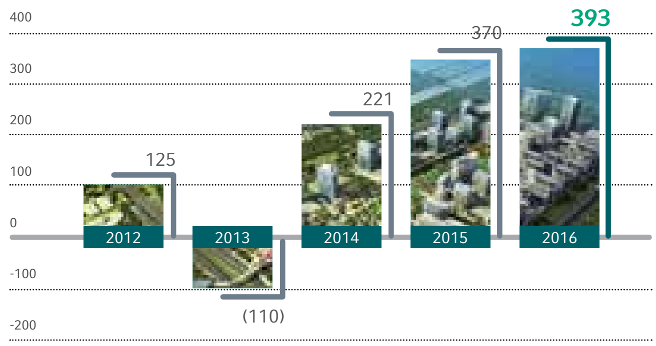
	2012	2013	2014	2015	2016
FINANCIAL RESULTS (RM' MILLION)					
Revenue	1,244	941	1,515	1,697	2,408
Gross profit margin (%)	22	3	24	27	24
Profit/(loss) before income tax	125	(110)	221	370	393
Profit/(loss) after income tax	90	(123)	221	364	319
Profit/(loss) attributable to equity holders	60	(109)	153	330	267
FINANCIAL POSITION (RM' MILLION)					
Total cash & bank balances and investment securities	648	608	664	524	722
Total assets	5,955	6,603	7,042	7,090	7,507
Total borrowings	3,324	3,510	3,691	3,394	2,937
Total net assets	1,414	1,675	1,985	2,260	2,926
Share capital	1,388	1,651	1,760	1,787	2,144
Total equity	1,483	1,737	2,065	2,313	3,025
FINANCIAL RATIOS					
Basic earnings/(loss) per share (sen)	4	(7)	9	19	14
Return on average shareholders' funds (%)	4	(7)	8	16	10
Return on total net assets (%)	4	(7)	8	15	9
Share price at year end (RM)	1.55	1.29	1.22	1.28	1.33
Price earning ratio (times)	35.75	(17.49)	13.66	6.92	9.64
Dividend per share (sen)	2.0	1.0	2.5	2.5	2.75
Dividend yield (%)	1.3	0.8	2.0	2.0	2.1
Net assets per share attributable to equity holders (RM)	1.02	1.02	1.13	1.27	1.36
Net gearing ratio (times)	1.89	1.73	1.52	1.27	0.73
Market capitalisation (RM' Million)	2,151	2,130	2,147	2,287	2,852
Profit after tax & non-controlling interest (RM' Million)	60	(109)	153	330	267
Average shareholders' funds (RM' Million)	1,393	1,545	1,830	2,123	2,593
Weighted average no. of shares (No. of shares)	1,387	1,479	1,709	1,786	1,938
Share capital (No. of shares)	1,388	1,651	1,760	1,787	2,144
Total bank borrowings	3,309	3,503	3,684	3,387	2,937
Loan stock	15	7	7	7	0
Total cash & bank balances and investment securities	(648)	(608)	(664)	(524)	(722)
Total net borrowings	2,676	2,902	3,027	2,870	2,215
BANK BORROWINGS (RM' MILLION)					
Bank borrowings	2,031	2,226	2,431	2,180	1,783
EDL financing	1,278	1,277	1,253	1,207	1,154
Loan stock	15	7	7	7	0
Total borrowings	3,324	3,510	3,691	3,394	2,937
Total cash & bank balances and investment securities	(648)	(608)	(664)	(524)	(722)
Total net borrowings	2,676	2,902	3,027	2,870	2,215
Total net borrowings excluding EDL financing	1,398	1,625	1,774	1,663	1,061

GROUP REVENUE
(RM' MILLION)



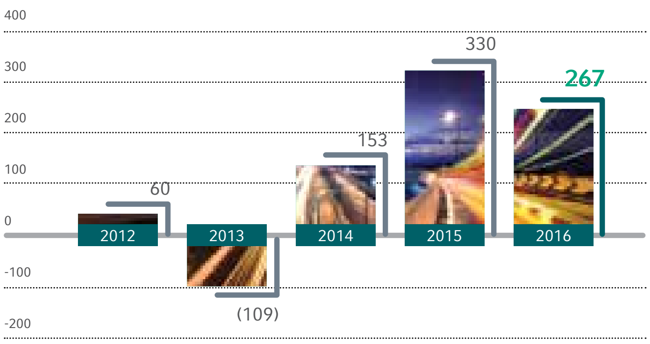
RM2,408 million

PROFIT/(LOSS) BEFORE TAX
(RM' MILLION)



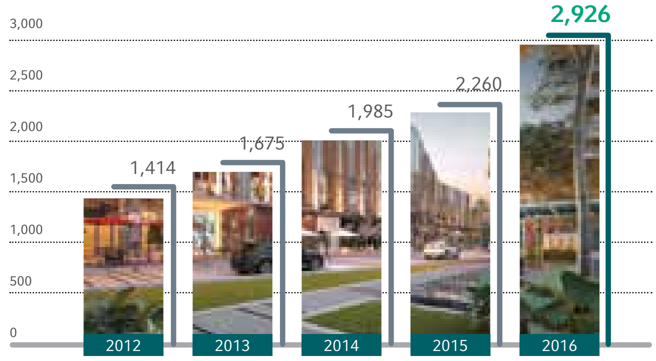
RM393 million

PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS
(RM' MILLION)



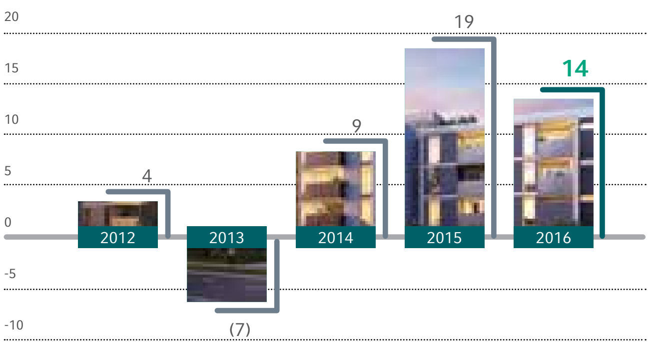
RM267 million

SHAREHOLDERS FUNDS
(RM' MILLION)



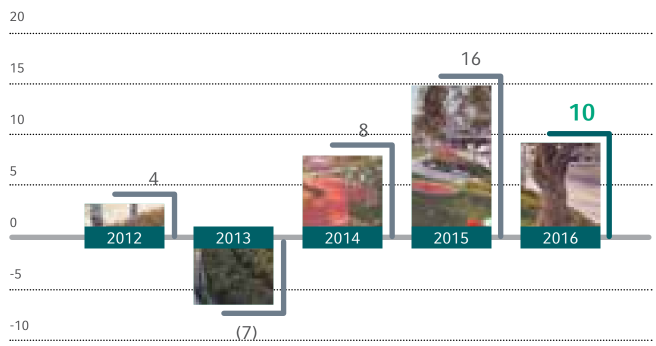
RM2,926 million

BASIC EARNINGS/(LOSS) PER SHARE
(SEN)



14 sen

RETURN ON AVERAGE SHAREHOLDERS' FUNDS
(%)



10 %

GROUP QUARTERLY PERFORMANCE

2016 RM' MILLION For the period ended	First Quarter 31/3/2016	Second Quarter 30/6/2016	Third Quarter 30/9/2016	Fourth Quarter 31/12/2016	2016
Revenue	436	389	551	1,032	2,408
Profit before taxation	19	74	62	239	393
Profit after taxation	13	57	40	209	319
Profit attributable to equity holders	4	46	29	188	267
Basic earnings per share (sen)	0.25	2.44	1.49	8.92	13.80
Dividend per share (sen)	-	-	-	2.75	2.75
Net Assets per share (RM)	1.26	1.28	1.27	1.36	1.36

2015 RM' MILLION For the period ended	First Quarter 31/3/2015	Second Quarter 30/6/2015	Third Quarter 30/9/2015	Fourth Quarter 31/12/2015	2015
Revenue	404	530	374	388	1,697
Profit before taxation	252	92	26	0	370
Profit after taxation	249	73	8	34	364
Profit attributable to equity holders	238	60	6	26	330
Basic earnings per share (sen)	13.34	3.36	0.32	1.50	18.50
Dividend per share (sen)	-	-	-	2.50	2.50
Net Assets per share (RM)	1.26	1.29	1.27	1.27	1.27

GROUP SEGMENTAL PERFORMANCE

RM' MILLION	2012	2013	2014	2015	2016
REVENUE					
Property development & investment	650	460	876	724	1,330
Engineering, construction & environment	450	376	511	774	858
Infrastructure	74	38	49	115	113
Facilities management	70	67	78	75	71
Others	0	0	1	9	36
Total Revenue	1,244	941	1,515	1,697	2,408
OPERATING PROFIT/(LOSS) BY SEGMENT*					
Property development & investment	164	10	160	443	465
Engineering, construction & environment	(26)	(79)	43	35	12
Infrastructure	(2)	(7)	20	59	59
Facilities management	12	7	10	10	16
Others	(19)	(22)	82	7	7
Total Segment Results	129	(91)	315	554	557

* *Earnings before interest, tax and unallocated corporate expenses*
** *"0" denotes as amount less than RM1 million*

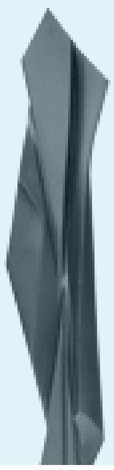
AWARDS AND ACCOLADES

PROPERTY INSIGHT PRESTIGIOUS DEVELOPERS AWARDS 2016

Top 10 Developers Award
- Malaysian Resources Corporation Berhad

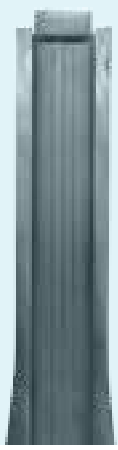
FIABCI PRIX D'EXCELLENCE AWARDS 2016

Office Category World Silver Winner
- Menara Shell



THE EDGE PROPERTY DEVELOPMENT EXCELLENCE AWARDS 2016

The Edge Malaysia Property Development Excellence Award 2016
- Kuala Lumpur Sentral CBD



PROPERTY INSIGHT PRESTIGIOUS DEVELOPERS AWARDS 2016

Best Transit Oriented Development (TOD) Award
- Kuala Lumpur Sentral CBD

PANGKOR DIALOGUE AWARDS 2016

Masterclass Property Icon of The Year
- Tan Sri Mohamad Salim Fateh Din
  Group Managing Director

UTUSAN BUSINESS AWARDS 2015

Masterclass Excellence Award Business Icon of the Year
- Tan Sri Mohamad Salim Fateh Din
  Group Managing Director

7TH MIDDLE EAST BUSINESS LEADERS AWARDS 2016

Best Urban Property Developer
- Malaysian Resources Corporation Berhad

7TH MIDDLE EAST BUSINESS LEADERS AWARDS 2016

Best Transit Oriented Development
- Kuala Lumpur Sentral CBD

THE 100 MOST INFLUENTIAL YOUNG ENTREPRENEURS 2016

- Mohd Imran Tan Sri Mohamad Salim
  Executive Director

EVENTS DURING THE YEAR UNDER REVIEW

16th FEBRUARY

MRCB SIGNS MoU WITH MINISTRY OF YOUTH AND SPORTS

MRCB signed an MoU with the Youth and Sports Ministry (KBS) allowing Institute Kemahiran Belia Negara (IKBN) students and graduates to gain industry exposure through on-the-job training with MRCB.

YB Khairy Jamaluddin, Youth and Sports Minister, witnessed the MoU signing between Tan Sri Mohamad Salim Fateh Din, Group Managing Director, MRCB and Dato' Sri Jamil Salleh, who was then KBS Secretary General.

27th FEBRUARY

PUSAT TRANSIT GELANDANGAN OFFICIALLY OPENS

Pusat Transit Gelandangan, a homeless transit point funded and built by MRCB, officially opened its doors to the homeless and poor in February.

Prime Minister Dato' Sri Najib Tun Razak officiated the opening ceremony. The centre, located at Jalan Pahang, Kuala Lumpur, can accommodate up to 200 people.

16th JUNE

MRCB SIGNS BANDAR MALAYSIA MoU

MRCB entered a non-binding MoU with Wondrous Vista Development Sdn Bhd and Bandar Malaysia Sdn Bhd to develop an integrated transportation hub terminal at Bandar Malaysia.

30th JUNE

SALE OF MENARA SHELL

MRCB continued to de-gear with the disposal of Menara Shell to MRCB-Quill Real Estate Investment Trust for RM640 million.

JANUARY · FEBRUARY · MARCH · APRIL · MAY · JUNE · JULY

1st MARCH

TAN SRI SALIM NAMED BUSINESS ICON OF THE YEAR

Tan Sri Mohamad Salim Fateh Din, Group Managing Director, MRCB received the Business Icon of the Year Award 2015, under the Masterclass Excellence Achievement category, at the the Utusan Business Awards.

17th MAY

EDL HOSTS KEMBARA MAHKOTA JOHOR CLOSING CEREMONY

MRCB took part as one of the organisers of Kembara Mahkota Johor (KMJ) by hosting the closing ceremony at the Eastern Dispersal Link (EDL) expressway in Johor Bahru. KMJ is an annual tour of Johor by the Johore Royal Family.

26th MAY

MRCB INKS KWASA LAND DEAL

MRCB Builders Sdn Bhd (MRCB Builders) was appointed as Project Delivery Partner by Kwasa Land Sdn Bhd. MRCB Builders, a wholly-owned subsidiary of MRCB, is to develop the main infrastructure for the Kwasa Damansara Township.

31st MAY

MRCB ANNUAL GENERAL MEETING

Over 2,000 shareholders attended a much anticipated Annual General Meeting (AGM) at the One World Hotel in Damansara. MRCB recorded its highest revenue and net profit in 10 years in 2015.

30th JUNE

KELANA JAYA AND AMPANG LRT EXTENSION LINES LAUNCHED

Prime Minister Dato' Sri Najib Razak officiated the launching ceremony for both the new Kelana Jaya and Ampang LRT Lines Extention Projects (LEP). The contract for the LEP was awarded to MRCB Engineering Sdn Bhd (MESB), a wholly-owned subsidiary of MRCB.

15th SEPTEMBER

MRT2 CONSTRUCTION COMMENCES

Prime Minister Dato' Sri Najib Razak officiated the ground breaking ceremony of the Mass Rail Transit (MRT) 2 Project, signalling the start of construction works for MRT2. MRCB has secured Package V210 of the MRT2, which is worth RM648 million.

11th NOVEMBER

IMRAN BAGS MIYE AWARD

MRCB Executive Director Imran Tan Sri Salim was named as one of the "100 Most Influential Young Entrepreneurs" in Malaysia, in recognition of his significant accomplishments and contributions to the Malaysian property and construction sector.

30th NOVEMBER

MRCB EXTRAORDINARY GENERAL MEETING

An EGM was called to obtain shareholders' approval for the disposal of Menara Shell to MRCB-Quill REIT, among other issues discussed.

AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

23rd AUGUST

MRCB BOOSTS BRANDING WITH MIEA PARTNERSHIP

MRCB signed an exclusive one-year partnership with the Malaysian Institute of Estate Agents (MIEA) to enhance the branding of MRCB's property products. The partnership provides MRCB direct access to over 2,000 real estate agents who are members of MIEA.

24th AUGUST

LRT3 PROJECT LAUNCHED

Prime Minister Dato' Sri Najib Razak launched LRT3, the 37 kilometre long rail project which will connect commuters in Klang, Shah Alam and Petaling Jaya. MRCB-George Kent Sdn Bhd has been appointed as Project Delivery Partner.

8th OCTOBER

HARI SUKAN NEGARA FEVER PITCH

MRCB organised a special football tournament in conjunction with Hari Sukan Negara for students from four schools in Brickfields. A total of 56 students - from SK La Salle 1 and 2 as well as SK Brickfields 1 and 2 - had competed.

31st OCTOBER

KL SENTRAL CBD HONOURED

MRCB's flagship development KL Sentral CBD received yet another accolade. This time KL Sentral CBD bagged The Edge Property Development Excellence Awards.

At the forefront of protecting our rivers and coastlines.

REDEFINING

SUSTAIN

Continue to pursue "green" developments that are sustainable and environmentally friendly.

In redefining ourselves as a fully fledged construction company, MRCB is focused on sustainably growing its business by identifying sustainable opportunities.

We consistently explore new construction models, while our position as one of the largest Bumiputera construction companies registered with the Ministry of Finance, arms us with a competitive edge.

To inspire and support generations of Malaysian sporting success.

ABILITY

OUR SUSTAINABILITY GOVERNANCE FRAMEWORK

MRCB staff took part in the Merdeka Parade

APPLYING BEST PRACTICES IN THE INTEREST OF MRCB AND ITS STAKEHOLDERS

Sustainable development is a group-wide strategic business objective and we have been systematically embedding sustainability principles throughout our operations. Our governance framework provides the necessary policies, structure, targets and reporting systems to address the material risks and opportunities that sustainable development presents.

MRCB's Group Managing Director (GMD) has operational responsibility for sustainability matters. The sustainability team, led by the Head of Corporate Communications, helps to formulate sustainability policies and is responsible for implementing these across the organisation. The Board is updated regularly on sustainability issues by either the GMD or senior management team.

MRCB's Code of Conduct provides an ethical and legal framework for all employees conducting MRCB business. The code includes policies governing supplier responsibility, environment, health and safety, diversity, anti-bribery and corruption. MRCB implements this code through a variety of training and induction programmes. All new employees must sign to acknowledge the code and its contents. Business units also provide employees with regular training on its contents.

We review sustainability-related risks regularly as part of our corporate risk assessment. This process is fed into our annual review to ensure that our sustainability practices continue to address our key sustainability concerns. Our risk register evolves to keep pace with legislative requirements and industry best practices while addressing stakeholders' interests.

The Global Reporting Initiative (GRI) and the Bursa Malaysia Sustainability Guide are the principal frameworks that guide our sustainability activities. We also encourage independent external evaluations of our sustainability performance by participating in third-party reviews and making these scores or rankings publicly available where applicable.

OUR SUSTAINABILITY GOALS

Our sustainability strategy integrates investment, development, property and infrastructure management to ensure we meet the current and future needs of Malaysia and the wider community.

We have set four strategic sustainability goals. We endeavour to report on the progress made towards each on our website and other printed media.

FOUR STRATEGIC SUSTAINABILITY GOALS

SAFETY OF OUR EMPLOYEES

MRCB has systems in place and takes every effort to bring safety incidents at our companies down to zero

GREAT EMPLOYER

MRCB promises competitive benefits, opportunities for development and a work environment conducive for nurturing the aspirations of talented individuals

LOCAL COMMUNITY

MRCB is committed to continuously improving the welfare and quality of life of its surrounding community

ENVIRONMENT

MRCB will continue to advocate green development across all our current and future projects

DETERMINING MATERIALITY

In defining material interest, MRCB identifies its economic, social and environmental impacts and identifies the aspects that have the greatest influence on stakeholder decisions. It is essential to identify and understand the most important economic, social and environmental issues for our stakeholders and how these intersect with what we do. This approach ensures that we are always improving as a company.

Our materiality assessment helps us identify the key priorities for our stakeholders and their potential impact on MRCB. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework.

The list with issues of interest was distributed as a materiality survey to a large group of internal and external stakeholders. Each respondent was asked to rank the issues by significance.

Stakeholders Contacted During the Materiality Survey

Topics Included in MRCB's Materiality Survey 2016

Economic

1. Economic & business performance
2. Local hiring
3. Nation building
4. Sustainable procurement & supplier assessment

Environment

5. Materials
6. Energy consumption
7. Water
8. Emissions & climate change
9. Biodiversity
10. Green buildings
11. Environmental awareness programmes
12. Waste

Social: Labour Practices and Decent Work

13. OSH
14. Benefits
15. Unions
16. Diversity & inclusivity
17. Training & career development
18. Employee engagement & satisfaction

Social: Human Rights

19. Non-discrimination
20. Child & compulsory labour
21. Employer/employee relations

Social: Society

22. Local community investment
23. Bribery & corruption
24. Anti-competition
25. Employee volunteerism and charities

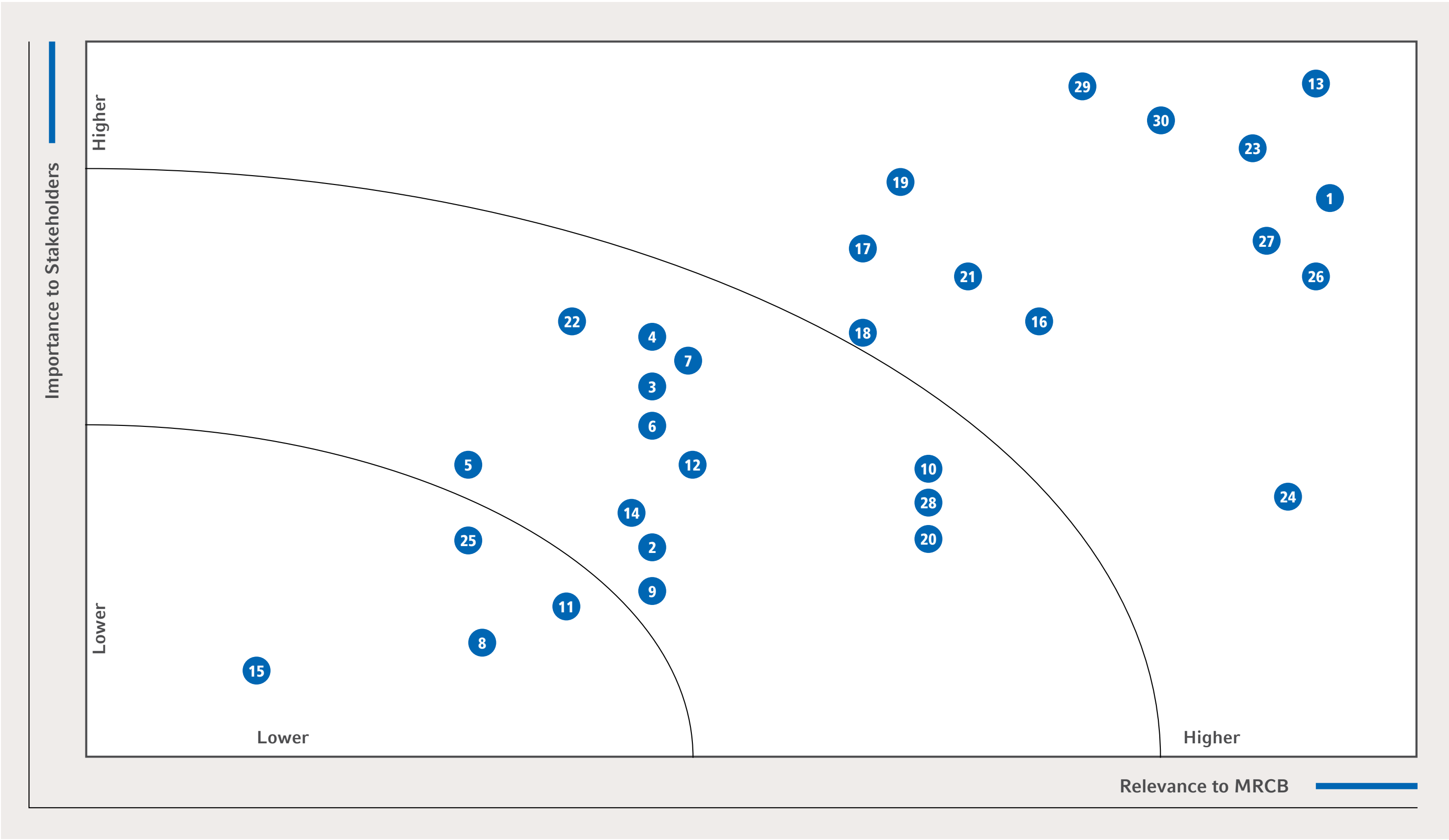
Social: Product Responsibility

26. Quality
27. Customer information
28. Responsible marketing
29. Customer privacy
30. Customer satisfaction

The same survey was completed by representatives from the Board of Directors whose responses represented the relevance to MRCB.

Results

The materiality matrix as shown below represents the outcomes of our 2016 materiality assessment. Areas with the highest priority for stakeholders and the greatest estimated impact on our business appear in the top right of the chart.



ECONOMIC

Proposed new linkway to KL Sentral CBD

ECONOMIC

Malaysia's property and construction industries continue to advance the country's economy and social development. MRCB will continue to leverage on its strength as Malaysia's leading urban property and integrated infrastructure developer to advance the industry and build the nation.

