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MITRAJAYA HOLDINGS BERHAD

(Company No.: 268257-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 157,447,598 NEW ORDINARY SHARES IN MITRAJAYA HOLDINGS BERHAD ("MHB") ("MHB SHARE(S)" OR "SHARE(S)" ("RIGHTS SHARE(S)")) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING MHB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, TOGETHER WITH UP TO 78,723,799 FREE DETACHABLE WARRANTS ("WARRANT(S) E") AND AN ATTACHED BONUS ISSUE OF UP TO 78,723,799 NEW MHB SHARES ("BONUS SHARE(S)")) ON THE BASIS OF ONE (1) WARRANT E AND ONE (1) BONUS SHARE FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED ("PROPOSED RIGHTS ISSUE")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad
(Company No.: 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting of MHB ("EGM") which is scheduled to be held at Mitrajaya Training Room, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor, Malaysia on Monday, 12 February 2018 at 10.00 a.m., together with the Form of Proxy are enclosed in this Circular.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/ her behalf. In such event, you must lodge the Form of Proxy at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the EGM as indicated below. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 10 February 2018 at 10.00 a.m.

Date and time of the EGM : Monday, 12 February 2018 at 10.00 a.m.

This Circular is dated 26 January 2018

DEFINITIONS

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

"Act"	: The Companies Act 2016
"Additional Warrants D"	: Additional Warrants D to be issued pursuant to the adjustments in accordance with the provisions of the deed poll dated 3 July 2015 as a consequence of the Proposed Rights Issue
"AmInvestment Bank" or "Principal Adviser"	: AmInvestment Bank Berhad
"Application"	: Application to Bursa Securities on 12 December 2017 in relation to the Proposed Rights Issue, as set out in Section 7(i) of this Circular
"Board"	: Board of Directors of the Company
"Bonus Shares"	: Up to 78,723,799 new MHB Shares to be capitalised from the reserves of MHB and credited as fully paid-up to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for their entitlement to the Rights Shares pursuant to the Proposed Rights Issue
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Deed Poll"	: The deed poll to be executed by the Company, constituting the Warrants E
"Director(s)"	: The director(s) of MHB and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
"EGM"	: Extraordinary General Meeting
"Entitled Shareholder(s)"	: The shareholders of MHB whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	: The date as at the close of business (to be determined and announced later by the Board) on which shareholders of MHB must be registered as a member and whose names appear on the Records of Depositors in order to participate in the Proposed Rights Issue
"EPS"	: Earnings per Share
"ESOS"	: The employees' share option scheme of MHB, which came into effect on 23 June 2015
"ESOS Option(s)"	: The options granted pursuant to the existing ESOS of MHB. Each ESOS Option provides the right to the grantees to subscribe for one (1) new MHB Share during the five (5)-year exercise period up to 23 July 2020 with an option of extension for a further period of five (5) years
"FPE"	: Financial period ended
"FYE"	: Financial year ended
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities

DEFINITIONS (CONT'D)

“LPD”	: 23 January 2018, being the latest practicable date prior to the printing and despatch of this Circular
“MHB” or the “Company”	: Mitrajaya Holdings Berhad
“MHB Group” or the “Group”	: MHB and its subsidiary companies, collectively
“MHB Share(s)” or “Share(s)”	: Ordinary share(s) in MHB
“Maximum Scenario”	: Assuming all the existing treasury shares have been resold in the open market at the respective acquisition prices, all the outstanding Warrants D as well as the ESOS Options are exercised prior to the Entitlement Date
“Minimum Scenario”	: Assuming all the existing treasury shares are retained by the Company, none of the outstanding Warrants D as well as the ESOS Options are exercised prior to the Entitlement Date
“NA”	: Net assets
“PBT”	: Profit before tax
“PMSB”	: Pembinaan Mitrajaya Sdn Bhd, a wholly-owned subsidiary company of MHB
“Proposed Rights Issue”	: The proposed renounceable rights issue of up to 157,447,598 Rights Shares on the basis of one (1) Rights Share for every five (5) existing MHB Shares held on the Entitlement Date, together with up to 78,723,799 Warrants E and an attached bonus issue of up to 78,723,799 Bonus Shares on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Depository
“Rights Share(s)”	: Up to 157,447,598 new MHB Shares to be issued pursuant to the Proposed Rights Issue
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Rules”	: Rules on Take-overs, Mergers and Compulsory Acquisitions
“TEAP”	: Theoretical ex-all price
“WAMP”	: Weighted average market price
“Warrant(s) D”	: 68,566,777 outstanding Warrants 2015/ 2020 in MHB as at the LPD, constituted by the deed poll dated 3 July 2015. Each Warrant D carries the right to subscribe for one (1) new MHB Share during its five (5)-year exercise period up to 23 August 2020
“Warrant(s) E”	: Up to 78,723,799 free detachable warrants to be issued pursuant to the Proposed Rights Issue
“ZAR”	: South African Rand

DEFINITIONS (CONT'D)

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

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MITRAJAYA HOLDINGS BERHAD

(Company No.: 268257-T)
(Incorporated in Malaysia)

Registered Office

No.9, Block D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan
Malaysia

26 January 2018

Board of Directors

General Tan Sri Ismail Bin Hassan (R) (*Independent Non-Executive Chairman*)
Tan Eng Piow (*Group Managing Director*)
Foo Chek Lee (*Executive Director*)
Cho Wai Ling (*Executive Director*)
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim (*Independent Non-Executive Director*)
Ir Zakaria Bin Nanyan (*Independent Non-Executive Director*)
Roland Kenneth Selvanayagam (*Independent Non-Executive Director*)

To: The Shareholders of MHB

Dear Sir/ Madam,

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 157,447,598 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING MHB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, TOGETHER WITH UP TO 78,723,799 WARRANTS E AND AN ATTACHED BONUS ISSUE OF UP TO 78,723,799 BONUS SHARES ON THE BASIS OF ONE (1) WARRANT E AND ONE (1) BONUS SHARE FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED

1. INTRODUCTION

On 13 October 2017, AmlInvestment Bank had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Rights Issue.

On 23 January 2018, AmlInvestment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 22 January 2018, resolved to approve the following:-

- a) listing of and quotation for up to 157,483,898 Rights Shares to be issued pursuant to the Proposed Rights Issue;
- b) listing of and quotation for up to 78,741,949 Bonus Shares to be issued pursuant to the Proposed Rights Issue;
- c) admission to the Official List and listing of and quotation for up to 78,741,949 Warrants E pursuant to the Proposed Rights Issue;

- d) listing of and quotation for up to 11,656,352 Additional Warrants D to be issued pursuant to the adjustments pursuant to the Proposed Rights Issue;
- e) listing of and quotation for up to 78,741,949 ordinary shares to be issued arising from the exercise of the Warrants E; and
- f) listing of and quotation for up to 11,656,352 ordinary shares to be issued arising from the exercise of the Additional Warrants D;

on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF MHB WITH THE RELEVANT INFORMATION ON THE PROPOSED RIGHTS ISSUE, AS WELL AS TO SEEK THE APPROVAL FROM THE SHAREHOLDERS OF MHB FOR THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS OF MHB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED RIGHTS ISSUE

2.1 Basis and quantum

The Proposed Rights Issue entails an issuance of up to 157,447,598 Rights Shares, on the basis of one (1) Rights Share for every five (5) existing MHB Shares held on the Entitlement Date, together with up to 78,723,799 Warrants E and an attached bonus issue of up to 78,723,799 Bonus Shares on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed.

For illustrative purposes, the entitlement under the Proposed Rights Issue for an Entitled Shareholder who holds 100 MHB Shares as at the Entitlement Date is as follows:-

Assumed no. of MHB Shares held as at the Entitlement Date	<-----Entitlement----->		
	No. of Rights Shares	No. of Warrants E⁽¹⁾	No. of Bonus Shares⁽¹⁾
100	20	10	10

Note:-

⁽¹⁾ *The Warrants E and the Bonus Shares shall only be issued to the Entitled Shareholders and/ or their renouncee(s) who subscribe for the Rights Shares.*

The Proposed Rights Issue is to be undertaken on a full subscription basis. The actual issue size pursuant to the Proposed Rights Issue will depend on the issued share capital of the Company as at the Entitlement Date.

The maximum number of the 157,447,598 Rights Shares, 78,723,799 Warrants E and 78,723,799 Bonus Shares were arrived at based on the issued share capital of MHB as at the LPD of 689,481,413 MHB Shares (including 590,000 treasury shares) and assuming the following events take place prior to the Entitlement Date:-

- (i) all the 590,000 treasury shares held by the Company as at the LPD are resold in the open market at their respective acquisition prices;
- (ii) all the outstanding 68,566,777 Warrants D and the outstanding 29,189,800 ESOS Options as at the LPD are exercised; and
- (iii) no further grant of ESOS Options from the LPD up to the Entitlement Date.

The table below illustrates the Minimum Scenario and Maximum Scenario:-

	Minimum Scenario	Maximum Scenario
	No. of MHB Shares	No. of MHB Shares
Existing number of shares in issue as at the LPD (excluding treasury shares)	688,891,413	688,891,413
Assuming all treasury shares are resold in the open market	-	590,000
Shares to be issued upon full exercise of the outstanding Warrants D	-	68,566,777
Shares to be issued upon full exercise of the outstanding ESOS Options	-	29,189,800
Sub-total	688,891,413	787,237,990
Rights Shares to be issued pursuant to the Proposed Rights Issue	137,778,282	157,447,598
Bonus Shares to be issued pursuant to the Proposed Rights Issue	68,889,141	78,723,799
Shares to be issued upon full exercise of Warrants E	68,889,141	78,723,799
Enlarged number of shares in issue after the Proposed Rights Issue (excluding treasury shares in the Minimum Scenario)	964,447,977	1,102,133,186

The Warrants E will be immediately detachable from the Rights Shares upon issuance and will be traded separately. The Warrants E will be issued in registered form and constituted by the Deed Poll.

For avoidance of doubt, the Warrants E and the Bonus Shares shall only be issued to the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares pursuant to the Proposed Rights Issue. The Proposed Rights Issue is renounceable in full or in part. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants E and the Bonus Shares to be issued together with the Rights Shares. If the Entitled Shareholders decide to subscribe only part of their Rights Shares entitlements, they shall then be entitled to the Warrants E and the Bonus Shares in the proportion of their subscription of their Rights Shares entitlements.

Any unsubscribed Rights Shares together with the Warrants E and the Bonus Shares will be made available to other Entitled Shareholders and/ or their renounee(s) under the excess application. Fractional entitlements of the Rights Shares, the Warrants E and the Bonus Shares arising from the Proposed Rights Issue, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and in the best interest of the Company.

2.2 Basis of determining and justification for the issue price of the Rights Shares

The issue price of the Rights Shares shall be determined and fixed by the Board at a later date after obtaining all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration the following:-

- (i) the TEAP of MHB Shares based on the five (5)-day WAMP of MHB Shares immediately preceding the price-fixing date;
- (ii) prevailing market conditions which include, amongst others, market sentiment and performance of the equity market of Malaysia; and
- (iii) the funding requirements of MHB as set out in Section 2.10 of this Circular.

For illustrative purposes only, the Rights Shares are assumed to be issued at an issue price of RM0.68 each, which represents a discount of approximately 20.93% to the TEAP of MHB Shares of RM0.86 calculated based on the five (5)-day WAMP of MHB Shares up to and including the LPD of RM0.979.

2.3 Basis of determining and justification for the exercise price of the Warrants E

The Warrants E will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares.

The exercise price of the Warrants E will be determined and fixed by the Board at a later date after obtaining all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration the TEAP of MHB Shares based on the five (5)-day WAMP of MHB Shares immediately preceding the price-fixing date.

For illustrative purposes only, the Warrants E are assumed to be exercised at an exercise price of RM0.97 each, which represents a premium of approximately 12.79% to the TEAP of MHB Shares of RM0.86 calculated based on the five (5)-day WAMP of MHB Shares up to and including the LPD of RM0.979.

2.4 Basis of determining and justification for the issue price of the Bonus Shares

The Bonus Shares will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares.

Notwithstanding the above, for information purposes, each Bonus Share will be issued and credited as fully paid at the last known par value of MHB Shares of RM0.50 each prior to the enforcement of the Act by utilising the share premium and retained profits account.

