PROPOSED ACQUISITION OF THREE (3) PARCELS OF LAND WITH DEVELOPMENT POTENTIAL FROM DATUK BANDAR KUALA LUMPUR BY METRO SPECTACULAR SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM335.5 MILLION (“PROPOSED LAND ACQUISITION”)

1. INTRODUCTION

Malaysian Resources Corporation Berhad ("MRCB" or "Company") is pleased to announce that Metro Spectacular Sdn Bhd ("Metro Spectacular" or "Purchaser"), a 51% owned subsidiary of MRCB Land Sdn Bhd ("MRCB Land"), which in turn is a wholly-owned subsidiary of the Company, had today entered into a Sale and Purchase Agreement ("SPA") with Datuk Bandar Kuala Lumpur ("Datuk Bandar" or "Vendor") for the acquisition of three (3) parcels of land measuring approximately 40,720.5 square metres in total, all situated in the District of Kuala Lumpur ("the Land") for a total cash consideration of RM335.5 million ("Purchase Price").

2. DETAILS OF THE LAND

The brief details of the Land to be acquired are set out below:

<table>
<thead>
<tr>
<th>Land 1</th>
<th>Land 2</th>
<th>Land 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title No.</td>
<td>H.S.(D) 39260, PT184</td>
<td>PN 49755, Lot 20000,</td>
</tr>
<tr>
<td>Land Area</td>
<td>20,491.603 sq metres</td>
<td>2,240 sq metres</td>
</tr>
<tr>
<td>Category of Land Use (as per title for the Land)</td>
<td>&quot;Bangunan&quot;</td>
<td>&quot;Bangunan&quot;</td>
</tr>
<tr>
<td>Tenure</td>
<td>Leasehold of 99 years expiring on 26th May 2080</td>
<td>Leasehold of 99 years expiring on 29th November 2109</td>
</tr>
<tr>
<td>Registered Owner</td>
<td>Datuk Bandar Kuala Lumpur</td>
<td></td>
</tr>
<tr>
<td>Restriction in Interest</td>
<td>“The land hereby alienated shall not be transferred, charged or leased without the consent of the Ruler in Council”</td>
<td></td>
</tr>
<tr>
<td>Encumbrances</td>
<td>Nil</td>
<td></td>
</tr>
</tbody>
</table>

The Land which are currently owned by Datuk Bandar is located within the locality of Jalan Putra, Kuala Lumpur. It is situated approximately 4 kilometres to the north of Kuala Lumpur city centre.

The Land is bound by main access roads, such as Jalan Putra, Jalan Tun Ismail, Jalan Tun Razak and Jalan Kuching, rendering easy access from multiple directions.
3. INFORMATION ON METRO SPECTACULAR

Metro Spectacular was incorporated in Malaysia on 14 April 2015 as a private limited company. As at to-date, the paid-up share capital of Metro Spectacular is RM100,000 comprising 100,000 ordinary shares and its shareholders are as follows:

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRCB Land</td>
<td>51,000</td>
<td>51.0</td>
</tr>
<tr>
<td>URP City Sdn Bhd</td>
<td>49,000</td>
<td>49.0</td>
</tr>
</tbody>
</table>

4. DETAILS OF THE ACQUISITION

4.1 Purchase Consideration

The purchase consideration of RM335.5 million was arrived at on an “as is where is” basis, free from all encumbrances and with vacant possession after taking into consideration, inter alia, the development potential and prospects of the Land.

The Proposed Land Acquisition will be financed via a combination of internally generated funds and/or external borrowings.

There is no liabilities to be assumed by Metro Spectacular arising from the Proposed Land Acquisition.

4.2 Salient terms of the SPA

The salient terms of the SPA include, amongst others, the following:

(i) The total Purchase Price for the Land is RM335.5 million excluding 6% goods and service tax (“GST”) which comprises of:

- RM169,400,000.00 for Land 1 and Land 2; and
- RM166,100,000.00 for Land 3

The Purchaser had paid a deposit of RM33.55 million (excluding GST) to Datuk Bandar and the balance Purchase Price amounting to RM301,950,000 (excluding GST) shall be paid by Metro Spectacular to Datuk Bandar within 3 months from the receipt of the consent from the Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur (“State Authority”) to transfer Land 1 and Land 2 to Metro Spectacular.

(ii) The Proposed Land Acquisition is subject to and conditional upon the consent of the State Authority to transfer Land 1 and Land 2 pursuant to the restriction in interest endorsed on the issue document of title of Land 1 and Land 2. Datuk Bandar shall submit the application to the appropriate authority to obtain the consent of the State Authority within fourteen (14) days from the date of receipt of all documents from the Purchaser or the Purchaser’s solicitor.

5. RATIONALE AND PROSPECTS

The Proposed Land Acquisition is in line with MRCB’s growth strategy to increase the Company’s landbank with suitable land in order to sustain its core business as a property development, engineering and construction company.

The strategic location of the Land and connectivity to public transport infrastructure has made it a sought after address in Kuala Lumpur. The Board is confident of the prospects of the Land after taking into consideration the scarcity of prime land in Kuala Lumpur for sizeable commercial development.
6. **RISK FACTORS**

6.1 **Business Risk**

The Proposed Land Acquisition is subject to inherent risk factors associated with the property development industry such as changes in demand conditions, ability to secure the relevant approvals from the various authorities for the development of the land, fluctuation in building material prices, shortage of manpower in the construction industry and changes in lifestyle which may affect the product type and mix. Nevertheless, with MRCB’s past experience in property development, the Board will use its best endeavours to ensure that such risks are mitigated.

6.2 **Financing Risk**

Any borrowings would expose the Company to interest rate and debt servicing risks while any utilisation of internal funds may result in a reduction of funds available for working capital purposes. The Board will endeavour to manage its cash flow position and funding requirements prudently.

7. **EFFECTS OF THE PROPOSED LAND ACQUISITION**

7.1 **Issued share capital and substantial shareholders’ shareholdings**

The Proposed Land Acquisition will not have any effect on the issued and paid-up share capital as well as the substantial shareholders’ shareholdings in MRCB as the acquisition does not involve issuance of shares.

7.2 **Earnings and earnings per share**

The Proposed Land Acquisition is not expected to have any material effect on the earnings and earnings per share of MRCB Group for the financial year ending 31 December 2017.

7.3 **Net assets per share and gearing**

The Proposed Land Acquisition will not have any material effect on the net assets per share. However, the gearing of MRCB Group for the financial year ending 31 December 2017 is expected to increase by the amount of loan the Group may secure to finance the Proposed Land Acquisition.

8. **ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Land Acquisition is expected to be completed by the 4th quarter of 2017.

9. **PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Land Acquisition pursuant to Chapter 10 of the Main Listing Requirements of Bursa Malaysia Securities Berhad is 11.47%.

10. **APPROVALS REQUIRED**

The Proposed Land Acquisition is not subject to the approval of the shareholders of MRCB.
11. **DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS**

   None of the Directors and major shareholders of MRCB and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Land Acquisition.

12. **BOARD OF DIRECTORS’ STATEMENT**

   The Board, having considered all aspects of the Proposed Land Acquisition including the rationale and effects of the Proposed Land Acquisition and after careful deliberation, is of the opinion that the Proposed Land Acquisition is in the best interest of MRCB.

13. **DOCUMENTS AVAILABLE FOR INSPECTION**

   A copy of the SPA and the valuation report are available for inspection at the registered office of MRCB during office hours from Mondays to Fridays (except for public holidays) at Level 33A, Menara NU 2, 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur for a period of 3 months from the date of this announcement.