Advancing the Nation Through Connectivity

Construction work on the Mass Rapid Transit (MRT) Sungai Buloh-Serdang-Putrajaya (SSP) line 2 extending from Sungai Buloh to Putrajaya commenced in 2016. MRCB has won package V210 worth RM648 million. This covers the building and construction of a 2.6km viaduct guideway and other associated works from Persiaran APEC in Cyberjaya to Putrajaya Sentral.

The MRT Sungai Buloh-Serdang-Putrajaya (SSP) Line 2 intersects urban areas with a total population of approximately 2 million people in Sri Damansara, Kepong, Batu, Jalan Sultan Azlan Shah, Jalan Tun Razak, KLCC, Tun Razak Exchange, Kuchai Lama, Seri Kembangan and Cyberjaya.

Appreciating Culture and Heritage

MRCB Contributes to DiverseCity

MRCB contributed RM100,000 to DiverseCity: Kuala Lumpur International Arts DiverseCity Festival, which is a signature event in the annual tourism calendar. This five-week festival took place in 24 venues across Kuala Lumpur and attracted 1,400 artists from 24 countries. Contributing to this event is just one example of how we promote cultural awareness. Ticket proceeds were donated back to the creative and artistic teams.

Members of the artistic community were invited to focus on the unique competitive advantages that the region has to offer. The event attracted more than 60,000 visitors. It presented new perspectives as culture is a sustainable development accelerator and its potential has been recognised in the United Nations' 2030 Agenda for Sustainable Development.

Malaysia is arguably the most multicultural nation in ASEAN and was well positioned to host this authentic performing arts festival which showcases the cultures and traditions in the region.

The Prime Minister launched the LRT extension line

Land Public Transport (LPT) Symposium

Continuously Supporting the MyVaisahki Festival

Vaisahki is a festival that celebrates the founding of the Sikh community and one of the major festivals in Sikhism. Punjabis celebrated the festival with exuberance and devotion. MRCB donated RM50,000 to the MyVaisahki Festival which was organised by the Malaysian Punjabi Chambers of Commerce and Industries.

Collaboration and Engagement in Developing the Industry

MRCB recently participated in a Graduate Employability Workshop organised by University Malaysia Terengganu (UMT) from 29 to 31 July 2016. MRCB's Executive Vice President, Dato' Ishak Hj Mohamad represented Group Managing Director, Tan Sri Mohamad Salim Fateh Din at the workshop. As an industry expert, we were honoured to share our insights with tertiary students at the event held at Resort World Kijal, Kemaman, Terengganu. Tan Sri Mohamad Salim and other CEO@ Faculty Programme members were chosen to serve as icons for the students. The CEOs were tasked with improving the existing curriculum through knowledge sharing, experiences and best practices and formulating a new integrated assessment through holistic learning. We hope that sharing our knowledge and experiences can contribute to UMT's graduate employability and ensure that UMT achieves its 65% employability target as set by the ministry.

On a separate occasion, MRCB leaders, including the Group Managing Director and Executive Director, attended a Land Public Transport (LPT) Symposium organised by Suruhanjaya Pengangkutan Awam Darat (SPAD). Land Public Transport (LPT) industry players, policy makers, NGOs, academics, regulators, students and members of local government and civil society came together to share best practices and insights that will shape the future of LPT and its landscape. Themed "Public Transport: Transforming the Nation", the symposium aimed to improve connectivity and the travelling lifestyles of members of the local community.

Developing Human Capital for the Nation

MRCB recognises that education is a key factor in building human capital. We support the government's initiatives, particularly the Graduate Employability Programme, which aims to reduce talent shortages in key areas by 2020.

SL1M is a programme led by the Economic Planning Unit (EPU) of the Prime Minister's Office. SL1M aims to improve the employability of graduates so they can secure a job upon completion of the training scheme. Graduates improved their lives, and those of their families, for a much brighter future. We developed 101 trainees in 2015 and this number increased to 145 in 2016.

MoU signing with Youth and Sports Ministry

Kwasa Sentral

Penang Sentral

PJ Sentral Garden City

MRCB also signed a memorandum of understanding (MoU) on the KBS-MRCB Partnership Programme. Through this partnership, we will train Institut Kemahiran Belia Negara (IKBN) students or graduates by providing industry exposure through a series of on-the-job training programmes. This employee engagement programme is championed by the Ministry of Youth and Sports. This train-the-trainer programme will also familiarise selected lecturers with technologies being used in the property and construction industry.

During the year, we also signed an MoU with the Ministry of Youth and Sports to offer human capital development opportunities for graduates of the Institut Kemahiran Belia Negara. This effort aims to improve graduates in the construction industry and other fields. The strategic collaboration provides graduates with an opportunity to gain early exposure and acquire the critical skills needed in the industry. The ministry gained the cooperation of 20 companies to improve the institute's graduates.

Bandar Malaysia MoU signing

Handover of LRT extension line

Pioneering Malaysia's Smart Cities Through Transit Oriented Developments (TOD)

The concept of Smart Cities through urban development and regeneration are two defining features of MRCB's business sustainability strategy. This concept has led us to a whole new space offering for living and working in Malaysia's cities.

Benefits of Transit Oriented Development

Reduced Carbon Emissions

Transit Oriented Development (TOD) is at the very heart and soul of sustainability, and brings together compact, walkable communities with high quality rail systems. This creates low carbon lifestyles by enabling people to live, work and play, without depending on a car for mobility. This type of lifestyle reduces energy consumption significantly.

Reduction of Traffic Jams

Leading the nation's TOD concept, we provide greater transit accessibility and a mix of uses within the community fabric. This is an urban development response which helps reduce the congestion and inefficiency of single-use, suburban sprawl.

Improved Quality of Life and Convenience through Connectivity

Through our TOD projects, we connect communities with vibrant, people-centric places in city after city. The public is now demanding for quality urban places served by rail systems. TOD can offer a higher quality of life, because it offers a triple bottom line solution to economic, social and environmental sustainability.

We have built on the lessons, experiences and successes of our first TOD project, the Kuala Lumpur Sentral (KL Sentral) CBD.

We have embarked on other TODs namely the PJ Sentral Garden City, Penang Sentral and Cyberjaya City Centre. We have also secured the Kwasa Sentral project that will feature two MRT stations and an integrated transport terminal.

The successful implementation of these TODs will revolutionise the transport patterns and lifestyles of Malaysians. Travellers can look forward to reduced travelling times and lifestyle-themed developments.

Award Winning TOD Development

In 2016, MRCB received an award for the Best Transit Oriented Development (TOD) at the Property Insight Prestigious Developer Awards 2016 (PIPDA) for its signature transport, residential and commercial hub project, KL Sentral CBD. We were also recognised for our high-quality developments under PIPDA's Top 10 Developers Award category.

This is in addition to numerous accolades that KL Sentral CBD has received in previous years, in recognition of its design and the positive impact it has delivered.

The awards are testament to MRCB's capability as an urban property and infrastructure developer to compete with the best at national and international levels. KL Sentral CBD is Malaysia's number one TOD, offering a vibrant and self-contained city-within-a-city development.

Developing Transport Hub at Bandar Malaysia

MRCB entered a non-binding MoU with Wondrous Vista Development Sdn Bhd and Bandar Malaysia Sdn Bhd to develop an integrated transportation hub terminal at Bandar Malaysia.

The new Kelana Jaya and Ampang LRT Lines Extension Project (LEP) was also officially launched in 2016. This project brings a new important contribution to public reach of the public mass rapid transit line in the Klang Valley. MRCB's wholly-owned subsidiary, MRCB Engineering Sdn Bhd (MESB), was the main contractor for the construction of the new extended line.

ENVIRONMENTAL

Q Sentral

ENVIRONMENTAL

Sustainability is a shared responsibility at MRCB. As a leading urban property developer, it is imperative that we constantly strive to minimise the environmental impact from our operations.

We concentrate on minimising Greenhouse Gas (GHG) emissions, reducing and recycling waste, conserving water, efficient energy use, sustainable product design, an environmentally sound supply chain and environmental stewardship.

MRCB's environmental programmes are governed by robust policies, practices and certification including a Safety, Health and Environmental Management System, which is based on ISO 14001. These policies describe management leadership, roles and responsibilities, audit requirements, hazards training, employee participation, KPI tracking and continuous improvement. It covers both investigation and corrective action.

Environmental Conservation

Environmental conservation is important to minimise GHG emissions, which lead to climate change. It also helps reduce pollutants from affecting the air and nearby waterways. Employees are welcome to share any environmentally-friendly ideas with the management.

Current Green Practices Continued from Previous Years

- PRIORITISING THE PROCUREMENT OF ENVIRONMENTALLY FRIENDLY PRODUCTS
- ENCOURAGING THE USE OF ELECTRONIC COMMUNICATIONS AND SOFT COPY DOCUMENTS WHENEVER POSSIBLE TO REDUCE PRINTING
- DISPLAYING POSTERS THROUGHOUT THE OFFICE TO RAISE ELECTRICITY-SAVING AWARENESS
- POSITIONING COPIERS AT A FEW STRATEGIC LOCATIONS AND PERFORMING NETWORK SCANNING TO SAVE PRINTING COSTS AS FEWER TONERS ARE REQUIRED
- CHECKING AND IMMEDIATELY REPAIRING UNDERGROUND WATER PIPES TO MINIMISE WATER LOSS
- STRATEGICALLY PLACING RECYCLING BINS IN OFFICE BUILDINGS

We invite and encourage our employees to play their roles in minimising wastage. Stickers are placed near all lights switches from levels 30 to 35 of Allianz Towers 1 and 2 to remind employees to switch off lights that are not in use. Similarly, stickers reminding employees to save water are displayed at pantries and toilets on these six floors.

Energy Management

MRCB's approach to energy management consists of managing energy supply and consumption efficiently and effectively. As we are involved in buildings' entire life-cycles, we have developed a good understanding of energy efficiency. It requires a 360° approach and a deep understanding of all building services.

A breakdown of MRCB and its subsidiaries' energy consumption for the past three years is presented in the table below. Energy consumption has reduced significantly following the introduction of a company-wide energy-saving campaign that was rigorously enforced throughout the year.

	Energy Consumption (kWh)		
Company	**2014**	**2015**	**2016**
Seri Iskandar Development Corporation Sdn Bhd	217,255	254,083	**59,463**
Malaysian Resources Development Corporation Sdn Bhd	543,440	493,606	**207,004**
MRCB Sentral Properties Sdn Bhd	34,126,859	31,877,797	**17,684,449**
Semasa Sentral Sdn Bhd	17,308,533	13,719,703	-
MRCB Prasarana Sdn Bhd	2,042,075	1,930,686	**1,740,737**
MRCB Engineering Sdn Bhd	382,919	15,598	**72,149**
MRCB Head Office	264,428	-	-
Kuala Lumpur Sentral Sdn Bhd	98,796	20,385	-
Transmission Technology Sdn Bhd	69,423	13,256	-
Synargym Sdn Bhd	-	-	**504,783**
Excellent Bonanza Sdn Bhd	-	-	**5,849,735**
Gapurna Land Sdn Bhd	-	-	**185,689**
Malaysian Resources Sentral Sdn Bhd	6,927	337,433	**318,448**
348 Sentral Sdn Bhd	-	-	**284,955**
Sooka Sentral Sdn Bhd	-	-	**85,677**
Penang Sentral Sdn Bhd	-	-	**319,817**
MRCB Builders Sdn Bhd	-	-	**72,149**
Total	55,060,655	48,662,547	**27,385,055**

Championing Green Development

Green building, or sustainable design, is the practice of increasing the efficiency with which buildings and their sites use energy, water and materials. It also reduces the effect on human health and the environment for the entire lifecycle of a building. MRCB's green building concepts extend beyond the walls of buildings to include site planning, community and land-use planning. Green development is a rapidly growing field that combines ecological principles with advanced technology.

As the master developer of KL Sentral CBD, MRCB has five spectacular green buildings namely Platinum Sentral, Menara CIMB, Q Sentral, The Sentral Residences, and Menara Shell. They are all built to green specifications and the designs have been certified by local or international certification bodies.

MRCB is now synonymous with its sustainable development strategies. All its developments comply with Green certification bodies such as Malaysia's Green Building Index (GBI), the US-based Leadership in Energy and Environmental Design (LEED), or the Singapore-based BCA Green Mark (BCA).

MRCB continues to showcase its expertise in Green Building developments in KL Sentral CBD to provide value for building owners, tenants and occupants. The achievements recorded by each green building are summarised in the table below.

Green building achievements

Green Building	Achievements
Platinum Sentral	• Platinum rating for Green Mark
Menara Shell	• Platinum rating for LEED • Silver rating for GBI Provisional Certification
Menara CIMB	• Certified for GBI CVA Certification
Q Sentral	• Gold rating for GBI Provisional Certification
The Sentral Residences	• Gold rating for GBI Provisional Certification

How Our Green Building Features Benefit the Environment

Green Features	Positive Impact to the Environment
Highly efficient ventilation system	Minimising energy usage
Integrating natural energy such as solar power with building power gridline	Use of environmentally friendly materials
Heat recovery wheel reuses waste heat energy	Consuming fewer natural resources
Highly efficient and energy-saving lighting with automatically controlled illumination levels	Energy-efficient design
Generative lifts and motion sensor activated escalators	Low greenhouse and ozone depleting gases

GHG Emissions

MRCB has adopted the internationally-recognised GHG Protocol established by the World Business Council for Sustainable Development and World Research Institute (WRI) for its carbon footprint calculations. Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

Scope	Category	Indicators Measured
Scope 1	Direct GHG emissions	• Company-owned vehicles
Scope 2	Indirect GHG emissions	• Electricity consumption
Scope 3	Other indirect GHG emissions	• Air travel

Scope 1 Direct GHG Emissions

GHG emissions from all company owned vehicles are calculated based on consumption of fuel derived from purchases for cars, motorcycles, 4-wheel drives, vans, trucks and other heavy industrial vehicles. The total emissions produced from the use of company-owned vehicles in 2016 was 800.96 MT.

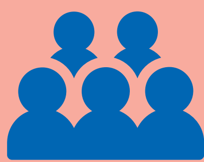
Scope 2 Indirect GHG Emissions

GHG emissions from purchased electricity was derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid. In 2016, the total CO_2 emissions resulting from purchased electricity was 20,292.33 MT.

Scope 3 Other Indirect GHG Emissions

GHG emissions resulting from air travel were measured from origin to destination including the number of employees on board, distance and flight class. All short and long-haul flights were included in the GHG calculation. Online tools derived from the WRI GHG Protocol have been used to calculate the CO_2 emissions from air travel. Emissions from business air travel in 2016 was 25.16 MT.

SOCIAL: SOCIETY



UPSR Clinic for MRCB adopted school students

SOCIAL: SOCIETY

EDUCATION

MRCB's Support of the PINTAR Programme

PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) is a school adoption programme inspired by Yayasan PINTAR. It is undertaken by GLCs and some private corporations in Malaysia. It aims to foster excellence among underprivileged students nationwide.

Through the PINTAR School adoption programme, MRCB contributes funds which are used for motivational and teambuilding programmes as well as educational and academic support programmes. Financial support is also given to promote capability and capacity building, reduce vulnerabilities and societal issues, and upgrade ICT facilities and resources.

In 2016, MRCB donated an additional RM226,000 to its adopted schools for a variety of purposes such as school trips, academic workshops, development programmes, study trips, teachers day celebrations and school carnivals.

The five active schools adopted under MRCB's PINTAR programme in 2016 are:

- SK La Salle 1, Brickfields, Kuala Lumpur
- SK La Salle 2, Brickfields, Kuala Lumpur
- SK Iskandar Perdana, Seri Iskandar, Perak
- SK Pengkalan Jaya, Butterworth, Penang
- SK Kuala Perai, Butterworth, Penang

MRCB's PINTAR programme has touched more than 24,000 lives including students, teachers, parents and community members in the areas surrounding the adopted schools.

UPSR Pass Rate for MRCB's Adopted Schools

Name of School	2014	2015	2016
SK La Salle 1, Brickfields, Kuala Lumpur	58.7	64.7	53.9
SK La Salle 2, Brickfields, Kuala Lumpur	71.4	68.5	40.0
SK Iskandar Perdana, Seri Iskandar, Perak	73.6	76.8	76.9
SK Pengkalan Jaya, Butterworth, Penang	66.4	78.7	63.2
SK Kuala Perai, Butterworth, Penang	67.5	63.3	73.3

The results of the majority of schools across the nation showed a downward trend due to a syllabus change introduced by the Education Ministry. The performance of MRCB's adopted schools remained positive overall.

600 students received back to school supplies from MRCB in 2016

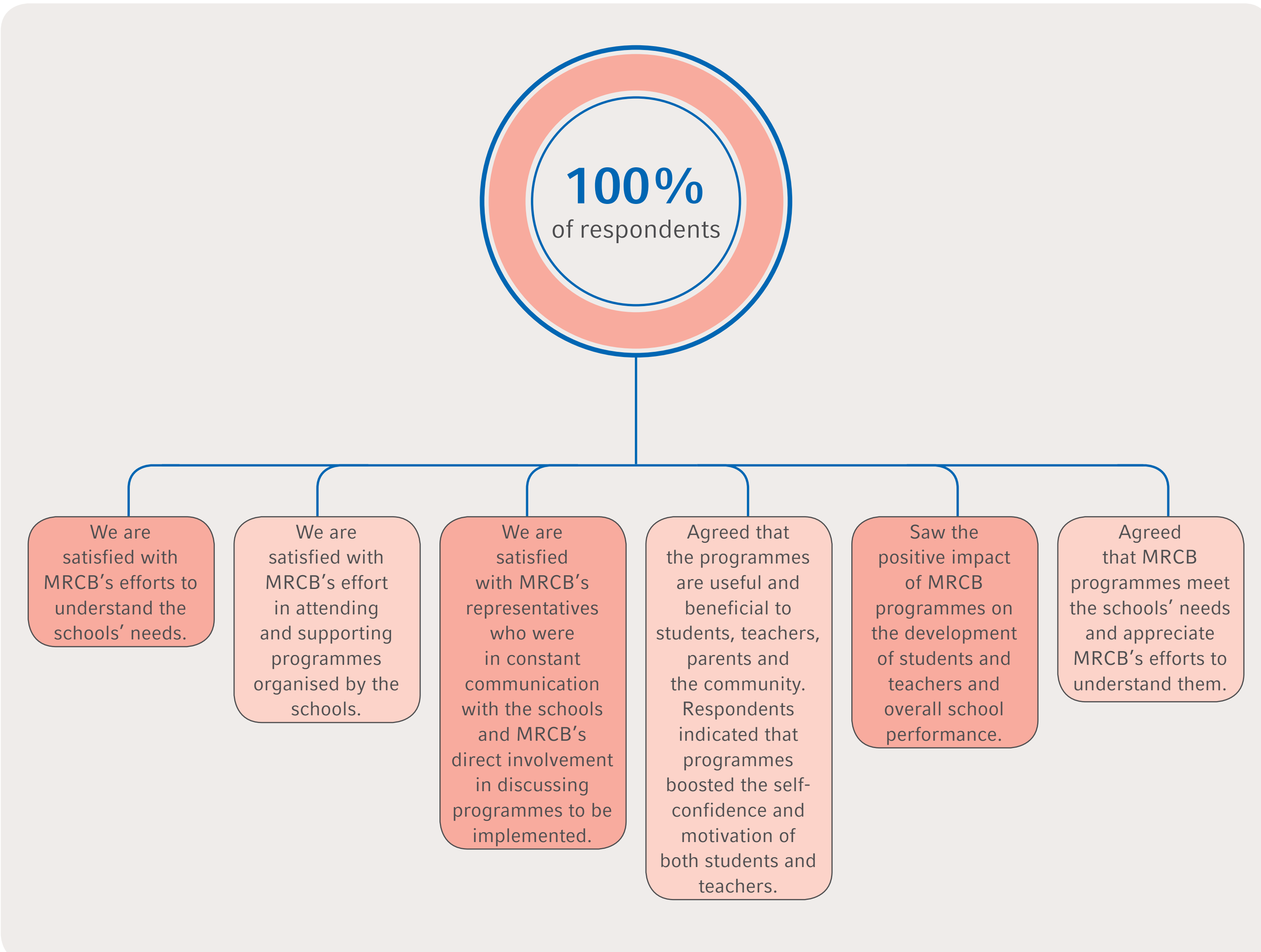
Handover of back to school supplies to students

MRCB's contribution to the PINTAR adoption of schools programme

In 2016, the PINTAR Foundation conducted a satisfaction survey among MRCB adopted schools to gauge the schools' satisfaction with the programme. The survey was part of PINTAR Foundation's monitoring and evaluation exercise. The survey measured satisfaction levels for:

- The programmes and activities implemented by MRCB to meet the schools' needs
- MRCB PINTAR programmes and curriculum
- The impact of MRCB PINTAR Programmes
- MRCB engagement levels with its adopted schools

Highlights of the Survey Findings



Back-to-School

By the end of 2016, 600 students from our adopted schools had received back-to-school supplies. The schools benefiting from our support were Sekolah Kebangsaan La Salle 1, Brickfields; Sekolah Kebangsaan La Salle 2, Brickfields; Sekolah Kebangsaan Iskandar Perdana, Perak; and Sekolah Kebangsaan Kuala Perai, Penang.

Each child received a school bag, uniform as well as shoes and socks, fulfilling their needs for the current school year. More than 24,000 children have benefited from MRCB's school programmes.

MRCB has long been supportive of underprivileged schoolchildren and has adopted numerous schools across the country since 2007. We will continue running more corporate social responsibility programmes through the MRCB Foundation.

Pusat Transit Gelandangan, Kuala Lumpur

COMMUNITY DEVELOPMENT

Homeless Shelter at Jalan Pahang

MRCB designed, developed and built a three-storey homeless shelter on Jalan Pahang, Kuala Lumpur. The construction of the centre, known as Pusat Transit Gelandangan Kuala Lumpur, was completed and successfully handed over to Kementerian Wilayah Persekutuan (KWP) and DBKL on 29 January 2016.

The centre serves as a sanctuary for the homeless and those with problems in Kuala Lumpur, providing a safe haven for people who have nowhere else to turn. This development project contains accommodation, services, welfare, community and commercial programmes. The three-storey building can accommodate 200 people.

Prime Minister Datuk Seri Najib Razak officiated the launch of Pusat Transit Gelandangan

This integrated homeless centre provides the most appropriate platform by:

- Encouraging the homeless to help themselves by improving their lifestyles based on their characteristics.
- Issuing a bid to improve or introduce a new method of improving the homeless situation in Kuala Lumpur.
- Experimenting with the possibility of an integrated welfare shelter that generates its own economy and can 'self-feed'.

Donations and Sponsorships

We all have a responsibility to step up our community support. We proudly support charitable initiatives in the communities in which we operate through donations and sponsorships.

We embrace the diversity of people's social needs, ideas and interests. Our contributions are distributed over a broad range of initiatives including education, community and philanthropic activities.

Significant Philanthropic Contributions Made in 2016

Yayasan PERMATA Negara

The PERMATA Programme focuses on developing education for children and adolescents. It was first initiated in 2007 with the implementation of the PERMATA Negara programme. The PERMATA Programme has since expanded with the implementation of three specific programmes based on education for gifted, bright and talented children: PERMATA Pintar, PERMATA Seni and PERMATA Insan.

PERMATA has also introduced a special programme for teens. Following its successful implementation, Yayasan PERMATA was formed to manage funds from various parties to strengthen the PERMATA programmes.

MRCB sponsored the PERMATA International Conference that was held at the Putra World Trade Centre (PWTC) in Kuala Lumpur. Held from 31 May to 2 June 2016, the conference brought members, speakers, scientists, academics and parents together from all over the world. 15 speakers came from various countries including the United States, Canada and Australia to share their expertise in their particular areas. Delegates joined brainstorming sessions on how to invest in the minds of the young generation through education.

Tabika Kemas

KEMAS focuses on producing local leaders by running development programmes in villages and rural areas. We hope these programmes will boost socio-economic growth in rural communities. KEMAS is under the purview of the Ministry of Rural and Regional Development (Malaysia).

MRCB donated RM100,000 to KEMAS nurseries that were in dire need of repairs and maintenance. Our contributions were used to rebuild and refurbish 108 KEMAS nurseries. We are one of eight GLCs that contributed to a total collection of RM920,000 for this social effort.

YBhg Dato' Haji Ishak Haji Mohamed handing over MRCB's contribution to the Minister of Rural & Regional, Y.Berhormat Dato' Sri Ismail Sabrina Yakub at Kampung Guar, Manor in Perak.

Hari Sukan Negara 2016

ENGAGING WITH THE COMMUNITY

Football Match for Brickfields Schools for Hari Sukan Negara 2016

On 8 October, we held a special football competition for four primary schools in Brickfields in conjunction with Hari Sukan Negara 2016.

The special tournament involved 56 students from SK La Salle 1, SK La Salle 2, Sekolah Kebangsaan Brickfields 1 and Sekolah Kebangsaan Brickfields 2.

