

Company No.: 430537-K

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF THE CORPORATION AND/OR THE OFFERORS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THEIR BEST KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE AND/OR MISLEADING.

THE ADVISER AND MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO ITS BEST KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC OFFERING AND ARE SATISFIED THAT ANY PROFIT FORECAST (FOR WHICH THE DIRECTORS ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY VERIFIED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF THE PUBLIC OFFERING AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE PUBLIC OFFERING.

THE SECURITIES COMMISSION SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE CORPORATION AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT.**

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE KUALA LUMPUR STOCK EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE CORPORATION OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SECURITIES COMMISSION AND LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

Company No.: 430537-K

INDICATIVE TIMETABLE

MILESTONES		DATE
OPENING OF THE ISSUE	:	29 December 2000
CLOSING OF THE ISSUE	:	15 January 2001
TENTATIVE BALLOTING DATE	:	19 January 2001
TENTATIVE ALLOTMENT DATE	:	14 February 2001
TENTATIVE LISTING DATE	:	20 February 2001

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DEFINITIONS

In this Prospectus, except where the context requires otherwise, the following abbreviations shall apply throughout:

- “Act” : The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
- “ADA” : Authorised Depository Agent
- “ADA Code” : ADA (Broker) Code
- “AKSB” : Angkasa Kelana Sdn Bhd (496640-V)
- “AKSB Acquisitions” : The acquisitions by AKSB of the following :-
1. 15,346,170 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RBSB for a total purchase consideration of RM40,933,229 satisfied by procuring Ranhill to issue 16,362,905 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
 2. 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RC for a total purchase consideration of RM31,688,940 satisfied by procuring Ranhill to issue 12,667,535 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
 3. 10,300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RBV for a total purchase consideration of RM14,214,377 satisfied by procuring Ranhill to issue 5,682,144 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
 4. 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of REC for a total purchase consideration of RM65,446,960 satisfied by procuring Ranhill to issue 26,162,177 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
 5. 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RSG for a total purchase consideration of RM4,341,861 satisfied by procuring Ranhill to issue 1,735,643 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
 6. 60,000 ordinary shares of RM1.00 each representing the 60% of RWE’s issued and paid-up share capital for a total purchase consideration of RM1,243,961 satisfied by procuring Ranhill to issue 497,269 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share; and
 7. 382,500 ordinary shares of RM1.00 each representing the 51% of UTW’s issued and paid-up share capital of for a total purchase consideration of RM3,167,823 satisfied by procuring Ranhill to issue 1,266,325 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share.

DEFINITIONS (*Cont'd*)

“Approved Market Place”	: A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption (No. 2) Order 1998
“Aseambankers”	: Aseambankers Malaysia Berhad (15938-H)
“Central Depository” or “MCD”	: Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE, or its successors in title
“Central Depositories Act”	: The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
“CDS”	: Central Depository System
“Depositor”	: A holder of a Securities Account
“Deposited Security”	: A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provisions of the Central Depositories Act and the Rules.
“Eligible Employees”	: Eligible employees are staff who are in service as at 30 June 2000, including contract and expatriate staff and Directors of Ranhill and its subsidiaries, save for the promoters of the Company
“EPC”	: Engineering, Procurement and Construction
“EPCC”	: Engineering, Procurement, Construction and Commissioning
“EPCM”	: Engineering, Procurement and Construction Management
“EPS”	: Earnings Per Share
“FIC”	: Foreign Investment Committee
“Issue/Placement/Offer Price”	: The issue/placement/offer price of RM3.00 per ordinary share for the Public Issue Shares / Placement Shares / Offer Shares respectively
“KLSE” or “the Exchange”	: Kuala Lumpur Stock Exchange (30632-P)
“Malaysian Public”	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
“Market days”	: Means any day between Mondays and Fridays which is not a market holiday or Public holiday
“Member”	: Means unless otherwise expressed to the contrary, includes a depositor who shall be treated as if he were a member pursuant to section 35 of the Securities Industry (Central Depository) Act but excludes the Central Depository in its capacity as a bare trustee member
“MITI”	: Ministry of International Trade and Industry

DEFINITIONS (Cont'd)

- “Nominated Placees” : Domestic institutional investors approved by the SC to be nominated in consultation with the Company pursuant to the Placement
- “NTA” : Net Tangible Assets
- “Offer” or “Offer for Sale” : The offer for sale by the Offerors of 3,939,000 ordinary shares of RM1.00 each in Ranhill to the Eligible Employees of Ranhill Group at an offer price of RM3.00 per share, subject to the terms and conditions of this Prospectus
- “Offer Shares” : The 3,939,000 fully paid ordinary shares of RM1.00 each in Ranhill, which are the subject of the Offer for Sale
- “Offerors” : Certain shareholders of Ranhill and their respective Placement Shares and Offer Shares as set out below:-

Name of Offerors	No. of Offer Shares	% of Enlarged Share Capital	No. of Placement Shares	% of Enlarged Share Capital
Dato' Hamdan bin Mohamad	1,037,000	1.31	963,000	1.22
Haji Hassan bin Saat @ Saad	622,000	0.79	578,000	0.73
Ranhill Corporation Sdn Bhd	2,280,000	2.89	2,120,000	2.68
	3,939,000	4.99	3,661,000	4.63

- “O & M” : Operations and Maintenance
- “PE Multiple” : Price Earnings Multiple
- “Placement” : The placement by the Offerors of 3,661,000 ordinary shares of RM1.00 each in the Company to Nominated Placees at a Placement Price of RM3.00 per Placement Share
- “Placement Shares” : The 3,661,000 existing ordinary shares of RM1.00 each in the Company which are the subject of the Placement
- “PLT Asia” : PLT Asia (Airports Consultants) Sdn Bhd (282242-X)
- “PMC” : Project Management Services
- “Public Issue” : The public issue of 14,626,000 new ordinary shares of RM1.00 each in Ranhill at an issue price of RM3.00 per share, subject to the terms and conditions of this Prospectus
- “PSI” : Perwaja Structures International Sdn Bhd (458410-D)
- “Proposed Utilisation” : Proposed utilisation of proceeds as set out in Section 2.7 of this Prospectus
- “Public Issue Shares” : The 14,626,000 new ordinary shares of RM1.00 each in Ranhill, which are the subject of the Public Issue

DEFINITIONS (*Cont'd*)

- “Record of Depositors” : A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules
- “Rules” : The Rules of the Central Depository
- “Ranhill Acquisitions” : The acquisitions by Ranhill of the following :-
1. 15,346,170 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RBSB for a total purchase consideration of RM40,933,229 satisfied by the issuance of 37,212,026 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share;
 2. 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RC for a total purchase consideration of RM5,026,559 satisfied by the issuance of 4,569,599 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share;
 3. 10,300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RBV for a total purchase consideration of RM14,214,377 satisfied by the issuance of 12,922,161 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share;
 4. 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of REC for a total purchase consideration of RM1,884,093 satisfied by the issuance of 1,712,812 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share;
 5. 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RSG for a total purchase consideration of RM4,341,861 satisfied by the issuance of 3,947,146 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share;
 6. 60,000 ordinary shares of RM1.00 each representing the 60% of RWE’s issued and paid-up share capital for a total purchase consideration of RM1,243,961 satisfied by the issuance of 1,130,415 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share; and
 7. 382,500 ordinary shares of RM1.00 each representing the 51% of UTW’s issued and paid-up share capital of for a total purchase consideration of RM3,167,823 satisfied by the issuance of 2,879,839 new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share.
- “Ranhill Group” or “the Group” : Ranhill and its subsidiary companies
- “Ranhill Corporation” : Ranhill Corporation Sdn Bhd (352984-X)
- “Ranhill” or “the Company” : Ranhill Berhad (430537-K)

DEFINITIONS (*Cont'd*)

“RBSB”	:	Ranhill Bersekutu Sdn Bhd (72416-T)
“RBV”	:	RB Ventures Sdn Bhd (232836-D)
“RC”	:	Ranhill Civil Sdn Bhd (366660-X) (Formerly known as Pengurusan KPRJ-Ranhill Sdn Bhd)
“REC”	:	Ranhill Engineers and Constructors Sdn Bhd (221264-W)
“RM” and “sen”	:	Malaysian Ringgit and sen respectively
“ROC”	:	Registrar of Companies
“RSG”	:	Ranhill Sri Gading Sdn Bhd (411767-P)
“RWE”	:	Ranhill Worley Engineering Sdn Bhd (362528-W)
“Securities Account”	:	An account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
“SC”	:	Securities Commission
“UTW”	:	Urusan Teknologi Wawasan Sdn Bhd (459878-D)