2.5 Shareholder's undertaking and underwriting agreement

The Proposed Rights Issue is intended to be undertaken on a full subscription basis after taking into consideration the level of funds that the Company wishes to raise from the Proposed Rights Issue which will be channeled towards the proposed utilisation of proceeds as set out in Section 2.10 of this Circular.

A major shareholder of MHB, namely Tan Eng Piow, had vide his letter dated 7 December 2017, provided his irrevocable and unconditional undertaking to subscribe in full for his entitlement under the Proposed Rights Issue based on his shareholding as at the Entitlement Date ("**Shareholder's Undertaking**").

A summary of the Shareholder's Undertaking based on the shareholding as at the LPD is set out below:-

	Shareholding as at the LPD		<-----Entitlement/ Undertaking----->			
	No. of Shares	% ⁽¹⁾	Minimum Scenario		Maximum Scenario	
			No. of Rights Shares	% ⁽²⁾	No. of Rights Shares	% ⁽²⁾
Tan Eng Piow	281,845,073	40.91	56,369,014	40.91	60,987,780	38.73

Notes:-

⁽¹⁾ Computed based on the issued share capital of MHB as at the LPD (excluding treasury shares).

⁽²⁾ Computed based on the number of Rights Shares available for subscription under each scenario.

Tan Eng Piow had also confirmed that he has sufficient financial resources to fulfil the Shareholder's Undertaking. AmlInvestment Bank has verified the said sufficiency of financial resources of Tan Eng Piow for the purpose of subscribing his entitlement pursuant to the Shareholders Undertaking.

Under the full subscription basis of the Proposed Rights Issue, it is the intention of MHB to enter into an underwriting arrangement for the remaining portion of the Rights Shares for which no irrevocable written undertaking has been sought prior to the implementation of the Proposed Rights Issue. The underwriting arrangement shall be finalised at a later date and shall be subject to the underwriting agreement(s) to be executed between the Company and the underwriter(s) for the Proposed Rights Issue prior to the announcement of the Entitlement Date.

After taking into consideration the underwriting arrangement, the Shareholder's Undertaking will not give rise to any mandatory take-over offer obligation pursuant to the Rules following the subscription of his entitlement to the Rights Shares. Further, Tan Eng Piow had also provided his confirmation that he will observe his shareholding and comply with the provisions of the Rules at all time.

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2.6 Capitalisation of reserves for the Bonus Shares

The issuance of the Bonus Shares shall be wholly capitalised from the share premium and retained profits of the Company. An illustration of the proposed capitalisation for the issuance of the Bonus Shares based on the Company's latest audited financial statements for the FYE 31 December 2016 and latest unaudited quarterly results for the FPE 30 September 2017 are set out below:-

FYE 31 December 2016

MHB (Company level)	<-----Minimum Scenario----->		<-----Maximum Scenario----->	
	Share premium RM	Retained profits RM	Share premium RM	Retained profits RM
Audited as at 31 December 2016	23,714,353	35,357,622	23,714,353	35,357,622
Adjusted for the following events subsequent to the FYE 31 December 2016 up to and including the LPD:-				
Exercise of ESOS Options from 1 January 2017 up to and including 31 January 2017 (being the enforcement date of the Act) ⁽¹⁾	61,271	-	61,271	-
Transfer of the fair value to retained profits pursuant to the lapse of 2,788,000 ESOS Options	-	1,133,043	-	1,133,043
First and final dividend of RM0.05 per Share to the shareholders of MHB for the FYE 31 December 2016	-	(34,078,531)	-	(34,078,531)
Dividend income received from subsidiaries	-	28,770,000	-	28,770,000
	23,775,624	31,182,134	23,775,624	31,182,134
Amount to be capitalised for the Bonus Shares ⁽²⁾	(23,775,624)	(10,668,947)	(23,775,624)	(15,586,276)
Estimated expenses for the Proposed Rights Issue	-	(2,010,000)	-	(2,010,000)
After the issuance of the Bonus Shares	-	18,503,187	-	13,585,858

Notes:-

⁽¹⁾ A total of 58,000 ESOS Options were exercised at an exercise price of RM1.15 per ESOS Option with a total fair value of RM23,571 reversed to the share premium account. ESOS Options exercised subsequent to 31 January 2017 are entirely capitalised to the Company's share capital account.

⁽²⁾ Calculated based on the last known par value of MHB Shares of RM0.50 each prior to the enforcement of the Act.

FPE 30 September 2017

MHB (Company level)	Minimum Scenario		Maximum Scenario	
	Share premium ⁽¹⁾ RM	Retained profits RM	Share premium ⁽¹⁾ RM	Retained profits RM
Unaudited as at 30 September 2017	23,775,624	32,474,488	23,775,624	32,474,488
Amount to be capitalised for the Bonus Shares ⁽²⁾	(23,775,624)	(10,668,947)	(23,775,624)	(15,586,276)
Reversal from the ESOS reserves to the retained profits pursuant to the 181,500 ESOS Options lapsed from 1 October 2017 up to the LPD	-	73,762	-	73,762
Estimated expenses for the Proposed Rights Issue	-	(2,010,000)	-	(2,010,000)
After the issuance of the Bonus Shares	-	19,869,303	19,869,363	14,951,974

Notes:-

⁽¹⁾ Pursuant to the transitional provisions under the Act, the sum of RM23,775,624 standing to the credit of MHB's share premium account has been reclassified and become part of the MHB's share capital as reflected in the unaudited quarterly results of MHB for the FPE 30 September 2017. However, such amount may within 24 months from 31 January 2017 be utilised by the Company in the manner as allowed under the Act.

⁽²⁾ Calculated based on the last known par value of MHB Shares of RM0.50 each prior to the enforcement date of the Act.

Based on MHB's audited consolidated financial statements for the FYE 31 December 2016 and its latest unaudited quarterly results for the FPE 30 September 2017 as well as after taking into consideration the effects of the subsequent event as set out in the table above, MHB's share premium and retained earnings are sufficient to cover the capitalisation for the Bonus Shares to be issued pursuant to the Proposed Rights Issue. The implementation of the capitalisation for the Bonus Shares is and will be in full compliance with the Act and Practice Note 1/2017 issued by the Companies Commission of Malaysia on 8 February 2017 for the purposes of Section 618(3) and 618(4) of the Act.

Further, the reporting accountants of MHB, namely Messrs PKF had, vide its letter dated 25 January 2018, confirmed that based on MHB's latest audited financial statements for the FYE 31 December 2016 and its latest unaudited quarterly result for the FPE 30 September 2017, and after taking into consideration the effects of the subsequent events as set out in the table above, MHB's share premium and retained earnings are sufficient to cover the capitalisation for the Bonus Shares to be issued pursuant to the Proposed Rights Issue. A copy of the letter is enclosed in Appendix I of this Circular. Accordingly, the Company has complied with Paragraph 6.30(2)(B) of the Listing Requirements.

The MHB's share price adjusted for the issuance of Bonus Shares pursuant to the Proposed Rights Issue is not less than RM0.50 based on the daily volume WAMP during the 3-month period before 12 December 2017, being the date of Application. Accordingly, the Company has complied with Paragraph 6.30(1A) of the Listing Requirements.

2.7 Ranking of the Rights Shares, Bonus Shares and new MHB Shares to be issued arising from the exercise of the Warrants E and the Additional Warrants D

The Rights Shares, the Bonus Shares and the new MHB Shares to be issued arising from the exercise of the Warrants E and the Additional Warrants D will, upon allotment and issuance, rank *pari passu* in all respects with the existing MHB Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid which the entitlement date precedes the date of allotment of the Rights Shares, the Bonus Shares and the new MHB Shares to be issued arising from the exercise of the Warrants E and the Additional Warrants D.

2.8 Listing of and quotation for the Rights Shares, Warrants E, Bonus Shares and new MHB Shares to be issued arising from the exercise of the Warrants E and the Additional Warrants D

The approval from Bursa Securities was obtained vide its letter dated 22 January 2018 for the admission of the Warrants E to the official list of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants E, the Bonus Shares, the Additional Warrants D as well as the new MHB Shares to be issued arising from the exercise of the Warrants E and the Additional Warrants D on the Main Market of Bursa Securities.

2.9 Indicative salient terms of the Warrants E

Issue size	: Up to 78,723,799 Warrants E
Form and denomination	: The Warrants E will be issued in registered form constituted by the Deed Poll to be executed by the Company and as may be supplemented from time to time.
Exercise period	: The Warrants E may be exercised at any time during the period of five (5) years commencing on and including the date of issuance of Warrants E ("Issue Date") and ending at the close of business at 5.00 p.m. in Malaysia on and including the date immediately preceding the fifth (5th) anniversary of the Issue Date or if such date is not a market day then it shall be the market day immediately preceding the fifth (5th) anniversary of the Issue Date. Any Warrants E not exercised during the exercise period will thereafter lapse and cease to be valid.
Mode of exercise	: The registered holder of the Warrant E is required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed and signed together with payment of the exercise money by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office operating in Malaysia in accordance with the Deed Poll.
Exercise rights	: Each Warrant E shall entitle its holder to subscribe for one (1) new MHB Share in respect of each Warrant E held at the exercise price during the exercise period, subject to the terms and conditions of the Deed Poll.

Board lot	:	For the purpose of trading on Bursa Securities, one (1) board lot of Warrants E shall comprise 100 Warrants E carrying the right to subscribe for 100 new MHB Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities.
Participating rights of the holders of Warrants E in any distribution and/ or offer of further securities	:	The holders of the Warrants E are not entitled to vote in any general meeting and/ or to participate in any distribution other than on winding-up, compromise or arrangement of the Company and/ or any offer of further securities in the Company unless and until the holder of the Warrants E becomes a shareholder of the Company by exercising his/ her Warrants E into new MHB Shares or unless otherwise resolved by the Company in a general meeting.
Adjustment in the exercise price and/ or number of Warrants E	:	The exercise price and/ or number of unexercised Warrants E shall be adjusted in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll. If the Company in any way modify the rights attached to any share or loan capital which is not described in the Deed Poll so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new MHB Shares, the Company must appoint an approved adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the Directors after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants E or both, will be adjusted accordingly.
Rights in the event of winding up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a member's voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then every holder of the Warrants E shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/ her Warrants E to the Company, submitting the exercise form, duly completed together with the payment of the exercise money, to elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants E to the extent specified in the exercise form and be entitled to receive out of the assets of the Company which would be available in liquidation if he/ she had on such date been the holder of the new MHB Shares to which he/ she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.
Listing status	:	The Warrants E shall be listed and quoted on the Main Market of Bursa Securities.
Modification	:	Save for modification which is not materially prejudicial to the interests of the holders of the Warrants E or to correct a manifest error or to comply with prevailing laws of Malaysia, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants E sanctioned by ordinary resolution and may be effected only by a deed poll executed by the Company and expressed to be supplemental to and comply with the relevant provisions of the Deed Poll.
Governing Law	:	Laws and regulations of Malaysia.

2.10 Utilisation of proceeds

Based on the indicative issue price of RM0.68 per Rights Share, the total gross proceeds that are expected to be raised from the Proposed Rights Issue and the intended utilisation are illustrated below:-

Details of utilisation	Estimated timeframe for utilisation from the date of receipt	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings	within six (6) months	91,679	105,054
Estimated expenses in relation to the Proposed Rights Issue ⁽¹⁾	upon completion	2,010	2,010
Total		93,689	107,064

Notes:-

⁽¹⁾ The breakdown of the estimated expenses in relation to the Proposed Rights Issue is set out below:-

	RM'000
Professional fees (including fees for Principal Adviser, reporting accountants and solicitors)	460
Regulatory fees	105
Underwriting fees	1,320
Miscellaneous expenses (including printing and advertising costs)	125
Total	2,010

As set out above, the proceed to be raised from the Proposed Rights Issue is mainly earmarked for the repayment of bank borrowings, particularly the unsecured revolving credit granted by the financial institutions to PMSB. PMSB is a wholly-owned subsidiary of MHB principally engaged in civil engineering, building and road construction works.

As at the LPD, the aforementioned revolving credit amounted to RM174.70 million which was utilised for working capital purposes including payment to sub-contractors and suppliers. In addition, as at the LPD, the total borrowings of MHB Group amounted to RM327.16 million. For illustrative purposes, the repayment of the aforementioned revolving credit under each scenario is expected to result in interest cost saving of up to RM4.73 million based on an average interest rate of 4.50% per annum, as set out below:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings	91,679	105,054
Interest cost saving per annum based on average interest rate of 4.50% per annum	4,126	4,727

Any variation to the amount of proceeds to be raised, which is dependent upon the actual number of Rights Shares to be issued and the final issue price of the Rights Shares, will be adjusted against the amount allocated for repayment of borrowings.