The event raised awareness of the importance of leading a healthy lifestyle by inculcating a sports culture and promoting national unity. The match was part of MRCB's ongoing CSR-driven initiative for communities along Jalan Tun Sambanthan, Little India and Brickfields as a whole. The event helped discover untapped talent by identifying students' potential and allowing them to develop their skills in a fun, community-based competition.

UPHOLDING INTEGRITY

On 18 April 2014, MRCB signed the Corporate Integrity Pledge under the sponsorship of the Malaysian Anti-Corruption Commission (MACC). By signing this pledge, MRCB stated its long-term commitment to maintaining a high level of accountability through organisational integrity, transparency and good governance in all aspects of its operations. MRCB also established a new Department of Integrity and Discipline, which renewed its commitment to upholding integrity in its business.

MRCB established several measures that translate its mission and values into operational systems such as codes of conduct, policies, and management processes. These initiatives all improve MRCB's corporate governance, business ethics and corporate social responsibility.

Two of MRCB's senior managers also trained as Certified Integrity Officers with MACC. MRCB also held an executive talk in conjunction with the National Integrity Day.

Whistleblowing

Employees are encouraged to raise their genuine concerns about possible improprieties in the conduct of business, either in financial terms or other malpractices, at the earliest opportunity and in an appropriate manner.

Our whistleblower policy protects the informant from any adverse employment actions which will affect his or her livelihood, provided that the report is made in good faith.

All concerns can be channelled to the Head of Integrity and Discipline Department through any form of communication.

What is Whistleblowing?

Whistleblowing is a disclosure by an employee of mismanagement, corruption, illegality or any other wrongdoing carried out by an individual or group of individuals within the organisation.

Examples of Whistleblowing Communication Channels

- TELEPHONE CALL
- WHISTLEBLOWING REPORT FORM
- EMAIL
- IN PERSON TO THE HEAD OF INTEGRITY & DISCIPLINE DEPARTMENT
- LETTER OR NOTES

A preliminary investigation is conducted upon receipt of an allegation report. The Head of Integrity and Discipline Department is obliged to submit the investigation reports together with all relevant findings and evidence to the Executive Director. The final report is submitted to the Audit Committee who then reports it to the Board.

No Gift Policy

MRCB Group employees are prohibited from directly or indirectly receiving or providing any gifts, kickbacks or gratuities in any form that may compromise their judgement and decision making.

Any gift offered must be politely declined and returned without causing offence or disrupting business relations. If an external party insists on giving a gift after MRCB's No Gift Policy has been explained to them, the employee must inform them that any gifts will be donated to Yayasan MRCB, immediately.

Non-compliance with this policy is classed as major misconduct and the employee involved will be subjected to disciplinary action, which may lead to dismissal.

SOCIAL: LABOUR PRACTICES AND DECENT WORK

Internal brand launch briefing for staff

SOCIAL: LABOUR PRACTICES AND DECENT WORK

Benefits

MRCB offers an attractive benefits package in addition to a basic salary. The health and wellbeing of our employees are a major concern. We provide comprehensive medical benefits to our employees. All employees have access to free medical consultations, treatment and medicines prescribed by our panel clinics. In emergencies, the cost of treatment from any registered medical practitioner is reimbursed.

Examples of General Benefits Offered to Employees

LEAVE
Annual Leave, Compassionate Leave, Exam Leave, Sick Leave, Prolonged Illness and Pilgrimage Leave

MEDICAL
Outpatient Treatment, Outpatient Specialist, Hospitalisation, Ward Entitlement and Maternity Benefit

OTHER ALLOWANCES
Millage Claims, Overseas Allowance, Transfer Allowance, Educational Assistance, Group Insurance and Car Allowance, for eligible staff

TRAINING AND DEVELOPMENT

Training and development is an important aspect in the growth of MRCB. All personnel are eligible to attend internal in-house training programmes based on Training Needs Analysis (TNA) and nomination by their respective division or departmental head.

MRCB staff may attend external courses after being nominated by their respective heads of division or department and by the Human Resource Department. Typically, these courses are for a long duration and lead to a professional certification examination such as a certificate or diploma.

Summary of MRCB Training Courses Attended in 2016

Type	No. of Courses	No. of Attendees	Man Days	Man Hours	Investment (RM)
Internal Training	23	845	816	6,528	40,555
External Training	160	349	631	5,080	334,054
Total	183	1,194	1,447	11,608	374,609

Examples of Training Programmes in 2016

Internal Training	External Training
MRCB Briefing	Managing Excellent Emergency Response Plan
QLASSIC Awareness Course	Working at Height and in Confined Space
Quality Forum	Contract Management for Constructions Project
CIDB Green Card Training	ISO 14001:2015 Environmental Management
Strategic Workforce Planning	Assessing and Recovering Troubled Projects
QLASSIC Assessor Course	ISO 9001:2015 Interpretation and Application
Best Practices for Effective Safety and Health	Housing Development Laws Governing Developers
Blue Card Training	GBI Facilitator Course
QESF Briefing	Supply Chain Management System
	NIOSH Tenaga Safety Passport
	Construction Excellence: Prefabrication and Modular Buildings

Upgrading Our Learning Zone

A new digital learning platform, named the ‘Learning Zone’, was introduced to all employees. Learning Zone’s main objective is providing various short courses for employees from different grades to improve their personal and professional knowledge and skills. Over 30 courses are available on the platform that cover business etiquette, work ethics and integrity, team motivation, managing difficult clients, engaging habits of great managers, IT skills, communication skills, creative thinking and emotional intelligence.

Briefing the attendees on the benefits of the ‘E-Learning Zone’ courses

PERFORMANCE DEVELOPMENT REVIEWS

Performance development reviews are a means of appraising employee performance. The objective of the review process is to be able to systematically evaluate an employee's job performance, identify training needs and initiate fair disciplinary proceedings. This process serves as a useful channel of communication between managers and their subordinates.

We conduct annual performance appraisals in addition to informal periodic and ad hoc reviews. This engagement ensures that regular feedback is gathered to motivate strong performers and detect performance gaps. During the appraisal reviews, the overall performance rating that has been determined based on the period's performance is discussed. Emphasis is placed on the individual's competencies, achievements, training and development needs.

AN ENGAGED WORKFORCE

MRCB's success depends on engaged employees who understand, embrace and apply its values to facilitate operational excellence and superior customer service. We encourage employee engagement by promoting a positive work environment and communicating proactively with all employees. We want to create a workplace which our employees enjoy entering each day.

MRCB's Definition of Employee Engagement

Employee engagement is about being fully included as a member of the team, focussed on clear goals, trusted and empowered, supported in developing new skills, thanked and recognised for achievements.

In 2016, our engagement activities included the Annual Shooting Event which was held at Briged Tengah, Pasukan Gerakan Am in Cheras. A total of 67 senior employees took part in this shooting competition on 12 November 2016. We also bring employees together to celebrate major festivals such as Hari Raya Aidilfitri and Chinese New Year celebrations.

MRCB's team is all set and ready to march at the Merdeka Parade

Unite for the Love of Our Country

On 31 August 2016, 20 employees volunteered to take part in the Merdeka Parade marching team during the 59th National Day celebration. The team was part of more than 600 participants from 24 Government-Linked Companies (GLCs) and private companies.

During the event, there were 10 segments: economy, nationhood, public services, animation, sports, self-esteem, public order, national security, air show and the spirit of unity. Our employees paraded alongside representatives from other GLCs as a part of the economy segment.

Appreciating Our Super Secretaries

MRCB Super Secretaries celebrated its own version of Secretaries Week on 23 May 2016 at Aloft KL Sentral. 29 administrators and secretaries gathered at a dinner talk to learn about self-grooming, styles that will accentuate their looks, the psychology of colours and tips on make-up techniques.

HEALTH, SAFETY AND WELLBEING

MRCB is committed to providing and maintaining a safe place of work. We are committed to a policy of effectively managing all aspects of health, safety and welfare. We maintain a fundamental belief that everyone has the right to return home unharmed at the end of each and every working day.

Our OHSAS 18001 certified health and safety management system ensures that processes are followed to minimise risk. It sets out the core standards that must be followed by employees and subcontractors on site. The safety credentials of our suppliers and subcontractors are scrutinised and assessed prior to their selection. The competency of all staff is maintained by delivering comprehensive training tailored to each individual's role.

Our dedicated Health, Safety and Sustainability team monitors compliance with our safety, health and management system by conducting monthly inspections of every site and delivering internal audits in accordance with a predetermined schedule. These are complemented by a number of independent assessments, certifying bodies and numerous director visits. The outcomes from these evaluations are included in a monthly report which is distributed to the management team and site managers.

All employees and subcontractors must attend basic safety training programmes relevant to their job function.

Main Safety Training Programmes Held in 2016

Training Programme	Date
Managing Excellent Emergency Response Plan (ERP) at the Workplace	27 – 28 January 2016
OSH Management System: MS 1722 & OHSAS 18001 Auditing	18 – 22 April 2016
Site Supervisory Course (SSS)	25 July – 1 August 2016
ERP briefing for ERP Team Members	27 October 2016
Drill Exercise at Allianz Tower	16 November 2016
Fire Prevention Training conducted by BOMBA	9 – 11 December 2016
Command Post Exercise with Majlis Keselamatan Negara, BOMBA, DBKL, Polis, and PPUM	28 December 2016

SHASSIC

Safety and Health Assessment System in Construction (SHASSIC) is an independent method of assessing and evaluating the safety and health performance of a contractor in construction works or projects. At MRCB, SHASSIC assessment covers three main components: document checks (40%), site/workplace inspections (40%) and employee interviews (20%). The assessment also examines OSH policy, OSH organisation, HIRARC, OSH training and promotion, machinery and equipment management, construction materials management, emergency preparedness, accident investigation and reporting, records management and performance monitoring.

Four SHASSIC assessment programmes were conducted at various MRCB sites in 2016.

Details and Scores of SHASSIC Assessment Programmes Conducted in 2016

		Weightage of Components			
Projects Sites	Date of Audit	Document Check (40%)	Workplace Inspection (40%)	Employee Interview (20%)	Star Ranking (Score 100%)
9 Seputeh	19 Feb 2016	31.75	29.87	15.52	77.13% 4 Star
Penang Sentral - Hub	9 Mar 2016	32.38	17.70	15.85	65.93% 3 Star
Johor Land	30 Mar 2016	33.65	16.32	16.07	66.04% 3 Star
Aman Desaru	31 Mar 2016	33.02	17.33	16.12	66.46% 3 Star

Our Safety Performance

	2014	2015	2016
Fire	2	0	0
Property Damage, Dangerous Occurrence & Others	39	46	18
Near Miss	21	3	6
Medical Treatment	14	6	2
First Aid	64	20	14
Fatality	0	0	2

The increase in near miss incidents was largely due to the additional work that commenced in 2016. The two unfortunate fatalities that occurred were isolated incidents. MRCB continues to strictly adhere to all safety standards and requirements as it strives for zero incidences.

Embracing Diversity

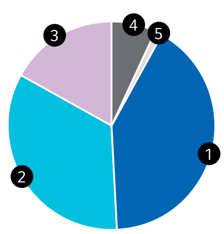
We believe embracing diversity means understanding, respecting and valuing differences. A focus on diversity and inclusion is built into our workplace culture. We know that different opinions spark creativity and help us make better decisions. So, bringing together professionals with diverse backgrounds and varied experience is key to solving challenging problems with innovative solutions.
Our current priorities are:

- Continuing to build MRCB's culture of inclusion, embedding diversity and inclusion concepts and principles in our people process
- Maintaining our focus on gender equity with an emphasis on removing barriers for women to increase their representation in leadership
- Supporting flexible work arrangements including the specific needs of our employees

At MRCB, workplace diversity is more than recognising differences. It is about embracing and accommodating the panoply of ideas, thoughts, perspectives, abilities, needs, styles and cultural backgrounds our people bring to work every day.

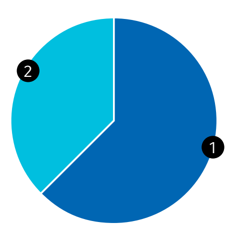
Diversity is a prominent topic in all areas of society. However, there is a big misconception that the construction and property industry is a little 'old-fashioned' in its attitude to diversity. This is not the case at MRCB as demonstrated in our diversity indicators below.

Workforce Breakdown by Age Group



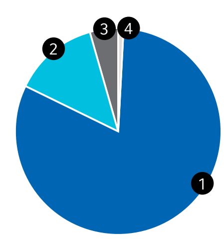
1. <30 41.03%
2. 30-39 34.00%
3. 40-49 16.80%
4. ≥60 6.98%
5. 50-59 1.19%

Workforce Breakdown by Gender



1. MALE 62.77%
2. FEMALE 37.23%

Workforce Breakdown by Ethnicity



1. BUMIPUTERA 81.38%
2. CHINESE 13.28%
3. INDIAN 4.43%
4. OTHERS 0.91%

Protecting the Rights of Our Employees

MRCB recognises its responsibility to protect employees' human rights. We ensure relevant procedures are respected, implemented and executed throughout all operations including our policies and procedures on non-discrimination, freedom of association, ethical behaviour and employee grievances.

Human rights have been included in our human resources and procurement practices as part of our supplier screening. This policy is clearly stated in our employee handbook which is distributed to all new recruits.

MRCB operations are structured by the Malaysian Employment Act 1955 which prohibits exploitative labour practices. MRCB Group also adheres to the Children and Young Persons (Employment) Act 1966, which prohibits the employment of children under the age of 14 and other applicable international agreements preventing child labour.

SOCIAL: PRODUCT RESPONSIBILITY

MoU signing with Telekom Malaysia Bhd (TM)

SOCIAL: PRODUCT RESPONSIBILITY

Partnering with Telekom Malaysia Bhd (TM) to Deliver Excellent Connectivity to the Public

MRCB's management recently appointed TM as its preferred service provider for telecommunications, ICT and Smart Services. The TM-MRCB collaboration is based on four objectives.

Four Objectives of the TM-MRCB Collaboration

1. Strengthening MRCB's existing telecommunication and ICT infrastructure
2. Promoting Smart City Living
3. Identifying and Implementing Innovation Enablers
4. Co-marketing & Joint Talent Creation Programmes

MoU signing with TM

The collaboration leverages on TM's experience as the nations most experienced telecommunication and ICT provider along with MRCB's expertise and position in property development.

This MoU allows us to promote Smart City living. MRCB and TM are seeking to jointly develop a Smart City product roadmap for all MRCB property products based on its own business development plans. This roadmap covers all relevant solutions that will promote Smart City living for our products such as smart township services and smart building services. This is especially critical as we specialise in urban development and Transit Oriented Developments (TODs) where more smart city features are now becoming standard requirements.

The goal of building a smart city is to improve the quality of life. Informatics and technology are used to improve the efficiency of services for residents. Our Smart City roadmap must lead the way in creating advanced ICT infrastructure. This infrastructure will become the backbone for systems that can respond to challenges and improve efficiency rather than merely facilitating transactions and services for its residents. We will require many innovation enablers, which will allow us to realise our vision of "Setting the Standard" in the products that we deliver. This MoU with TM is a journey towards this vision.

Purchasing and Procurement Practices

Purchasing decisions must be made based solely on MRCB's best interest. Proper agreements are documented which clearly identify the services or products to be provided, the basis for earning payment and the applicable rate or fee. The payment amount must be commensurate with the services or products provided.

All staff involved in procurement must comply with the tenets of sound procurement practices.

1. All vendors must be treated equally and accorded the same information at the same time.
2. No information leaks should occur during the procurement process.
3. No conflicts of interest through relationships or receipt of gifts must occur and there must be no favouritism of vendors. Any conflicts of interest through relationships or friendships with people in other companies invited to tender must be declared to Corporate Governance. In a situation where there is evidence or suspicion of improper behaviour during the tender process or after its award, it must be reported to Corporate Governance.
4. There must be more than one bidder.
5. The process must be transparent to ensure the procurement process is auditable, justifiable and can stand up to scrutiny.

Customer Satisfaction Surveys

MRCB conducts Customer Satisfaction Surveys (CSS) on the residential and commercial properties that it develops and manages. A CSS is conducted six months after a residential or commercial project is completed and also for other MRCB business units that are responsible for parking, security services, offices and a shopping complex.

RESPONSIBLE MARKETING

We aim to ensure all marketing and advertising is accurate and truthful. Deliberately misleading messages, omission of important facts, or false claims about our competitors' offerings are never acceptable. Compliance with our quality processes and safety requirements is essential to maintain our valuable reputation.

We sell our products and services fairly and honestly by stressing their quality and value. We do not use tactics that unfairly undermine the products of competitors. Comparative advertising is only used when comparing MRCB products against the competitor's own product statements.

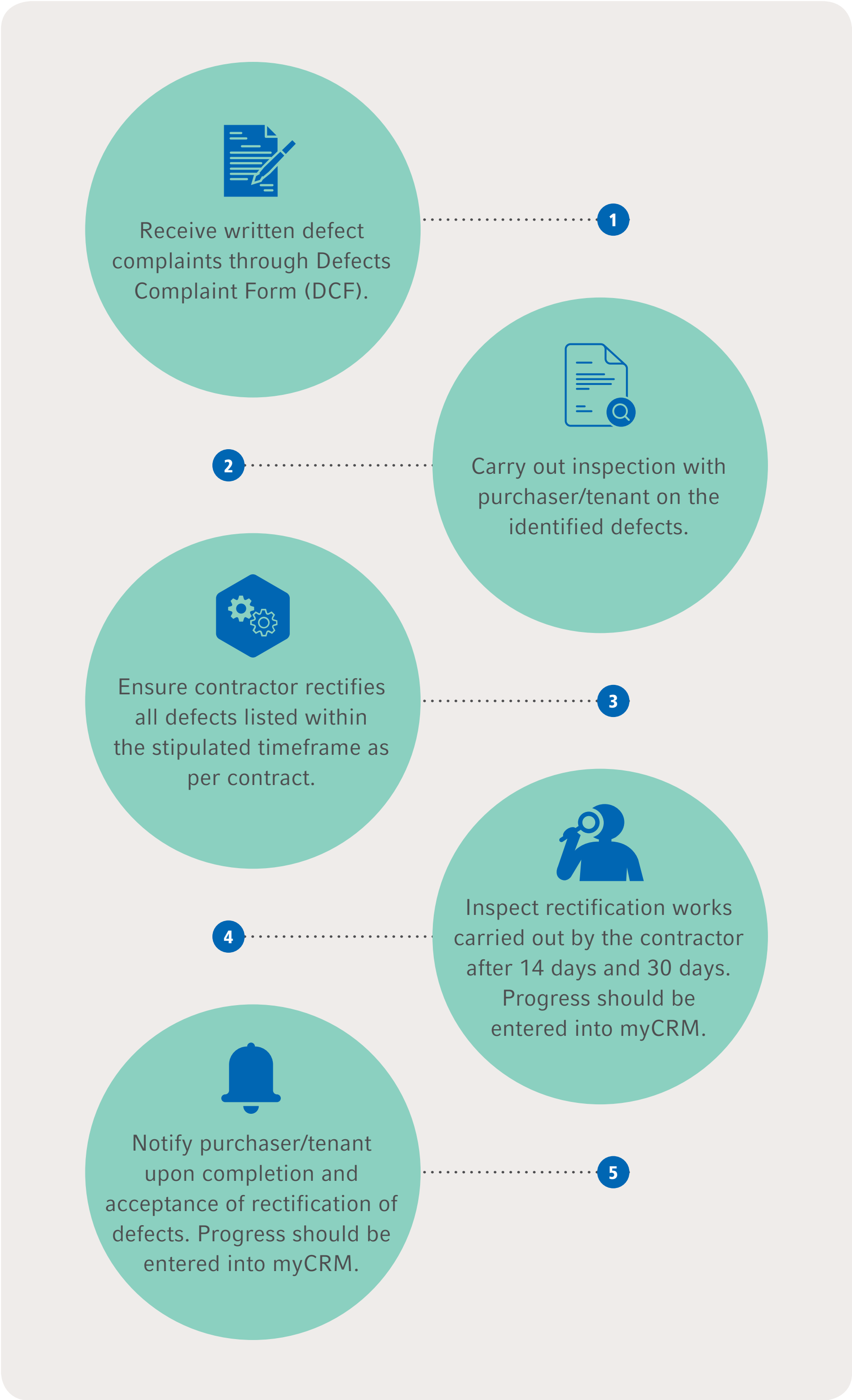
ENSURING QUALITY

Operating contractors and suppliers must adhere to our safety standards and specifications. Project delivery is managed, monitored and reported using a number of management tools. Our myCRM software, developed in-house by the Group, monitors every stage of our product lifecycle. The software is continuously evolving and improving to increase its coverage, quality and security.

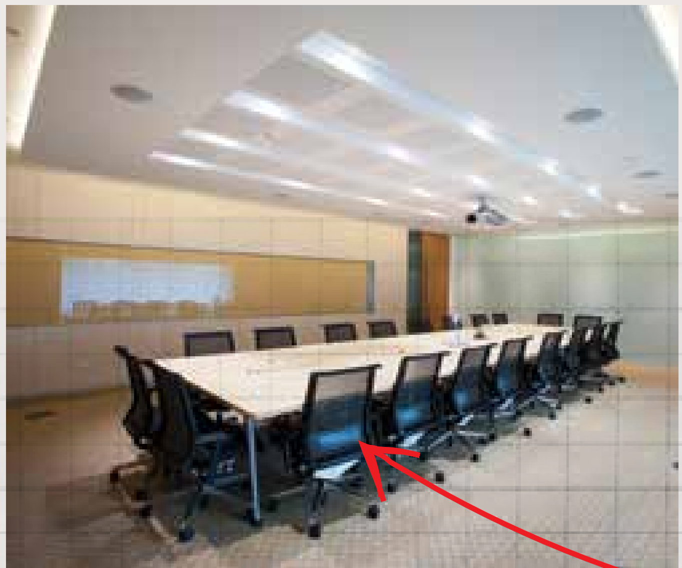
The results of customers' inspections of their purchases are entered into this software. Subsequently, this information is made available to the project and management teams to help them rectify and monitor any defects on an ongoing basis.

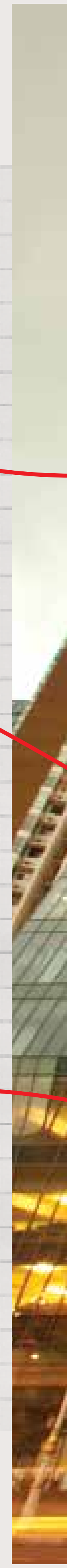
A process outline of complaints handling from purchasers or tenants is summarised below.

Process to Handle Complaints from Purchasers or Tenants



There's more quality time, less downtime.
I enjoy work even more now.





REDEFINING

VALUE

Constructing bespoke buildings are our speciality. Our commercial developments adopt an asset light business model, through which we are creating more value for our stakeholders.

Our asset light approach, which recycles capital through the disposal of assets, keeps us on a profitable trajectory and allows us to retain long-term connections with our commercial developments.

I love the convenience and the buzz of the city.

MENARA SHELL

VALUE

RM640 million

LAND SIZE

2.09 acres

BOARD OF DIRECTORS

TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

JAMALUDIN ZAKARIA
Senior Independent Director

DATUK SHAHRIL RIDZA RIDZUAN
Non-Independent
Non-Executive Director

TAN SRI AZLAN ZAINOL
Non-Independent
Non-Executive Chairman

ROHAYA MOHAMMAD YUSOF
Non-Independent
Non-Executive Director

MOHD IMRAN TAN SRI MOHAMAD SALIM
Executive Director

HASMAN YUSRI YUSOFF
Independent Director

DIRECTORS' PROFILE

NAME	POSITION	AGE	GENDER	NATIONALITY
TAN SRI AZLAN ZAINOL	NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN	67	MALE	MALAYSIAN

NOMINEE OF EMPLOYEES PROVIDENT FUND, A MAJOR SHAREHOLDER OF MRCB

DATE APPOINTED TO THE BOARD
12 January 2005

BOARD COMMITTEE MEMBERSHIP
Nil

BOARD MEETINGS ATTENDANCE IN 2016
All 8 Board Meetings held in 2016

QUALIFICATIONS
- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Certified Public Accountant
- Member of the Malaysian Institute of Accountants

SKILLS AND EXPERIENCE
Tan Sri Azlan was previously the Chief Executive Officer of Employees Provident Fund (EPF) before his retirement on 16 April 2013. He has more than 29 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
- RHB Bank Berhad (Chairman)
- RHB Investment Bank Berhad (Chairman)
- Eco World International Berhad (Chairman)
- Kuala Lumpur Kepong Berhad
- Jardine Cycle & Carriage Limited
- Yayasan Astro Kasih (Chairman)
- OSK Foundation (Trustee)
- RHB Capital Berhad (in Members' Voluntary Liquidation)
- Rashid Hussain Berhad (in Members' Voluntary Liquidation)

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
No family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
He has no personal interest in any business arrangement involving MRCB.