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CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Dato' Hamdan bin Mohamad	1A-3-3, Sri Kasturina Jalan Medang Serai Bukit Bandaraya, Bangsar 59100 Kuala Lumpur	Executive Chairman	Malaysian
Haji Mohd Haniff bin Haji Koslan	9, Jalan H-4 Taman Melawati 53100 Kuala Lumpur	Executive Director	Malaysian
Haji Hassan bin Saat @ Saad	50, Jalan AU 2A/21 Taman Seri Keramat Ulu Kelang Lama 54200 Kuala Lumpur	Executive Director	Malaysian
Mohamed Mazlan bin Abdul Manaf	16, Jalan BU 11/7 Bandar Utama 47800 Petaling Jaya	Executive Director	Malaysian
Kamarulzaman bin Omar	No. 1, Jalan Sri Hartamas 4 50480 Kuala Lumpur	Executive Director	Malaysian
Che Khalib bin Mohamad Noh	No. 3, Jalan Ara 7/3D Bandar Sri Damansara 52200 Kuala Lumpur	Non-Executive Director	Malaysian
Ramli bin Ibrahim	15, Jalan Balau Bukit Damansara 50490 Kuala Lumpur	Independent Non-Executive Director	Malaysian
Zahari bin Ab. Wahab	No. 6, Jalan 5 Taman Sri Ukay Ampang, Ulu Kelang 68000 Selangor Darul Ehsan	Independent Non-Executive Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Ramli bin Ibrahim	Chairman	Independent Non-Executive Director
Zahari bin Ab. Wahab	Member	Independent Non-Executive Director
Dato' Hamdan bin Mohamad	Member	Executive Chairman

CORPORATE INFORMATION (Cont'd)

COMPANY SECRETARY	:	Lau Bey Ling MAICSA 7001523 118 Jalan C-1 Taman Melawati 53100 Kuala Lumpur
REGISTERED OFFICE AND MANAGEMENT OFFICE	:	No. 2-12, Jalan Setiawangsa 10 Taman Setiawangsa 54200 Kuala Lumpur
E-MAIL	:	corporate_comm@ranhill.com.my
WEBSITE	:	www.ranhill.com.my
TELEPHONE NUMBER	:	03 – 4252 2020
PRINCIPAL BANKERS	:	Standard Chartered Bank Malaysia Berhad (115793-P) 2 Jalan Ampang 50450 Kuala Lumpur Malayan Banking Berhad (3813-K) 100 Jalan Tun Perak Menara Maybank 50050 Kuala Lumpur RHB Bank Berhad (6171-M) Level 7, Tower 3 RHB Centre Jalan Tun Razak 50400 Kuala Lumpur
AUDITORS AND REPORTING ACCOUNTANTS	:	PricewaterhouseCoopers Public Accountants 11 th Floor, Wisma Sime Darby Jalan Raja Laut 50350 Kuala Lumpur
SOLICITORS FOR THE ISSUE	:	Abu Talib Shahrom & Zahari No 42 & 43, Jalan Desa Taman Desa Off Jalan Kelang Lama 58100 Kuala Lumpur
ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) 12 th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur
REGISTRAR	:	Malaysian Share Registration Services Sdn Bhd (378993-D) 7 th Floor, Exchange Square Bukit Kewangan 50200 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

- ADVISER AND MANAGING UNDERWRITER** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
- OTHER UNDERWRITERS** : Mayban Securities Sdn Bhd
30th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- Amanah Merchant Bank Berhad
17th Floor, Bangunan Amanah Capital
82, Jalan Raja Chulan
50200 Kuala Lumpur
- Bank Islam Malaysia Berhad
8th Floor, Darul Takaful
Jalan Sultan Ismail
50734 Kuala Lumpur
- MIDF Consultancy and Corporate Services Sdn Bhd
Ground Floor, Bangunan MIDF
195A Jalan Tun Razak
50400 Kuala Lumpur
- Public Merchant Bank Berhad
25th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
- LISTING SOUGHT** : Main Board of the Kuala Lumpur Stock Exchange

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1. SUMMARY INFORMATION

“The Summary Information is only a summary of the salient information about the Company and investors should read and understand the whole Prospectus prior to deciding whether or not to invest in the shares of the Company”

The summary information set out below is derived from this Prospectus and should be read in conjunction with the full text of this Prospectus.

1.1 History and Principal Activities

Ranhill was incorporated in Malaysia under the Companies Act, 1965 on 7 May 1997 as a public company under the present name. It is principally an investment holding company with seven (7) subsidiary companies, the details of which are set out below:-

Subsidiary Company	Date/(Place) of Incorporation	Effective Equity Interest (%)	Issued and Paid-Up Share Capital RM	Principal Activities
RBSB	01.07.1981 (Malaysia)	100	15,346,170	Engineering, procurement and construction management services (EPCM) and project management services (PMC)
RC	09.11.1995 (Malaysia)	100	500,000	PMC and engineering, procurement and construction (EPC)
RBV	21.01.1992 (Malaysia)	100	10,300,000	Investment holding (property)
REC	20.07.1991 (Malaysia)	100	1,000,000	To carry on the business of EPC
RWE	07.10.1995 (Malaysia)	60	100,000	EPCM services and PMC services to the petroleum industry
UTW	25.03.1998 (Malaysia)	51	750,000	To provide facilities management and maintenance services
RSG	28.11.1996 (Malaysia)	100	500,000	Turnkey contracting for the Sri Gading Water Supply Project
Associate Company	Date/(Place) of Incorporation	Effective Equity Interest (%)	Issued and Paid-Up Share Capital RM	Principal Activities
PSI*	28.02.1998 (Malaysia)	35.0	100,000	Provision of civil, structures and mechanical engineering services
PLT Asia*	22.11.1993 (Malaysia)	30.0**	100,000	Airport Consultants

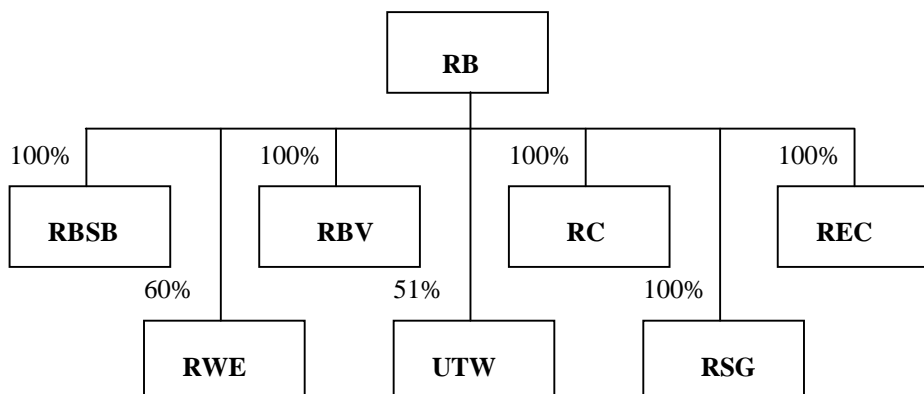
* Associated companies of RBSB, a wholly owned company of RB.

** Held in trust by Haji Zamali bin Midun for the benefit of RBSB.

Detailed information on the history and principal activities of the Ranhill Group is further set out in Section 4 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)

The Group structure is as follows:



1.2 Promoters/Major Shareholders, Directors and Key Management/Technical Personnel

Promoters/Major Shareholders

The relevant details of the Promoters/Major Shareholders are as follows:

Name	Nationality / Place of Incorporation	Principal Activity / Designation	No. of Ranhill Ordinary Shares Held After the Offer for Sale, Placement & Public Issue			
			Direct	%	Indirect	%
Ranhill Corporation	Malaysia	Engineers and Constructors	31,721,857	40.15	-	-
Dato' Hamdan bin Mohamad	Malaysian	Executive Chairman of RB	14,958,734	18.94	31,721,857 ⁽¹⁾	40.15
Haji Mohd Haniff bin Haji Koslan	Malaysian	Executive Director of RB	-	-	31,721,857 ⁽¹⁾	40.15
Haji Hassan bin Saat @ Saad	Malaysian	Executive Director of RB	4,456,861	5.64	-	-
Kamarulzaman bin Omar	Malaysian	Executive Director of RB	843,513	1.07	-	-
Che Khalib bin Mohamad Noh	Malaysian	Non-Executive Director of RB	395,543	0.50	-	-
Ahmad Zahdi bin Jamil	Malaysian	N/A	395,543	0.50	-	-
Haji Zamali bin Midun	Malaysian	Chief Executive Officer of RBSB	840,070	1.06	-	-
Ng Wye Kong	Malaysian	Managing Director of PSI	140,007	0.18	-	-
Yap Yuen Thye	Malaysian	Vice President of RBSB	280,015	0.35	-	-
Ng Wai Leong	Malaysian	Vice President of RBSB	560,055	0.71	-	-
Vijaya Kumar A/L S.Chellathurai	Malaysian	Vice President of RBSB	560,055	0.71	-	-
Tarique Azam	Malaysian	Vice President of RBSB	409,024	0.52	-	-
Ong Cheng Siong	Malaysian	Technical Director of RBSB	512,683	0.65	-	-
Ng Chee Wan	Malaysian	Vice President of RBSB	280,015	0.35	-	-
Cheong Koon Hong	Malaysian	Vice President of RBSB	280,015	0.35	-	-
Stephen Tong Tek Mong	Malaysian	Vice President of RBSB	140,008	0.18	-	-

(1) Deemed interest by virtue of their shareholdings of 15% or more in Ranhill Corporation pursuant to Section 6(A) of the Companies Act, 1965.