The gross proceeds to be raised from the exercise of the Warrants E are dependent on the total number of Warrants E exercised during the tenure of the Warrants E as well as the final exercise price of the Warrants E, which will be determined at a later date. The gross proceeds to be raised from the exercise of the Warrants E will be utilised as additional working capital of MHB Group.

Pending utilisation of the proceeds from the Proposed Rights Issue for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the Group.

3. RATIONALE FOR THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue will enable the Company to raise the necessary funds for the repayment of bank borrowings of PMSB, as described in Section 2.10 of this Circular.

PMSB is the construction arm of MHB and is principally engaged in civil engineering, building and road construction works. PMSB's construction order book had grown from RM0.89 billion as at 31 December 2013 to RM1.53 billion as at 31 December 2016. Correspondingly, the revenue of PMSB increased from RM215.01 million for the FYE 31 December 2013 to RM841.65 million for the FYE 31 December 2016. As at 30 September 2017, PMSB's order book stood at approximately RM1.69 billion.

The following table sets out a summary of PMSB's revenue, borrowings, gearing ratio, trade receivables and construction order book for the past four (4) financial years up to the FYE 31 December 2016 and the nine (9)-month FPE 30 September 2017:-

	<-----Audited FYE 31 December----->				Unaudited nine (9)- month FPE
	2013	2014	2015	2016	30 September 2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	215,006	370,674	765,824	841,650	757,124
Borrowings	25,450	55,761	90,132	172,874	203,848
Gearing ratio (times)	0.32	0.57	0.58	0.76	0.74
Retention sum	22,989	33,768	62,097	104,088	101,983
Trade receivables (including retention sum)	86,376	126,786	346,496	411,973	385,616
Construction order book	890,000	1,880,000	1,810,000	1,530,000	1,687,000

As a result of the increase in its order book, PMSB's retention sum and trade receivables have also increased. The retention amount relates to a part of the progress payment due to PMSB being retained and not paid until certain conditions specified in the contract such as, issuance of certificate of practical completion by the project architect and expiry of the defect liability period, are met.

The increased retention sum and trade receivables had increased PMSB's requirement for external funding for its construction activities, and had been funded through bank borrowings. As a result, PMSB's borrowings increased from RM25.45 million as at 31 December 2013 to RM203.85 million as at 30 September 2017, representing an increase in gearing level from 0.32 times to 0.74 times during the corresponding financial period.

After due consideration of the various funding options available, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue for raising funds as the Proposed Rights Issue will:-

- (i) strengthen PMSB's capital structure by reducing its current gearing level to a level more reflective of the scale of activities as well as providing it with greater financial flexibility. This will in turn place PMSB in a better position to secure more construction projects and to grow its order book in future.

Based on the latest audited financial statements of PMSB, the pro forma effects of the Proposed Rights Issue on the gearing levels of PMSB is set out below.

PMSB	As at 31 December 2016	After the Proposed Rights Issue	
		Minimum Scenario	Maximum Scenario
Total borrowings (RM'000)	172,874	81,195	67,820
NA (RM'000)	226,863	226,863	226,863
Gearing ratio (times)	0.76	0.36	0.30

- (ii) the reduced gearing ratio will position PMSB on a better footing against their competitors in bidding and undertaking future projects, as a key consideration for successful tender bids is the gearing ratio of the bidders, in which most contract awarders prefer the gearing ratio of the bidders to be less than 0.50 times; and
- (iii) provide the shareholders of the Company with the opportunity to further increase their equity participation in the Company on a pro-rata basis via the issuance of new MHB Shares without diluting the existing shareholders' equity interest in the Company, assuming all the Entitled Shareholders fully subscribe for their respective entitlements.

The Warrants E and Bonus Shares which are attached to the Rights Shares are expected to provide an incentive to the Entitled Shareholders to subscribe for the Rights Shares. The Warrants E will allow the Entitled Shareholders to benefit from any potential capital appreciation of the Warrants E and increase their equity participation in the Company at a predetermined price over the tenure of the Warrants E. Furthermore, the Company would also be able to raise further proceeds as and when the Warrants E are exercised.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF MHB GROUP

4.1 Overview and outlook of Malaysian economy

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017. Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8%.

Domestic demand grew by 6.6% in the third quarter of the year, supported by continued expansion in both private sector expenditure and increase in public sector spending.

Private consumption recorded a growth of 7.2%, underpinned by better labour market conditions. In particular, private sector wages were sustained amid stronger employment growth. Private investment registered a stronger growth of 7.9%, mainly in the services and manufacturing sectors, within the manufacturing sector, both export and domestic orientated sub-sectors undertook higher capital spending during the quarter. Business sentiments also remained above the optimism threshold, in line with favourable external and domestic demand conditions.

Public consumption expanded by 4.2% following faster growth in emoluments amid continued prudence in spending on supplies and services. Public investment turned around to register positive growth of 4.1% during the quarter. This was due to higher fixed assets spending by both the Federal Government and public corporations.

On the supply side, growth was supported by continued expansion across all sectors. The services sector registered a higher growth in the third quarter of 2017. Growth of the wholesale & retail trade sub-sector was supported by continued growth in household spending. The information and communication sub-sector remained strong, driven by higher demand for data communication services, while the transportation and storage sub-sector benefited from the robust trade activities.

The manufacturing sector grew at a faster pace during the quarter, supported by broad-based improvements in both export- and domestic-oriented industries. Export-oriented industries benefitted from robust global demand for semiconductors and higher petroleum-related refinery activity. Domestic-oriented industries were supported by continued demand for food-related products and construction-related materials, in addition to stronger growth in transport equipment driven by auto parts and ship building activities.

Growth in the construction sector moderated during the quarter particularly due to lower non-residential activity in the commercial sub-segment.

Looking ahead, given the continued strong performance in the third quarter, the Malaysian economy is on track to register stronger growth in 2017, the economy is poised to register a strong growth that is close to the upper range of the official forecast range of 5.2% - 5.7% in 2017. Growth momentum has been lifted by stronger spillover from the external sector to the domestic economy. The operating environment has also improved significantly as households and business have steadily acclimatized to the adjustments in the global and domestic economic conditions in the past few years.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2017, Quarterly Bulletin, Bank Negara Malaysia)

4.2 Overview and outlook of the construction industry in Malaysia

The construction sector recorded a robust growth of 7.4% during the first half of 2017, primarily attributed to strong civil engineering activities. Accordingly, total value of completed construction works increased 10.4% to RM68.9 billion involving 18,977 projects. The private sector contributed 63.6% of the total value of construction works. The civil engineering subsector was the major contributor to the total value of construction works constituting 35.3% followed by non-residential (31%), residential (28.8%) and specialised construction activities (4.8%) subsectors. In 2017, construction sector is expected to expand 7.6% mainly underpinned by new and existing civil engineering projects, particularly in utilities, transportation and petrochemical segments.

The civil engineering subsector continued to record a double digit growth of 13.7% supported by major infrastructure projects under the Eleventh Malaysia Plan. Among the rail projects were Mass Rapid Transit ("MRT") Sungai Buloh- Serdang- Putrajaya ("SSP") line and Electrified Double Track Gemas- Johor Bahru. In addition, growth of the subsector was further supported by construction and upgrading of roads such as Setiawangsa- Pantai Expressway ("SPE") and Pan Borneo Highway. The subsector also benefited from the construction of combined cycle gas turbine power plant in Melaka.

The residential subsector continued to expand 4.7% supported by firm demand for affordable housing in choice locations with easy access. Housing starts rebounded significantly by 12.1% to 67,662 units. Condominium and apartments accounted for 42.9% of total housing starts in line with the increasing demand, especially for highrise units in major cities. However, the increase was offset by a decline in incoming supply at 3.4% to 485,433 units as developers were cautious in launching new projects to prevent accumulation of unsold properties. Likewise, new approvals declined 2.8% to 43,133 units as developers reviewed their future plans in response to market situation.

In terms of demand, the take-up rate for residential unit grew 23.9% with 6,775 units during the period amid continued access to housing loans, especially for first-time house buyers. Accordingly, transaction value improved with smaller contraction of 0.3% to RM32.9 billion. However, total properties transacted declined 6.9% to 95,010 mainly due to the adoption of macroprudential measures to deter market speculation and ensure only those who are credit-worthy eligible for financing. The residential overhang increased 55.4% to 20,876 units with a total value of RM12.3 billion during the period with Kedah accounting for the highest overhang at 20.9%, followed by Johor (18.2%) and Selangor (17.6%). However, the property market is expected to adjust accordingly in the long-run given the robust economic growth prospects.

The non-residential subsector grew 4.9% to RM6.4 billion. The growth was mainly supported by starts for shops and services apartments which rebounded 29.3% and 14%, respectively. However, construction starts in the industrial and Small Office Home Office declined 9.7% and 16.1%, respectively mainly due to moderation in the oil and gas related industries. Similarly, planned supply of Purpose-Built Office contracted 6.1% to 972,995 square metres. Meanwhile, construction starts for Purpose-Built Office remained unchanged at 277,776 square metres.

The construction sector is projected to grow 7.5%, primarily supported by the ongoing civil engineering infrastructure projects such as East Coast Rail Link, MRT SSP Line, Electrified Double Track Gemas-Johor Bahru, SPE, Pan Borneo Highway and Bokor Central Processing Platform. Meanwhile, the residential subsector is expected to expand further with several new planned township by private developers. In addition, the subsector will also benefit from various affordable housing programmes by the government such as 1Malaysia Housing Projects for Civil Servants, MyBeautiful New Home and 1Malaysia People-Friendly Houses. On the contrary, the non-residential subsector is forecast to grow moderately following property overhang, particularly in the shop segment.

(Source: Chapter 3, Economic Performance and Prospect, 2018 Economic Report, Ministry of Finance Malaysia)

4.3 Future prospects and outlook of MHB Group

For the FYE 31 December 2016, MHB Group recorded revenue of RM966.17 million representing an increase of RM104.48 million or approximately 12.12% as compared to the revenue of the previous financial year. The construction division was a dominant contributor accounted for 87.51% of the Group's revenue, with its turnover of approximately RM845.57 million.

The Group's PBT for the FYE 31 December 2016 had also increased by 31.14% from RM122.11 million in previous financial year to RM160.13 million. The higher PBT was partially due to the one-off transaction from the compulsory land acquisition of the Group located at Mukim Pengerang, Johor which has contributed approximately RM17.63 million to the Group's PBT.

The Group's prospects for each of its business segments are set out below:-

i. Construction segment

The Board expects the construction segment to continue driving the revenue and profit of the Group on the back of its current order book and recent contracts secured. As at the LPD, the Group's construction segment current order book is estimated to be approximately RM1.54 billion, of which approximately RM1.00 billion new contracts were secured in 2017 and January 2018 which will provide earning visibility for the next two (2) years. In addition, the Group has submitted several new tenders totaling to approximately RM3.46 billion as at the LPD. PMSB has also participated in the East Coast Rail Link's pre-qualification exercise which seeks to facilitate the contractors for potential tenders in the construction of the East Coast Rail Link.

With the Group's intention to adopt the latest construction technology especially for high rise building and infrastructure works, PMSB is exploring various options in setting up the industrialised building system ("IBS") in line with the government's initiative to make the IBS compulsory for building construction. By adopting building information modelling ("BIM") with the aid of IBS, all construction projects of the Group will be managed in a more efficient and organised manner thus allowing shorter construction time and reducing abortive work. PMSB has currently more than 30 staff in its Engineering and BIM team.

The management believes that its adoption of BIM technology and investment in modernising the machineries and equipment would allow the Group to be more competitive in securing new projects. Leveraging on the Group's track record in affordable housing development project and its expertise as a total construction solution provider, the Group believes it is well-positioned in securing more projects in line with the Malaysian government's initiatives to provide affordable housing which is expected to drive more tender invitations from the industry players.

ii. Property Development Division

The property division is currently working on its main residential project, namely Wangsa 9 Residency. The Wangsa 9 Residency comprises 3 tower blocks of 565 units high rise condominium and is located right opposite to Wangsa Walk Shopping Mall at Wangsa Maju and within close proximity to Sri Rampai LRT Station. The estimated gross development value of this project is RM680.0 million. Its unbilled sales as at the LPD is estimated at approximately RM105.37 million with an average take-up rate of approximately 72% for Phase 1 (i.e. comprising Blocks B and C) which is expected to be completed by first quarter of 2019. The management is planning to launch Phase 2 (i.e. Block A comprising 227 units) of the project in early 2018.