NAME	POSITION	AGE	GENDER	NATIONALITY
TAN SRI MOHAMAD SALIM FATEH DIN	GROUP MANAGING DIRECTOR	60	MALE	MALAYSIAN

NOMINEE OF GAPURNA SDN BHD ("GAPURNA"), A MAJOR SHAREHOLDER OF MRCB

DATE APPOINTED TO THE BOARD
2 September 2013

BOARD COMMITTEE MEMBERSHIP
Member of the Executive Committee

BOARD MEETINGS ATTENDANCE IN 2016
7 out of 8 Board Meetings held in 2016

QUALIFICATION
Higher School Certificate

SKILLS AND EXPERIENCE
Tan Sri Mohamad Salim Fateh Din is a highly successful Malaysian entrepreneur who has a long list of achievements, in both the property and construction industry in the country.

A self-made man with a pioneering spirit, Tan Sri Mohamad Salim first made a name for himself with Gapurna, which he co-founded in 1991 as his property development holding company. Gapurna pioneered the 'Super Store Petrol Station' concept for leading oil companies Shell, Esso, BP and Caltex, from which he also learnt the development standards of these multinational companies. Gapurna also developed the latest distributor centres for the Giant hypermarket chain, which allowed it to improve their food- processing systems while reducing logistic costs and delivery turnaround times.

Under the leadership of Tan Sri Mohamad Salim, MRCB's Construction order book has grown 3-fold to RM7.0 billion, and its urban development land bank has grown 5-fold to 400 acres and a gross development value of RM49 billion. Tan Sri Mohamad Salim has also established MRCB as Malaysia's leading Transit Oriented Development (TOD) property developer, with many large flagship projects, namely Kuala Lumpur Sentral CBD, PJ Sentral Garden City, Penang Sentral and Kwasa Sentral and made a name for himself as a leading developer of green and sustainable buildings.

Under Tan Sri Mohamad Salim's leadership, MRCB has also secured key Malaysian infrastructure development construction projects, including the RM9 billion Light Rail Transit Line 3 (LRT3) project, and also the construction packages for the new Mass Rapid Transit 2 (MRT2) Line, strengthening MRCB's credentials as one of the country's leading infrastructure development companies.

Tan Sri Mohamad Salim has received numerous awards for his achievements as a business leader which include the Masterclass Property Icon of the Year at the Pangkor Dialogue Awards 2016, Masterclass Excellence Award – Business Icon of The Year at the Utusan Business Awards 2015, Masterclass Global CEO of The Year at the 6th Middle East Business Leaders Awards 2015, Outstanding Category winner at the Asia Pacific Entrepreneurship Awards 2015 and the Masterclass CEO of The Year at the Global Leadership Awards 2014.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
Nil

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
Tan Sri Mohamad Salim is the father of Mohd Imran, the Executive Director of MRCB and also a substantial shareholder of Gapurna. Other than as disclosed, he does not have any family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
Save as disclosed and in Note No. 44 of page 116 to 118 of the accompanying financial report, he has no personal interest in any business arrangement involving MRCB.

NAME	POSITION	AGE	GENDER	NATIONALITY
MOHD IMRAN TAN SRI MOHAMAD SALIM	EXECUTIVE DIRECTOR	35	MALE	MALAYSIAN

NOMINEE OF GAPURNA SDN BHD ("GAPURNA"), A MAJOR SHAREHOLDER OF MRCB

DATE APPOINTED TO THE BOARD
1 March 2015

BOARD COMMITTEE MEMBERSHIP
Member of the ESOS Committee

BOARD MEETINGS ATTENDANCE IN 2016
All 8 Board Meetings held in 2016

QUALIFICATIONS
- Degree in Electrical and Electronics from the University of Manchester Institute of Science and Technology, United Kingdom
- Masters in Commerce from Deakin University, Australia
- Member of the Institution of Engineers Malaysia
- Member of the Institute of Electrical and Electronic Engineers, UK
- Member of the Institute of Value Management of Malaysia

SKILLS AND EXPERIENCE
Upon his graduation in early 2004, Imran commenced his career as an Engineer with Bisraya Construction Sdn Bhd, a wholly-owned subsidiary of Gapurna, a medium sized diversified group and was promoted to Project Director in the following year. From there, he held various senior posts in the Group including the post of Chief Operating Officer and Director of GTC Global Sdn Bhd where he managed the day to day running of a boutique set-up providing total solutions for security surveillance.

Imran was the Group Chief Operating Officer of MRCB from 1 March 2013 to 28 February 2015.

Imran is also a board member of Gapurna, the holding company of Gapurna Group which has interests in commercial property development, project management, construction and building, car park management services and oil and gas.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
Nil

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
Imran is the son of Tan Sri Mohamad Salim Fateh Din, the Group Managing Director of MRCB. Other than as disclosed, he does not have any family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
Save as disclosed, and in Note No. 44 of page 116 to 118 of the accompanying financial report, he has no personal interest in any business arrangement involving MRCB.

NAME	POSITION	AGE	GENDER	NATIONALITY
DATUK SHAHRIL RIDZA RIDZUAN	NON-INDEPENDENT NON-EXECUTIVE DIRECTOR	47	MALE	MALAYSIAN

NOMINEE OF EMPLOYEES PROVIDENT FUND, A MAJOR SHAREHOLDER OF MRCB

DATE APPOINTED TO THE BOARD
9 August 2001

BOARD COMMITTEE MEMBERSHIP
- Chairman of the Executive Committee
- Chairman of the ESOS Committee

BOARD MEETINGS ATTENDANCE IN 2016
All 8 Board Meetings held in 2016

QUALIFICATIONS
- Bachelor of Civil Law (1st Class) from University of Oxford, United Kingdom
- Master of Arts (1st Class) from University of Cambridge, United Kingdom
- Called to the Malaysian Bar and the Bar of England and Wales

SKILLS AND EXPERIENCE
Datuk Shahril was a Legal Assistant at Zain & Co from 1994 to 1996. From 1997 to 1998, he was the Special Assistant to the Executive Chairman of Trenergy (M) Berhad/ Turnaround Managers Inc (M) Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad from 1998 to 1999. From 1999 to August 2001, he was an Executive Director of SSR Associates Sdn Bhd.

He was the Group Managing Director of the Company from 1 September 2003 to 1 December 2009 and currently serves as Chief Executive Officer of the Employees Provident Fund.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
- Media Prima Berhad
- Pengurusan Danaharta Nasional Berhad
- Malaysia Building Society Berhad

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
No family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
He has no personal interest in any business arrangement involving MRCB.

NAME	POSITION	AGE	GENDER	NATIONALITY
JAMALUDIN ZAKARIA	SENIOR INDEPENDENT DIRECTOR	51	MALE	MALAYSIAN

DATE APPOINTED TO THE BOARD
24 August 2011

BOARD COMMITTEE MEMBERSHIP
- Chairman of the Nomination & Remuneration Committee
- Member of the Audit Committee
- Member of the Executive Committee
- Member of the ESOS Committee

BOARD MEETINGS ATTENDANCE IN 2016
All 8 Board Meetings held in 2016

QUALIFICATION
- Bachelor of Science in Accounting with a minor in Real Estate and Insurance from Arkansas State University

SKILLS AND EXPERIENCE
Jamaludin has more than 15 years experience in investment banking and corporate finance, having been attached with domestic and international investment banks. He is currently the Managing Director of Macquarie Capital.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
Nil

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
No family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
He has no personal interest in any business arrangement involving MRCB.

NAME	POSITION	AGE	GENDER	NATIONALITY
ROHAYA MOHAMMAD YUSOF	**NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**	**52**	**FEMALE**	**MALAYSIAN**

NOMINEE OF EMPLOYEES PROVIDENT FUND, A MAJOR SHAREHOLDER OF MRCB

DATE APPOINTED TO THE BOARD
6 March 2014

BOARD COMMITTEE MEMBERSHIP
- Member of the Audit Commitee
- Member of the Nomination & Remuneration Committee

BOARD MEETINGS ATTENDANCE IN 2016
All 8 Board Meetings held in 2016

QUALIFICATIONS
- Bachelor of Commerce (Accountancy) from Australian National University
- Associate member of CPA, Australia

SKILLS AND EXPERIENCE
Rohaya began her career with Ernst & Young previously known as Andersen & Co. as Financial Consultant in the Audit Division. Her working experiences include among others; auditing various sector where she was involved in audit planning and preparing of audited financial accounts and evaluating internal controls of accounting systems. In 1990, she joined Maybank Investment Bank (previously named Aseambankers) and was appointed as Executive Vice President for Corporate Investment Banking in 2005. After 18 years of acquiring vast experience in Maybank Investment Bank in areas of Fixed Income, Equity and Corporate Finance, Rohaya joined Employees Provident Fund ("EPF") in 2008 as Head of Corporate Finance. During her tenure with EPF, Rohaya was appointed as Head of Capital Market Department, Investment Division in 2010 where she oversees Domestic and Global investment in loans and bonds.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
- UMW Holdings Berhad
- Plus Malaysia Berhad
- Projek Lebuhraya Usahasama Berhad

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
No family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
She has no personal interest in any business arrangement involving MRCB.

NAME	POSITION	AGE	GENDER	NATIONALITY
HASMAN YUSRI YUSOFF	**INDEPENDENT DIRECTOR**	**57**	**MALE**	**MALAYSIAN**

DATE APPOINTED TO THE BOARD
26 January 2016

BOARD COMMITTEE MEMBERSHIP
- Chairman of the Audit Committee
- Member of the Nomination & Remuneration Committee

BOARD MEETINGS ATTENDANCE IN 2016
All 8 Board Meetings held in 2016

QUALIFICATIONS
- Member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants

SKILLS AND EXPERIENCE
Hasman Yusri was a partner at KPMG Malaysia (KPMG) before his retirement in December 2015. He joined KPMG in 1999 as a Director in the Assurance and Audit Division before becoming a Principal with Assurance Division in October 2001. Prior to KPMG, he was with Petronas Group of Companies for 10 years from 1984 to 1994 holding various positions in the Group. Thereafter, he joined Malakoff Berhad for four years from 1995 to 1999 as the General Manager, Finance responsible for the financial affairs of the Group.

His experience in audit and commercial covers a wide range of industries including construction, property development, plantation, power generation and oil & gas.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES
- Serba Dinamik Holdings Berhad

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDERS
No family relationship with any director and/or major shareholders of MRCB.

CONFLICT OF INTEREST WITH MRCB
He has no personal interest in any business arrangement involving MRCB.

Additional Information

1. None of the Directors has:
   (i) been convicted of any offence (other than traffic offences) within the past five(5) years; and
   (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.
2. Details of the Director's training are set out in the Statement of Corporate Governance on page 94 to 96 of this Annual Report.

SENIOR MANAGEMENT PROFILES

TAN SRI MOHAMAD SALIM FATEH DIN

Aged 60, Male
Malaysian

GROUP MANAGING DIRECTOR

Tan Sri Mohamad Salim was appointed as the Group Managing Director on 2 September 2013.

His profile is listed in the Profile of Directors on Page 79 of this Annual Report.

MOHD IMRAN TAN SRI MOHAMAD SALIM FATEH DIN

Aged 35, Male
Malaysian

EXECUTIVE DIRECTOR

Mohd Imran was appointed as the Executive Director on 1 March 2015. He joined MRCB on 1 March 2013 as the Group Chief Operating Officer.

His profile is listed in the Profile of Directors on Page 80 of this Annual Report.

ANN WAN TEE

Aged 45, Male
Malaysian

CHIEF FINANCIAL OFFICER

Qualifications:
- Bachelor of Commerce (Accounting) (Hons), University of Birmingham
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Directorship(s) in Public Companies:
- MRCB Quill Management Sdn Bhd (the manager of MRCB-Quill REIT)
- MRCB Southern Link Berhad

Working Experience:
Ann Wan Tee was appointed Chief Financial Officer on 25 November 2013. He has more than 18 years' experience spanning from project advisory, privatisation, private finance initiatives, financial feasibility studies, business valuations, mergers and acquisitions as well as corporate recovery.

He joined MRCB in May 2013 as the Chief Strategy Officer and prior to MRCB, Wan Tee was the Chief Financial Officer/Finance Director of Gapurna Strategic Alliance Sdn Bhd from June 2012 to May 2013.

Wan Tee was the Executive Director – Corporate Finance at PricewaterhouseCoopers (Advisory Services) from January 2006 to May 2012.

KWAN JOON HOE

Aged 34, Male
Malaysian

CHIEF OPERATING OFFICER

Qualifications:
- Bachelor Of Commerce (Accounting and Finance) from University of Melbourne, Australia
- Member of the Certified Public Accountant, Australia

Directorship(s) in Public Companies:
MRCB Quill Management Sdn Bhd (the manager of MRCB-Quill REIT)

Working Experience:
Kwan Joon Hoe was appointed Chief Operating Officer on 1 March 2015.

He joined MRCB as Senior Vice President of the Groups' Property Division in January 2014 before assuming his current position in MRCB.

He joined Gapurna in 2008 as the Group's Financial Controller, spearheading the RM1 billion Lot 348 development (Menara Shell) in Kuala Lumpur Sentral CBD. He was then promoted to the position of Chief Executive Officer managing the Group's property development function in 2012 before joining MRCB.

AMARJIT SINGH CHHINA

Aged 49, Male
British

CHIEF CORPORATE OFFICER

Qualifications:
- SIDC, Capital Markets Director Programme
- Stock Exchange of Singapore, Dealers Representative
- London Stock Exchange, Registered Representative

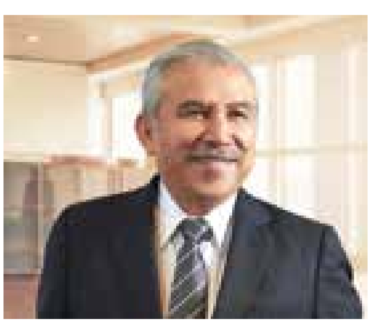
Directorship(s) in Public Companies:
Nil

Working Experience:
Amarjit was appointed Chief Corporate Officer of MRCB on 13 January 2016.

Prior to MRCB, he was Executive Director of YTL e-Solutions Bhd and Chairman & Chief Executive Officer of the company's subsidiary, Infoscreen Networks PLC, while it was listed on the AIM Market of the London Stock Exchange. He was also seconded for a period of time to PEMANDU, a unit under Malaysia Prime Minister's Department.

Amarjit also has over 12 years of international equity markets and investment banking experience, having held positions in what were the UK's leading investment banks.

He was a UK Equity Fund Manager at Kleinwort Benson Investment Management and UK Equity Building & Construction Sector Analyst at Barclays de Zoete Wedd Securities ("BZW"; now known as Credit Suisse) in London, and later over a 5 year period from 1993 was seconded to BZW's offices in Kuala Lumpur, Hong Kong and Singapore as an Associate Director, working on a number of large equity capital raisings, including the IPOs of Litrak Bhd, YTL Power International Bhd and Petronas Gas Bhd. He ended this phase of his career as Associate Director of HSBC Securities in Singapore.



DATUK DELL AKBAR KHAN

Aged 69, Male
Malaysian

EXECUTIVE VICE PRESIDENT, SECURITY, SAFETY, HEALTH & ENVIRONMENT, FACILITIES MANAGEMENT AND PARKING SERVICES

Qualifications:
- Masters in Occupational Safety and Health from Universiti Teknologi Malaysia
- Graduate Diploma and MBA in Business Administration from Newport University
- Diploma in Police Science from Universiti Kebangsaan Malaysia

Directorship(s) in Public Companies:
Nil

Working Experience:
Datuk Dell Akbar Khan was appointed Executive Vice President for Security, Safety, Health, & Environment, Facilities Management and Parking Services on 1 March 2015.

He joined MRCB as Senior Vice President on 1 January 2014. Prior to MRCB, he was formerly a Senior Police Officer with the Royal Malaysia Police holding various positions during his 34 years of service. His last position prior to his retirement was as Chief Police Officer of Kuala Lumpur.

DATO' HAJI ISHAK HAJI MOHAMED

Aged 64, Male
Malaysian

EXECUTIVE VICE PRESIDENT, BUSINESS DEVELOPMENT, GOVERNMENT RELATIONS & PRIVATISATION

Qualifications:

- Bachelor of Social Science from the Universiti Sains Malaysia, Penang
- Masters in Public Policy from the University of Wisconsin, USA
- Diploma in Public Administration from INTAN

Directorship(s) in Public Companies:
Digistar Corporation Berhad

Working Experience:
Dato' Ishak was appointed Executive Vice President, Business Development, Government Relations & Privatisation on 1 November 2014.

Dato' Ishak last served the Malaysian Immigration Department as the Director of Enforcement and previously held several key positions in government agencies such as with the Ministry of Home Affairs, Ministry of Finance, Ministry of Defence, Prime Minister's Department and Public Services Department. He is also active in NGO activities and currently holds the post of President of Perak Tenpin Bowling Association, Deputy Chairman of Malaysian Crime Prevention Foundation – Perak Chapter and committee member of the Pusat Transit Gelandangan KL.

SHIREEN IQBAL MOHAMED IQBAL

Aged 49, Female
Malaysian

SENIOR VICE PRESIDENT, PROPERTY

Qualifications:
LLB (Hons) from University of Kent at Canterbury, UK

Directorship(s) in Public Companies:
Nil

Working Experience:
Shireen was appointed Senior Vice President, Property on 7 January 2015.

She started her career with Caltex Oil Malaysia and thereafter, in Shell Malaysia for 5 years as Retail Development Manager and Marketing Manager.

She joined Tesco Malaysia in 2000 and led the development of 52 Tesco stores nationwide. Her last position in Tesco was Director of Property where her key accountabilities included land acquisition, space and mall planning and operations, design, construction and facility management.

WONG HONG YEONG

Aged 43, Male
Malaysian

VICE PRESIDENT, COMMERCIAL & OFFICE LEASING

Qualifications:
Master of Business Administration (Merit) from the University of Newcastle, Australia

Directorship(s) in Public Companies:
Nil

Working Experience:
Wong Hong Yeong was appointed Vice President, Commercial & Office Leasing on 1 March 2014.

He has 19 years of marketing experience in the property industry. Prior to working with MRCB, he has been with established developers such as MWE Properties, E&O Berhad, Farlim Group Berhad and Plenitude Berhad involving both township and commercial development.

Since joining MRCB in July 2003, he has been instrumental in driving the positioning and marketing of Kuala Lumpur Sentral, achieving many milestones that has transformed a 72 acre former KTMB marshalling yard into a premier corporate address of Kuala Lumpur.

ZULBAHARI ABU BAKAR

Aged 49, Male
Malaysian

CHIEF EXECUTIVE OFFICER, MRCB BUILDERS SDN BHD

Qualifications:
Bachelor Degree in Civil Engineering from the University of Tasmania, Australia

Directorship(s) in Public Companies:
Nil

Working Experience:
Zulbahari was appointed Chief Executive Officer of MRCB Builders Sdn Bhd, a wholly-owned subsidiary of MRCB on 16 May 2016.

He has more than 25 years of experience in construction and property development, and has been involved in operations, engineering, value engineering and business development, including corporate finance strategy, company and debt restructuring exercises, fund raising, quality systems and other high level management activities in various companies.

Prior to MRCB, he was the Executive Vice President of Medini Iskandar Malaysia Sdn Bhd. His previous working experience, among others, as the Chief Operating Officer of Shapadu Properties Sdn Bhd, Executive Director of Triplc Berhad (a member of Puncak Niaga Group), Head of Department for Special Projects Division at Petronas, Project Director at Lankhorst Berhad Group and ARK Resources Berhad.

LOK NGAI HEY

Aged 48, Male
Malaysian

VICE PRESIDENT, PROPERTY

Qualifications:
Bachelor Degree in Civil Engineering from the University Technology of Malaysia

Directorship(s) in Public Companies:
Nil

Working Experience:
Lok Ngai Hey was appointed Vice President, Property on 1 March 2014.

He joined MRCB in 1999 and has amassed 24 years of experience in the Construction and Property Development industries.

He started his career in the precast concrete industry specializing in Industrialized Building System. As Project Director in MRCB since 2010, he has managed major infrastructure works such as DUKE Highway, LRT Line Extension, PLUS 4th Lane Widening and Bakun Switchyard. He played a key role in completing a few high rise buildings in KL Sentral as both Contractor and Developer.

NEOH PHAIK HOON (ANGELINE)

Aged 47, Female
Malaysian

VICE PRESIDENT, SALES & MARKETING

Qualifications:
Bachelor of Business Administration (Hons) from Northern University of Malaysia, Kedah.

Directorship(s) in Public Companies:
Nil

Working Experience:
Angeline was appointed Vice President, Sales & Marketing on 1 January 2016. She joined MRCB on 15 March 2013 as the General Manager, Sales & Marketing (Property).

She has more than 24 years of experience in sales and marketing having work with Gamuda Land, IJM Properties Sdn Bhd, Must Ehsan Development Sdn Bhd (Subsidiary of Encorp Berhad), Sunway Mas Sdn Bhd and Petaling Tin Berhad.

CHEONG YI-PUI (MICHELLE)

Aged 39, Female
Malaysian

VICE PRESIDENT, CORPORATE FINANCE & STRATEGY

Qualifications:
- Fellow of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)
- MSc. in Finance and Economics, University of Manchester (UK)
- BA (Hons) Accounting and Finance (1st Class), Middlesex University (UK)

Directorship(s) in Public Companies:
Nil

Working Experience:
Michelle was appointed Vice President, Corporate Finance & Strategy on 1 March 2016. She joined MRCB on 23 October 2013 as the General Manager, Corporate Finance.

Michelle began her career with KPMG before joining the investment banking fraternity as a senior executive with Maybank Investment Bank (formerly known as Aseambankers Malaysia Berhad) in the Corporate Finance division. Thereafter, she joined PricewaterhouseCoopers as an Associate Director, where she was involved in various business advisory, financial modelling, project financing and corporate restructuring exercises. Subsequently, Michelle joined Khazanah Nasional Berhad as Vice President of the Investment Division, focusing mainly on the Leisure and Tourism sector, prior to joining MRCB.

MOHD NOOR RAHIM YAHAYA

Aged 56, Male
Malaysian

COMPANY SECRETARY

Qualifications:
Institute of Chartered Secretaries and Administrators (UK)

Directorship(s) in Public Companies:
Nil

Working Experience:
Mohd Noor was appointed Company Secretary of MRCB in 1993.

He has more than 33 years of experience in corporate secretarial practice. He was the Company Secretary of The New Straits Times Press (M) Berhad, Sistem Televisyen Malaysia Berhad, Malakoff Berhad and Media Prima Berhad.

Prior to MRCB, Mohd Noor was with Malayan Banking Berhad and Pernas NEC Telecommunications Sdn. Bhd.

Additional Information

1. Save for Tan Sri Mohamad Salim Fateh Din and Mohd Imran Tan Sri Mohamad Salim, none of the other Key Senior Management has any family relationship with any Director and/or major shareholder of MRCB.
2. Save as disclosed, none of the other Key Senior Management has any conflict of interest with MRCB.
3. None of the Key Senior Management has:
   (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
   (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

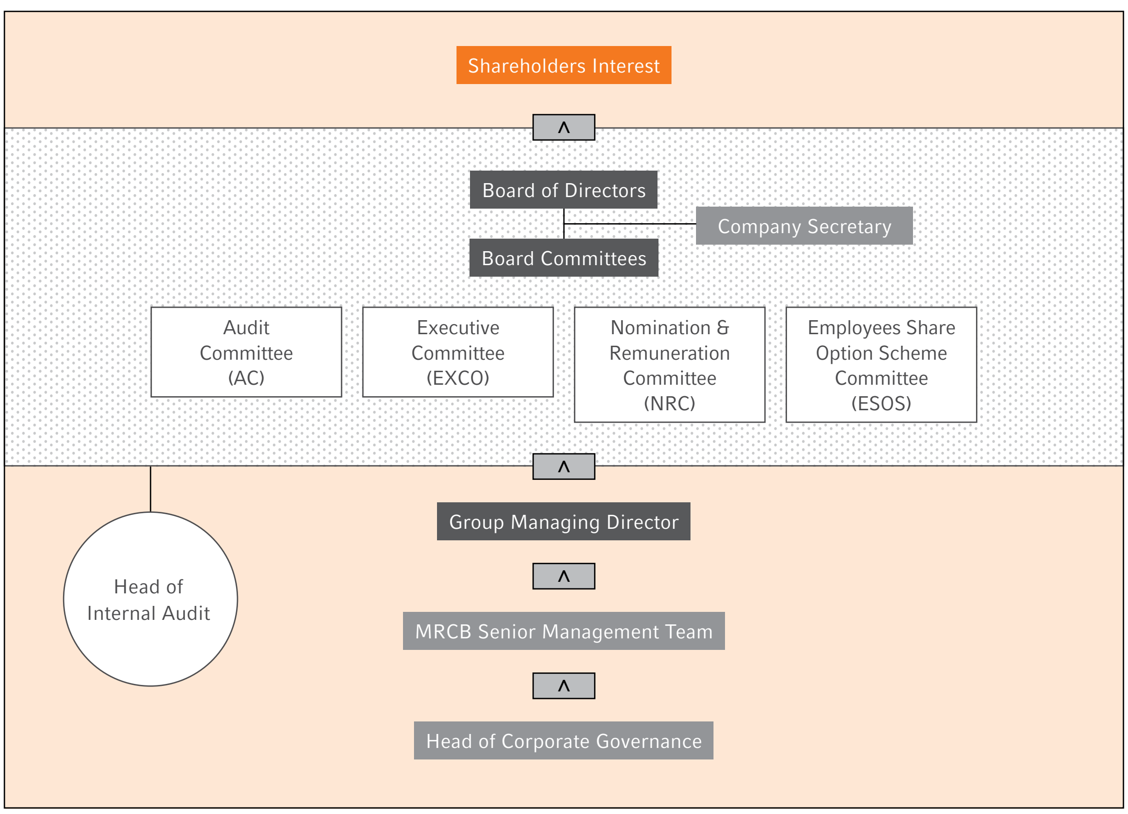
STATEMENT ON CORPORATE GOVERNANCE

Good governance begins at the top. Our Board provides guidance and oversight to ensure the company has the right strategies and risk processes to create sustainable value for all stakeholders.