1. SUMMARY INFORMATION (Cont'd)**Directors**

The relevant details of the directors of Ranhill are as follows:

Name	Designation	No. of Ranhill Ordinary Shares Held After the Offer for Sale, Placement & Public Issue			
		Direct	%	Indirect	%
Dato' Hamdan bin Mohamad	Executive Chairman	14,958,734	18.94	31,721,857 ⁽¹⁾	40.15
Hj Mohd Haniff bin Hj Koslan	Executive Director	-	-	31,721,857 ⁽¹⁾	40.15
Hj Hassan bin Saat @ Saad	Executive Director	4,456,861	5.64	-	-
Kamarulzaman bin Omar	Executive Director	843,513	1.07	-	-
Mohamed Mazlan bin Abdul Manaf	Executive Director	7,000 ⁽²⁾	0.01	-	-
Che Khalib bin Mohamad Noh	Non-Executive Director	395,543	0.50	-	-
Ramli bin Ibrahim	Independent Non-Executive Director	7,000 ⁽²⁾	0.01	-	-
Zahari bin Ab. Wahab	Independent Non-Executive Director	7,000 ⁽²⁾	0.01	-	-

- (1) Deemed interest by virtue of their shareholdings of 15% or more in Ranhill Corporation pursuant to Section 6(A) of the Companies Act, 1965.
- (2) Based on their respective entitlement pursuant to the allocation of Offer Shares to Eligible Employees and Directors of the Ranhill Group

Detailed information on the Promoters/Major Shareholders, Directors, as well as the Key Management/Technical Personnel is set out in Section 5 of this Prospectus.

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1. SUMMARY INFORMATION (Cont'd)**Key Management/Technical Personnel of the Group**

Ranhill was incorporated as an investment holding company with key management and/or technical personnel being under the direct employment of each respective subsidiary. The relevant details of the key management and/or technical personnel of the Ranhill Group are as follows:

Name	Designation	No. of Ranhill Ordinary Shares Held After the Offer for Sale, Placement & Public Issue			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Haji Zamali bin Midun	Chief Executive Officer of RBSB	840,070	1.06	-	-
Abdul Hamid bin Mohd Ali	Executive Director of UTW	7,000 ⁽¹⁾	0.01	-	-
Ab Patah bin Omar	General Manager of UTW	7,000 ⁽¹⁾	0.01	-	-
John Ashley Etherington	Operations Manager/Deputy Chief Executive Officer of RWE	7,000 ⁽¹⁾	0.01	-	-
Ng Wye Kong	Managing Director of PSI	140,007	0.18	-	-
Yap Yuen Thye	Vice President of RBSB	280,015	0.35	-	-
Ng Wai Leong	Vice President of RBSB	560,055	0.71	-	-
Vijaya Kumar A/L S. Chellathurai	Vice President of RBSB	560,055	0.71	-	-
Tarique Azam	Vice President of RBSB	409,024	0.52	-	-
Ong Cheng Siong	Technical Director of RBSB	512,683	0.65	-	-
Ng Chee Wan	Vice President of RBSB	280,015	0.35	-	-
Cheong Koon Hong	Vice President of RBSB	280,015	0.35	-	-
Stephen Tong Tek Mong	Vice President of RBSB	140,008	0.18	-	-
Lee Chan Moi	Vice President of RBSB	7,000 ⁽¹⁾	0.01	-	-
Wan Pauzi bin Yahya	Project Director of REC	7,000 ⁽¹⁾	0.01	-	-
Ahmad Damnhuri bin Abdul Rahim	Project Director of REC	7,000 ⁽¹⁾	0.01	-	-
Sanusi bin Sulieman	Project Director of REC	5,000 ⁽¹⁾	0.01	-	-
Ayob bin Zakaria	Deputy Project Director of REC	7,000 ⁽¹⁾	0.01	-	-
Nor Azmi bin Wahab	Deputy General Manager of UTW	6,000 ⁽¹⁾	0.01	-	-
Nik Mohd Naser bin Nik Ahmad	Engineering Manager / Project Manager of RWE	-	0.01	-	-
Mustapha bin Mat	Project Manager of RWE	6,000 ⁽¹⁾	0.01	-	-
Jamil bin Masri	Project Manager of RWE	7,000 ⁽¹⁾	0.01	-	-
Alias bin Anuar	Senior Construction Manager of REC	4,000 ⁽¹⁾	0.01	-	-
Lau Bey Ling	Company Secretary of RB	7,000 ⁽¹⁾	0.01	-	-
Monindar Kaur	Chief Accountant of RBSB	7,000 ⁽¹⁾	0.01	-	-

1. SUMMARY INFORMATION (Cont'd)

Key Management/Technical Personnel (cont'd)

Name	Designation	No. of Ranhill Ordinary Shares Held After the Offer for Sale, Placement & Public Issue			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Edwin Pereira	Commercial and Finance Manager of REC	4,000 ⁽¹⁾	0.01	-	-
Laila bin Mazlan	Human Resource and Administration Manager of RBSB	7,000 ⁽¹⁾	0.01	-	-

(1) Based on their respective entitlement pursuant to the allocation of Offer Shares to Eligible Employees and Directors of the Ranhill Group.

Detailed information on the Promoters/Major Shareholders, Directors, as well as the Key Management/Technical Personnel is set out in Section 5 of this Prospectus.

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1. SUMMARY INFORMATION (Cont'd)**1.3 Table of Income Statement for the Past Six (6) Years**

The following table sets out a summary of the audited proforma Ranhill Group's financial performance for the past six (6) financial years ended 30 June 2000 on the assumption that the Group structure has been in existence throughout the period under review.

Year ended 30 June	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	60,210	79,216	125,467	141,603	137,971	95,669
Consolidated profit before depreciation, interest and taxation	13,058	17,820	23,039	25,408	35,444	28,962
Depreciation	793	1,475	2,321	3,522	3,952	3,459
Consolidated profit before interest and taxation	12,265	16,345	20,718	21,886	31,492	25,503
Interest	214	1,305	2,199	5,080	8,370	8,097
Consolidated profit before taxation, exceptional item and minority interests	12,051	15,040	18,519	16,806	23,122	17,406
Exceptional items ⁽¹⁾	-	-	-	(1,448)	-	-
Consolidated profit after exceptional item but before taxation and minority interests	12,051	15,040	18,519	15,358	23,122	17,406
Taxation	(3,396)	(5,083)	(6,947)	(4,347)	(918)	(3,743)
Consolidated profit after taxation but before minority interest	8,655	9,957	11,572	11,011	22,204	13,663
Minority interests	-	72	(1)	361	3,318	2,423
Consolidated profit after taxation and minority interest	8,655	9,885	11,573	10,650	18,886	11,240
No. of ordinary shares ('000) ⁽²⁾	64,374	64,374	64,374	64,374	64,374	64,374
Basic EPS (sen)	13.44	15.36	17.98	16.54	29.34	17.46

(1) The exceptional item represents foreign exchange losses suffered in 1998 by RWE.

(2) Assumed enlarged issued and paid-up share capital of 64,374,000 after the Ranhill Acquisitions.

Please refer to Section 9.1 for a summarised explanation on the Ranhill Group's financial performance throughout the period under review.

1. SUMMARY INFORMATION (Cont'd)**1.4 Proforma Consolidated Balance Sheets as at 30 June 2000 Adjusted for the Financial Effects**

The Proforma Consolidated Balance Sheets set out below are extracted from the Proforma Consolidated Balance Sheet as at 30 June 2000 as disclosed in Section 9. The Proforma Consolidated Balance Sheet provided for illustrative purposes only to show the effects on the audited balance sheet of Ranhill as at 30 June 2000 after taking into account the Ranhill Acquisitions, Placement, Offer for Sale and Public Issue, had these proposals been effected on that date.