Another of the Group's residential project is the Seri Akasia Apartment project, which is under the "Rumah Selangorku" housing scheme introduced by the Selangor State Government, comprises 408 units of apartments with a gross development value of RM77.58 million. The project has seen a strong take-up rate of 99% with 403 apartment units being sold and the current unbilled sales is approximately RM60.37 million.

The Group has also entered into a joint venture agreement with Gema Padu Sdn Bhd on 27 February 2017 and 23 March 2017 for the acquisition and joint development of several parcels of land in Kota Warisan, Selangor and Nilai, Negeri Sembilan measuring a total of 335.53 acres, for an aggregate purchase consideration of RM185.42 million. The joint development has significantly increased the Group's land bank and the Group expects the development planning work to be commenced in 2018. As MHB Group owns 60% of the joint-venture agreement, the project is expected to provide earnings visibility to the property development division of the Group in medium to long term.

iii. Investment in South Africa

Investment in South Africa contributed RM30.96 million or approximately 3.20% to the Group's revenue for the FYE 31 December 2016. The operations in South Africa are mainly centered on the Blue Valley Golf & Country Estate located between the Johannesburg and Pretoria. Since 2014, the Company has embarked on developing houses at the aforementioned location instead of just selling the lots as land parcels. As at the LPD, there are 22 completed units of houses, of which 20 units were sold. Currently, there are also 18 units of houses under construction which are expected to be completed in middle of 2018. The Group is planning to develop another 260 units of houses over the next five (5) years and the estimated gross development value is approximately ZAR300 million.

The construction works of the Blue Valley Shopping Centre is expected to be completed by April 2018. This two (2)-storey neighborhood mall will consist of 14 retail lots and office spaces which will be owned by the Company. The expected recurring rental income from this development is approximately ZAR4.50 million per year. In addition, there are proposed development for apartment blocks, office block, medical centre and drive-thru restaurant that are currently in the planning stage.

On 23 October 2015, Mitrajaya Development SA Proprietary Limited, a wholly-owned subsidiary company of MHB, acquired a piece of land measuring 215 acres within the western suburbs of Pretoria. The acquisition was to replenish the Company's land bank in South Africa and further cementing the Group's operations and investment in South Africa.

(Source: Management of MHB)

5. EFFECTS OF THE PROPOSED RIGHTS ISSUE

5.1 Issued share capital

The pro forma effects of the Proposed Rights Issue on the issued share capital are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	689,481,413 ⁽¹⁾	381,212,689 ⁽²⁾	689,481,413 ⁽¹⁾	381,212,689 ⁽²⁾
Shares to be issued upon full exercise of the outstanding Warrants D	-	-	68,566,777	74,737,787 ⁽³⁾
Shares to be issued upon full exercise of the outstanding ESOS Options	-	-	29,189,800	44,067,304 ⁽⁴⁾
	689,481,413 ⁽¹⁾	381,212,689	787,237,990	500,017,780
Rights Shares to be issued pursuant to the Proposed Rights Issue	137,778,282	93,689,232 ⁽⁵⁾	157,447,598	107,064,367 ⁽⁵⁾
Bonus Shares to be issued pursuant to the Proposed Rights Issue	68,889,141	10,668,947 ⁽⁶⁾	78,723,799	15,586,276 ⁽⁶⁾
Allocation to warrants reserve pursuant to the issuance of the Warrants E ⁽⁷⁾	-	(12,400,045)	-	(14,170,284)
	896,148,836 ⁽¹⁾	473,170,823	1,023,409,387	608,498,139
Shares to be issued upon full exercise of the Warrants E	68,889,141	66,822,467 ⁽⁸⁾	78,723,799	76,362,085 ⁽⁸⁾
Reversal of the warrants reserve to share capital ⁽⁷⁾	-	12,400,045	-	14,170,284
Enlarged issued share capital	965,037,977⁽¹⁾	552,393,335	1,102,133,186	699,030,508

Notes:-

⁽¹⁾ Including 590,000 treasury shares.

⁽²⁾ Pursuant to the transitional provisions under the Act, the sum of RM23.78 million standing to the credit of MHB's share premium account has been reclassified and become part of the Company's share capital.

⁽³⁾ Based on the exercise price of RM1.09 per Warrant D.

- (4) Assuming all the outstanding ESOS Options are exercised at the following respective exercise price and including the reversal of ESOS reserve of approximately RM11.60 million:-

Number of ESOS Options	6,500,000	22,689,800
Exercise price (RM)	0.98	1.15

- (5) Calculated based on an indicative issue price of RM0.68 per Rights Share.
- (6) After accounting for the partial capitalisation from the retained profits based on the last known par value of MHB Shares of RM0.50 each prior to the enforcement date of the Act.
- (7) Calculated based on the theoretical fair value of RM0.18 per Warrant E derived using Trinomial option pricing model as extracted from Bloomberg as at the LPD.
- (8) Calculated based on an indicative exercise price of RM0.97 per Warrants E.

5.2 NA per MHB Share and gearing

Based on the latest audited consolidated statement of financial position of the Group as at 31 December 2016, the pro forma effects of the Proposed Rights Issue on the NA per Share and gearing of the Group are set out below:-

Minimum Scenario

	Audited as at 31 December 2016 RM'000	I Adjusted for subsequent events up to the LPD ⁽¹⁾ RM'000	II After I and the Proposed Rights Issue RM'000	III After II and assuming full exercise of the Warrants E RM'000
Share capital	334,861	381,212	473,171 ⁽²⁾	552,393 ⁽⁶⁾
Treasury shares	(572)	(586)	(586)	(586)
Share premium	23,714	-	-	-
Foreign exchange reserves	(11,958)	(11,958)	(11,958)	(11,958)
Revaluation reserves	7,236	7,236	7,236	7,236
ESOS reserve	13,315	11,604	11,604	11,604
Retained profits	251,962	218,494	205,814 ⁽³⁾	205,814
Warrants reserve	-	-	12,400 ⁽⁴⁾	-
Equity attributable to owners of the Company/ NA	618,558	606,002	697,681	764,503
No. of Shares in issue (excluding treasury shares) ('000)	669,142	688,891	895,559	964,448
NA per Share (RM)	0.92	0.88	0.78	0.79
Total borrowings (RM'000)	254,937	254,937	163,258 ⁽⁵⁾	163,258
Gearing (times)	0.41	0.42	0.23	0.21

Notes:-

- (1) After adjusting for the following events:-

- (a) additional share buy-back of 10,000 MHB Shares amounting to approximately RM0.01 million;
- (b) 16,951,841 Warrants D were exercised at RM1.09 each;

(c) 58,000 ESOS Options were exercised before 31 January 2017 at RM1.15 each giving rise to the increase in share premium and a total fair value of approximately RM0.02 million was transferred to the share premium;

(d) 2,749,500 ESOS Options were exercised after 31 January 2017 at the following respective price per ESOS Option with a total fair value of approximately RM1.08 million transferred to the share capital:-

Number of ESOS Options	1,000,000	1,749,500
Exercise price (RM)	0.98	1.15

(e) the fair value of 64,500 ESOS Options previously granted and become exercisable in 2017 amounted to approximately RM0.03 million was recognised in the ESOS reserve account;

(f) the fair value of 1,565,500 ESOS Options lapsed amounted to approximately RM0.64 million was transferred to the retained profits;

(g) the payment of the first and final dividend of RM0.05 per Share to the shareholders of MHB for the FYE 31 December 2016 amounting to RM34.08 million; and

(h) pursuant to the transitional provisions under the Act, the sum of RM23.78 million standing to the credit of MHB's account has been reclassified and become part of the Company's share capital.

(2) After accounting for the issuance of the Rights Shares at an indicative issue price of RM0.68 each, the partial capitalisation of RM10.67 million of the Bonus Shares from the retained profits and recognition of the theoretical fair value of RM0.18 per Warrant E.

(3) After accounting for the capitalisation for the balance of RM10.67 million for the Bonus Shares and the estimated expenses of RM2.01 million in relation to the Proposed Rights Issue.

(4) Calculated based on the theoretical fair value of RM0.18 per Warrant E derived using Trinomial option pricing model as extracted from Bloomberg as at the LPD.

(5) After the repayment of bank borrowings of RM91.68 million from the utilisation of proceeds.

(6) After accounting for the full exercise of the Warrants E at an indicative exercise price of RM0.97 per Warrant E and the reversal of the warrants reserve upon exercise of all the Warrants E.

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Maximum Scenario

	I	II	III	IV
		After I, assuming all the treasury shares are resold and full exercise of the outstanding Warrants D and the ESOS Options	After II and the Proposed Rights Issue	After III and assuming full exercise of the Warrants E
	Audited as at 31 December 2016 RM'000	Adjusted for subsequent events up to the LPD ⁽²⁾ RM'000	RM'000	RM'000
Share capital	334,861	381,212	500,017 ⁽³⁾	608,498 ⁽⁴⁾
Treasury shares	(572)	(586)	-	-
Share premium	23,714	-	-	-
Foreign exchange reserves	(11,958)	(11,958)	(11,958)	(11,958)
Revaluation reserves	7,236	7,236	7,236	7,236
ESOS reserve	13,315	11,604	-	-
Retained profits	251,962	218,494	200,897 ⁽⁵⁾	200,897
Warrants reserve	-	-	14,170 ⁽⁶⁾	-
Equity attributable to owners of the Company/ NA	618,558	606,002	713,789	818,843
				895,205
No. of Shares in issue ('000)	669,142 ⁽¹⁾	688,891 ⁽¹⁾	787,238	1,023,409
NA per Share (RM)	0.92	0.88	0.91	0.80
				1,102,133
				0.81
Total borrowings (RM'000)	254,937	254,937	254,937	149,883 ⁽⁷⁾
Gearing (times)	0.41	0.42	0.36	0.18
				0.17

Notes:-

(1) Excluding treasury shares.

(2) After adjusting for the following events:-

(a) additional share buy-back of 10,000 MHB Shares amounting to approximately RM0.01 million;

(b) 16,951,841 Warrants D were exercised at RM1.09 each;

(c) 58,000 ESOS Options were exercised before 31 January 2017 at RM1.15 each giving rise to the increase in share premium and a total fair value of approximately RM0.02 million was transferred to the share premium;

(d) 2,749,500 ESOS Options were exercised after 31 January 2017 at the following respective price per ESOS Option with a total fair value of approximately RM1.08 million transferred to the share capital:-

Number of ESOS Options	1,000,000	1,749,500
Exercise price (RM)	0.98	1.15

(e) the fair value of 64,500 ESOS Options previously granted and become exercisable in 2017 amounted to approximately RM0.03 million was recognised in the ESOS reserve account;

(f) the fair value of 1,565,500 ESOS Options lapsed amounted to approximately RM0.64 million was transferred to the retained profits;

(g) the payment of the first and final dividend of RM0.05 per Share to the shareholders of MHB for the FYE 31 December 2016 amounting to RM34.08 million; and

(h) pursuant to the transitional provisions under the Act, the sum of RM23.78 million standing to the credit of MHB's account has been reclassified and become part of the Company's share capital.