The Board continually monitors performance to make sure the necessary steps are taken to protect and enhance our assets and that our compensation plans appropriately motivate employees to achieve the company's goals.

Our benchmark in this connection is the Malaysian Code on Corporate Governance 2012, and Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

MRCB is committed to the principles of responsible and transparent business management and control geared to long-term financial success. Good corporate governance builds the foundations for investor, client, workforce, and public confidence. Our Corporate Governance framework is set out below:



YOUR BOARD AND ITS CHARTER

The Board oversees the business and affairs of the Group and is principally responsible for strategic planning, risk management, succession planning, oversight of operations and reviewing the adequacy of the management information and internal control systems of the Group.

The Board is guided by a Charter which was reviewed and adopted on 20 November 2012. Amongst others, the Board Charter sets out the principal role of the Board, the functions, responsibilities and powers of the Board and its various committees. The contents of the Board Charter can be viewed at the company's website, www.mrcb.com.

BOARD ETHICS

The Directors are expected to conduct themselves with the highest ethical standards. All Directors of the Group are given a copy of the Directors' Manual, Executive Handbook and the Code of Business Ethics upon their appointment. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service. Amongst others, the Executive Handbook and Code of Business Ethics set out the expected standards of conduct and behaviour when dealing with external customers, suppliers and conflict of interest situations; and in preserving the confidentiality of company information.

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain from any deliberations on the matter.

The Group's Whistleblowing Policy also covers members of the Board and anyone with information on a potential misconduct of a Director may report it to a designated independent person.

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The Board is responsible to set the overall strategic direction of the Group and is accountable to shareholders in performing that role. Aside from the six core responsibilities listed below, our Board also takes independent and collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. In discharging its roles and responsibilities, our Board is mindful of the need to safeguard the interests of all stakeholders. Dedicated Board Committees comprising Directors who have committed their time and effort as members to facilitate the effective discharge of these responsibilities have been established with clear Terms of Reference. Board activities are structured to assist the Board in achieving its goal to support and advise executive management on the delivery of the Group's strategy within a transparent governance framework.

Matters reserved for the Board	Work done in 2016
1 Corporate Plan and Programmes	i. Establishment of a Long-Term Incentive Plan of up to 10% of the issued and paid-up share capital of MRCB for the eligible employees of MRCB and its subsidiaries and eligible executive directors of MRCB
2 Annual budgets, including major capital commitments	i. Business plan and budget for 2016 & 2017 ii. Private placement of up to 20% of the issued and paid up share capital of MRCB
3 New ventures	i. Incorporation of new subsidiaries in Australia for the development of land at Carnegie, Melbourne, Australia
4 Material acquisitions and disposals of undertaking and proposals	i. Disposal of Menara Shell by 348 Sentral Sdn Bhd, a wholly-owned subsidiary of MRCB to Maybank Trustee Berhad, acting solely in the capacity as Trustee for MRCB-Quill REIT ("MQREIT") for a total disposal consideration of RM640 million ii. Disposal of a piece of a leasehold land held under PN 52405, Lot 20008, Seksyen 63, Bandar Kuala Lumpur to Mass Rapid Transit Corporation Sdn Bhd for a total cash consideration of RM180 million iii. Related party transaction on the appointment of MRCB Builders Sdn Bhd, a wholly-owned subsidiary of MRCB, as the Project Delivery Partner by Kwasa Land Sdn Bhd in connection with the construction and completion of common infrastructures for Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township for a provisional fee of RM112.28 million iv. Related party transaction on the acquisition of 1,000,0000 Ordinary Shares of RM1.00 each in Nilaitera Sdn Bhd, representing 100% equity interest in Nilaitera Sdn Bhd by MRCB Land Sdn Bhd, a wholly-owned subsidiary of the Company, from Nusa Gapurna Sdn Bhd for a total cash consideration of RM24.78 million v. Subscription of RM110 million in value of new units in MQREIT pursuant to the proposed placement exercise to be undertaken by MQREIT
5 Changes to the management and control structure of the company and its subsidiaries, including key policies	i. Performance bonus and remuneration packages for Senior Management ii. Appointment of additional independent directors and reconstruction of the Committees of the Board iii. Revision to the Directors' fees

SEPARATION OF POWER BETWEEN THE BOARD AND MANAGEMENT

Chairman

- Leads the Board
- Promotes the highest standards of corporate governance
- Builds an effective and complementary Board
- Leads Board succession planning
- Ensures effective communication with shareholders
- Ensures the orderly conduct of meetings and facilitates discussions of all agenda items, in particular strategic issues

Senior Independent Director

SID

- Sounding board for the Chairman and Group Chief Executive
- Acts as a conduit for the views of other Non-Executive Directors
- Conducts the Chairman's annual performance appraisal
- Helps resolve shareholders' concerns

Non-Executive Directors

NED

- Challenge constructively
- Help develop and set the Group's strategy
- Actively participate in Board decision making
- Scrutinise management performance
- Satisfy themselves on the integrity of financial information
- Review the Group's risk exposures and controls
- Determine the remuneration of Executive Directors
- Provide independent judgement, experience and objectivity

Group Managing Director

GMD

- Manages the Group on a day-to-day basis
- Makes decisions on matters affecting the operation, performance and strategy of the Group's business
- Provides leadership and direction to senior management
- Coordinates all activities to implement the strategy and for managing the business in accordance with the Group's risk appetite and business plan set by the Board

Executive Director

ED

- Under the leadership of the Group Managing Director, makes and implements decisions in all matters affecting the operations, performance and strategy of the Group's business
- Provides specialist knowledge and experience to the Board
- Charts the overall business direction of the group
- Designs, develops and implements strategic plans
- Deals with day-to-day operations of the Group

Company Secretary

- Advises the Board
- Ensures good information flows and comprehensive practical support are provided to Directors
- Maintains the Group's corporate governance framework
- Organises Directors' induction and training
- Communicates with shareholders as appropriate and ensures due regard is paid to their interests

BOARD COMPOSITION AND BALANCE

As at 31 December 2016, the Board had 8 members, comprising the Chairman (Non-Independent Non-Executive), two (2) Executive Directors and five (5) Non-Executive Directors. Three (3) of the Non-Executive Directors are Independent Directors and two (2) are Non-Independent Non-Executive Directors.

Of the Independent Directors, the Board has appointed Jamaludin Zakaria as the Senior Independent Director, who serves as an intermediary between the Non-Executive Directors and the Chairman. The Senior Independent Director is also an alternative point of contact for shareholders and investors who have queries or concerns pertaining to the Group.

The profile of each member of the Board, their designation and membership on Board Committees are set out on pages 78 to 82 of this report.

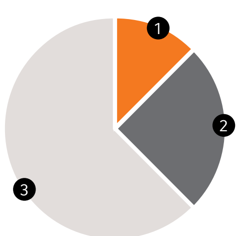
The members of the Board bring with them a diversity and depth of experience in corporate strategy, finance, business management, construction, property development and property management. Together with their strong networking in the public and private sectors, the members of the Board provide effective oversight and strategic leadership to the Management team.

With the composition as at 31 December 2016, the Independent Directors constituted 37.5% of the Board and these Independent Directors provide effective debate and uphold the principles of objectivity and integrity during Board deliberations.

The Board believes that its present composition and size enables it to discharge its duties and responsibilities effectively and competently. From time to time, the Nomination & Remuneration Committee of the Board reviews the mix of skills, knowledge, experience and independence of its members. The Board is satisfied that there have been no compromises to the independence of the Independent Directors in 2016.

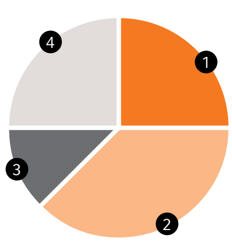
As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of 12 years. The Board believes that this tenure provides a balance of effectiveness and independence that is appropriate for the Group.

BOARD BALANCE



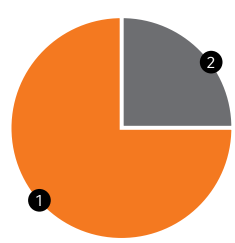
1. CHAIRMAN 12.5%
2. ED 25%
3. NED 62.5%

BOARD TENURE



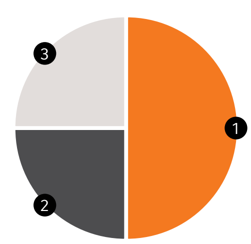
1. 0-2 YEARS 25%
2. 2-4 YEARS 37.5%
3. 4-6 YEARS 12.5%
4. 7+ YEARS 25%

GENDER DIVERSITY



1. MALE 75%
2. FEMALE 25%

EXPERIENCE



1. FINANCE & ECONOMICS 50%
2. PROPERTY & CONSTRUCTION 25%
3. LEGAL 25%

DIRECTORS - SIGNIFICANT STRENGTHS

Name Of Director	Strategic Development	Corporate Strategy	Business Management	Capital Markets	Governance & Risk Management	Sector experience/ knowledge
Tan Sri Azlan Zainol	•	•	•	•	•	•
Tan Sri Mohamad Salim Fateh Din	•	•	•			•
Mohd Imran Tan Sri Mohamad Salim		•	•		•	•
Datuk Shahril Ridza Ridzuan	•	•	•	•	•	•
Jamaludin Zakaria		•	•	•	•	
Rohaya Mohammad Yusof				•	•	•
Hasman Yusri Yusoff			•		•	•
Chuah Mei Lin		•		•	•	

INDEPENDENCE

The Group recognises that independent directors have an important role in assuring shareholders that the Board is able to act in the best interests of MRCB and independently of Management.

The independence of Non-Executive Directors (NEDs) is reviewed annually by the Nomination & Remuneration Committee and the findings of the review are considered by the Board. The Group's criteria for assessing director independence are sent to each Independent Director. They are asked to confirm whether they have any material interests or relationships with MRCB that could interfere with the exercise of their independent judgement. There were no material or substantial relationships noted by Directors in their annual declaration.

The Non-Executive Directors do not engage in any business dealings with the Group to ensure that they are capable of exercising independent judgement and act in the best interest of the Group and its shareholders. Directors who have an interest in a proposed transaction will declare the nature of their interests and will abstain from deliberations of the matter.

FOSTERING COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

This is evidenced by the high level of attendance of the Directors and the time spent at Board and Committee meetings.

Details of attendance of each Director at the Board and Board Committee meetings, and the Annual and Extraordinary General Meetings (AGM and EGM) for the financial year ended 31 December 2016 are as follows:

No.	Directors	Board No. of Meetings		AC No. of Meetings		EXCO No. of Meetings		NRC No. of Meetings		ESOS No. of Meetings		45th AGM Attended	EGM Attended
		Attended /Held	%	Attended /Held	%	Attended /Held	%	Attended /Held	%	Attended /Held	%		
1.	**Tan Sri Azlan Zainol *(Chairman)***	8/8	100	-	-	-	-	-	-	-	-	1/1	1/1
2.	**Tan Sri Mohamad Salim Fateh Din *(Group Managing Director)***	7/8	86	-	-	5/5	100	-	-	-	-	1/1	1/1
3.	**Mohd Imran Tan Sri Mohamad Salim**	8/8	100	-	-	-	-	-	-	1/1	100	1/1	1/1
4.	**Datuk Shahril Ridza Ridzuan**	8/8	100	-	-	5/5	100	-	-	1/1	100	1/1	1/1
5.	**Jamaludin Zakaria**	8/8	100	7/7	100	4/4	100	2/2	100	1/1	100	1/1	1/1
6.	**Rohaya Mohammad Yusof**	8/8	100	7/7	100	-	-	-	-	-	-	1/1	1/1
7.	**Chuah Mei Lin**	8/8	100	-	-	4/4	100	2/2	100	-	-	1/1	1/1
8.	**Hasman Yusri Yusoff *(appointed on 26 January 2016)***	8/8	100	7/7	100	-	-	1/1	100	-	-	1/1	1/1
9.	**Dato' Chong Pah Aung *(resigned on 31 January 2016)***	-	-	-	-	1/1	100	1/1	100	-	-	-	-

The schedule of Board of Directors meetings for each year is established before the end of the preceding year along with a schedule of matters to be discussed in these meetings. Apart from these scheduled meetings, additional meetings may be requested by the Chairman to deliberate on urgent or important matters that require attention.

BOARD INDUCTION

The Group appreciates the importance of a well-focused induction plan to help new Directors become familiarised with the Group as quickly as possible and enable them to contribute fully to Board deliberations.

Newly appointed directors will be given an induction briefing by the Executive Director and/or Chief Financial Officer to provide them with an understanding of the Group, its operations, and the governance frameworks that are in place. The emphasis is on ensuring that the induction brings the business and its issues alive for the new Director, taking account of the specific role they have been appointed to fulfill and the skills/experience of the Director to date.

Non-Executive Directors are encouraged to identify any further information needs and to request any additional meetings or visits to help familiarise themselves with the business. In practice, some of the areas covered by the induction plan are likely to have been covered as part of the Director's own research prior to taking on the role. However, the plan aims to provide a more in-depth review of the issues and, facilitated by the Company Secretary, is delivered as soon as possible after the date of appointment.

RELATIONSHIP OF THE BOARD WITH MANAGEMENT

The relationship between the Board and Management remained strong and cohesive during the year under review and the Board continues to have direct and unrestricted access to the management team of the Group. The Board supports the Management by providing leadership, and the setting of business targets. At the same time, the Board also serves a check-and-balance function by challenging and debating decisions made by the Management before they are endorsed and approved. To do this, an established and structured reporting system has been put in place where the Board is regularly briefed and updated on the performance of the Group. This system enables the Board to closely monitor the achievement of targets set. Rewards to the Management and employees, such as bonuses and ESOS allocations, are based on financial performance and achievement of key performance targets.

PROFESSIONAL DEVELOPMENT AND TRAINING

Continuing professional development is an important aspect of every professional's working life, including Directors. Skills and knowledge need to be kept up-to-date to ensure the efficiency of the Board as a whole and the ability of every single Director to contribute to the highest standards.

The Chairman leads the learning and development of Directors and the Board generally, and regularly reviews and agrees with each Director their training and development needs.

The Company provides ample opportunities, support and resources for learning. A comprehensive programme, under the leadership of the Chairman, is in place throughout the year and comprises both formal and informal training and information sessions.

Site visits and conversations at Board dinners are also recognised as effective ways of learning, since they give Directors an opportunity to consider business areas and experiences outside their direct areas of expertise. Site visits in particular provide 'on-ground' experiences and reconnect Directors and senior management alike with the Group's business operations. The Board also receives regular refresher training and information sessions throughout the year to address current business or emerging issues.

During the year, members of the Board attended various courses on corporate governance, risk management, corporate finance and management. The details of the courses attended by the Directors are set out below.

Name of Director	Training Course Attended
Tan Sri Azlan Zainol	**Advanced Retail Management Programme on "The Future of Retailing" and United Kingdom Retail Study Tour** Organiser: Institute of Retail Management, Said Business School, Oxford University, United Kingdom.
	Briefing on Bank Negara Malaysia Annual Report 2015/Financial Stability and Payments Systems Report 2015 Organiser: Bank Negara Malaysia
	Briefing on British Anti-Corruption Act Organiser: Eco World International Berhad (By DLA Piper)
	Briefing on Trans-Pacific Partnership Agreement (TPPA) Organiser: RHB Banking Group (by PwC)
	Briefing on Malaysian Financial Reporting Standard 9 (MFRS 9) Organiser: RHB Banking Group (by Ernst & Young)
	Capital Market Director Programme Organiser: Securities Commission
	Shariah Awareness Programme – Islamic Banking: Compliance, Innovation, Profitability and Social Entrepreneur/Social Responsibility Investment by Datuk Dr Mohd Daud bin Bakar Organiser: RHB Banking Group
	Future Finance Conference Organiser: Bank Negara Malaysia
	Sustainability Policies & Strategies to Deliver Sustainable Performance Organiser: Terus Mesra Sdn Bhd
	Capital Market Director Programme for Equities and Futures Broking (Modules 1, 2A, 3 & 4) Organiser: SIDC
	Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 & 4) Organiser: SIDC
	Briefing on Company Bill 2015 Organiser: Zaid Ibrahim & Co.

Name of Director	Training Course Attended
Tan Sri Mohamad Salim Fateh Din	**Directors' Continuing Education Programme 2016** Organiser: British American Tobacco (Malaysia) Berhad
	International Conference on Blue Ocean Strategy (ICBOS) with the theme "Transforming Nations through Creativity and Innovation" Organiser: The Government of Malaysia – Prime Minister's Department, Ministry of Finance – National Strategy Unit, Razak School Of Government (RSOG) and National Blue Ocean Strategy (NBOS)
	Commonwealth Association for Public Administration and Management (CAPAM) Biennial Conference 2016 Organiser: The Government of Malaysia – Prime Minister's Department and Commonwealth Association for Public Administration and Management (CAPAM)
Mohd Imran Tan Sri Mohamad Salim	**Global South-South Development Forum 2016** Organiser: United Nations Office
	Renewable Energy Opportunities and Transit Orientated Developments in the UK Organiser: UK Trade & Investment, London
Datuk Shahril Ridza Ridzuan	**Strategic Leadership Alignment** Organiser: EPF Learning Centre
	MBSB Directors' Training by Ernst & Young: Malaysia Financial Reporting Standards (MFRS) Organiser: Ernst & Young
	Thought Leadership Session Programme: Nurturing Strategic, Innovative & Global Minds Organiser: Sekretariat Division, EPF
	EPF Management Conference 2016 Organiser: EPF Management Conference Sekretariat
	Panel Speaker – Global Islamic Finance Forum 5.0 Organiser: Association of Islamic Banking Institutions Malaysia (AIBIM) of Bank Negara Malaysia
	Speaker – INCEIF "Malaysia as Global Hub for Fund Administration: Potential & Challenges" Organiser: INCEIF
	Strategy Community Installing Workshop Organiser: Strategy Division, EPF
	Speaker - Power Talks Session: Business Series Organiser: Star Media Group Berhad
	Panel Speaker – AMUNDI World Investment Forum 2016 on 'Broadening The Investment Universe' Organiser: AMUNDI Asset Management
	VMV Workshop Organiser: Strategy Division, EPF
	Knowledge Sharing: How Global Central Banks Have Borrowed Future Growth Rate? Organiser: IQI Holdings, Dubai
	Panellist Speaker for Capital TV on Islamic Finance: Innovations for Growth Organiser: Capital TV
	Speaker: CEO Faculty Programme on topic "Moving Forward Under Limitations" Organiser: University Malaya
	ILO Social Security Course Organiser: Strategic Division, EPF
	Roundtable Discussion: CEO Faculty Programme on topic "Leveraging university technologies in the finance and fund management industry" Organiser: University Malaya
	Visioning Exercise, Board Strategy Session Organiser: Sekretariat Division, EPF
	Oxford Pensions & Retirement Conference Organiser: Oxford-JOIM-EDHEC Conference
	33rd ASEAN Social Security Association (ASSA) Board Meeting Organiser: ASSA Secretariat Committee
	Panel Speaker: 2nd Bloomberg Most Influential Summit Conference on topic "Asian Economic Community: A Ray of Sunshine for Asian Market?" Organiser: Bloomberg
	EPF Investment Seminar 2016 Organiser: Investment Division, EPF

Name of Director	Training Course Attended
Datuk Shahril Ridza Ridzuan	**CEO Faculty Programme: A Study and Industrial Exposure** Organiser: University Malaya
	3rd Annual Capital Market 2016 Facilitating Responsible Finance Through Islamic Capital Market in the US – Alternative Funding & Investment Avenues "Prioritising The Next Phase" Organiser: Malaysia U.S. Chamber of Commerce
	BOD Workshop – MPB Organiser: MPB
	Speaker: CEO Faculty Programme – Public lecture topic "The Employees Provident Fund: Issues & Challenges" Organiser: University Malaya
	Speaker: CEO Faculty Programme – Lecture topic "Managing Provident Funds: The Malaysian Economy" Organiser: University Malaya
Jamaludin Zakaria	**Neuro Finance – The Hidden Side of Investment Decision Making** Organiser: PNB Investment Institute Sdn Bhd
	Corporate Exercise & Asset Pricing in Malaysia (Application to Deal, Structure, Valuation, Defence Strategies, Cross Border Transactions, Reverse Take Over) Organiser: Advancement in Business Training
	Financial Crisis – Past, Present & Future – Is the Next Financial Crisis Just Around the Corner? Organiser: PNB Investment Institute Sdn Bhd
	Module 1: Directors as Gatekeepers of Market Participants Organiser: Securities Industry Development Corporation
	Module 2A: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities and Future Broking) Organiser: Securities Industry Development Corporation
	Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors Organiser: Securities Industry Development Corporation
	Module 4: Emerging and Current Regulatory Issues in the Capital Market Organiser: Securities Industry Development Corporation
Rohaya Mohammad Yusof	**OCBC Global Treasury Economic & Business Forum, Singapore** Organiser: OCBC
	2016 International Social Security Conference Organiser: State Street Bank and Trust Company
	EPF Investment Seminar KL - 2016 Organiser: EPF
	Bursa Malaysia CG Breakfast Series with Directors: Future of Auditor Organiser: Bursa Malaysia
	Ashmore Emerging Markets Seminar 2016 Organiser: Ashmore
	MIT Insights Series #9 by Dr. Douglas T.Breeden Organiser: AMUNDI
	Leadership Energy Summit Asia (LESA) Organiser: Bank Negara Malaysia
Chuah Mei Lin	**SSM – Interpreting Financial Statements for Company Director** Organiser: Suruhanjaya Syarikat Malaysia
	7th ASEAN Senior Management Development Program Organiser: Harvard Business School Alumni Club of Malaysia
	SSM National Conference 2016 on Companies Bill 2015 Organiser: Suruhanjaya Syarikat Malaysia
	SSM National Insolvency Conference 2016 Organiser: Suruhanjaya Syarikat Malaysia
Hasman Yusri Yusoff	**MSWG-Institutional Investor Council Governance Week 2016 "Stewardship Matters – For Long Term Sustainability"** Organiser: MSWG
	MFRS/FRS Update 2015/2016 Seminar (Run2) Organiser: KPMG
	Accounting for Revenue under MFRS15 Organiser: Deloitte
	Khazanah MegaTrends Forum 2016 Organiser: Khazanah Nasional Berhad

BOARD PERFORMANCE

The effectiveness of the Board is vital to the success of the Group and it is the Company's policy to conduct a formal Board Effectiveness Evaluation annually in order to assess the effectiveness of the Board as a whole, the respective Board Committees and the contribution of individual directors.

The Company has appointed an external consultant to assist with the Board Effectiveness Evaluation Exercise for the 2016 financial year, and the exercise is on-going. The assessment is developed based on the latest corporate governance guidelines and best practices.

The performance of the Board, and the contribution of the Chairman and individual Directors, will be assessed and measured against, amongst others, the Group strategic plan, principle duties expected of the Board, the Chairman and Directors' obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution.

The outcome of the Board Effectiveness Evaluation will be presented to the Nomination & Remuneration Committee for its review and action plans may be identified for areas requiring improvement. The overall results will subsequently be presented to the Board for notification.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Nomination & Remuneration Committee is entrusted with the responsibility of assessing capable candidates to be appointed as members of the Board.