	Audited as at 30.06.2000 (RM'000)	Adjusted for consolidation of subsidiaries (RM'000)	After Placement, Offer For Sale, Public Issue and Proposed Utilisation (RM'000)
FIXED ASSETS	-	25,425	25,425
ASSOCIATED COMPANIES	-	2,259	2,259
LONG TERM DEBTS	-	70,532	70,532
DEFERRED EXPENDITURE	*644	648	4
Current assets	**	118,296	159,174
Current liabilities	(644)	(52,658)	(52,014)
Net current (liabilities)/assets	(644)	65,638	107,160
Net assets	**	164,502	205,380
Share Capital	**	64,374	79,000
Share Premium	-	401	26,653
Reserve	-	19,780	19,780
Shareholders' Funds	**	84,555	125,433
Minority interests	-	4,391	4,391
Term Loans	-	73,649	73,649
Hire Purchase And Lease	-	592	592
Creditors			
Deferred Taxation	-	1,315	1,315
	**	164,502	205,380
NTA	**	83,907	125,429
NTA per share (RM)	1.00	1.30	1.59

* This represents listing expenses

** Being RM2.00

1. SUMMARY INFORMATION (Cont'd)

1.5 Audit Qualifications in the Audited Accounts for the Past Five (5) Financial Years

The Reporting Accountants are the auditors of Ranhill, and its subsidiary companies since the date of incorporation except for REC for year ended 1995 and 1996, which were audited by other firm of auditors, and reported on without qualification throughout the relevant periods under review.

1.6 Summary of Material Risk Factors

An investment in the shares listed/to be listed on the KLSE involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and are inherent in the business of the Group.

The investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the Public Issue / Placement / Offer Shares, which are the subject of this Prospectus. The investment consideration that should be considered includes, but are not limited to, the following:

- (i) There is no prior market of Ranhill's shares, which would ensure that the Issue / Placement / Offer Price will correspond to the price at which Ranhill's shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for Ranhill's shares will develop and continue upon or subsequent to its listing;
- (ii) Upon completion of the Public Issue, Placement and Offer for Sale, Dato' Hamdan bin Mohamad, Haji Mohd Haniff bin Haji Koslan, Haji Hassan bin Saat @ Saad and Ranhill Corporation, who are the substantial shareholders of Ranhill, will maintain their control over the Company. Collectively, they will own 64.73% of RB. Hence, they will be able to control the outcome of certain matters requiring the vote of the Company's shareholders;
- (iii) Ranhill is susceptible to certain risks inherent in the construction and engineering industries, such as constraint and rising cost of labour supply and raw materials;
- (iv) The continued success of the Group is also dependent on the Group's ability to retain existing and attract new skilled personnel;
- (v) Adverse development in political and economic conditions in Malaysia could have unfavourable impact on the financial prospects of the Group such as changes in interest rates, foreign exchange rates, methods of taxation, tariffs and duties;
- (vi) Legal uncertainties concerning the Company's business or operations or contractual agreements such as changes or amendments to laws and regulations that governs Ranhill's businesses; and
- (vii) This Prospectus contains financial forecast for the financial year ending 30 June 2001 that is based on a set of bases and assumptions of which, in the opinion of the Directors of Ranhill are deemed to be reasonable but nevertheless are subject to uncertainties, such as variations in prices.

Please refer to Section 3 "Risk Factors", of this Prospectus for further information concerning the abovesaid risk factors, which should be considered by prospective investors. Investors are advised to carefully consider the risk factors, together with other information contained in this Prospectus before subscribing to any of the ordinary shares, which are subject of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)**1.7 Consolidated Profit and Dividend Forecast**

Profit Forecast for Financial Year Ending 30 June 2001	RM'000
Consolidated Profit Before Taxation And Minority Interests	47,469
Taxation	14,462
Consolidated Profit After Taxation and Before Minority Interests	33,007
Minority Interests	714
Consolidated Profit After Taxation and Minority Interests	32,293
<u>Based on weighted average number of 45,109,084 ordinary shares of RM1.00 each in issue</u>	
Basic EPS (sen)	71.59
PE multiple (times)*	4.19
<u>Based on the enlarged share capital of 79,000,000 ordinary shares of RM 1.00 each in issue</u>	
Basic EPS (sen)	40.88
PE multiple (times)*	7.34

* Based on an Issue Price of RM3.00 per share

Dividend Forecast for Financial Year Ending 30 June 2001	
Gross Dividend per ordinary share (sen)	10.0
Net Dividend per ordinary share (after 28% tax) (sen)	7.2
Gross Dividend Yield based on the Issue/Placement/Offer Price of RM3.00 per share (%)	3.3
Net Dividend Yield based on the Issue/Placement/Offer Price of RM3.00 per share (%)	2.4
Net Dividend Cover (times)	5.7

1. SUMMARY INFORMATION *(Cont'd)*

1.8 Proforma Group NTA as at 30 June 2000

	Proforma Group NTA RM'000	NTA per Ordinary Share RM
After adjusting for the Proposed Public Issue and Proposed Utilisation ⁽¹⁾	125,429 ⁽¹⁾	1.59 ⁽¹⁾

(1) After deducting estimated listing expenses of RM3,000,000. Please refer to Section 2.12 for details on the estimated listing expenses.

The above Proforma Consolidated NTA is after taking into account the AKSB Acquisitions and Ranhill Acquisitions and is based on the share capital of 79,000,000 ordinary shares of RM1.00 each. Detailed calculations of the Proforma Consolidated NTA are set out in Section 9 of this Prospectus.

1.9 Principal Statistics Relating to the Public Issue, Placement and Offer for Sale

1.9.1 Share Capital

<i>Authorised</i>	RM
500,000,000 ordinary shares of RM1.00 each	500,000,000
<i>Issued and Fully paid-up</i>	
Existing 64,374,000 ordinary shares of RM1.00 each	64,374,000
To be issued pursuant to the Public Issue:	
14,626,000 new ordinary shares of RM1.00 each	<u>14,626,000</u>
	<u>79,000,000</u>
Placement of 3,661,000 ordinary shares of RM1.00 each	3,661,000
Offer for sale of 3,939,000 ordinary shares of RM1.00	3,939,000

1.9.2 Issue/Placement/Offer Price per Share **RM3.00**

1.9.3 Class of Shares

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)

1.10 Proposed Utilisation of Proceeds

The total gross proceeds of RM43,878,000 arising from the Public Issue and after deducting the related expenses shall accrue entirely to Ranhill and will be utilised as follows:-

	RM
1. RC – (Muar ByPass Project)	20,000,000
2. REC – (Serdang Hospital Project)	9,240,000
3. REC – (MLNG Tiga Plant Project)	7,138,000
4. RBSB – (Working Capital)	4,000,000
5. RWE – (Working Capital)	500,000
6. Estimated expenses for the listing of Ranhill on the Main Board of the KLSE	3,000,000
Total	<u>43,878,000</u>

The Company shall bear all expenses such as brokerage and underwriting commission, registration and share transfer fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of Ranhill on the Main Board of the KLSE estimated at RM3,000,000.

Details of the proposed utilisation are set out in Section 2.7 of this Prospectus.

1.11 Material Litigations, Material Commitments and Contingent Liabilities**Material Litigations**

Save as disclosed below, as at 15 December 2000, the Ranhill Group is presently not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration (other than those legal actions engaged as plaintiff or defendant arising in the ordinary course of its business) or prosecution for any criminal offence, which has a material effect on the financial position of the Ranhill Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of Ranhill and its subsidiaries.

- (i) An action by way of a writ of summons and statement of claim was filed on 30 October 1999 by RBSB against Konsortium Lapangan Terjaya Sdn Bhd for the sum of RM13,600,226.25 for professional fees for services rendered by RBSB. The defendant has applied for a stay of proceeding pending arbitration. This was dismissed by the Senior Assistant Registrar of the Court. The defendant subsequently appealed and was heard on 13 December 2000. The Court has dismissed both the appeals and awarded costs of RM8,000 to RBSB as plaintiffs. RBSB has since filed an application under Order 27 Rule 3 of the Rules of the High Court 1980, which is now fixed for hearing on 17 January 2001.
- (ii) A letter of demand dated 12 May 1999 was issued to Kelana Megah Sdn Bhd for sum owed amounting to RM2,955,555.85 for consultancy services rendered. On 10 November 1999, RBSB advised its solicitors acting on this matter to keep the matter in abeyance as payment towards the settlement is in progress. RBSB has confirmed that the matter is still in abeyance.