- (3) *After accounting for the exercise of all the outstanding 68,566,777 Warrants D at an exercise price of RM1.09 each, 6,500,000 ESOS Options at RM0.98 each and 22,689,800 ESOS Options at RM1.15 each, and the transfer of ESOS reserve of approximately RM11.60 million to share capital account upon full exercise of the ESOS Options.*
- (4) *After accounting for the issuance of the Rights Shares at an indicative issue price of RM0.68 each, the partial capitalisation of RM15.59 million of the Bonus Shares from the retained profits and recognition of the theoretical fair value of RM0.18 per Warrant E.*
- (5) *After accounting for the capitalisation for the balance of RM15.59 million for the Bonus Shares and the estimated expenses of RM2.01 million in relation to the Proposed Rights Issue.*
- (6) *Calculated based on the theoretical fair value of RM0.18 per Warrant E derived using Trinomial option pricing model as extracted from Bloomberg as at the LPD.*
- (7) *After the repayment of bank borrowings of RM105.05 million from the utilisation of proceeds.*
- (8) *After accounting for the full exercise of the Warrants E at an indicative exercise price of RM0.97 per Warrant E and the reversal of the warrants reserve upon exercise of all the Warrants E.*

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5.3

Substantial shareholders' shareholdings

Assuming all the substantial shareholders fully subscribe for their entitlements under the Proposed Rights Issue, the pro forma effects of the Proposed Rights Issue on the substantial shareholders' shareholdings of the Company as at the LPD are set out below:-

Minimum Scenario

Substantial shareholders	I						II					
	Shareholdings as at the LPD			After the Proposed Rights Issue			After I and assuming full exercise of the Warrants E			After I and assuming full exercise of the Warrants E		
	Direct	No. of Shares	%	Indirect	No. of Shares	%	Direct	No. of Shares	%	Indirect	No. of Shares	%
Tan Eng Piow	281,845,073	40.91	-	-	366,398,594	40.91	-	-	-	394,583,101	40.91	-
Employee Provident Fund	43,207,200	6.27	-	-	56,169,360	6.27	-	-	-	60,490,080	6.27	-

Maximum Scenario

Substantial shareholders	I						Assuming all the treasury shares are resold and full exercise of the Warrants D and ESOS Options					
	Shareholdings as at the LPD			After I and assuming full exercise of the Warrants E			After II and assuming full exercise of the Warrants E			After II and assuming full exercise of the Warrants E		
	Direct	No. of Shares	%	Indirect	No. of Shares	%	Direct	No. of Shares	%	Indirect	No. of Shares	%
Tan Eng Piow	281,845,073	40.91	-	-	304,938,904	38.73	-	-	-	-	-	-
Employee Provident Fund	43,207,200	6.27	-	-	43,207,200	5.49	-	-	-	-	-	-

5.4 Earnings and EPS

The proceeds from the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group as the proceeds raised will be utilised towards reducing the borrowings of the Group and consequently reducing the Group's financial costs. For illustrative purposes, the Group is expected to benefit from the interest saving of up to RM4.73 million based on an average interest rate of 4.50% per annum after the intended utilisation of proceeds from the Proposed Rights Issue earmarked for repayment of bank borrowings.

However, the EPS of the Group will be diluted as a result of the increase in the number of MHB Shares in issue upon the completion of the Proposed Rights Issue, and as and when the Warrants E are exercised into new MHB Shares.

For illustration purposes only, based on the latest audited financial statements of MHB Group for FYE 31 December 2016, the proforma effects of the Proposed Rights Issue on the consolidated EPS of MHB Group are as follows:-

	Audited as at 31 December 2016 (RM'000)	After the Proposed Rights Issue Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Profit attributable to the owners of the Company	118,684	118,684	118,684
Add: Interest savings (net of income tax of 24%)	-	3,135	3,593
	<u>118,684</u>	<u>121,819</u>	<u>122,277</u>
Number of shares in issue (excluding treasury shares) ('000)	688,891 ⁽¹⁾	895,559	1,023,409
EPS (sen)	17.23 ⁽²⁾	13.60	11.95

Notes:-

⁽¹⁾ Being the number of shares as at the LPD, excluding 590,000 treasury shares.

⁽²⁾ For illustration purposes, being the profit attributable to the owners of the Company divided by the number of shares as at the LPD, excluding 590,000 treasury shares.

5.5 Existing convertible securities

Save as disclosed below, the Company does not have any other outstanding convertible securities as at the LPD:-

(i) Warrants D

The Proposed Rights Issue may give rise to adjustments to the exercise price and/ number of outstanding Warrants D held by each holder of Warrants D pursuant to the provisions of the deed poll dated 3 July 2015.

Any adjustment which is required will be made in accordance with the provisions of the aforementioned deed poll to mitigate any potential equity dilution resulting from the Proposed Rights Issue and to ensure that the status of the holders of the Warrants D are not prejudiced after the completion of the Proposed Rights Issue. The details of the actual adjustments will only be finalised on the Entitlement Date and a notice will be despatched to the holders of Warrants D in the event of any such adjustment.

(ii) **ESOS Options**

The Proposed Rights Issue may give rise to adjustments to the exercise price and/ or number of outstanding ESOS Options held by each grantee of the ESOS Options pursuant to the by-laws dated 23 June 2015 governing the ESOS.

Any adjustment which is required will be made in accordance with the provisions of the aforementioned by-laws to mitigate any potential equity dilution resulting from the Proposed Rights Issue and to ensure that the status of the grantees of the ESOS Options are not prejudiced after the completion of the Proposed Rights Issue. The details of the actual adjustments will only be finalised on the Entitlement Date and a written notification will be despatched to the grantees of the ESOS Options in the event of any such adjustment.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of MHB Shares as traded on Bursa Securities for the past 12 months from January 2017 to December 2017 are set out below:-

Month	High RM	Low RM
2017		
January	1.31	1.24
February	1.31	1.24
March	1.38	1.25
April	1.38	1.30
May	1.46	1.33
June	1.43	1.36
July	1.43	1.31
August	1.36	1.12
September	1.14	1.02
October	1.07	0.90
November	0.94	0.76
December	0.98	0.74
Last transacted market price on 12 October 2017 (being the date prior to the announcement on the Proposed Rights Issue)		RM1.04
Last transacted market price on the LPD		RM1.00

(Source: Bloomberg)

7. APPROVALS REQUIRED/ OBTAINED

The Proposed Rights Issue is subject to the following approvals being obtained from:-

- (i) Bursa Securities, for the following:-
 - a) listing of and quotation for up to 157,483,898 Rights Shares to be issued pursuant to the Proposed Rights Issue;
 - b) listing of and quotation for up to 78,741,949 Bonus Shares to be issued pursuant to the Proposed Rights Issue;
 - c) admission to the Official List and listing of and quotation for up to 78,741,949 Warrants E pursuant to the Proposed Rights Issue;
 - d) listing of and quotation for up to 11,656,352 Additional Warrants D to be issued pursuant to the adjustments pursuant to the Proposed Rights Issue;
 - e) listing of and quotation for up to 78,741,949 ordinary shares to be issued arising from the exercise of the Warrants E; and
 - f) listing of and quotation for up to 11,656,352 ordinary shares to be issued arising from the exercise of the Additional Warrants D;

on the Main Market of Bursa Securities.

The approval from Bursa Securities was obtained vide its letter dated 22 January 2018 and subject to the following conditions:-

Conditions	Status of compliance
(i) MHB and AmInvestment Bank, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;	To be complied with in the course of implementation.
(ii) MHB and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;	To be complied with upon completion of the Proposed Rights Issue.
(iii) MHB and AmInvestment Bank to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the forthcoming general meeting for the Proposed Rights Issue;	To be complied with after receipt of the approval of the shareholders of MHB at the forthcoming EGM.
(iv) MHB and AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed;	To be complied with upon completion of the Proposed Rights Issue.
(v) If applicable, payment of additional listing fee based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable; and	To be complied with if applicable.
(vi) To incorporate Bursa Securities' comments in respect of the draft circular to shareholders for the Proposed Rights Issue.	Complied.

- (ii) the shareholders of the Company at the forthcoming EGM to be convened; and
- (iii) any other relevant authorities and/ or parties, if required.

The Proposed Rights Issue is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

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

None of the Directors and/ or major shareholders of MHB and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Rights Issue beyond their respective entitlements, if any, as shareholders of the Company under the Proposed Rights Issue, the rights of which are also available to all other shareholders of the Company as at the Entitlement Date, including the right to apply for additional Rights Shares with Warrants E and the Bonus Shares under the excess shares application.

9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Rights Issue to be completed by the second quarter of 2018. The tentative timetable in relation to the Proposed Rights Issue is set out below:-

Month	Events
Mid February 2018	EGM
Early March 2018	• Announcement on the issue price for the Rights Shares and the exercise price for the Warrants E • Announcement of the Entitlement Date
Mid March 2018	• Entitlement Date • Issuance of abridged prospectus in relation to the Proposed Rights Issue
End March 2018	Closing date of acceptances and applications for the Rights Shares, with Warrants E and Bonus Shares
Mid April 2018	Listing of and quotation for the Rights Shares, Warrants E, Bonus Shares and the Additional Warrants D on the Main Market of Bursa Securities

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Rights Issue, the Board is not aware of any other corporate exercises which have been announced but not yet completed as at the date of this Circular.

11. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Rights Issue including the rationale and justification for and the effects of the Proposed Rights Issue as well as the utilisation of proceeds from the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interests of the Company. Accordingly, the Board recommends that the shareholders of MHB vote in favour of the resolution pertaining to the Proposed Rights Issue to be tabled at the forthcoming EGM of the Company.

12. EGM

The EGM, notice of which is enclosed with this Circular, is scheduled to be held at Mitrajaya Training Room, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor, Malaysia on Monday, 12 February 2018 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Rights Issue.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein to be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, not less than 48 hours before the time stipulated for holding the EGM. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board
MITRAJAYA HOLDINGS BERHAD

General Tan Sri Ismail Bin Hassan (R)
Independent Non-Executive Chairman

REPORTING ACCOUNTANTS' LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE PROPOSED RIGHTS ISSUE

PKF

(AF 0911)

PKF

Accountants &
business advisers

25 JAN 2018

The Board of Directors
Mitrajaya Holdings Berhad
No.9, Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan.

Dear Sirs,

**MITRAJAYA HOLDINGS BERHAD ("MHB" OR "COMPANY")
REPORT ON THE SUFFICIENCY OF RESERVES FOR CAPITALISATION FOR THE BONUS SHARES TO
BE ISSUED PURSUANT TO THE PROPOSED RIGHTS ISSUE (AS DEFINED HEREIN)**

We report on the sufficiency of the Company's share premium account and retained earnings (collectively, "**Reserves**") as at 31 December 2016 (being latest audited reporting year) and 30 September 2017 (being the latest unaudited interim reporting period), in connection with the proposed renounceable rights issue of up to 157,447,598 new ordinary shares ("**MHB Share(s)**") ("**Rights Share(s)**") on the basis of one (1) Rights Share for every five (5) existing MHB Shares held on an entitlement date to be determined later, together with up to 78,723,799 free detachable warrants ("**Warrant(s) E**") and an attached bonus issue of up to 78,723,799 new MHB Shares ("**Bonus Share(s)**") on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed ("**Proposed Rights Issue**"), pursuant to Paragraph 6.30(2)(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("**Listing Requirements**").

Responsibilities

It is the sole responsibility of the directors of MHB to ensure that the Reserves of the Company as at 31 December 2016 and 30 September 2017 as set forth in the Annexure are properly stated and are sufficient cover the capitalisation of the Bonus Shares pursuant to the Proposed Rights Issue.

It is our responsibility to form an opinion on the sufficiency of the Reserves of the Company as at 31 December 2016 and 30 September 2017 to cover the capitalisation of the Bonus Shares in connection with the Proposed Rights Issue, pursuant to Paragraph 6.30(2)(b) of the Listing Requirements.

In providing this opinion, we are not updating or refreshing any report or opinion on any financial information used in assessing the sufficiency of Reserves of the Company and we have not performed any audit or review on the unaudited management accounts of the Company subsequent to the end of the financial year ended 31 December 2016 and unaudited interim financial statements of the Company for the financial period ended 30 September 2017.

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REPORTING ACCOUNTANTS' LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE PROPOSED RIGHTS ISSUE (CONT'D)

PKF

Accountants &
business advisers

Basis of opinion

We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, ISAE 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus". Our work, which involved no independent examination of any of the underlying financial information, consisted of:

- (i) agreeing the Reserves of the Company as at 31 December 2016 to the audited financial statements of the Company for the financial year ended 31 December 2016 and the Reserves of the Company as at 30 September 2017 to the latest unaudited interim financial statements of the Company for the 9 months period ended 30 September 2017;
- (ii) considering the evidence supporting any adjustments to the Reserves of the Company as at 31 December 2016 and as at 30 September 2017 (the "**Adjustments**"); and
- (iii) assessing the sufficiency of Reserves of the Company after incorporating the Adjustments as at 31 December 2016 and as at 30 September 2017 available to cover the capitalisation of the Bonus Shares pursuant to the Proposed Rights Issue.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Reserves of the Company after incorporating the Adjustments as at 31 December 2016 and 30 September 2017 are sufficient to cover the capitalisation of the Bonus Shares pursuant to the Proposed Rights Issue.