During the year, Hasman Yusri Yusoff was appointed Independent Director on 26 January 2016 and Dato' Chong Pah Aung resigned from the Board on 31 January 2016.

All newly appointed directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. This requirement is set out in Article 106 of the Company's Articles of Association. Additionally, Articles 101 and 102 of the Company's Articles of Association require that at least one-third of the directors retire by rotation, and the directors to retire in each year are the directors who have been longest in office since their appointment or re-election.

At the AGM held on 31 May 2016, Tan Sri Azlan Zainol and Datuk Shahril Ridza Ridzuan, who retired pursuant to Articles 101 and 102 of the Articles of Association of the Company, had been duly re-elected. At the same time, Hasman Yusri Yusoff and Chuah Mei Lin (who was appointed on 4 September 2015) had retired pursuant to Article 106 of the Articles of Association of the Company and were duly re-elected.

On 6 January 2017, the Board noted with deep regret, the sudden demise of Chuah Mei Lin. Although she had only served a short tenure with the Board, Chuah Mei Lin had contributed actively in Board deliberations and her untimely passing is a loss to the Group.

The Group has in place a formal and transparent procedure for the appointment of directors to the Board. The policies and procedures for recruitment or appointment (including re-election/re-appointment) of directors are detailed in the Board Charter. The Nomination & Remuneration Committee is guided by the Board Charter and the director selection and appointment processes set out in its Terms of Reference. The appointment of a new director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination & Remuneration Committee. In making these recommendations, the Nomination & Remuneration Committee will consider the core competencies which the directors should bring to the Board and required criteria such as mix of skills, experience and other qualities of the Board including gender diversity, ethnicity and age, where appropriate. The Group does not practice gender, ethnicity or age discrimination, neither at the Board level nor at the management level.

In line with the Government's aspiration to have at least 30% female representation in decision-making positions of Malaysian public companies by 2016, the Company had two female directors on its Board for year 2016. This constituted 25% of the Board. With the demise of Chuah Mei Lin on 6 January 2016, the Board will source for suitable candidates as part of its new directors recruitment exercise to achieve the requirement for 30% women participation on the Board.

BOARD REMUNERATION

Remuneration Policy for Directors and Senior Management

The remuneration of the Group Managing Director and designated senior management personnel are based on the Nomination & Remuneration Committee's review and assessment of the achievements and contribution of each individual, measured against their respective Key Performance Indicators. Recommendations are then made by the Nomination & Remuneration Committee for a decision by the Board on suitable remuneration for each personnel.

Non-Executive Directors receive a fixed base fee as a consideration for their Board duties and an allowance for attending meetings. The aggregate amount of directors' fees paid to Non-Executive Directors is recommended by the Board for the approval of the shareholders at the Company's Annual General Meeting.

Directors' Remuneration

The total Directors' remuneration for the financial year ended 31 December 2016 was approximately RM7.9 million.

Details of the Directors' remuneration for financial year ended 31 December 2016 are set out below.

As the Directors did not receive any remuneration from other companies within the Group, all the Directors' remuneration disclosed below were for services rendered to MRCB.

Directors	Fee RM'000	Salary & Bonus RM'000	EPF & SOCSO RM'000	Leave Passage RM'000	Allowance RM'000	Car Allowance RM'000	Benefits-In-Kind RM'000	ESOS RM'000	Total RM'000
Non-Executive Directors									
Tan Sri Azlan Zainol *(Chairman)*	200	-	-	-	78	-	-	-	278
Datuk Shahril Ridza Ridzuan	150	-	-	-	143	-	80	-	373
Rohaya Mohammad Yusof	150	-	-	-	15	-	-	-	165
Executive Directors									
Tan Sri Mohamad Salim Fateh Din *(Group Managing Director)*	-	3,800	785	-	-	120	48	231	4,984
Mohd Imran Tan Sri Mohamad Salim *(Executive Director)*	-	1,010	222	36	36	60	32	173	1,569
Independent Non-Executive Directors									
Jamaludin Zakaria	150	-	-	-	27	-	-	-	177
Chuah Mei Lin	150	-	-	-	16	-	-	-	166
Hasman Yusri Yusoff *(appointed on 26 January 2016)*	140	-	-	-	23	-	-	-	163
Dato' Chong Pah Aung *(resigned on 31 January 2016)*	12	-	-	-	3	-	-	-	15
Total	952	4,810	1,007	36	341	180	160	404	7,890

Directors' Remuneration	Executive Directors	Non-Executive Directors	Total
Below RM100,000	-	1	1
RM100,001 - RM150,000	-	-	-
RM150,001 - RM200,000	-	4	4
RM250,001 - RM300,000	-	1	1
RM350,001 - RM400,000	-	1	1
RM1,550,001 - RM1,600,000	1	-	1
More than RM4,950,000	1	-	1
Total	**2**	**7**	**9**

BOARD COMMITTEES

The Board has established four (4) Committees, each with specific authorities and responsibilities, to assist the Board to discharge its duties and responsibilities effectively. At these Committees, detailed review and deliberation of strategic issues are carried out and the Chairmen of the various Committees will report on their respective deliberations and recommendations to the Board at the subsequent Board meeting. However, the Board retains the ultimate responsibility for decisions made by the Committees.

Kindly refer to **page 100** for Audit Committee Report.

AUDIT COMMITTEE

Kindly refer to **page 103** for Executive Committee Report.

EXECUTIVE COMMITTEE

NOMINATION & REMUNERATION COMMITTEE

Kindly refer to **page 104** for Nomination & Remuneration Committee Report.

EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

Kindly refer to **page 105** for Employees' Share Option Scheme (ESOS) Committee Report.

AUDIT COMMITTEE REPORT

Hasman Yusri Yusoff
Chairman

"WE TAKE OUR ROLE OF OVERSIGHT AND INDEPENDENT REVIEW SERIOUSLY AND PROFESSIONALLY"

COMPOSITION OF THE COMMITTEE

A total of seven (7) Audit Committee meetings were held during the financial year ended 31 December 2016. The attendance record of the Audit Committee Members is tabulated below:

AC Member	Number of AC Meetings	
	Attended/Held	%
Hasman Yusri Yusoff (Chairman)[1]	7/7	100
Dato' Chong Pah Aung[2]	-	-
Jamaludin Zakaria	7/7	100
Rohaya Mohammad Yusof	7/7	100

Notes:
1. *Appointed on 26 January 2016*
2. *Resigned on 31 January 2016*

The Audit Committee ("AC") comprises three (3) members which consist two (2) Independent Directors and one (1) Non-Independent Non-Executive Director i.e. Rohaya Mohammad Yusof. Hasman Yusri Yusoff, is an Independent and Non-Executive Director and also a member of the Malaysian Institute of Accountants ("MIA"). Hasman Yusri Yusoff was appointed Chairman of the Audit Committee on 26 January 2016. Subsequently Dato' Chong Pah Aung, an Independent Director resigned as member of the AC on 31 January 2016.

The Company Secretary, who acts as secretary to the Audit Committee attended all meetings. Also in attendance by invitation, were the Group Managing Director, Executive Director, Chief Operating Officer, Chief Financial Officer, Chief Corporate Officer, Head of Internal Audit and General Manager, Corporate Governance.

The Audit Committee met with the External Auditors two times during the year, without the presence of Management.

Upon the conclusion of each meeting, the Audit Committee Chairman will report to the Board of Directors the activities that it has undertaken and the key recommendations for the Board's consideration and decision.

A whole range of issues affecting the operations of the Group were thoroughly reviewed and deliberated at these meetings. Audit Committee members take their role seriously and professionally to assist the Board in providing oversight of the Management. Audit reports and other matters brought to the Audit Committee's attention are deliberated and discussed and where necessary, the Heads of Divisions/Departments and their Management team will be invited to the meetings to provide explanations or assist in deliberations. In doing so, the Audit Committee gathers inputs from the Internal Audit Department that is independent of Management, and which reports directly to the Audit Committee. Inputs are also gathered from the External Auditor, as necessary.

AUTHORITY OF THE AUDIT COMMITTEE

To carry out its responsibilities, the Audit Committee is empowered by the Board of Directors to:

i) Investigate any matter within its terms of reference;
ii) Have the resources required to perform its duties;
iii) Have full, free and unrestricted access to any information, records, properties and personnel of MRCB and its subsidiaries ("the Group");
iv) Have direct communication channels with the external auditors and internal auditors;
v) Be able to obtain independent professional or other advice; and
vi) Be able to have meetings with the external auditors and internal auditors together with other independent members of the Board (i.e. excluding the non-independent and executive members) at least twice a year or whenever deemed necessary. The Audit Committee should also be able to meet exclusively among itself whenever deemed necessary.

AUDIT COMMITTEE REPORT

DUTIES AND RESPONSIBILITIES

The Audit Committee assists the Board to fulfil its oversight responsibilities over the activities of the Group. The key duties and responsibilities of the Audit Committee as specified in its Terms of Reference are as follows:

i) To consider the appointment of the external auditor, the audit fee and the reasons given for their resignation or dismissal;
ii) To review the audit plan of the external auditor;
iii) To discuss problems and reservations arising from interim and final audits, and any other matter the external auditor may wish to discuss (in the absence of Management, where necessary);
iv) To review the audit report of the external auditor and its evaluation of the system of internal control;
v) To review the quarterly and year-end financial statements of the Group and to make the appropriate recommendation to the Board for its approval;
vi) To review the adequacy of scope, resources and authority of the Internal Audit function;
vii) To review the Internal Audit plan and processes and the results of internal audit reviews and investigations conducted;
viii) To review the appointment, determine the remuneration and assess the performance of the Head of Internal Audit;
ix) To review and authorise an investigation into serious allegations on fraud, misconduct and criminal breach of trust and to review the findings of such investigations;
x) To review related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or conduct that raises questions on Management's integrity;
xi) To oversee the Risk Management function of the Group;
xii) To review arrangements established by the Management for compliance with any regulatory or other external reporting requirements, by-laws and regulation related to the Group's operations;
xiii) To verify all Employees' Share Option Scheme allocations to ensure that they are done in compliance with the criteria disclosed by the Company to its employees; and
xiv) To consider other topics as defined by the Board.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the year under review, the activities carried out by the Audit Committee included the deliberation and review of following as below:

- **Financial results**
  i) Reviewed the quarterly and annual audited financial results of the Group and its accompanying announcements and made the relevant recommendation to the Board for consideration and, focusing particularly on matters related to changes in major accounting policies, significant and unusual events, compliance with accounting standards and disclosure requirements; and
  ii) Reviewed the Group's achievement of its key performance indicators.

- **Internal Audit**
  i) Reviewed and approved the Risk-Based Annual Internal Audit Plan and resource requirement proposed by the Head of Internal Audit;
  ii) Reviewed the structure of the Internal Audit Department and the adequacy of its resources and budget;
  iii) Reviewed the findings of internal audit reports presented by the Head of Internal Audit on the Group;
  iv) Reviewed the effectiveness and adequacy of management's corrective actions in response to the internal audit reviews conducted;
  v) Reviewed the findings of follow-up audits to determine the status of implementation of management's corrective actions;
  vi) Deliberated on findings of investigations and other ad-hoc special reviews on specific areas of operations to ascertain the root causes to the issues and the effectiveness of corrective actions taken to address the identified weaknesses; and
  vii) Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report.

AUDIT COMMITTEE REPORT

- **External Audit**
  - i) Reviewed and approved the External Auditor's Audit Plan, approach and scope of review prior to commencement of their annual Audit;
  - ii) Deliberated on matters arising from the audit of the Group in a meeting with the External Auditor without the presence of any executive officer of the Group;
  - iii) Deliberated on the External Auditor's reports on audit and accounting issues that arose from its audits;
  - iv) Deliberated on updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board; and
  - v) Assessed the performance of the External Auditor, including their independence, and provided the recommendation on their re-appointment and remuneration to the Board.

- **Risk Management**
  - i) Reviewed the enterprise risk management activities of the Group; and
  - ii) Reviewed and deliberated the Statement of Corporate Governance, Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report.

- **Related Party Transactions**
  Reviewed the fairness, transparency of related party transactions with appropriate disclosures made as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and ascertain that the transactions are conducted at arm's length prior submission for the Board's consideration and, where appropriate shareholders' approval.

- **Employee's Share Option Scheme (ESOS) Allocation**
  Reviewed that the ESOS allocation during the year under review was verified by the Internal Auditor and was done in accordance with the provisions of the scheme and the criteria for allocations to the employees by the ESOS Committee.

- **Others**
  Reviewed and approved proposed establishments or revisions to the Limits of Authority of subsidiaries.

INTERNAL AUDIT

The Internal Audit function of the Group is carried out by MRCB's Internal Audit Department which is an independent Department and separated from the Corporate Governance Department. The Internal Audit Department operates independently of management and reports directly to the Audit Committee.

The objectives, mission, scope, organisation, authority and responsibilities of the Internal Audit function are spelt out in the Internal Audit Charter. During the year under review, the Internal Audit function operated and performed in accordance with the principles of its Charter.

The Internal Audit function's primary responsibility is to carry out reviews of operations to provide reasonable assurance that the system of internal control is operating effectively and efficiently. The areas to be reviewed are determined by a risk-based audit plan that is aligned with the strategies and activities of the Group.

During the year under review, the Internal Audit Department conducted reviews of key developments, property and construction projects and selected business units of the Group. Continuous follow-up reviews were also carried out to ascertain the status of management action plans that were provided in response to audit findings raised previously. The status of these management action plans were also reported to the Audit Committee for their information.

Staff of the Internal Audit Department also observed tender openings to ensure that appropriate internal control and processes as set out in the Group's Policies and Procedures are complied with.

In 2016, the Internal Audit Department incurred total costs of RM1,365,876 for its activities.

This Audit Committee Report is approved by the Board of Directors in accordance to the resolution dated 27 February 2017.

EXECUTIVE COMMITTEE REPORT

Datuk Shahril Ridza Ridzuan
Chairman

"WE CONTINUE TO ENHANCE THE LEADERSHIP AND MANAGEMENT OF THE GROUP."

COMMITTEE ATTENDANCE AND COMPOSITION TABLE

EXCO Member	Number of EXCO Meetings Attended/Held	%
Datuk Shahril Ridza Ridzuan (Chairman)	5/5	100
Tan Sri Mohamad Salim Fateh Din	5/5	100
Dato' Chong Pah Aung[1]	1/1	100
Jamaludin Zakaria[2]	4/4	100
Chuah Mei Lin[2]	4/4	100

Notes:
1. *Resigned on 31 January 2016*
2. *Appointed on 22 February 2016*

PURPOSE AND RESPONSIBILITIES

The Executive Committee ("EXCO") was established to enhance the Board's leadership and management of the Group. Comprised of three (3) Non-Executive Directors and the Group Managing Director, the main functions of the EXCO are:

i. To review and recommend the annual business plan and budget of the Group to the Board for approval;
ii. To consider and review significant and/or major issues relating to the business direction of the Group; and
iii. To deliberate on all major business transactions and issues relating to the Group that require EXCO or Board approval in line with the approved Limits of Authority.

A majority of Non-Executive Directors shall form the quorum for a meeting. For 2016, a total of five (5) EXCO meetings were held and these were fully attended by all the members of the EXCO.

HOW THE EXCO SPENT ITS TIME IN 2016

- Reviewed the progress of key projects;
- Deliberated on major business proposals and transactions;
- Reviewed the progress and achievement of the budget set for 2016; and
- Reviewed the business plan and budget for 2017.

NOMINATION & REMUNERATION COMMITTEE REPORT

Jamaludin Zakaria
Chairman

"WE CONTINUE TO ENSURE THE CORRECT BALANCE OF THE BOARD, ITS LEADERSHIP AND THE COMPOSITION OF THE COMMITTEES."

COMMITTEE ATTENDANCE AND COMPOSITION TABLE

	Number of NRC Meetings	
NRC Member	Attended/Held	%
Jamaludin Zakaria (Chairman)	2/2	100
Chuah Mei Lin	2/2	100
Dato' Chong Pah Aung[1]	1/1	100
Hasman Yusri Yusoff[2]	1/1	100

Notes:
1. *Resigned on 31 January 2016*
2. *Appointed on 3 March 2016*

PURPOSE AND RESPONSIBILITIES

The Nomination & Remuneration Committee comprises three (3) members, all of whom are Independent Directors. The Terms of Reference of the Nomination & Remuneration Committee can be accessed from the company's website. The Nomination & Remuneration Committee is primarily responsible for:

i. The identification, assessment and recommendation of suitable candidates to be appointed on the Board;
ii. The assessment of the independence of independent directors and recommendation to the Board for the retention of independent directors who have served a cumulative period of twelve (12) years, if deemed appropriate;
iii. Assisting the Board in implementing an annual evaluation of the effectiveness of the Board, the committees of the Board and the contribution of each individual including the Group Managing Director/Chief Executive Officer and Executive Director(s); and
iv. The development and review of a remuneration framework for the Group covering the Board, the committees of the Board and the Group's Top Management.

The Nomination & Remuneration Committee shall have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations.

A total of two (2) Nomination & Remuneration Committee meetings were held in 2016 and these were fully attended by all the members.

HOW THE NOMINATION & REMUNERATION COMMITTEE SPENT ITS TIME IN 2016

i. Deliberation on the appointment of Hasman Yusri Yusoff as an additional independent director;
ii. Deliberation on the contract renewal of the Chief Financial Officer for another two years effective from 1 June 2016;
iii. Deliberation on the revision to the director's fees; and
iv. Deliberation on the results of the Board Effectiveness Evaluation carried out in 2014.

EMPLOYEES SHARE OPTION SCHEME (ESOS) COMMITTEE REPORT

Datuk Shahril Ridza Ridzuan
Chairman

"WE CONTINUE TO ENSURE THAT IMPLEMENTATION OF ESOS IS ADMINISTERED FAIRLY."

COMMITTEE ATTENDANCE AND COMPOSITION TABLE

ESOS Member	Number of ESOS Meetings Attended/Held	%
Datuk Shahril Ridza Ridzuan (Chairman)	1/1	100
Jamaludin Zakaria	1/1	100
Mohd Imran Tan Sri Mohamad Salim	1/1	100

PURPOSE AND RESPONSIBILITIES

The Employees' Share Option Scheme ("ESOS") Committee was set up to ensure that the implementation of the ESOS was administered fairly in accordance to the Company's by-laws of the ESOS approved by the Shareholders.

The ESOS Committee, which comprises three (3) members of the Board, meets as and when required and three (3) members form the quorum for a meeting. One (1) ESOS Committee meeting was held during the year under review and the meeting was attended by all the members.

HOW THE EXCO SPENT ITS TIME IN 2016

Deliberated on the proposed offer of share options to the employees.

BOARD ACCESS TO INFORMATION

In the course of discharging their duties, the directors have:

i. Full and unrestricted access to timely and accurate information. The agenda and a full set of Board papers are typically distributed at least 7 days before the Board or its Committee meetings. This process ensures that the directors have sufficient time to review, consider and if necessary, obtain further information on the matters to be discussed, and thus be properly briefed and prepared during the meetings;
ii. Unrestricted access to the advice and services of the Company Secretary and other members of senior management; and
iii. Unrestricted advice and services of external and independent professionals, made available to Board members individually and collectively. This advice and these services are made available independent of Management's intervention. During the year under review, the Board did not seek the advice of any independent professionals.

The Company Secretary is a member of Malaysian Institute of Chartered Secretaries and Administrators and has the requisite experience to provide unhindered advice to the Board to ensure their effective functioning and compliance with regulatory requirements.

In order to enhance the accountability of the Board and Senior Management, the Group has in place Limits of Authority approved by the Board which sets out the limits of transactions for each level of Management to approve, and transactions that need to be approved by the EXCO or the Board.

COMMUNICATION, INTERACTION AND RELATIONSHIP WITH STAKEHOLDERS

Looking after Minority Interests

The Independent Directors do not represent any of the substantial shareholders and therefore represent and act in the interests of the minority shareholders, investors and stakeholders. The Board also maintains communications with the Minority Shareholder Watchdog Group on the interests of the minority shareholders.

Dividend

The Company has established a Dividend Policy whereby shareholders can expect a dividend payout amounting to at least 20% of core net profits. For the financial year ended 31 December 2016, the Company is proposing a first and final single tier dividend of 2.75% or 2.75 sen per ordinary share. This proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Communication, Transparency & Investor Relations

In order to ensure that the stakeholders and investing public have up-to-date information on the Group's performance, operations and other significant developments, various corporate announcements required under Bursa Malaysia Securities Berhad's Main Market Listing Requirements (including timely release of quarterly financial results) have been made during the period under review. In addition, detailed information on the Group's significant corporate events and developments were made through the media via press releases and/or press conferences.

Shareholders, investors and stakeholders can conveniently access up-to-date information on the Group's projects, quarterly financial position, investor relations and general corporate information at its regularly-updated corporate public website www.mrcb.com.

During the year under review, a total of four (4) Quarterly results analyst briefings were held where up-to-date information on the Company's major developments, ongoing corporate exercises and released results were explained to the analysts and fund managers that were present.

MRCB had also conducted a total of eight (8) one-on-one meetings with analysts from various institutions and six (6) separate meetings held with local and international fund managers.

The Investor Relations team also participated in two (2) local and international institutional investment roadshows to familiarise analysts with MRCB's development projects and plans. During the roadshows, analysts and fund managers were presented with comprehensive information of MRCB's business strategy, its current and future developments, sales trends and upcoming launches. Details of the roadshows participated in are as follows:

Date	Organiser	Event	Investment Firm	Venue
10 - 11 March 2016	**CLSA**	**CLSA ASEAN Forum 2016**	1. CLSA 2. APG Alegemene Pensioen Group 3. Kasikorn Asset Management 4. T. Rowe Price Associates Inc.	Grand Hyatt Erawan, Bangkok
13 April 2016	**Maybank & Bursa Malaysia**	**Invest Malaysia 2016 (IMKL 2016)**	1. Kenanga Investors Bhd 2. Hong Leong Assurance 3. Allianz Life Insurance Malaysia Bhd 4. UOB Asset Management (M) Bhd 5. Pathfinder Asset Management 6. Pacific Mutual Fund Bhd 7. AIA Bhd 8. Pheim Asset Management Sdn Bhd 9. Permodalan Nasional Berhad 10. Oaklands Path Capital Management 11. Manulife Asset Management Services Bhd 12. CIMB Private Banking 13. TA Investment Management Bhd 14. Libra Invest Bhd 15. Tokio Marine Life Insurance Malaysia Bhd 16. Asset Plus Fund Management 17. RVC Emerging Asia Fund 18. ValueCAP Sdn. Bhd. 19. KAF Investments Fund Bhd 20. Lembaga Tabung Angkatan Tentera	Shangri-La Hotel Kuala Lumpur

Shareholders and investors can forward their questions and comments to the Company using the various modes of communications as listed out in the "Contact Us" page on the Company's website. Shareholders and members of the public may also contact the Senior Independent Director of the Company, Jamaludin Zakaria, to convey their concerns or questions. Jamaludin Zakaria may be contacted via email at: jamal.zakaria@mrcb.com.

Annual General Meeting

The Annual General Meeting is another forum through which the Board communicates with shareholders on the Group's progress and performance and where the Board clarifies issues pertaining to the Group's business activities, performance and other related matters. Shareholders are encouraged to participate in the meeting and are given the opportunity to ask questions and state their views. Where appropriate, the Chairman of the Board may provide a written response to any significant question that cannot be readily answered during the Annual General Meeting.

Where there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the Annual General Meeting.

In line with Bursa Malaysia Securities Berhad's amendments to its Main Market Listing Requirements, all resolutions are put to vote by poll.

ON-GOING GLC TRANSFORMATION INITIATIVES

MRCB had successfully completed and graduated from the 10-year GLC Transformation ("GLCT") Programme in 2015.

Through the GLCT Programme, MRCB embarked on various initiatives, including transformative progress that focused on enhancing financial performance, institutionalising good governance, and delivering broader, impactful contributions to national socioeconomic development.

The GLCT Programme also provided direction for the progress of the Bumiputera agenda. One of the programme's key underlying principles is the national development agenda which includes principles of growth with equity and development of the Bumiputera community. Through the Bumiputera Empowerment Agenda ("BEA"), MRCB as part of the G20, helped in improving the capabilities of Bumiputera businesses by providing opportunities through the carving out of construction projects to Bumiputera contractors. The BEA programme is set to run until 2020.

PROTECTION OF SHAREHOLDERS' VALUE

Risk Management and Internal Control

The Board acknowledges that it is responsible for the effective management of risks and for ensuring that an effective system of internal control exists. Regular reviews of the risk management framework and the system of internal controls are conducted to ensure its continued relevance, adequacy and integrity.