1. SUMMARY INFORMATION (Cont'd)

Contingent Liabilities

Save as disclosed below, as at 15 December 2000 (being the latest practicable date at which such amount could be calculated prior to the printing of this Prospectus), there are no material contingent liabilities incurred by the Company or its subsidiary companies.

	Amount RM'000
Corporate guarantee for credit facility of a subsidiary	360
Performance guarantee given to third parties	42,236
Total	<u>42,596</u>

Material Commitments

Save as disclosed below, as at 15 December 2000 (being the latest practicable date at which such amount could be calculated prior to the printing of this Prospectus), there are no material commitments for capital expenditure incurred or known to be incurred by Ranhill or its subsidiary companies, which may have a substantial impact on the result or the financial position of the Company.

	Amount RM'000
Approved and contracted for	8,147
Approved but not contracted for	6,120
Total	<u>14,267</u>

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2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE

This Prospectus is dated **29 December 2000**. A copy of this Prospectus has been registered by the SC and has been lodged with the ROC who takes no responsibility for its contents.

An application shall be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Main Board of the KLSE and for dealing in and quotation for the entire issued and paid-up ordinary share of the Company, including the Public Issue Shares, Placement Shares and Offer Shares, which are the subject to this Prospectus. These ordinary shares will be admitted to the Official List of the Main Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted to deal in and quotation for all the issued shares of the Company. Monies paid in respect of any application accepted will be returned, without interest if the said permission is not granted.

2.1 Opening and Closing Dates of the Application

The Application Lists will open at **10.00 a.m.** on **15 January 2000** and will remain open until **8.00 p.m.** on the same day or for such further period or periods as the Directors of Ranhill and/or the Offerors in their absolute discretion may decide.

2.2 Dates of Special Events

Opening Date	:	29 December 2000
Closing Date	:	15 January 2001
Tentative Balloting Date	:	19 January 2001
Tentative Allotment Date	:	14 February 2001
Tentative Listing Date	:	20 February 2001

2.3 Purposes of the Public Issue, Placement and Offer for Sale

The purposes of the Public Issue, Placement and Offer for Sale are as follows:

- (i) to grant Ranhill access to the capital markets to source funds to finance the future expansion and continued growth of the Ranhill Group;
- (ii) to provide an opportunity for the eligible employees and Directors of the Ranhill Group as well as the Malaysian investing public to participate in the continuing growth of the Company; and
- (iii) to obtain listing of and quotation for Ranhill shares on the Main Board of the KLSE and also to comply with the listing requirements of the KLSE and SC with regard to the minimum shareholding spread.

2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

2.4 Number and class of securities to be issued

<i>Authorised Share Capital</i>	RM
500,000,000 ordinary shares of RM1.00 each	500,000,000
 <i>Issued and fully paid-up Share Capital</i>	
Existing 64,374,000 ordinary shares of RM1.00 each	64,374,000
 <i>To be issued as fully paid-up pursuant to the Public Issue :-</i>	
14,626,000 new ordinary shares of RM1.00 each	14,626,000
Enlarged issued and paid-up share capital	79,000,000
 Issue Price Per Ordinary Share	
	RM3.00
 <i>To be placed by the Offerors to Nominated Places pursuant to the Placement:-</i>	
Existing 3,661,000 ordinary shares of RM1.00 each	3,661,000
 <i>To be offered by the Offerors to the Eligible Employees of Ranhill Group pursuant to the Offer for Sale:-</i>	
Existing 3,939,000 ordinary shares of RM1.00 each	3,939,000

The issue price of RM3.00 per ordinary share is payable in full upon application.

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

2.5 Details of the Public Issue, Placement and Offer for Sale

The Public Issue, Placement and Offer for Sale shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares, Placement Shares and Offer Shares will be allocated in the following manner:

(i) Eligible Employees

3,939,000 ordinary shares of the Offer Shares have been reserved to Eligible Employees of the Ranhill Group;

(ii) Malaysian Public

14,626,000 ordinary shares of the Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions; and

(iii) Nominated Places for the Placement

3,661,000 ordinary shares of the Placement Shares will be reserved for Nominated Places.

In the event that any Offer Shares in respect of paragraph (i) above are not taken up by the Eligible Employees of the Ranhill Group, such Offer Shares will be made available for application by the Malaysian Public.

In the event that any of the Placement Shares under paragraph (iii) above are not taken up by the Nominated Places, such Placement Shares will be made available for application by the Malaysian Public.

All the Public Issue Shares under paragraph (ii) above have been fully underwritten together with any ordinary shares not subscribed for by the Eligible Employees of the Ranhill Group and the Nominated Places under paragraphs (i) and (iii) above.

2.6 Basis of Arriving at the Issue/Placement/Offer Price

The Issue/Placement/Offer Price of RM3.00 per ordinary share was determined and agreed upon by the Company, the Offerors and Aseambankers as the Adviser and Managing Underwriter based on various factors after taking into account the following:-

- (a) The Group's financial and operating history and conditions as outlined in Section 9 of this Prospectus;
- (b) The proforma consolidated NTA per share of Ranhill as at 30 June 2000 of RM1.59 per share;
- (c) The forecast net PE multiple of 4.19 times, based on the forecast consolidated net EPS of 71.59 sen based on the weighted average number of ordinary shares in issue of 45,109,084 ordinary shares of RM1.00 each and the forecast net PE Multiple of 7.34 times, based on the fully diluted forecast consolidated net EPS of 40.88 sen based on the enlarged paid-up capital of 79,000,000 ordinary shares of RM1.00 each;
- (d) The forecast net dividend yield of approximately 2.4% based on the Issue / Placement / Offer Price of RM3.00 per share; and

2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

- (e) The future plans and prospects of the Ranhill Group as outlined in Section 4 of this Prospectus.

2.7 Proposed Utilisation of Proceeds

The total gross proceeds of RM43,878,000 arising from the Public Issue and after deducting the related expenses shall accrue entirely to RB. Save for the proceeds allocated towards the Muar By Pass Project, the remaining gross proceeds will be utilised within 6 months from the date of listing as follows :-

	Note	RM'000	Time frame for utilisation	
			Financial Year Ending 30 June 2001 RM'000	Financial Year Ending 30 June 2002 RM'000
RC – (Muar By Pass)	(a)	20,000	-	20,000
REC – (Serdang Hospital)	(b)	9,240	9,240	-
REC – (MLNG Tiga Plant Project)	(c)	7,138	7,138	-
RBSB	(d)	4,000	4,000	-
RWE	(d)	500	500	-
Estimated expenses for the listing of Ranhill on the Main Board of the KLSE	(e)	3,000	3,000	-
Total Proceeds		43,878	23,878	20,000

Proceeds will be placed in interest bearing deposits.

With the working capital received from the proceeds, the Group is expected to carry out most of its projects without going through high level of borrowings. As a result the interest savings expected is approximately RM2.11 million per annum assuming an interest rate of 3% per annum for fixed deposits.

(a) RC – Muar By Pass Project

In line with the Johor State Government's intention to improve the road network in the vicinity of Muar town and to re-direct the through traffic going south and north from entering the town, RC will undertake to design and build a 632 meter cable-stayed bridge over Sungai Muar and a 14km two lane single carriageway (the "Muar By Pass Project").

The road connecting Muar town to Melaka in the north and Batu Pahat in the south is Federal Route 5 while Federal Route 23 connects Muar with Tangkak, Segamat and the North-South Expressway. Currently, all in-coming traffic vehicles going to other towns in the north and south of Johor western coast are forced into the Muar town centre, which has created traffic congestion. The presence of Tg. Agas Industrial Estate that is located in the vicinity has also contributed towards the increase in traffic volume.

2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

Pursuant to a Letter of Intent from the Public Works Department, Malaysia ("PWD"), dated 30 November 1999, Ranhill Corporation has submitted a proposal to the Economic Planning Unit, Prime Minister's Department to undertake the Muar By Pass Project. Ranhill Corporation is currently in final negotiations with the PWD and the Economic Planning Unit, Prime Minister's Department on the technical and financial aspects of this project. Barring unforeseen circumstances, the letter of award is expected to be issued by the PWD to Ranhill Corporation by the second quarter of 2001. Once the project is awarded to Ranhill Corporation, the Muar By Pass Project will be undertaken by RC. Currently, design and preliminary works and land acquisition activities are in progress.

The project is estimated to cost RM197.76 million in development cost, which is being borne by the Federal Government and will be completed in 36 months. The proceeds from the listing of RM20 million will be utilised to finance working capital required and will realise interest savings of approximately RM1.01 million (Year 2001- 2003) net of tax.