Our opinion

In our opinion, the Reserves of the Company after incorporating the Adjustments as at 31 December 2016 and 30 September 2017 are sufficient to cover the capitalisation of the Bonus Shares in connection with the Proposed Rights Issue.

Other Matters

This report is issued for the sole purpose for inclusion in the circular to shareholders of MHB ("**Circular**") in connection with the abovementioned corporate exercise. As such, this report should not be used or referred to, in whole or in part, for any purpose without prior written consent.

Yours faithfully,

PKF

PKF
AF 0911
CHARTERED ACCOUNTANT

25 JAN 2018

APPENDIX I

REPORTING ACCOUNTANTS' LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE PROPOSED RIGHTS ISSUE (CONT'D)

The following adjustments on pro forma movements of reserves of the Company have been prepared by the management solely for illustrative purpose only, to reflect the effects of the issuance of the Bonus Shares pursuant to the Proposed Rights Issue by way of capitalisation of the reserves of the Company based on the audited financial statements as at 31 December 2016 and unaudited interim financial statements as at 30 September 2017:-

MHB (Company level)	Minimum Scenario			Maximum Scenario		
	Share Premium	Retained Profits	Total	Share Premium	Retained profits	Total
	RM	RM	RM	RM	RM	RM
Audited as at 31 December 2016	23,714,353	35,357,622	59,071,975	23,714,353	35,357,622	59,071,975
<i>Adjusted for the following events subsequent to the</i>						
<i>FYE 31 December 2016 up to and including 23 January 2018</i>						
<i>being the latest practicable date prior to the date of this letter:-</i>						
Exercised of ESOS Options ("Employees' share option scheme") before 31 January 2017 ⁽¹⁾	61,271	-	61,271	61,271	-	61,271
Reversal from the ESOS reserves to the retained profits pursuant to the 2,788,000 ESOS Options lapsed	-	1,133,043	1,133,043	-	1,133,043	1,133,043
First and final single tier dividend of RM0.05 to the shareholders of MHB for the FYE 31 December 2016	-	(34,078,531)	(34,078,531)	-	(34,078,531)	(34,078,531)
Dividend income received from subsidiaries	-	28,770,000	28,770,000	-	28,770,000	28,770,000
	23,775,624	31,182,134	54,957,758	23,775,624	31,182,134	54,957,758
Amount to be capitalised for the Bonus Shares ⁽²⁾	(23,775,624)	(10,668,947)	(34,444,571)	(23,775,624)	(15,586,276)	(39,361,900)
Estimated expenses for the Proposed Rights Issue	-	(2,010,000)	(2,010,000)	-	(2,010,000)	(2,010,000)
After the Proposed Rights Issue	-	18,503,187	18,503,187	-	13,585,858	13,585,858

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IDENTIFICATION ONLY.
PKF (AF 0911)
Chartered Accountants

APPENDIX I

REPORTING ACCOUNTANTS' LETTER ON THE SUFFICIENCY OF RESERVES FOR THE CAPITALISATION FOR THE BONUS SHARES TO BE ISSUED PURSUANT TO THE PROPOSED RIGHTS ISSUE (CONT'D)

MHB (Company level)	Minimum Scenario		Maximum Scenario		Total
	Share Premium*	Retained Profits	Share Premium*	Retained profits	
	RM	RM	RM	RM	RM
Unaudited as at 30 September 2017	23,775,624	32,474,488	23,775,624	32,474,488	56,250,112
Amount to be capitalised for the Bonus Shares ⁽²⁾	(23,775,624)	(10,668,947)	(23,775,624)	(15,586,276)	(39,361,900)
Reversal from the ESOS reserves to the retained profits pursuant to the 181,500 ESOS Options lapsed from 1 October 2017 to the LPD	-	73,762	-	73,762	73,762
Estimated expenses for the Proposed Rights Issue	-	(2,010,000)	-	(2,010,000)	(2,010,000)
After the Proposed Rights Issue	-	19,869,303	-	14,951,974	14,951,974

Notes:

- (1) A total of 58,000 ESOS Options were exercised at an exercise price of RM1.15 per ESOS Option with a total fair value of RM23,571 transferred to the share premium account. ESOS Options exercised subsequent to 31 January 2017 are entirely capitalised to the Company's share capital account.
- (2) Calculated based on the latest known par value of MHB Shares of RM0.50 each prior to the enforcement of the Companies Act, 2016.
- * Pursuant to the transitional provision under the Companies Act, 2016, the sum of RM23,775,624 standing to the credit of the share premium account has been reclassified and become part of the share capital as reflected in the unaudited quarterly results for the financial period 30 September 2017. However, such amount may within 24 months from 31 January 2017 be utilised in the manner as allowed under the Companies Act, 2016.

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IDENTIFICATION ONLY.
PKF (AF 0911)
Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

PKF

(AF 0911)

25 JAN 2018

The Board of Directors
Mitrajaya Holdings Berhad
No. 9, Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan.

PKF

Accountants &
business advisers

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MITRAJAYA HOLDINGS BERHAD

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

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Mitrajaya Holdings Berhad ("MHB" or "the Company") by the Directors of MHB. The pro forma financial information of MHB consists of the pro forma consolidated statement of financial position of MHB as at 31 December 2016 together with the notes thereon as set out in the accompanying statement. The applicable criteria on the basis and assumptions of which the Directors of MHB have compiled the pro forma consolidated statement of financial position are described in the notes.

The pro forma consolidated statement of financial position has been compiled by the Directors of MHB to illustrate the impact of the proposed renounceable rights issue of up to 157,447,598 new ordinary shares in MHB ("MHB Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every five (5) existing MHB Shares held on an entitlement date to be determined later, together with up to 78,723,799 free detachable warrants ("Warrant(s) E") and an attached bonus issue of up to 78,723,799 new MHB Shares ("Bonus Share(s)") on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed ("Proposed Rights Issue"), on the financial position of MHB and its subsidiaries ("MHB Group" or "the Group") as at 31 December 2016 as if the Proposed Rights Issue had taken place on 31 December 2016.

As part of this process, information about the Group's financial position has been extracted by the Directors of MHB from the Company's consolidated financial statement for the financial year ended 31 December 2016, on which an audit report has been published.

Responsibility for the Pro forma Consolidated Statement of Financial Position

The Directors of MHB are responsible for the compilation of the pro forma consolidated statement of financial position of MHB Group in relation to the Proposed Rights Issue on the basis and assumptions stated in the notes thereon.

Reporting Accountants' Independence and Quality Control

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

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Accountants &
business advisers

Reporting Accountants' Independence and Quality Control (continued)

Our firm applies International Standard on Quality Control ("ISQC") 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statement of financial position of MHB Group as at 31 December 2016 has been compiled, in all material respects, by the Directors of MHB on the basis and assumptions stated in the notes thereon.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that the Reporting Accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of MHB have compiled, in all material respects, the pro forma consolidated statement of financial position of MHB Group as at 31 December 2016 on the basis and assumptions stated.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position of the Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position of the Group.

The purpose of the pro forma consolidated statement of financial position of the Group to be included in the Circular to Shareholders of MHB is solely to illustrate the impact of the Proposed Rights Issue as if the event had occurred or had been undertaken at the earlier date of 31 December 2016 (being the most recent audited financial year end) selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of this event would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position of the Group has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of MHB in the compilation of the pro forma consolidated statement of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether the related pro forma adjustments give appropriate effect to those criteria and the pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

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

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Accountants &
business advisers

Opinion

In our opinion,

- (i) the pro forma consolidated statement of financial position of MHB Group as at 31 December 2016, which are prepared for illustrative purposes only, have been properly compiled on the bases and assumptions set out in the accompanying notes to the said pro forma consolidated statement of financial position;
- (ii) the bases are consistent with the accounting policies normally adopted by MHB Group in the preparation of its audited consolidated financial statement; and
- (iii) the adjustments made to the information used in the preparation of the pro forma consolidated statement of financial position of the Group are appropriate for the purposes of preparing the pro forma consolidated statement of financial position.

Other Matters

This report is made solely for the purpose of inclusion in the Circular to shareholders of MHB, in connection with the above mentioned Proposed Rights Issue. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

**PKF
AF 0911
Chartered Accountants**

Kuala Lumpur

25 JAN 2018

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MITRAJAYA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

Minimum scenario

			Pro forma I	Pro forma II After Pro forma I and full exercise of Warrants E
	Note	Audited 31.12.2016 RM	After adjustment RM	Proposed Rights Issue RM
		RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment		121,195,513	121,195,513	121,195,513
Land held for property development		131,407,297	131,407,297	131,407,297
Investment properties		6,663,509	6,663,509	6,663,509
Investment in an associate		833,769	833,769	833,769
Goodwill on consolidation		2,216,219	2,216,219	2,216,219
Deferred tax assets		5,518,726	5,518,726	5,518,726
		267,835,033	267,835,033	267,835,033
Current assets				
Amount due from customers for contract works		103,857,230	103,857,230	103,857,230
Property development costs		99,494,415	99,494,415	99,494,415
Inventories		192,307,676	192,307,676	192,307,676
Trade and other receivables		493,026,093	493,026,093	493,026,093
Tax recoverable		2,571,335	2,571,335	2,571,335
Other investment		19,600,867	19,600,867	19,600,867
Deposits, cash and bank balances	1	58,180,152	45,624,451	112,446,918
		969,037,768	956,482,067	1,023,304,534
TOTAL ASSETS		1,236,872,801	1,224,317,100	1,291,139,567
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		334,861,036	381,212,689	473,170,823
Share premium		23,714,353	-	-
Treasury shares		(572,350)	(585,652)	(585,652)
Other reserves		8,592,528	8,881,353	19,281,398
Retained earnings		251,962,228	218,493,704	205,814,757
	2	618,557,795	606,002,094	697,681,326
Non-controlling interests		(1,424,466)	(1,424,466)	(1,424,466)
Total equity		617,133,329	604,577,628	696,256,860
Non-current liabilities				
Deferred tax liabilities		2,066,849	2,066,849	2,066,849
Borrowings		39,468,065	39,468,065	39,468,065
		41,534,914	41,534,914	41,534,914
Current liabilities				
Amount due to customers for contract works		10,003,272	10,003,272	10,003,272
Trade and other payables		336,936,573	336,936,573	336,936,573
Borrowings	3	215,468,668	215,468,668	123,789,436
Tax payable		15,796,045	15,796,045	15,796,045
		578,204,558	578,204,558	486,525,326
Total liabilities		619,739,472	619,739,472	528,060,240
TOTAL EQUITY AND LIABILITIES		1,236,872,801	1,224,317,100	1,291,139,567
Net assets attributable to the owners of the Company (RM)				
Total borrowings (RM)		254,936,733	254,936,733	163,257,501
Gearing ratio (Times)		0.41	0.42	0.23
Total number of ordinary shares (excluding treasury shares) (Number)				
Net assets attributable to the owners of the Company/share (RM)		669,142,072	688,891,413	895,558,836
		0.92	0.88	0.78
				0.79

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**MITRAJAYA HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