The Board believes that a sound system of internal control, financial or otherwise, should provide reasonable assurance on:

i. the effectiveness and efficiency of the Group's operations;
ii. effective management of risks;
iii. the reliability of the Group's financial information; and
iv. compliance with laws and regulations.

However, due to the limitations inherent in any system of internal control, the system designed can only manage rather than totally eliminate the risk of failure to achieve the Group's objectives.

The Statement on Risk Management and Internal Control that is set out on pages 110 to 113 of this report provides an overview on the risk management processes and the main features of the system of internal controls within the Group.

Prevention of Fraud

The Board has also put in place a Prevention of Fraud Manual which serves to guide the Management and employees on maintaining the highest standards of conduct and integrity in all dealings, as well as detailing out Management's responsibility to set up the proper control processes to prevent and detect fraud. It defines what constitutes fraud and fraudulent activities, and puts together a framework for preventing fraud.

A Whistleblowing Policy has also been established. The Whistleblowing Policy outlines the avenues and procedures for whistleblowers to communicate their concerns to the Board (either through the Senior Independent Director, Chairman of the Audit Committee or the Head of Corporate Governance) without Management's intervention and interference. The Whistleblowing Policy also describes the procedures to be taken for investigating and dealing with reports on the misconduct of employees.

Corporate Integrity

MRCB signed the Corporate Integrity Pledge on 18 April 2014 to indicate its support towards the anti-corruption efforts in Malaysia, in line with the objectives of the National Key Result Area of "Fighting Corruption" under the Government Transformation Programme.

With this Pledge, MRCB commits to, amongst others, promote values of integrity, transparency and good governance in carrying out its business activities, and comply with anti-corruption laws, policies and procedures.

Assurance on Performance of Associated Companies

To safeguard the Company's investments in associated companies and to oversee their performance, the Company appoints its representatives to the Board of Directors of the associated companies. For active associated companies, key financial information and significant issues pertaining to these companies are sought and reviewed by the MRCB Board on a regular basis.

Accountability for Financial Information

The Board undertakes to ensure that:

i. the Group's annual financial statements, quarterly announcement of results to shareholders, reports to regulators and other price-sensitive public reports are presented with a balanced and understandable assessment of the Group's position and prospects;
ii. the Group's financial statements have been prepared based on accounting policies that have been consistently and properly applied, supported by reasonable and prudent judgements and estimates and in adherence to all applicable accounting standards; and
iii. accounting records are accurate, within margins of reasonableness and which disclose the financial position of the Group in a true and fair manner.

The statement by directors pursuant to Section 251(2) of the Companies Act, 2016 in relation to the preparation of the financial statements are set out on page 7 of the Financial Report 2016 under "Statements by Directors".

Relationship with External Auditors

The Company maintains a transparent and professional relationship with its auditors through the Audit Committee. During the year, the Company engaged its external auditors for statutory audits, audits on proforma balance sheet for corporate exercises, and tax-related matters.

The Audit Committee meets regularly with the External Auditors to discuss and review the Audit Plan, and annual financial results, reports of examination and any audit findings that are highlighted by the External Auditors for the Audit Committee's attention. The Audit Committee also held two meetings with the External Auditors without the presence of members of management during the year.

In recommending the External Auditors for reappointment, the Audit Committee reviews their performance, suitability and independence. For 2016, the Audit Committee has obtained a written assurance from PricewaterhouseCoopers, the External Auditors, that they have maintained their independence in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

Further details on the activities of the Audit Committee in relation to the External Auditors is described on page 100.

SUSTAINABILITY

The Board is committed to conducting the Group's operations in a sustainable manner and believes in integrating environment, social and governance aspects into its business activities. Details on the Group's sustainability practices are explained in the Sustainability Report set out on page 48 to 73 of this report.

RESPONSIBILITY STATEMENT IN RESPECT OF THE FINANCIAL YEAR UNDER REVIEW

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.)

The Board ensures that the Audited Financial Statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows as at the end of the accounting period.

In preparing the Audited Financial Statements, the Directors are satisfied that the applicable approved Accounting Standards in Malaysia have been complied with and reasonable and prudent judgements and estimates have been made. The Audited Financial Statements are also prepared on a going concern basis as the Board has reasonable expectation, after having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE 2012

(Pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.)

The above statements are clear reflections of the conscious efforts of the MRCB Board and Management to strengthen its governance process and maintain its position as one of the leaders in the application of corporate governance.

The Board is pleased to report to the shareholders that the Company has complied with the principles set out in the Malaysian Code on Corporate Governance 2012 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board believes this to be an ongoing process and will continue to strive for adoption of leading practices in corporate governance.

This Statement on Corporate Governance is made by the Board of Directors in accordance to its resolution dated 27 February 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS AFFIRMS ITS OVERALL RESPONSIBILITY FOR ESTABLISHING AND MAINTAINING AN ADEQUATE AND EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE ASSETS OF MRCB AND ITS SUBSIDIARIES ("THE GROUP").

The Board also affirms its commitment to review the effectiveness, adequacy and integrity of these systems to ensure its continued relevance and effectiveness in the face of its changing business circumstances.

Management has been tasked to identify and assess the risks faced by the Group and to design effective control measures to mitigate the risks. From time to time, the Board also reviews and ascertains that the risks are within the Group's risk appetite and ensure that appropriate control measures are implemented and are effective. These processes are regularly reviewed by the Board through the Audit Committee. Nevertheless, it must be acknowledged that due to the limitations inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

1. KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Key elements of the Group's risk management and internal control framework, which have been in place throughout the financial year under review and up to the date of the Directors' Report are as follows:

a. Control Environment

i) Clearly defined lines of authority within a divisional organisation structure to facilitate the supervision and monitoring of the conduct and operations of individual business units and group support service departments.

ii) Limits of Authority have been established for the Group. These Limits of Authority specify clear division and delegation of responsibilities from the Board to Board Committees and to members of management and the authorisation levels for various aspects of operations. The effectiveness of the Limits of Authority are reviewed periodically and where necessary enhancements or revisions are proposed by the management team. All revisions to the Limits of Authority are approved by the Board with the recommendation of the Audit Committee.

iii) Clearly documented internal policies and procedures have been set out in a series of standard operating procedure manuals, policies and guidelines. These are periodically reviewed and updated to reflect changes in business structures, processes as well as changes in external environments. Any changes in policy require the approval of the Board.

iv) Annual budgets are prepared in advance of the coming year using a detailed budgeting process. These budgets are subjected to evaluation and scrutiny by the senior management team and the EXCO before they are recommended to the Board for approval. Performance against the budget is tracked on a quarterly basis and on a semi-annual basis, a comprehensive budget review exercise is undertaken.

v) The Group's assets and insurable operational risks are adequately covered by insurance policies to ensure that the Group is insured against financial losses in the event of untoward incidences.

vi) A Safety, Health and Environment policy is in place and the Group Safety, Health and Environment Department continues to enhance awareness of safety, health and environment practices throughout the Group and monitors the compliance with the relevant regulations and best practices.

vii) Quality improvement initiatives are in place and key business units of the group are accredited for ISO and OHSAS certifications. The construction division has adopted the integrated Quality, Environment, Safety and Health management system.

viii) All employees of the Group are governed by a Code of Conduct and are required to acknowledge having read and understood the Code upon commencement of employment.

ix) Performance of all employees are tracked through formal performance appraisal processes.

b. Information and Communication Processes

i) Regular and comprehensive information is provided by the Management to the Board and its Committees, covering financial performance, achievement of key performance indicators, progress of key projects, utilisation of funds and cash flow position.

ii) Various management information systems are operational to provide management with timely and accurate information on the Group's performance and to assist management make effective decisions.

iii) Briefings are given to investment analysts on a quarterly basis where the Group's financial performance approved by the Board is presented and investment analysts are given the opportunity to pose questions and have a dialogue with the senior management team of the Group. The presentation slides used during these briefings are uploaded on to the Group's website for anyone to view.

c. Monitoring Processes

i) The performance of business divisions and the status of key projects are monitored through weekly Results-Action-Review meetings at various levels in the organisation.

ii) The Internal Audit Department conducts regular reviews of operations to assess the effectiveness and efficiency of the system of internal control. Significant risk exposures and non-compliances to the policies and procedures of the Group are highlighted for management's attention and recommendations for improvement are given to management for consideration. Follow-up reviews are conducted subsequently to ascertain that improvement measures are implemented. The findings of these reviews along with management's responses are reported to the Audit Committee on a quarterly basis for deliberation.

d. Integrity and anti-corruption

i) All contracts entered into by companies in the Group contain an anti-corruption clause which requires the contracting party to comply with all anti-corruption laws of Malaysia. In the event that it is proven that the contracting party, its personnel, or agents are involved in any corruption or illegal activities, the contract may be terminated.

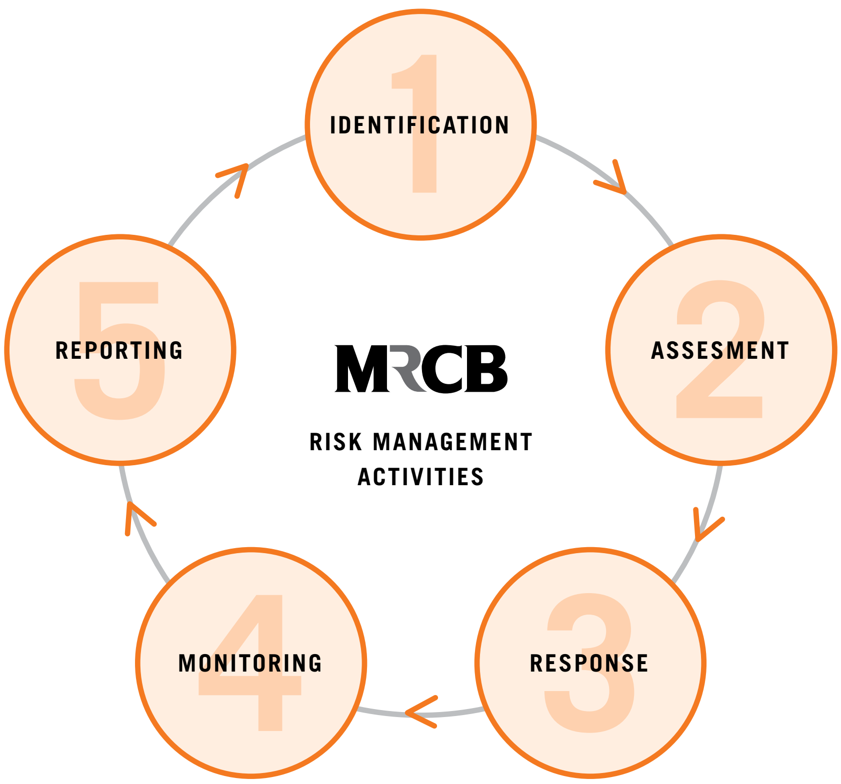
ii) A whistleblowing process has been established to provide an avenue for whistleblowers to communicate their concerns on matters of integrity in a confidential manner. During the year, the Whistleblowing Policy was reviewed and updated. The scope of the Policy has been extended to cover members of the Board and designated independent personnel have been identified to receive the reports in a confidential manner.

The Board believes that the development of the system of internal control is an on-going process and has taken steps throughout the year under review to improve its internal control system and will continue to do so. The effectiveness of the Group's risk management system is also regularly reviewed by the Board.

During the year under review, the Internal Audit Department highlighted some areas for improvement in the internal control system and Management has taken appropriate measures to address them accordingly. The internal control enhancements highlighted were mainly operational in nature and have negligible impact on the operational results of the Group.

2. RISK MANAGEMENT

An ongoing process to identify, assess, respond, monitor and report significant risks that may affect the achievement of the Group's business objectives is in place. A Risk Management Framework and Manual, which serves as a documentary guide of the Group's risk management policy, risk management processes and reporting framework, is accessible from the Group's intranet.



The Enterprise Risk Management process comprises the following steps:

1. **IDENTIFY** risks
2. **ASSESS** the potential impact and likelihood of the risk occuring
3. **RESPOND** to risks by considering existing controls as well as selecting, prioritising and implementing appropriate actions
4. **MONITOR** the internal and external environment for potential changes to risks and ensure that risk responses continue to operate effectively
5. **REPORT** on risks and the status of risk responses adopted

All employees of the Group are responsible for managing risks within their respective areas of responsibilities. The Group Managing Director is accountable for the implementation of the Enterprise Risk Management Framework and Policy, ensuring its continued application in the MRCB Group, and for ensuring that business and risk strategies are aligned.

Key risk exposures are highlighted to the Audit Committee and mitigating actions proposed by management are deliberated. The Board also conducts an assessment of risks during its deliberation of the Group's business plans and when evaluating investment decisions.

The management of risks is an integral element of management's decision making processes. Risk exposures are discussed and appropriate mitigating actions are established and agreed prior to implementation. The progress of implementation of the risk mitigating actions and its effectiveness is monitored through subsequent updates and where necessary, additional measures may be implemented. This approach provides for faster response and close tracking of key risk exposures.

KEY RISKS FOR 2016

MARKET RISKS	OPERATIONAL RISK	FINANCIAL RISK
The Group's revenue and profitability were exposed to the risk of uncertainty of achievement due to the cautious economic conditions of the country.	The Group's operations were exposed to risks of escalations in material costs, shortage of skilled workers, supply chain inefficiency and equipment failure.	The Group was exposed to liquidity and cash flow, interest rates, credit, foreign exchange and capital risks.
HOW WE MITIGATE THIS RISK		
Despite these conditions, the Group managed to secure a number of new construction projects and launched new property developments. These were achieved through the adoption of strategic marketing approaches that emphasised on value delivery to the customer. The Group also continued to participate actively in competitive bidding to build its order book.	Among the strategies adopted to manage the risk of escalation in material costs was the purchase of key materials in bulk. In addition, whenever possible, imported materials were negotiated in the local currency of operations. Operations were also monitored closely through management review processes and actions were taken to mitigate identified unacceptable risk exposures. Additionally, emphasis continued to be placed on quality assurance management, cost control and enhancing the information technology systems to support operations.	With the objective of ensuring that the Group creates value for its shareholders, the strategies adopted were to minimise potential adverse effects on the financial performance of the Group. These included constant monitoring of the risk factors and their potential impacts, maintaining an optimal liquidity position and strategic hedging against significant fluctuations in interest and exchange rates. During the year, the Group had also actively reduced its gearing level.

3. MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practices of the Company's material Joint Ventures and Associates. The Company's interests in these entities are safeguarded through the appointment of members of the Group's Senior Management team to the Board of Directors and, in certain cases, the management committees of these entities. Additionally, where necessary, key financial and other appropriate information on the performance of these entities are obtained and reviewed by the MRCB Board.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the system of internal control are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.

The Board has received an assurance from the Executive Director and Chief Financial Officer of the Company that the risk management and internal control system of the Group is operating adequately and effectively. The Board is thus of the view that the risk management and internal control system in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants.

RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control is made by the Board of Directors in accordance to its resolution dated 27 February 2017.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised From Corporate Proposals

(i) Disposal of Menara Shell

The Proposed Disposal of Menara Shell by 348 Sentral Sdn Bhd, a wholly-owned subsidiary of the Company to Maybank Trustee Berhad, acting solely in the capacity as Trustee for MRCB-Quill REIT, for a total consideration of RM640 million, had been completed on 22 December 2016.

The status of utilisation of proceeds of the disposal is as follows:

No.	Purpose	Proposed utilisation of proceeds (RM'000)	Amount utilised as at 31.12.2016 (RM'000)
1	Settlement of redemption sum/replenishment of internally generated funds utilised for principal repayment (if any)	430,000	430,000
2	Proposed Subscription	152,000	110,000
3	Repayment of borrowings	28,430	41,000
4	Working capital and contingencies	26,570	57,700
5	Defrayment of estimated expenses in relation to the Proposals	3,000	1,300
	Total	**640,000**	**640,000**

(ii) Private Placement

On 21 December 2015, MRCB's shareholders had approved a Private Placement of up to 493,019,758 new ordinary shares of RM1.00 each in the Company, representing up to twenty percent (20%) of the issued and paid up share capital of the Company ("Private Placement").

Following the approval, MRCB has issued a total of 357,318,171 new ordinary shares of RM1.00 each in 2016 in three (3) tranches:

Tranche no.	Date	No. of Placement Shares	Price per share
1	25 April 2016	100,000,000	RM1.09
2	22 August 2016	193,625,000	RM1.13
3	8 November 2016	63,693,171	RM1.26

The third tranche represents the final tranche of the entire Private Placement and the total proceeds raised from the Private Placement is RM408.05 million. The original proposed proceeds utilisation has been revised to reflect the actual total proceeds raised through the entire Private Placement.

The status of utilisation of proceeds of the Private Placement is as follows:

No.	Purpose	Original Proposed Utilisation (RM'000)	Revised Proposed Utilisation (RM'000)	Amount utilised as at 31.12.2016 (RM'000)
1	Property development activities	278,800	245,885	245,885
2	Repayment of borrowings	65,000	65,000	65,000
3	General working capital	90,272	90,272	90,272
4	Estimated expenses in relation to the Private Placement	9,000	6,893	6,893
	Total	**443,072**	**408,050**	**408,050**

2. Audit and Non-Audit Fees

(i) The amount of audit fees paid or payable to the external auditors, PricewaterhouseCoppers ("PwC"), for services rendered to the Company and the Group for the financial year ended 31 December 2016 amounted to RM970,000 and RM195,000 respectively.

(ii) The amount of non-audit fees paid or payable to PwC and corporation affiliated to PwC for services rendered to the Company and the Group for the financial year 2016 were RM1,805,000 and RM645,000 respectively, detail as follows:

	Description	Group (RM'000)	Company (RM'000)
(i)	Provision of Taxation Services by PricewaterhouseCoopers Taxation Sdn Bhd ("PwC Tax")	657	108
(ii)	Provision of Consultation/Advisory/Financial Advisory Services by PwC, PwC Tax, PricewaterhouseCoopers Capital Sdn Bhd and PricewaterhouseCoopers Advisory Services Sdn Bhd in relation to corporate exercises	1,148	537
	Total	**1,805**	**645**

3. Material Contracts

(i) Sale and Purchase Agreement dated 28 April 2016 between Gapurna Land Sdn Bhd, a wholly-owned subsidiary of MRCB and Kejora Kinta Sdn Bhd ("KKSB") on the acquisition of two (2) adjoining parcels of land identified as Geran No. 37570 Lot No. 36 and Geran No. 37571 Lot No. 37 both of Seksyen 98, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan having a total area measuring approximately 1880.462 square meters for a total consideration of RM6.9 million.

Tan Sri Mohamad Salem Fateh Din is deemed interest by virtue of his indirect substantial shareholding in MRCB and of his and his spouse's preference shareholding in KKSB.

(ii) Project Delivery Partners Agreement dated 26 May 2016 between MRCB Builders Sdn Bhd ("MRCB Builders"), a wholly-owned subsidiary of MRCB and Kwasa Land Sdn Bhd, a wholly-owned subsidiary of Employees Provident Fund ("EPF") for the appointment of MRCB Builders as a project delivery partners in connection with the construction and completion of common infrastructures for the Majlis Bandaraya Petaling Jaya area at the Proposed Kwasa Damansara Township for a provisional fee of RM112.28 million.

EPF is the major shareholder of MRCB.

(iii) Share Sale Agreement dated 9 December 2016 between MRCB Land Sdn Bhd, a wholly-owned subsidiary of MRCB and Nusa Gapurna Development Sdn Bhd ("NGD") on the acquisition of 1,000,000 Ordinary shares of RM1.00 each representing 100% equity interest in Nilaitera Sdn Bhd ("Nilaitera") for a total cash consideration of RM24,780,100.

EPF and Gapurna Sdn Bhd ("Gapurna") are the substantial shareholders of NGD with shareholdings of 40% and 60% respectively. EPF and Gapurna are also the major shareholders of MRCB.

4. Employees' Share Option Scheme ("ESOS")

In accordance with the ESOS Bye-Laws, the aggregate maximum allocation applicable to Director and Senior Management shall not exceed 50% of the options available under the scheme. As at 31 December 2016, the actual percentage of options granted to them in aggregate was 7.22%.

The details of the options granted since the commencement of the scheme is disclosed in Note 32 of page 99 to 100 of the accompanying financial report.

MATERIAL CONTRACTS

JANUARY 2016 - DECEMBER 2016

1. **Share Sale Agreement between Malaysian Resources Corporation Berhad ("MRCB") and Ekovest Berhad**

   MRCB had on 5 February 2016, entered into a Share Sale Agreement with Ekovest Berhad for the disposal of MRCB's entire 40% equity interest in Ekovest-MRCB JV Sdn Bhd comprising of 40,000 Ordinary Shares of RM1.00 each and 2,160,000 Redeemable Preference Shares of RM0.01 each and 40% equity interest in Ekovest-MRCB Construction Sdn Bhd comprising of 800,000 Ordinary Shares of RM1.00 each for the total consideration price of RM8.5 million. The transaction has since completed on 29 April 2016.

2. **Sale and Purchase Agreement between Penang Sentral Sdn Bhd and Federal Land Commissioner**

   Penang Sentral Sdn Bhd ("PSSB") a wholly-owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB") had entered into a Sale and Purchase Agreement dated 19 February 2016 for the acquisition of two (2) parcels of land identified as Lot No. 62 H.S.(D) No. 13404 and P.T. No. 333, H.S.(D) No. 13256 both of Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang having a total area measuring approximately 79,876 square feet for a total consideration price of RM8.32 million. The transaction has since completed on 22 February 2016.

3. **Sale and Purchase Agreement between Kejora Kinta Sdn Bhd and Gapurna Land Sdn Bhd**

   Gapurna Land Sdn Bhd a wholly-owned subsidiary of Malaysian Resources Corporation Berhad had on 28 April 2016 entered into a Sale and Purchase Agreement with Kejora Kinta Sdn Bhd for the acquisition of two (2) parcels of land identified as Geran No. 37570 Lot No. 36 and Geran No. 37571 Lot No. 37 both of Seksyen 98, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan having a total area measuring approximately 1880.462 square metres for a total consideration price of RM6.9 million. The transaction has since completed on 13 July 2016.

4. **Project Delivery Partner Agreement between MRCB Builders Sdn Bhd and Kwasa Land Sdn Bhd**

   MRCB Builders Sdn Bhd a wholly-owned subsidiary of Malaysian Resources Corporation Berhad had on 26 May 2016 entered into a Project Delivery Partner Agreement ("PDP Agreement") with Kwasa Land Sdn Bhd for the appointment of MRCB Builders Sdn Bhd as a project delivery partner in connection with the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township located on a piece of land (formerly known as Rubber Research Institute Malaysia land) in Sungai Buluh measuring approximately 2,330.42 acres for a provisional fee of RM112.28 million (excluding 6% Goods and Service Tax and reimbursable costs).

5. **Sale and Purchase Agreement between MRCB Putra Sdn Bhd and Pertubuhan Keselamatan Sosial**

   MRCB Putra Sdn Bhd a subsidiary of Malaysian Resources Corporation Berhad had on 3 June 2016 entered into a Sale and Purchase Agreement with Pertubuhan Keselamatan Sosial for the sale of "Menara MRCB Putrajaya" to be erected on part of Lot No. 19, Geran No. 803, Presint 2, Bandar Putrajaya, District Putrajaya, Wilayah Persekutuan for the total consideration price of RM370.7 million. The transaction is still pending completion.

6. **Sale and Purchase Agreement between 348 Sentral Sdn Bhd and Maybank Trustee Berhad**

   348 Sentral Sdn Bhd a wholly-owned subsidiary of Malaysian Resources Corporation Berhad had on 30 June 2016 entered into a conditional Sale and Purchase Agreement with Maybank Trustee Berhad ("MTB") for the disposal of a 33 storey office tower known as "Menara Shell" together with five (5) storey podium and four (4) storey basement car park erected on part of freehold land held under master title Geran No. 40094, Lot 348, Section 72, Town and district of Kuala Lumpur, Wilayah Persekutuan for a total consideration price of RM640 million. The transaction has since completed on 22 December 2016.

7. **Share Sale Agreement between Malaysian Resources Corporation Berhad and Arch Angel DMC Sdn Bhd**

   Malaysian Resources Corporation Berhad ("MRCB") had on 28 July 2016 entered into a Share Sale Agreement with Arch Angel DMC Sdn Bhd ("Vendor") for the acquisition of the Vendor's entire 30% share equity equivalent to 1,500,000 Ordinary Shares in MRCB Putra Sdn Bhd for a total consideration price of RM7.13 million. The transaction has since completed on 4 August 2016.

8. **Sale and Purchase Agreement between One Sentral Park Sdn Bhd and MASS Rapid Transit Corporation Sdn Bhd**

   One Sentral Park Sdn Bhd a wholly-owned subsidiary of Malaysian Resources Corporation Berhad had on 17 November 2016 entered into a Sale and Purchase Agreement with MASS Rapid Transit Corporation Sdn Bhd for the disposal of the land identified as PN 52405, Lot 20008, Seksyen 63, Bandar Kuala Lumpur measuring approximately 4,074 square metres for the total consideration price of RM180 million. The transaction has since completed on 8 December 2016.