(b) REC – Serdang Hospital Project

The Serdang Hospital is a new hospital catering for secondary and selected tertiary care and will accommodate 620 beds. The hospital will have 8 levels and covers a gross built up area of 127,917 sq.m. The project includes nurses quarters and 4 blocks of apartment with a built up area of 42,614 sq.m. The new Serdang Hospital will be located in Mukim Dengkil, near to the Serdang-Puchong area. It is built to cater to the population from Putrajaya, Kajang, Bangi, Serdang and Puchong. The preliminary works commenced in March 2000 and it is estimated to take 40 months to complete. Earthworks have been completed, whereas piling works and steel structure foundation is currently in progress.

The total development cost is borne by the Federal Government. The project was awarded by the PWD to Konsortium Ranhill Sdn Bhd, a company 51.0% owned by Ranhill Corporation and will be undertaken by REC. Ranhill Corporation through a letter of award dated 15 September 2000 awarded the project to REC for the amount of RM710.19 million. The proceeds from the listing of RM9.24 million will be utilised as working capital and will realise interest savings of RM0.47 million (Year 2001- 2003) net of tax .

(c) REC – MLNG Tiga Plant Project

MLNG Tiga Sdn Bhd, a subsidiary company of PetroliaM Nasional Berhad ("Petronas"), the national oil corporation is undertaking this MLNG Tiga Plant Project. The MLNG Tiga Plant Project awarded to REC covers the civil works and common utilities area for the MLNG Tiga Sdn Bhd's liquified natural gas plant in Bintulu, Sarawak. Work includes earthwork, underground piping, piling, and foundation and underground electrical works.

The project was awarded by the JMSB-KMSB-Sime Consortium to REC on 8 September 2000 for the amount of RM44.97 million. Civil activities including foundation and piling work are in progress with the project expected to be completed in December 2001.

The proceeds from the listing of RM7.14 million will be utilised as working capital and will realise interest savings of RM0.42 million (Year 2001-2003) net of tax.

(d) RBSB & RWE

The working capital requirements for RBSB and RWE will mainly be utilised for general and administrative expenses and will realise interest savings and interest income totalling RM0.21 million (net of tax and MI).

2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

Based on the existing contracts in hand and tender projects submitted, total contracts expected to be carried out by RBSB and RWE in the forecast year is RM56.88 million and RM18.04 million respectively. Due to the nature of the business, working capital of RM4.5 million is being reserved to carry out these projects, in particular to finance the cost of manpower required in undertaking the contracts in-hand.

(e) Estimated listing expenses

The Company shall bear all expenses such as brokerage and underwriting commission, registration fee relating to the Public Issue Shares together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of Ranhill on the Main Board of the KLSE estimated at RM3.0 million.

Details of the listing expenses are provided in Section 2.12 of this Prospectus.

There is no minimum subscription to be raised from the Public Issue as the Public Issue Shares are fully underwritten.

2.8 Financial Impact from Utilisation of Proceeds

Cashflow for Financial Year Ending 30 June	2001 RM'000	2002 RM'000	Total RM'000
<u>Inflow</u>			
Proceeds from the listing	43,878	-	43,878
<u>Outflow</u>			
Muar By Pass Project	-	(20,000)	(20,000)
Serdang Hospital Project	(9,240)	-	(9,240)
MLNG Tiga Plant Project	(7,138)	-	(7,138)
RBSB	(4,000)	-	(4,000)
RWE	(500)	-	(500)
Listing Expenses	(3,000)	-	(3,000)
	(23,878)	(20,000)	0

The impact on the consolidated balance sheet of the Ranhill Group is reflected in the Proforma Consolidated Balance Sheets in Section 9.12 of this Prospectus.

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2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

2.9 Proceeds from the Offer for Sale and Placement

The gross proceeds from the Offer for Sale and Placement of RM22.8 million shall accrue to the Offerors and no part of the proceeds of the Offer for Sale and Placement is receivable by RB. The Offerors shall bear brokerage and underwriting fees and all other expenses relating to the Offer for Sale and Placement.

The details of the shareholding of the Offerors before and after the Offer for Sale and Placement and Public Issue are as follows:

Offerors	As at 30 November 2000		(1) After Offer for Sale		(2) After (1) and Placement		After (2) and Public Issue	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Ranhill Corporation	36,121,857	56.11	33,841,857	52.57	31,721,857	49.28	31,721,857	40.15
Dato' Hamdan bin Mohamad	16,958,734	26.34	15,921,734	24.73	14,958,734	23.24	14,958,734	18.94
Haji Hassan bin Saat @ Saad	5,656,861	8.79	5,348,61	7.82	4,456,861	6.92	4,456,861	5.64
Other Promoters, Employees and Directors of RB	5,636,548	8.76	5,636,548	8.76	5,636,548	8.76	5,636,548	7.13
Nominated Placees	-	-	3,939,000	6.12	3,939,000	6.12	3,939,000	4.99
Malaysian Public	-	-	-	-	3,661,000	5.69	3,661,000	4.63
	-	-	-	-	-	-	14,626,000	18.51
Total	64,374,000	100.0	64,374,000	100.0	64,374,000	100.0	79,000,000	100.0

2.10 Underwriting Commission and Brokerage

Brokerage is payable by the Company and Offerors in respect of the Public Issue Shares, Placement Shares and Offer Shares at the rate of 1.0% of the Issue/Placement/Offer Price of RM3.00 per share in respect of successful applicants bearing the stamps of Aseambankers, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDF Consultancy and Corporate Services Sendirian Berhad.

The Managing Underwriter and Underwriters as stated below and mentioned earlier in this Prospectus have agreed to underwrite the entire Public Issue Shares of 14,626,000 shares to be subscribed by the Malaysian Public. Underwriting Commission relating to the Issue Shares to be underwritten is payable by the Company at the rate of 1.5% of the Issue Price of RM3.00 per ordinary share.

Aseambankers has further agreed to underwrite any of the Placement Shares and Offer Shares not subscribed for by the Eligible Employees of the Ranhill Group and the Nominated Placees. Underwriting commission is payable by the Offerors at the rate of 1.5% of the Placement / Offer Price of RM3.00 per share in respect of the Placement Shares and Offer Shares which are required to be underwritten.

2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

2.11 Underwriters

The underwriters for the Public Issue, Placement and the Offer Shares are as follows:

Managing Underwriter	:	Aseambankers Malaysia Berhad
Other Underwriters	:	Mayban Securities Sdn Bhd
	:	Amanah Merchant Bank Berhad
	:	Bank Islam Malaysia Berhad
	:	MIDF Consultancy and Corporate Services Sdn Bhd
	:	Public Merchant Bank Berhad

The underwriters may withdraw from their obligations under the said Underwriting Agreement (“the Agreement”) after the opening of the offer in the event any of the warranties, representations, or undertakings given by the Company is breached prior to the Listing Date and on the occurrence of any unforeseen circumstances beyond the reasonable control of the contracting parties.

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2. DETAILS OF THE PUBLIC ISSUE, PLACEMENT AND OFFER FOR SALE (Cont'd)

2.12 Details of Estimated Listing Expenses

The details of estimated listing expenses for the proposed listing of and quotation for the enlarged share capital of 79,000,000 ordinary shares of RM1.00 each in Ranhill on the Main Board of the KLSE are as follows:-

	To be borne by the Offerors RM	To be borne by RB RM	Total RM	Notes
Professional Advisory fees	-	1,100,000	1,100,000	Estimated
KLSE Initial Listing Fee	-	50,000	50,000	Note (1)
- KLSE Perusal Fee	-	7,000	7,000	Actual
Prospectus Registration Fee with SC	-	5,000	5,000	Estimated
Prospectus Lodgement fee with ROC	-	300	300	Estimated
SC Processing Fee	-	69,500	69,500	Note (2)
Issuing House Fee and Disbursement	-	130,000	130,000	Estimated
Advertisement of Prospectus	-	150,000	150,000	Estimated
Printing of Application Forms, Share Certificates and Prospectus	-	250,000	250,000	Estimated
Underwriting Commission	342,000	658,170	1,000,170	Note (3)
Brokerage Fee	228,000	438,780	666,780	Note (4)
Contingencies	-	141,250	141,250	Note (5)
Total	570,000	3,000,000	3,570,000	

Notes

- (1) *Initial Listing Fee – the higher of the following:-*
- (a) *RM500 per million Ringgit or part thereof the issued capital of the company, i.e. RM500 (79,000,000 / 1,000,000) = RM39,500; or*
- (b) *a minimum fee of RM2,000 and a maximum of RM50,000 is payable for initial listing.*
- (2) *Nominal Fee + (0.05% of the issued capital to be listed on the stock exchange), i.e. RM69,500*
- (3) *1.5% of the amount of shares underwritten,*
i.e. 1.5% x 14,626,000 x RM3.00 = RM658,170 [to be borne by RB]
1.5% x 3,939,000 x RM3.00 = RM177,255 [maximum amount to be borne by Offerors]
1.5% x 3,661,000 x RM3.00 = RM164,745 [maximum amount to be borne by Offerors]
- (4) *1.0% of the amount of public issue/placement/offer shares*
i.e. 1.0% x 14,626,000 x RM3.00 = RM438,780 [to be borne by RB]
1.0% x 3,939,000 x RM3.00 = RM118,170 [to be borne by Offerors]
1.0% x 3,661,000 x RM3.00 = RM109,830 [to be borne by Offerors]
- (5) *Any unutilised amount shall be used for working capital purposes.*

3. RISK FACTORS

Prior to making an investment decision, potential investors should carefully consider the following investment considerations in addition to all other relevant information contained elsewhere in this Prospectus, before making an application.