Maximum scenario

	Note	Audited 31.12.2016 RM	After adjustment RM	Pro forma I Assuming all the treasury shares are sold and full exercise of the outstanding Warrants D and the ESOS Options RM	Pro forma II After Pro forma I and the Proposed Rights Issue RM	Pro forma III After Pro forma II and assuming full exercise of the Warrants E RM
ASSETS						
Non-current assets						
Property, plant and equipment		121,195,513	121,195,513	121,195,513	121,195,513	121,195,513
Land held for property development		131,407,297	131,407,297	131,407,297	131,407,297	131,407,297
Investment properties		6,663,509	6,663,509	6,663,509	6,663,509	6,663,509
Investment in an associate		833,769	833,769	833,769	833,769	833,769
Goodwill on consolidation		2,216,219	2,216,219	2,216,219	2,216,219	2,216,219
Deferred tax assets		5,518,726	5,518,726	5,518,726	5,518,726	5,518,726
		<u>267,835,033</u>	<u>267,835,033</u>	<u>267,835,033</u>	<u>267,835,033</u>	<u>267,835,033</u>
Current assets						
Amount due from customers for contract works		103,857,230	103,857,230	103,857,230	103,857,230	103,857,230
Property development costs		99,494,415	99,494,415	99,494,415	99,494,415	99,494,415
Inventories		192,307,676	192,307,676	192,307,676	192,307,676	192,307,676
Trade and other receivables		493,026,093	493,026,093	493,026,093	493,026,093	493,026,093
Tax recoverable		2,571,335	2,571,335	2,571,335	2,571,335	2,571,335
Other investment		19,600,867	19,600,867	19,600,867	19,600,867	19,600,867
Deposits, cash and bank balances	1	58,180,152	45,624,451	153,411,160	153,411,160	229,773,245
		<u>969,037,768</u>	<u>956,482,067</u>	<u>1,064,268,776</u>	<u>1,064,268,776</u>	<u>1,140,630,861</u>
TOTAL ASSETS		<u>1,236,872,801</u>	<u>1,224,317,100</u>	<u>1,332,103,809</u>	<u>1,332,103,809</u>	<u>1,408,465,894</u>
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital		334,861,036	381,212,689	500,017,780	608,498,139	699,030,508
Share premium		23,714,353	-	-	-	-
Treasury shares		(572,350)	(585,652)	-	-	-
Other reserves		8,592,528	6,881,353	(4,722,681)	9,447,603	(4,722,681)
Retained earnings		251,962,228	218,493,704	218,493,704	200,897,428	200,897,428
	2	<u>618,557,795</u>	<u>606,002,094</u>	<u>713,788,803</u>	<u>818,843,170</u>	<u>895,205,255</u>
Non-controlling interests		(1,424,466)	(1,424,466)	(1,424,466)	(1,424,466)	(1,424,466)
Total equity		<u>617,133,329</u>	<u>604,577,628</u>	<u>712,364,337</u>	<u>817,418,704</u>	<u>893,780,789</u>
Non-current liabilities						
Deferred tax liabilities		2,066,849	2,066,849	2,066,849	2,066,849	2,066,849
Borrowings		39,468,065	39,468,065	39,468,065	39,468,065	39,468,065
		<u>41,534,914</u>	<u>41,534,914</u>	<u>41,534,914</u>	<u>41,534,914</u>	<u>41,534,914</u>
Current liabilities						
Amount due to customers for contract works		10,003,272	10,003,272	10,003,272	10,003,272	10,003,272
Trade and other payables		336,936,573	336,936,573	336,936,573	336,936,573	336,936,573
Borrowings	3	215,468,668	215,468,668	215,468,668	110,414,301	110,414,301
Tax payable		15,796,045	15,796,045	15,796,045	15,796,045	15,796,045
		<u>578,204,558</u>	<u>578,204,558</u>	<u>578,204,558</u>	<u>473,150,191</u>	<u>473,150,191</u>
Total liabilities		<u>619,739,472</u>	<u>619,739,472</u>	<u>619,739,472</u>	<u>514,685,105</u>	<u>514,685,105</u>
TOTAL EQUITY AND LIABILITIES		<u>1,236,872,801</u>	<u>1,224,317,100</u>	<u>1,332,103,809</u>	<u>1,332,103,809</u>	<u>1,408,465,894</u>
Net assets attributable to the owners of the Company (RM)						
		618,557,795	606,002,094	713,788,803	818,843,170	895,205,255
Total borrowings (RM)						
		254,936,733	254,936,733	254,936,733	149,882,366	149,882,366
Gearing ratio (Times)						
		0.41	0.42	0.36	0.18	0.17
Total number of ordinary shares (excluding treasury shares) (Number)						
		669,142,072	688,891,413	787,237,990	1,023,409,387	1,102,133,186
Net assets attributable to the owners of the Company/share (RM)						
		0.92	0.88	0.91	0.80	0.81

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(I) Basis of preparation

The pro forma consolidated statement of financial position of MHB Group has been prepared for illustrative purposes only, based on the audited consolidated statement of financial position of MHB as at 31 December 2016, to provide information about how the audited consolidated statement of financial position of MHB as at 31 December 2016 might have been affected on the assumption that the Proposed Rights Issue as mentioned below to be undertaken by MHB Group was completed as at 31 December 2016 and should be read in conjunction with the notes herein.

The auditors' report on the audited financial statements of the MHB Group for the financial year ended 31 December 2016, on which the pro forma consolidated statement of financial position are based, was unmodified.

The pro forma consolidated statement of financial position has been prepared based on accounting policies and basis consistent with those normally adopted in the preparation of the audited financial statements of MHB Group.

The Company proposes to undertake a renounceable rights issue of up to 157,447,598 Rights Shares on the basis of one (1) Rights Share for every five (5) existing MHB Shares held on an entitlement date to be determined later, together with up to 78,723,799 Warrants E and an attached Bonus Issue of up to 78,723,799 Bonus Shares on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed.

The pro forma consolidated statements of financial position of MHB are prepared based on two (2) scenarios and has been prepared for illustrative purposes and on the assumptions that the Proposed Rights Issue was effected on that date, as follows:-

Minimum scenario:

Assuming all the existing 590,000 treasury shares are retained by the Company and none of the outstanding 68,566,777 warrants 2015/2020 in MHB ("**Warrants D**") as well as the 29,189,800 options granted under the Company's employees' share option scheme ("**ESOS Options**") are exercised prior to the entitlement date of the Proposed Rights Issue.

Maximum scenario:

Assuming all the existing treasury shares have been resold in the open market at their respective acquisition prices and all the outstanding 68,566,777 Warrants D as well as the 29,189,800 ESOS Options are exercised prior to the entitlement date of the Proposed Rights Issue.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

(II) Bases and assumptions

Adjusted consolidated statement of financial position as at 31 December 2016

The audited consolidated statement of financial position of MHB Group as at 31 December 2016 has been adjusted for the following transactions that occurred subsequent to 31 December 2016 up to 23 January 2018, being the latest practicable date prior to the printing of the Circular ("LPD"):-

Purchase of treasury shares

From 31 December 2016 to the LPD, MHB bought back 10,000 MHB Shares amounting to approximately RM0.01 million.

Exercise of Warrants D

16,951,841 Warrants D were exercised at RM1.09 each.

Exercise of ESOS Options

- i. 58,000 ESOS Options were exercised before 31 January 2017 at RM1.15 each giving rise to the increase of share premium
- ii. 2,749,500 ESOS Options were exercised after 31 January 2017 at the following respective price per ESOS Option with a total fair value of approximately RM1.08 million transferred to the share capital:-
 - a. 1,000,000 ESOS Options were exercised at RM0.98 each.
 - b. 1,749,500 ESOS Options were exercised at RM1.15 each.
- iii. The fair value of 64,500 ESOS Options previously granted and become exercisable in 2017 amounted to approximately RM0.03 million was recognised in the ESOS reserve account.
- iv. The fair value of 1,565,500 ESOS Options lapsed amounted to approximately RM0.64 million was reversed to the retained earnings.

Dividend

The payment of the first and final dividend of approximately RM34.08 million to the shareholders of MHB for the financial year ended 31 December 2016.

Transition to No Par Value Regime on 31 January 2017

The new Companies Act 2016 ('the Act'), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM23,775,624 (after the effects of the exercise of ESOS Options before 31 January 2017) for the purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

(II) Bases and assumptions (continued)

Minimum scenario

Pro forma I

Pro forma I incorporates the effects of the adjusted consolidated statement of financial position as at 31 December 2016 and the Proposed Rights Issue as follows:-

- (a) the issuance of 137,778,282 Rights Shares at an indicative issue price of RM0.68 per Rights Share together with 68,889,141 Warrants E and 68,889,141 Bonus Shares;
- (b) a total of RM23,775,624 from share premium and RM10,668,947 from retained earnings are capitalised for the issuance of the Bonus Shares;
- (c) the theoretical fair value of RM0.18 is determined using the Trinomial option pricing model as at 23 January 2018 extracted from Bloomberg, translating to warrant reserves of RM12,400,045;
- (d) a total of RM91,679,232 raised from the Proposed Rights Issue is earmarked for the repayment of borrowings; and
- (e) the estimated expenses of RM2,010,000 in relation to the Proposed Rights Issue is deducted against retained earnings.

Pro forma II

Pro forma II incorporates the effects of Pro forma I and assumes that the 68,889,141 Warrants E to be issued pursuant to the Proposed Rights Issue are fully exercised at an indicative exercise price of RM0.97 each. Upon the full exercise of the Warrants E, the warrant reserves of RM12,400,045 will be transferred to the share capital.

Maximum scenario

Pro forma I

Pro forma I incorporates the effects of the adjusted consolidated statement of financial position as at 31 December 2016 and assumes that all the existing 590,000 treasury shares are resold at their respective acquisition price such that there will be no gain or loss arising from such resale and full exercise of all the outstanding 68,566,777 Warrants D at an exercise price of RM1.09 each, 6,500,000 ESOS Options at RM0.98 each and 22,689,800 ESOS Options at RM1.15 each prior to the entitlement date of the Proposed Rights Issue. Upon full exercise of ESOS Options, the ESOS reserve is transferred to the share capital account.

Pro forma II

Pro forma II incorporates the effects of Pro forma I and the Proposed Rights Issue as follows:-

- (a) the issuance of 157,447,598 Rights Shares at an indicative issue price of RM0.68 per Rights Share together with 78,723,799 Warrants E and 78,723,799 Bonus Shares;
- (b) a total of RM23,775,624 from share premium and RM15,586,276 from retained earnings are capitalised for the issuance of the Bonus Shares;
- (c) the theoretical fair value of RM0.18 is determined using the Trinomial option pricing model as at 23 January 2018 extracted from Bloomberg, translating to warrant reserves of RM14,170,284;
- (d) a total of RM105,054,367 raised from the Proposed Rights Issue is earmarked for the repayment of borrowings; and
- (e) the estimated expenses of RM2,010,000 in relation to the Proposed Rights Issue is deducted against retained earnings.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONTINUED)

(II) Bases and assumptions (continued)

Maximum scenario (continued)

Pro forma III

Pro forma III incorporates the effects of Pro forma II and assumes that the 78,723,799 Warrants E to be issued pursuant to the Proposed Rights Issue are fully exercised at an indicative exercise price of RM0.97 each. Upon the full exercise of the Warrants E, the warrant reserves of RM14,170,284 will be transferred to the share capital.

(III) Explanatory Notes to the Pro Forma Consolidated Statement of Financial Position

1. Deposits, cash and bank balances

The movement of the deposits, cash and bank balances upon the completion of the Proposed Rights Issue and utilisation of proceeds would be as follows:

	Minimum scenario RM
As at 31 December 2016	58,180,152
<i>Subsequent events after financial year:-</i>	
Exercise of ESOS Options and Warrants D	21,536,132
Purchase of treasury shares	(13,302)
Dividend	(34,078,531)
As per adjusted consolidated statement of financial position	45,624,451
Pursuant to the Proposed Rights Issue	93,689,232
Repayment of borrowings	(91,679,232)
Estimated expenses in relation to the Proposed Rights Issue	(2,010,000)
As per Pro forma I	45,624,451
Pursuant to the exercise of all Warrants E	66,822,467
As per Pro forma II	112,446,918
	Maximum scenario RM
As at 31 December 2016	58,180,152
<i>Subsequent events after financial year:-</i>	
Exercise of ESOS Options and Warrants D	21,536,132
Purchase of treasury shares	(13,302)
Dividend	(34,078,531)
As per adjusted consolidated statement of financial position	45,624,451
Assuming all the treasury shares are resold and full exercise of the outstanding Warrants D and the ESOS Options	107,786,709
As per Pro forma I	153,411,160
Pursuant to the Proposed Rights Issue	107,064,367
Repayment of borrowings	(105,054,367)
Estimated expenses in relation to the Proposed Rights Issue	(2,010,000)
As per Pro forma II	153,411,160
Pursuant to the exercise of all Warrants E	76,362,085
As per Pro forma III	229,773,245

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

(III) Explanatory Notes to the Pro Forma Consolidated Statement of Financial Position (continued)

1. Deposits, cash and bank balances (continued)

Utilisation of proceeds

The proceed arising from the Proposed Rights Issue will be utilised in the manner as set out below:-

Details of utilisation	Minimum scenario RM'000	Maximum scenario RM'000
Repayment of bank borrowing	91,679	105,054
Estimated expenses in relation to the Proposed Rights Issue	2,010	2,010
	<u>93,689</u>	<u>107,064</u>

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

(III) Explanatory Notes to the Pro Forma Consolidated Statement of Financial Position (continued)

2. Equity attributable to owners of the Company

The movement in the statement of changes in equity are as follows:

Minimum scenario

	Share capital RM	Share premium RM	Treasury shares RM	Foreign exchange reserves RM	Revaluation reserves RM	Warrant reserves RM	Share option (ESOS) reserves RM	Retained earnings RM
As at 31 December 2016	334,861,036	23,714,353	(572,350)	(11,958,271)	7,235,590	-	13,315,209	251,982,228
Subsequent events after the financial year:-								
Exercise/Lapse of ESOS Options and exercise of Warrants D	22,576,029	61,271	-	-	-	-	(1,711,175)	610,007
Transfer in accordance to Section 74 of the Act	23,775,624	(23,775,624)	-	-	-	-	-	-
Purchase of treasury shares	-	-	(13,302)	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	(34,078,531)
As per adjusted consolidated statement of financial position	381,212,689	-	(585,652)	(11,958,271)	7,235,590	-	11,604,034	218,493,704
Pursuant to the Proposed Rights Issue	91,958,134	-	-	-	-	12,400,045	-	(10,688,947)
Estimated expenses in relation to the Proposed Rights Issue	-	-	-	-	-	-	-	(2,010,000)
As per Pro forma I	473,170,823	-	(585,652)	(11,958,271)	7,235,590	12,400,045	11,604,034	205,814,757
Pursuant to the exercise of all Warrants E	79,222,512	-	-	-	-	(12,400,045)	-	-
As per Pro forma II	552,393,335	-	(585,652)	(11,958,271)	7,235,590	-	11,604,034	205,814,757

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IDENTIFICATION ONLY.
PKF (AF 0911)
Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

(III) Explanatory Notes to the Pro Forma Consolidated Statement of Financial Position (continued)

2. Equity attributable to owners of the Company (continued)

Maximum scenario

	Share capital RM	Share premium RM	Treasury shares RM	Foreign exchange reserves RM	Revaluation reserves RM	Warrant reserves RM	Share option (ESOS) reserves RM	Retained earnings RM
As at 31 December 2016	334,861,036	23,714,353	(572,350)	(11,958,271)	7,235,590	-	13,315,209	251,962,228
<i>Subsequent events after the financial year:-</i>								
Exercise/Lapse of ESOS Options and exercise of Warrants D	22,576,029	61,271	-	-	-	-	(1,711,175)	610,007
Transfer in accordance to Section 74 of the Act	23,775,624	(23,775,624)	-	-	-	-	-	-
Purchase of treasury shares	-	-	(13,302)	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	(34,078,531)
As per adjusted consolidated statement of financial position	381,212,689	-	(585,652)	(11,958,271)	7,235,590	-	11,604,034	218,493,704
Assuming all the treasury shares are resold and full exercise of the outstanding Warrants D and the ESOS Options	118,805,091	-	585,652	-	-	-	(11,604,034)	-
As per Pro forma I	500,017,780	-	-	(11,958,271)	7,235,590	-	-	218,493,704
Pursuant to the Proposed Rights Issue	108,480,359	-	-	-	-	14,170,284	-	(15,586,276)
Estimated expenses in relation to the Proposed Rights Issue	-	-	-	-	-	-	-	(2,010,000)
As per Pro forma II	608,498,139	-	-	(11,958,271)	7,235,590	14,170,284	-	200,897,428
Pursuant to the exercise of all Warrants E	90,532,369	-	-	-	-	(14,170,284)	-	-
As per Pro forma III	699,030,508	-	-	(11,958,271)	7,235,590	-	-	200,897,428

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MHB GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

(III) Explanatory Notes to the Pro forma Consolidated Statement of Financial Position (continued)

3. Borrowings

The movement of MHB Group's short term borrowings upon the completion of the Proposed Rights Issue would be as follows:

	Minimum scenario RM
Per audited financial statements as at 31 December 2016 and adjusted balances	215,468,668
Repayment of bank borrowings	<u>(91,679,232)</u>
As per Pro forma I and II	<u>123,789,436</u>
	Maximum scenario RM
Per audited financial statements as at 31 December 2016, adjusted balances and Pro forma I	215,468,668
Repayment of bank borrowings	<u>(105,054,367)</u>
As per Pro forma II and III	<u>110,414,301</u>

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS

2.1 AmInvestment Bank

AmInvestment Bank, being the Principal Adviser for the Proposed Rights Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

2.2 Messrs PKF

Messrs PKF, being the Reporting Accountants for the Proposed Rights Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the letter on the sufficiency of reserves for the capitalisation for the Bonus Shares to be issued pursuant to the Proposed Rights Issue, the pro forma consolidated statements of financial position of MHB Group as at 31 December 2016, and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

3.1 AmInvestment Bank

AmInvestment Bank, its subsidiary and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of AMMB Holdings Berhad ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage securities trading, asset and funds management and credit transaction service businesses. The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for the Company and/or our affiliates, in addition to the roles involved in the Proposed Rights Issue. In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the MHB Group, shareholders of MHB, and/or affiliates of MHB or any other entity or person, holding long or short term positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of the Company. This is a result of the businesses of the AmBank Group generally acting independently of each other and accordingly there may be situations where parts of the AmBank Group and/or its customers now have or in the future, may have interest or take action that may conflict with the interests of the Company.

AmBank Group has, in the ordinary course of their banking businesses, extended credit facilities to the MHB Group and Mr. Tan Eng Piow.

AmInvestment Bank is of the view that the aforementioned extension of credit facilities does not result in conflict of interest situations in respect of its capacities as the Principal Adviser for the Proposed Rights Issue as the said credit facilities have been extended by the AmBank Group in the ordinary course of its banking business and the terms and conditions of such facilities were offered on an arm's length basis. Furthermore, the credit facilities are not material in comparison with the audited total assets of AmBank Group as at 31 March 2017 of approximately RM134.8 billion.

Save as disclosed above, AmInvestment Bank is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed Rights Issue.

3.2 Messrs PKF

Messrs PKF confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Reporting Accountants in respect of the Proposed Rights Issue.

4. MATERIAL LITIGATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position:-

	RM'000
Capital expenditure for property, plant and equipment	
• Approved and contracted for:-	6,681
• Approved but not contracted for:-	-
	<u>6,681</u>

6. CONTINGENT LIABILITIES

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

	RM'000
Project related performance guarantees extended to third party	17,221
	<u>17,221</u>

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, 47150 Puchong, Selangor Darul Ehsan, during normal business hours (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) Memorandum and Articles of Association of the Company;
- (ii) Audited consolidated financial statements of MHB Group for the past two (2) financial year up to the FYE 31 December 2016 and the latest unaudited quarterly report of MHB Group for the nine (9)-month FPE 30 September 2017;
- (iii) The reporting accountants' letter on the sufficiency of reserves for the capitalisation for the Bonus Shares to be issued pursuant to the Proposed Rights Issue, as set out in Appendix I of this Circular;
- (iv) The pro forma consolidated statements of financial position of MHB Group as at 31 December 2016 together with the reporting accountants' letter thereon, as set out in Appendix II of this Circular;
- (v) The letter of consent and declarations of interest referred to in Sections 2 and 3 above, respectively;
- (vi) The irrevocable and unconditional undertaking letter dated 7 December 2017 in relation to the Shareholder's Undertaking as referred to in Section 2.5 of this Circular; and
- (vii) The draft Deed Poll.

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MITRAJAYA HOLDINGS BERHAD

(Company No.: 268257-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Mitrajaya Holdings Berhad ("**MHB**" or the "**Company**") will be held at Mitrajaya Training Room, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor, Malaysia on Monday, 12 February 2018 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:-

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 157,447,598 NEW ORDINARY SHARES IN MHB ("MHB SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING MHB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, TOGETHER WITH UP TO 78,723,799 FREE DETACHABLE WARRANTS ("WARRANT(S) E") AND AN ATTACHED BONUS ISSUE OF UP TO 78,723,799 NEW MHB SHARES ("BONUS SHARE(S)") ON THE BASIS OF ONE (1) WARRANT E AND ONE (1) BONUS SHARE FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED ("PROPOSED RIGHTS ISSUE")

"THAT, subject to the approvals of all relevant authorities and/ or parties (if required) being obtained, the Board of Directors of MHB ("**Board**") be and is hereby authorised to:-

- (i) provisionally allot and issue by way of a renounceable rights issue of up to 157,447,598 Rights Shares on the basis of one (1) Rights Share for every five (5) existing MHB Shares held on an entitlement date to be determined later ("**Entitlement Date**") together with up to 78,723,799 Warrants E and an attached bonus issue of up to 78,723,799 new Bonus Shares on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed by the shareholders of MHB whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholders**");
- (ii) determine the final issue price of the Rights Shares and the exercise price of the Warrants E after taking into consideration the basis and justification of determining such prices, as set out in the Circular dated 26 January 2018 ("**Circular**");
- (iii) wherein each of the Warrants E will carry the right to subscribe, subject to any adjustment in accordance with a deed poll to be executed ("**Deed Poll**"), at any time during the exercise period, for one (1) new MHB Share at an exercise price to be determined and fixed at a later date by the Board;
- (iv) to allot and issue such number of new MHB Shares pursuant to the exercise of the Warrants E, from time to time during the tenure of the Warrants E, in accordance with the provision of the Deed Poll;
- (v) to allot and issue such further Warrants E and new MHB Shares arising from the exercise of such further Warrants E as a consequence of any adjustment in accordance with the provision of the Deed Poll and/ or as may be required by the relevant authorities; and
- (vi) capitalise a total sum of up to RM39,361,900 from the Company's share premium and retained profits accounts for the purpose of the issuance of up to 78,723,799 Bonus Shares to be credited as fully paid-up and allotted to the Entitled Shareholders and/ or their renounee(s) who successfully subscribed for their entitlements pursuant to the Proposed Rights Issue;

THAT the Board be and is hereby authorised to deal with any fractional entitlements arising from the Proposed Rights Issue in such manner as the Board shall in its absolute discretion deem fit, expedient, and in the best interest of the Company;

THAT the proceeds from the Proposed Rights Issue be utilised for the purposes as set out in the Circular, and the Board be and is hereby authorised with full powers to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board may at its absolute discretion deem fit, necessary, expedient and in the best interest of the Company, subject to the approval of the relevant authorities, where required;

THAT the Rights Shares, the Bonus Shares and the new MHB Shares to be issued arising from the exercise of the Warrants E will, upon allotment and issuance, rank *pari passu* in all respects with the then existing MHB Shares, save and except that they will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid which the entitlement date precedes the date of allotment of the Rights Shares, the Bonus Shares and new the MHB Shares to be issued arising from the exercise of the Warrants E;

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board, and with full powers to implement and give effect to the terms and conditions of the Deed Poll;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give full effect to the Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue."

By Order Of The Board

LEONG OI WAH (MAICSA NO. 7023802)

Company Secretary

Selangor Darul Ehsan

26 January 2018

Notes:-

1. *A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy/ proxies who may but need not be a member/ members of the Company to attend, speak and vote in his/ her stead.*
2. *When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/ she specifies the proportions of his/ her holdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting.*
5. *Depositors who appear in the Record of Depositors as at 5 February 2018 shall be regarded as members of the Company and are entitled to attend, speak and vote at this meeting or appoint a proxy to attend, speak and vote on his behalf.*

FORM OF PROXY



MITRAJAYA HOLDINGS BERHAD

(Company No.: 268257-T)
(Incorporated in Malaysia)

I/We _____ (NRIC/ Co. No _____)
of _____

being a member/ members of **MITRAJAYA HOLDINGS BERHAD**, hereby appoint _____
(NRIC/Co. No _____) of _____

and/ or failing him/ her _____ (NRIC/Co. No _____)
of _____

or the Chairman of the meeting as my/ our proxy to vote for me/ us on my/ our behalf at the Extraordinary General Meeting of Mitrajaya Holdings Berhad to be held at Mitrajaya Training Room, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor, Malaysia on Monday, 12 February 2018 at 10.00 a.m., and at any adjournment thereof.

*My/ our proxy(ies) *is/ are to vote as indicated below:-

ORDINARY RESOLUTION		For	Against
1	PROPOSED RIGHTS ISSUE		

(Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this _____ of _____ 2018

CDS Account No:	
Number of Shares	

Signature/Common Seal of Shareholder(s)

[*Delete if not applicable]

Notes:-

1. A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy/ proxies who may but need not be a member/ members of the Company to attend, speak and vote in his/ her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/ she specifies the proportions of his/ her holdings to be represented by each proxy.
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AFFIX
STAMP

MITRAJAYA HOLDINGS BERHAD (268257-T)

No. 9, Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan.

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