9. **Share Sale Agreement between MRCB Land Sdn Bhd and Nusa Gapurna Development Sdn Bhd**

   MRCB Land Sdn Bhd a wholly-owned subsidiary of Malaysian Resources Corporation Berhad had on 9 December 2016 entered into a Share Sale Agreement with Nusa Gapurna Development Sdn Bhd for the acquisition of 1,000,000 Ordinary Shares of RM1.00 each representing 100% equity interest in Nilaitera Sdn Bhd for a total cash consideration of RM24.78 million. The transaction has since completed on 19 December 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017

Total Number of Issued Share	:	2,149,320,610
Class of Shares	:	Ordinary Shares
No. of Shareholders	:	32,120
Voting Rights	:	One vote for every share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	4,194	13.06	158,981	0.01
100 to 1,000	8,379	26.09	5,066,770	0.24
1,001 to 10,000	14,913	46.43	62,044,470	2.89
10,001 to 100,000	4,042	12.58	121,228,984	5.64
100,001 to less than 5% of issued shares	588	1.83	518,827,883	24.14
5% and above of issued shares	4	0.01	1,441,993,522	67.08
TOTAL	**32,120**	**100.00**	**2,149,320,610**	**100.00**

Directors' Shareholdings

	Direct Interest		Indirect Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
1. Tan Sri Azlan Zainol	120,000	0.01	30,000^	0.00
2. Tan Sri Mohamad Salim Fateh Din	-	-	364,545,752*	16.96
3. Mohd Imran Tan Sri Mohamad Salim	-	-	-	-
4. Datuk Shahril Ridza Ridzuan	500,000	0.02	-	-
5. Hasman Yusri Yusoff	-	-	-	-
6. Jamaludin Zakaria	-	-	-	-
7. Rohaya Mohammad Yusof	-	-	-	-

* *held through Gapurna Sdn Bhd*
^ *held through Edenview Projects Sdn Bhd*

Substantial Shareholders' (5% and above)

Name of Substantial Shareholders	No. of Shares	%
Employees Provident Fund Board	728,927,897	33.91
Gapurna Sdn Bhd	364,545,752	16.96
Lembaga Tabung Haji	176,519,873	8.21
Bank Kerjasama Rakyat (M) Berhad	172,000,000	8.00

TOP 30 LARGEST SHAREHOLDERS
AS AT 31 MARCH 2017

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name	No. of Shares	%
1	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	728,927,897	33.91
2	RHB Capital Nominees (Tempatan) Sdn Bhd *RHB Islamic Bank Berhad Pledged Securities Account for Gapurna Sdn Bhd*	364,545,752	16.96
3	Lembaga Tabung Haji	174,949,773	8.14
4	Maybank Nominees (Tempatan) Sdn Bhd *Bank Kerjasama Rakyat (M) Berhad*	172,000,000	8.00
5	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	27,954,500	1.30
6	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for Citibank New York (Norges Bank 14)*	27,230,500	1.27
7	Citigroup Nominees (Asing) Sdn Bhd *CBNY For Dimensional Emerging Markets Value Fund*	14,818,800	0.69
8	Tokio Marine Life Insurance Malaysia Bhd *As Beneficial Owner (PF)*	14,116,600	0.66
9	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for Citibank New York (Norges Bank 12)*	13,081,000	0.61
10	Hong Leong Assurance Berhad *As Beneficial Owner (Life Par)*	12,973,400	0.60
11	HSBC Nominees (Asing) Sdn Bhd *Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)*	11,553,400	0.54
12	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	9,540,698	0.44
13	Citigroup Nominees (Asing) Sdn Bhd *Macquarie Bank Limited (DBU A/C)*	9,340,800	0.43
14	Cartaban Nominees (Asing) Sdn Bhd *Exempt AN For State Street Bank & Trust Company (West CLT OD67)*	9,157,756	0.43
15	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	9,133,600	0.42
16	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad (EDP 2)*	8,988,600	0.42
17	Maybank Nominees (Tempatan) Sdn Bhd *Etiqa Takaful Berhad (Family PRF EQ)*	7,969,600	0.37
18	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund*	7,941,500	0.37
19	Cartaban Nominees (Tempatan) Sdn Bhd *PAMP For Prulink Equity Fund*	7,710,000	0.36
20	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LEEF)*	7,266,100	0.34

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name	No. of Shares	%
21	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LGF)*	6,830,700	0.32
22	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for Credit Suisse (SG BR-TST-Asing)*	6,664,400	0.31
23	Citigroup Nominees (Asing) Sdn Bhd *CBNY For DFA Emerging Markets Small Cap Series*	6,098,450	0.28
24	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (Par 3)*	5,993,700	0.28
25	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB For Participating Fund*	5,404,700	0.25
26	HSBC Nominees (Asing) Sdn Bhd *Exempt AN For Bank Julius Baer & Co. Ltd. (Singapore BCH)*	5,064,066	0.24
27	CIMB Commerce Trustee Berhad *Public Focus Select Fund*	4,800,800	0.22
28	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)*	4,626,394	0.22
29	Maybank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM Maybank)*	4,404,900	0.20
30	Maybank Nominees (Tempatan) Sdn Bhd *Etiqa Insurance Berhad (Balance Fund)*	4,332,000	0.20

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2017

Number of Outstanding Warrants	: 576,519,012
Exercise Price of Warrants	: RM2.30
Exercise Period of Warrants	: 17 September 2013 to 16 September 2018
Voting Rights at Meeting of Warrant Holders	: One vote per Warrant

Distribution of Warrant Holdings

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	6,786	21.81	215,605	0.04
100 to 1,000	12,842	41.26	5,897,151	1.02
1,001 to 10,000	7,717	24.80	26,393,087	4.58
10,001 to 100,000	2,941	9.45	120,258,286	20.86
100,001 to less than 5% of issued warrant	835	2.68	359,069,860	62.28
5% and above of issued warrant	1	0.00	64,685,023	11.22
TOTAL	**31,122**	**100.00**	**576,519,012**	**100.00**

Directors' Warrant Holdings

	Direct Interest		Indirect Interest	
Name of Directors	No. of Warrants	%	No. of Warrants	%
1. Tan Sri Azlan Zainol	-	-	-	-
2. Tan Sri Mohamad Salim Fateh Din	-	-	64,685,023*	11.22
3. Mohd Imran Tan Sri Mohamad Salim	-	-	-	-
4. Datuk Shahril Ridza Ridzuan	166,667	0.03	-	-
5. Hasman Yusri Yusoff	-	-	-	-
6. Jamaludin Zakaria	-	-	-	-
7. Rohaya Mohammad Yusof	-	-	-	-

* *held thorugh Gapurna Sdn Bhd*

Substantial Warrant Holders' (5% and above)

Name of Substantial Warrant Holders	No. of Warrants	%
Gapurna Sdn Bhd	64,685,023	11.22

TOP 30 LARGEST WARRANT HOLDERS
AS AT 31 MARCH 2017

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS
(without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name	No. of Warrants	%
1	Gapurna Sdn Bhd	45,235,023	7.85
2	RHB Nominees (Tempatan) Sdn Bhd *Gapurna Sdn Bhd*	19,450,000	3.37
3	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kek Lian Lye*	7,751,000	1.34
4	Abdull Star Khan Bin Amirullah Khan	5,166,667	0.90
5	Eow Yin Kam	4,700,000	0.82
6	Punniya Moorthy A/L Ponnusamy	4,259,100	0.74
7	Chong Yeen See	3,630,700	0.63
8	Fong Tuck Seng	3,400,000	0.59
9	Lee Choy Kuan	3,272,733	0.57
10	Eow Yin Kam	3,200,000	0.56
11	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ee Kuang Ting (M07)*	3,125,400	0.54
12	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Wei De*	3,116,100	0.54
13	Low Chee Meng	3,060,000	0.53
14	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Yu Heng*	3,060,000	0.53
15	Mor Wei Lin	3,000,000	0.52
16	Johari Bin Mohamed	2,955,600	0.51
17	Ching Ping Wah	2,900,000	0.50
18	Ng Sau Chan	2,700,000	0.47
19	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Mui Keow*	2,623,500	0.46
20	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kek Lian Lye (B122584)*	2,340,200	0.41
21	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)*	2,286,033	0.40
22	Lee Chip Hwa	2,242,400	0.39
23	Foo Chong Chin	2,138,500	0.37
24	Gan See Hean	2,102,233	0.36
25	Ewe Wah Foo	2,030,000	0.35
26	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teo Chee Peng (MY1116)*	2,015,000	0.35
27	Goh Yok Tek	2,004,800	0.35
28	Lim Pak Lian	2,000,000	0.35
29	Muhammad Shah Rizall Bin Abu Hassan	2,000,000	0.35
30	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chow Kwai Ping*	2,000,000	0.35

PROPERTIES OF THE GROUP

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2016 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Kompleks Sentral - 6 storey industrial buildings/flatted factories and warehouse	33, Jalan Segambut Atas, Segambut, 51200 Kuala Lumpur, Wilayah Persekutuan.	72,098	28,110	1982	Leasehold 66 years expiring on 2.2.2044	31	Yes
Land for proposed mixed housing development	PT No. 18520, 30010, 30095, 33467, 33468, 33630-33632, 35759, 33653-33654, 37809, Lot 37855 and 37906, Mukim Kajang, District of Hulu Langat, Selangor Darul Ehsan.	31,482	3,820	1987	Freehold	-	Nil
Land for proposed condominium development	Country lease No. 015146120, Minicipality and District of Kota Kinabalu, Sabah.	11,000	0	1989	Leasehold 999 years expiring on 4.7.2918	-	Nil
Land for proposed mixed commercial development	HS(D) 79956 PT No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	12,100	13,222	1992	Leasehold 99 years expiring on 15.9.2092	-	Nil
Plaza Alam Sentral - 7 storey shopping complex	HS(D) 79956 PT No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	68,233	70,389	1992	Leasehold 99 years expiring on 15.9.2092	17	Yes
Land for proposed high-end residential development at Batu Feringghi, Penang	Lot 365, 366, 461 (PT 100), 465 and 467 (PT 102) Seksyen 1, Bandar Batu Feringghi, Daerah Timur Laut, Pulau Pinang.	13,520	28,779	2009	Freehold	-	Nil
Development land and infrastructure surrounding Kuala Lumpur Sentral station	Lot 74 Sek. 70 Mukim Bandar Kuala Lumpur, District of Kuala Lumpur, Jalan Damansara, Kuala Lumpur, Wilayah Persekutuan.	23,080	513,068	1999	Freehold	-	Nil
Industrial land	Plot No. 143 & 145, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	18,210	6,269	1997	Freehold	-	Nil
4 storey shop office	Sub Lot 4, 5 & 6 HS(D) 49729, Lot PT 33487, Taman Kajang Utama, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan.	1,485	956	1999	Freehold	17	Nil

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2016 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
2 storey shop office	Lot 55, HS (D) No. 6101, PT No. 7709 within Phase 1A of Dataran Iskandar, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	156	171	2005	Leasehold 99 years expiring on 18.3.2102	14	Nil
Several parcels of land for proposed mixed development	Lot 1210-1241, Lot 1271-1393, Lot 1399-1494, PT 721-763, PT 1008, 1009, PT 1011, 2997, PT 3030-3049, PT 3080, KM 36, Jalan Ipoh Lumut, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzuan.	122,574	37,999	2001, 2002, 2009 & 2010	Leasehold 99 years expiring between 13.3.2100 to 18.10.2109	-	Nil
Plaza Sentral corporate office suite	Suite 1B-G-1, Suite 1B-3-1, Suite 1B-3-2, Block 1B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Wilayah Persekutuan.	759	2,062	2008	Freehold	9	Nil
Ascott Sentral - 21 storey block of service residence apartments	Geran 40094, Lot 348, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	23,597	86,359	2007	Freehold	3	Nil
Land for proposed mixed development	Lot 200360, 200361 and 200362, Along Jalan Sultan Yahya Petra (Jalan Semarak), Mukim of Setapak, District of Kuala Lumpur.	111,195	195,433	2011	Leasehold 99 years expiring on 4.7.2110	-	Yes
Commercial land for 32 storey office building and 3 storey basement car park	HSD 277413, Lot PT11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	8,336	328,251	2013	Leasehold 99 years expiring on 10.11.2110	-	Yes
Land for proposed development	GRN 163848, Lot 50700, Town of Subang Jaya, District of Petaling, Selangor Darul Ehsan.	12,947	60,187	2013	Freehold	-	Nil

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2016 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
Land for proposed mixed development	PT 86-87 & PT 9382, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	37,503	81,974	2013	Leasehold 99 years expiring on 11.5.2113	-	Yes
Land for proposed mixed development	PT 36 & 37, Section 98, Off Jalan Klang Lama, Town of Kuala Lumpur, Wilayah Persekutuan.	1,880	7,563	2016	Freehold	-	No
Land for proposed mixed development	Lot 12 Section 26, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan.	18,702	206,986	2010	Leasehold 99 years expiring on 9.2.2108	-	Nil
Land for proposed development of two blocks of four and five storey residential buildings	391, 393-399, Burwood Highway, 59 & 61 Middleborough Road, Burwood 3125, Melbourne, Australia.	5,025	121,622	2009	Freehold	-	Yes
Land for proposed commercial office and serviced apartment with car park	HS(D) 93833, PT 27759, Bukit Rahman Putra, Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.	18,421	46,269	2014	Freehold	-	Yes
Land for proposed residential development – Terrace house	HS(D) 95375, PT 29301, HS(D) 316023 – 316069, PT 12948 - 12994 Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.	22,293	24,803	2014	Freehold	-	Yes
Land for proposed residential development – Condominium	HS(D) 93832, PT 27758, Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.	16,647	17,843	2014	Freehold	-	Yes
Land for proposed residential development – Service apartment	Geran 34211, Lot 94 Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	7,552	268,913	2015	Freehold	-	Yes
Land for proposed mixed development	HS(M) 463, PTD 18877, HS(M) 464, PTD 18878, HS(M) 466, PTD 18879, HS(M) 467, PTD 18880, GM793, Lot 799, Mukim Pulai, District of Johor Bahru, Johor.	273,244	77,358	2015	Freehold	-	Yes

Description/ Existing Use	Location	Area (Sq. Metres)	Net Book Value as at 31/12/2016 (RM'000)	Date of Acquisition/ Valuation	Tenure	Age of Building (Years)	Encumbrance
2 units of single storey warehouse	Plot No. 143, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,490	888	2014	Freehold	3	Nil
Land for proposed development of service apartment	PT 712 Seksyen 4, Bandar Betterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
Land under development for Bus terminal, Retail Mall & Hotel	Lot 235-238, Lot 389-391, Lot 776-789, 2211, Holding No.1020, Holding No.1052, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Yes
	PT 711 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.	61,021	294,572	2013/ 2014/ 2016	Freehold	-	Nil
	Lot 692 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Leasehold 60 years expiring on 15.7.2070	-	Yes
	PT 698 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Leasehold 60 years expiring on 27.9.2069	-	Yes
	PT 709 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Leasehold 99 years expiring on 26.2.2111	-	Yes
Land for proposed development of service apartment	Lot 62, Seksyen 4 Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land for proposed development of service apartment	Lot PT333, Seksyen 4 Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang.				Freehold	-	Nil
Land for proposed development of three blocks of service apartments and retail	Lot PT 32, Section 72 Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur.	19,208	193,873	2016	Leasehold 99 years expiring on 25.9.2115	-	Yes

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting ("AGM") of Malaysian Resources Corporation Berhad ("MRCB" or "the Company") will be held at Mahkota Ballroom II, BR Level, Hotel Istana Kuala Lumpur City Centre, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 6 June 2017 at 10.30 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Statutory Financial Statements of the Company for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon.

2. To approve a first and final single tier dividend of 2.75% or 2.75 sen per ordinary share for the financial year ended 31 December 2016. **Resolution 1**

3. To re-elect the following Directors who will retire pursuant to Articles 101 and 102 of the Company's Articles of Association, and being eligible have offered themselves for re-election:
   (i) Tan Sri Mohamad Salim Fateh Din **Resolution 2**
   (ii) Rohaya Mohammad Yusof **Resolution 3**

4. To approve the Directors' Fees of RM952,459 for the financial year ended 31 December 2016. (2015: RM1,000,548). **Resolution 4**

5. To approve the benefits extended to the Non-Executive Directors of the Company, as detailed out in Note 5 of the explanatory notes, from 1 January 2017 until the next AGM of the Company. **Resolution 5**

6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

Special Business

To consider and if thought fit, to pass with or without any modification the following ordinary resolutions:

7. Grant of Options to Tan Sri Mohamad Salim Fateh Din **Resolution 7**

   "THAT the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant to Tan Sri Mohamad Salim Fateh Din, the Group Managing Director of the Company, new options to subscribe for up to 750,000 new ordinary shares of the Company under the Employees' Share Option Scheme ("ESOS") subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provision of the Bye-Laws of MRCB Group ESOS ("the Bye-Laws")."

8. Grant of Options to Mohd Imran Tan Sri Mohamad Salim **Resolution 8**

   "THAT the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant to Mohd Imran Tan Sri Mohamad Salim, the Executive Director of the Company, new options to subscribe for up to 562,500 new ordinary shares of the Company under the ESOS subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws."

9. Grant of Options to Nor Izzati Tan Sri Mohamad Salim **Resolution 9**

   "THAT the Board of Directors of the Company be and is hereby authorised at any time and from time to time to offer and to grant to Nor Izzati Tan Sri Mohamad Salim, a person related to the Group Managing Director and the Executive Director, new options to subscribe for up to 131,250 new ordinary shares of the Company under the ESOS subject always to such terms and conditions and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws."

10. Proposed Renewal of Share Buy-Back Authority **Resolution 10**

    "THAT, subject to the provisions of the Companies Act, 2016, the Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable laws, regulations and guidelines, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital for the time being of the Company and an amount not exceeding the retained profits of the Company be allocated by the Company for the Proposed Share Buy-Back;

    THAT at the discretion of the Directors, upon such purchase by the Company of its own shares, the purchased shares will be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Securities;

    THAT the directors be and are hereby empowered to do all acts and things and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by any relevant authorities;

    AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue to be in force until:-
    (i) the conclusion of the next AGM of the Company at which time it will lapse, unless the authority is renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
    (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
    (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

    whichever occurs first but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of Main Market Listing Requirements of Bursa Securities or any other relevant authorities."

11. To transact any other ordinary business for which due notice has been received.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 46th AGM, a first and final single tier dividend of 2.75% or 2.75 sen per ordinary share for the financial year ended 31 December 2016 will be paid on 18 August 2017 to Depositors whose names appear in the Record of Depositors on 21 July 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 21 July 2017 in respect of transfers;
b. Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 19 July 2017 in respect of shares exempted from mandatory deposit; and
c. Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

MOHD NOOR RAHIM YAHAYA
(MAICSA 0866820)
Company Secretary

Kuala Lumpur
28 April 2017

Notes:

1. Only members whose names appear in the Record of Depositors on 31 May 2017 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the AGM.

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. Duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2016

The Audited Financial Statements under Agenda 1 is meant for discussion only as it does not require shareholders' approval pursuant to Section 340(1)(a) of the Companies Act ("CA") 2016 and therefore, it will not be put for voting.

2. Final Dividend

Pursuant to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 27 February 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 18 August 2017 in accordance with the requirements under Section 132(2) and (3) of the CA 2016.

3. Re-election of Directors who retire in accordance with Articles 101 and 102 of the Company's Articles of Association ("AA")

Articles 101 and 102 of the AA provides that one-third (1/3) of the Directors for the time being shall retire by rotation at the AGM of the Company. With the current Board size of seven (7), two (2) Directors are to retire in accordance with Articles 101 and 102 of the AA.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 46th AGM, the Nomination and Remuneration Committee ("NRC") has considered the following:
(i) The performance and contribution of each of the Directors
(ii) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities.

The Board approved the NRC's recommendation that the Directors who retire in accordance with Articles 101 and 102 of the AA are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

The profiles of Directors seeking re-election at the 46th AGM are set out in the Profile of Directors' section of the Company's Annual Report 2016.

4. Payment of Non-Executive Directors' Fee

The proposed fees to be paid to Non-Executive Directors ("NEDs") from this AGM to the next AGM of the Company is based on the following fee structure approved by the shareholders at the previous AGM:

Board	Annual Fee (RM)	Date of Shareholders' Approval
Chairman	200,000	Approved at the 45th AGM held on 31 May 2016
Member	150,000	Approved at the 45th AGM held on 31 May 2016

5. ***Benefits Payable to NEDs***

The benefits comprise allowances, benefits in kind and other emoluments payable to the NEDs, details of which are as follows:

Benefit	Description	Amount
Monthly Fixed Allowance*	Chairman of the Board Chairman of Executive Committee Chairman of Audit Committee Chairman of Nomination and Remuneration Committee Chairman of ESOS/LTIP Committee Members of the Board/Committees of the Board * *Each Director will be entitled to the highest monthly fixed allowance only*	RM10,000 per month RM10,000 per month RM2,000 per month RM2,000 per month RM2,000 per month RM1,500 per month
Meeting Allowance	Chairman of the Board/Committee Member of the Board/Committee	RM4,000 per meeting RM3,000 per meeting
Other Benefits	Monthly subscription of club membership Insurance coverage for Medical, Group Personal Accident and Group Term Life Staff discount of 7% for purchase of properties developed by MRCB Group Other claimable benefits	

6. ***Proposed Grant of Options to Tan Sri Mohamad Salim Fateh Din, Mohd Imran Tan Sri Mohamad Salim and Nor Izzati Tan Sri Mohamad Salim***

The Proposed Grant is made pursuant to the Company's Employees Share Option Scheme ("ESOS") which had been approved by the shareholders at the Extraordinary General Meeting held on 29 May 2007. The ESOS of the Company expired on 30 October 2012 and was extended by another 5 years to 30 October 2017.

i) Tan Sri Mohamad Salim Fateh Din was appointed as the Group Managing Director on 2 September 2013 and is entitled to participate in the ESOS;
ii) Mohd Imran Tan Sri Mohamad Salim was appointed as the Executive Director on 1 March 2015 and is entitled to participate in the ESOS; and
iii) Nor Izzati Tan Sri Mohamad Salim, a person related to the Group Managing Director and Executive Director, is the Project Director of MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary of the Company and is entitled to participate in the ESOS.

Accordingly, Tan Sri Mohamad Salim Fateh Din, Mohd Imran Tan Sri Mohamad Salim and Nor Izzati Tan Sri Mohamad Salim have abstained and will also ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on Resolutions 7, 8 and 9 to approve the Proposed Grant.

7. ***Proposed Renewal of Share Buy-Back Authority***

The proposed ordinary resolutions, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten (10) percent of the issued and paid-up share capital of the Company being quoted on Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company.

For further information, please refer to the Share Buy-Back Statement dated 28 April 2017, which is dispatched together with the Annual Report 2016.

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PROXY FORM

(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 proxy to attend and vote for me/us on my/our behalf at the 46th Annual General Meeting 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 Tuesday, 6 June 2017 at 10.30 a.m. and at any adjournment thereof.

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

No	Resolution	For	Against
1	To approve a First and Final Single Tier Dividend of 2.75% or 2.75 sen per ordinary share in respect of the financial year ended 31 December 2016		
	To re-elect the following Directors under Articles 101 and 102:		
2	Tan Sri Mohamad Salim Fateh Din		
3	Rohaya Mohammad Yusof		
4	To approve the Directors' Fees of RM952,459 for the financial year ended 31 December 2016 (2015: RM1,000,548)		
5	To approve the benefits extended to the Non-Executive Directors of the Company, as detailed out in Note 5 of the explanatory notes, from 1 January 2017 until the next AGM of the Company.		
6	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration		
	To grant options under the ESOS to the following employees:		
7	Tan Sri Mohamad Salim Fateh Din		
8	Mohd Imran Tan Sri Mohamad Salim		
9	Nor Izzati Tan Sri Mohamad Salim		
10	To approve the Proposed Renewal of Share Buy-Back Authority		

Dated this _______ day of _________________ 2017

____

Signature of Shareholder

*** DELETE IF NOT APPLICABLE**

Notes:

Proxy

1. Only members whose names appear in the Record of Depositors on 31 May 2017 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the Annual General Meeting.
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. Duly completed Proxy Form must be deposited at **Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than 24 hours before the time set for holding the meeting or any adjournment thereof.

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STAMP

SYMPHONY SHARE REGISTRARS SDN BHD (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold here

MALAYSIAN RESOURCES CORPORATION BERHAD
(7994-D)

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