3.1 Marketability of Ranhill Group's Shares

Prior to the Public Issue, Placement and Offer for Sale, there has been no public market for the Group's shares and there can be no assurance regarding the future development of the market for the shares. The Issue/Placement/Offer Price of RM3.00 per share has been determined after taking into consideration a number of factors, including but not limited to the Group's financial and operating history and standing, the future prospects of the Group and the industries in which the Group is involved, the net tangible assets of the Group, and the prevailing market conditions at the time of application to the SC for the listing.

There is no assurance that the Issue / Placement/ Offer Price will correspond to the price at which Ranhill's shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for Ranhill's shares will develop and continue upon or subsequent to its listing.

3.2 Ownership and Control by the Substantial Shareholders

Upon completion of the Public Issue, Placement and Offer for Sale, the controlling shareholders of Ranhill are Dato' Hamdan bin Mohamad, Hj Hassan bin Saat @ Saad and Ranhill Corporation. Collectively, Dato' Hamdan bin Mohamad, Hj Hassan bin Saat @ Saad and Ranhill Corporation control approximately 64.73% (please refer to Section 5.1 of this Prospectus) of RB. As such, these controlling shareholders of Ranhill will be able to control the outcome of certain matters requiring the votes of the Company's shareholders unless they are required to abstain from voting and deliberating by law and/or the relevant authorities.

The structure of the organization on the Board and management level has segregated the functions to be interdependent to manage the business and as a check and balance basis. The controlling shareholders namely, Dato' Hamdan bin Mohamad, Haji Mohd Haniff bin Haji Koslan and Haji Hassan bin Saat @ Saad are interdependent in the major business decision-making process rather than mutually exclusive by virtue of their shareholdings. All these process and procedures are in place for controls to ensure business decisions and outcome are made on rational, objective and independent basis and not through undue influence.

3.3 Business Risk

The Ranhill Group is involved in the engineering, procurement, construction management, construction and operations and maintenance businesses, and is subjected to certain business risks inherent in these industries. These include but not limited to scarcity of trained and experienced engineering, technical and supporting personnel, unforeseen requirements or weaknesses in design due to human errors, limitations of computer software, information or technology availability, changes in construction environment affecting design, material, schedule, completion, construction or cost, and changes in the general economy and business conditions. The same risks are also applicable to all other players in the same industry. Some of the factors that may have a material effect on the Group are:-

3. RISK FACTORS (Cont'd)

(i) Availability of Resources

Having been in business for the past 27 years, the Group has established close business association with its clients. Petronas Carigali Sdn Bhd and Malaysia Airports (Sepang) Sdn Bhd are among the names on the Group's long list of clients. The Group's main resources for the work are technical manpower. A high level of training and close supervision while on the job is necessary to maintain competency at the highest level meeting industry standards at the very least. The Group's success in having secured numerous major and technically demanding projects is testimony of a dynamic and strong organisation, which appeals to many job seekers in the market. The Group has not encountered any problems in staff turnover as evidenced by support received from several key personnel who have been with the Group since its early days as well as the growing number of employees recruited.

(ii) Market Risk

Ranhill Group will certainly be subjected to the inherent risks within the domestic construction and engineering industries, particularly the rapid changes in technology, increase in capital investment required, as well as the general economic and business fluctuations.

The Group seeks to minimise and mitigate these risks through its involvement in the entire activities of EPCM, PMC, EPC and O&M and thus able to mitigate risk associated with specific activities. The EPCM, PMC, EPC and O&M activities in every project normally last for more than 3 years and thus would be less susceptible to economic cycle.

The Group's involvement in various industries such as infrastructure, water supply, transportation, petroleum and industrial for both the private and public sector also allows the Group to minimise the impact of economic downturn on its turnover. In reviewing the economy from the last economic downturn the Government has targeted these sectors through linkages and spillovers to the economy.

(iii) Investment in a New or Relatively New Venture

Management and quality systems presently used by the Group undergo enhancements through the Group's collaboration with project partners such as Fluor Daniel, Inc. of USA, JGC Corporation of Japan and Worley Limited from Australia. These systems also are continuously being developed to allow for changes in market and technology. The Quality System has been established to meet the requirements of ISO 9001 to provide an economic and effective framework for the management of quality. The Group maintains a reliable quality management system for all its operations. To-date, two of the companies in the Group, RBSB and RWE have received the ISO 9001 accreditation.

3.4 Financial Risk

Presently, there is no foreign exchange risk faced by the Ranhill Group. With Ranhill Group's future plan and ability to offer engineering and project management services in the global markets, the Group is confident that with the above expansion, the corresponding foreign exchange exposure can be minimised via hedging against the foreign exchange rate fluctuation. The Group continuously evaluates new market instruments that are capable of hedging the Group position against movements in the markets.

3. RISK FACTORS (Cont'd)

Significant fluctuation in the domestic interest rates could pose an impact on the financial performance of the Group, as working capital requirements are met primarily via borrowings. The Ranhill Group's total banking facilities as at 15 December 2000 amount to approximately RM103.35 million, out of which RM82.09 million has been utilised. However, with the proceeds from the listing, approximately RM40.88 million will be utilised as working capital for the projects, undertaken by Ranhill Group. This would in turn substantially mitigate further the exposure to the above risk, which is currently being experienced by the Malaysian economy as a whole. Out of the total facilities utilised as at 15 December 2000 an amount of RM70.25 million of borrowings were used by RSG to undertake the Sri Gading Water Supply Project through a Deferred Turnkey Payment Scheme with interest to be absorbed by the client.

The Directors of Ranhill are of the opinion that after taking into account the cash generated during the profit forecast period, banking facilities available and gross proceeds from the Public Issue, the Group will have adequate working capital for its current and immediate requirements.

Save as disclosed in Section 9.5 of this Prospectus, the Group does not have any other borrowings and indebtedness in the form of borrowings, including bank overdraft and liabilities under acceptances, hire purchase or commitments or guarantees.

Covenants on Borrowings

The Group has banking facilities amounting to RM103.35 million as at 15 December 2000, with covenants that may limit the Group's operating and financial flexibility. The said covenants are, inter alia, summarised as follows:-

(i) RSG

By virtue of the term loan facility of an aggregate principal amount of up to RM71,000,000 between RSG and Sime Bank Berhad, RSG had made an undertaking to Sime Bank Berhad to cause its shareholders to inject equity or make advances to RSG in the event of any cost overrun. As at 15 December 2000, there is an amount outstanding of RM70.25 million for the facility.

(ii) UTW

By virtue of a bank guarantee facility provided by Standard Chartered Bank (M) Berhad to UTW of up to RM1,750,000 for purposes of issuance of performance bonds for works/services rendered, UTW had given an undertaking to maintain a minimum NTA of the company of no less than RM1.75 million at all times.

The facility in (i) above had been obtained for purposes of part financing the construction costs of, the supply of equipment, testing and commissioning of the Sri Gading Water Supply Project. As of to-date, such works has been completed and as such there is no possibility of any cost overrun.

The restrictive covenant of (ii) above is limited to UTW and so the risk of it affecting the Group's operating and financial flexibility is considered minimal.

3. RISK FACTORS (Cont'd)

3.5 Dependence on Particular Products, Markets and Geographical Locations

The main services of the Ranhill Group are EPC, EPCM, PMC and O&M work, wherein the Group has been involved in these activities either directly or indirectly for the past 27 years. Presently, more than 50.0% of the Group's turnover has been in EPCM and PMC work (Please refer to Section 9.2 of this Prospectus). However, for the year ending 30 June 2001 substantial part of the Group's turnover will be EPC in nature. The risk of dependency on EPC activities has been mitigated since EPC works for the next three (3) years have been secured.

3.6 Competition

The Ranhill Group faces competition from the existing players in the industry, in addition, with the impending liberalisation of the services sector, international engineering and construction companies will enter the Malaysian market and it may have material adverse effects on the Malaysian industry and hence the Group's businesses.

In order to mitigate this risk, the Group always ensures that it adopts up-to-date skills in carrying out its EPCM, PMC, EPC and O&M works. The Ranhill Group is also identifying joint ventures with overseas partners who are able to provide transfer of technologies and knowledge know-how to the Group. This is done with the objective of preparing and nurturing the Group against any possible competition in the future, both local and abroad. The Group has taken its very first step in the joint venture through Ranhill Worley Engineering Sdn Bhd, which is 40% owned by Worley Limited in Hong Kong.

Generally, there is no legislation to bar new entrants into the industry. However, in practice, it would be difficult for a new player to compete at the level of the Group's present involvement, that is, comprehensive EPCM, PMC, EPC and O&M business, due to the following barriers of entry:-

- (a) An engineering supermarket providing comprehensive and broad base engineering services on an EPCM, PMC, EPC and O&M basis requires years of active market penetration to reach the level of involvement achieved by the Group to-date;
- (b) Availability of highly skilled and experienced technical manpower with extensive project experience in a multi-discipline engineering environment and conversant with the business of the industry;
- (c) Extensive utilisation of state-of-the-art computer software and hardware as an integral part of sophisticated engineering and project management systems;
- (d) Established market presence with a proven track record in the successful delivery of projects; and
- (e) Stringent requirements for minimum Malaysian and Bumiputera content in ownership and operations have to be satisfied to achieve a preferred position in the Malaysian market.

Other factors, which contribute to the barriers to enter in the industry, are substantial requirements for capital that are needed, lack of track record and/or reputation as a competent contractor, difficulties to attract quality personnel and limited pool of expertise.

As few engineering companies have the ability to provide comprehensive and competent services, the market is oligopolistic in nature and the Group is at the forefront of this market. The substantial goodwill for the Group accorded by clients and suppliers alike, and the extensive experience and expertise built up over the years, have created the Group to become a formidable force in the industry.

3. RISK FACTORS (Cont'd)

Whilst Ranhill will continue to take effective measures to remain competitive and maintain the Company's existing market position, no assurance can be given that the Group will be able to maintain its existing market share in the future.

3.7 Dependence on Key Personnel

Ranhill Group believes that its continued success will depend on the skills, abilities, experience, competency and continued efforts of its existing Directors and management team. The loss of any member of the Company's Board of Directors and senior management would certainly be a loss of a source of great experience, knowledge and impetus to the Group.

However, the Ranhill Group has a large pool of engineering expertise and a succession plan. Company's future success will also depend on its ability to continually attract and retain engineers, technicians and supervisors which is essential towards providing the required engineering, procurement, construction management, construction, operations and maintenance, administration and general support functions for the successful operations of the Group. Over and above the shares allocated to the current Eligible Employees of the Ranhill Group under the "pink form allocation", Ranhill intends to implement an Employee Share Option Scheme in the future, as a means of rewarding its employees and retaining them with the Group.

In order to ensure the continuity amongst the key management staff, Ranhill has entered into separate agreements involving on undertaking by certain Directors of Ranhill, Promoters, Chief Executive Officers of the Ranhill Group and several key staff. Please refer to Section 5.8 of this Prospectus for further details.

3.8 Government Control or Regulation

The Group is not governed by any specific Government control or regulation, tariffs protection and environmental regulations nor enjoys any grants or subsidies.

3.9 Dependence on Certain Customers/Suppliers, Maintaining Contracts/Agreements and Failure of On-going Relationships

The revenue for the past 5 years has been fairly diversified, with balance between EPCM, PMC, EPC and O&M activities. However for the financial year ending 30 June 2001, substantial part of the turnover, RM392.97 million or 84.02% will be from EPC works. The main contributor being SAJH Capital Works Programme RM217.02 million and Semanggar Water Supply Scheme RM50.0 million both secured from SAJ Holdings Sdn Bhd ("SAJH"), for the financial year ending 30 June 2001. There is a risk of failure of this relationship with SAJH. The risk relating to the failure of the on-going relationship between Ranhill and SAJH is mitigated with Ranhill Corporation, having 40.15% equity holding of Ranhill after the Public Issue, Placement and Offer for Sale, where the shareholders of Ranhill Corporation are also shareholders of Lambang Optima Sdn Bhd ("LOSB"). LOSB in turn is an 80% shareholder of SAJH. Certain Directors of Ranhill, Dato' Hamdan bin Mohamad, Haji Mohd Haniff bin Haji Koslan and Che Khalib bin Mohamad Noh are also directors of SAJH. The risk is further mitigated through the award of the first seven (7) years of SAJH Capital Works Programme to REC and the award of the Semanggar Water Supply Scheme to RC.

3. RISK FACTORS (Cont'd)

Other customers, for example PWD and Petronas will also contribute significantly to the turnover for the financial year ended 30 June 2001 with RM94.96 million (through the Serdang Hospital Project) and RM27.43 (through the MLNG Tiga Plant Project) respectively. There is also a risk of failure of this relationship with PWD and Petronas arising from factors beyond the control of RB. The risk of failure of the on-going relationship with PWD and Petronas is minimal by virtue of the fact of the continuous and favourable relationship developed between Ranhill and PWD and Petronas over the past contracts throughout the years.

Another major customer of the Group is Malaysia Airports (Sepang) Sdn Bhd (a wholly owned subsidiary of Malaysia Airports Berhad ("MAB")), who contributed RM9.85 million to the Group's turnover in the financial year ended 30 June 2000. The risk of failure of the on-going relationship with Malaysia Airports (Sepang) Sdn Bhd is mitigated with Malaysia Airport Management and Technical Services Sdn Bhd (another wholly owned subsidiary of MAB) being a 49.0% shareholder in UTW.

The dependence on the abovementioned customers is also mitigated by new business revenue sources mainly from existing business relationship built over the past 27 years in the area of EPCM and PMC and the venture into new O&M areas.

3.10 Political and Economic Considerations

Adverse developments in the political and economic conditions in Malaysia could unfavourably affect the financial prospects of the Company and the Group. Other political and economic uncertainties that could unfavourably affect the Company include changes in interest rates, foreign exchange rates, methods of taxation, tariffs and duties. Whilst Ranhill will continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect the Company.

3.11 Disclosure Regarding Forward-Looking Statements

This Prospectus contains several forward-looking statements, that is, those other than statements of historical facts. Although the Group believes that the expectations reflected in such statements are reasonable at the time this Prospectus is issued, there can be no assurance that such expectations will prove to have been correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

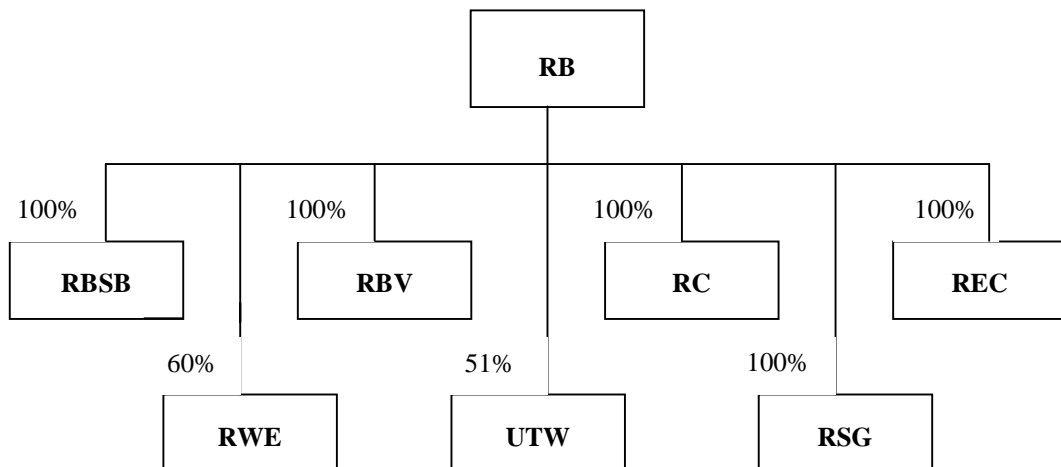
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4. INFORMATION ON THE RANHILL GROUP

4.1 History and Principal Activities

The Company was incorporated in Malaysia under the Companies Act, 1965 on 7 May 1997 as an investment holding company.

The Company has seven (7) subsidiaries, namely RBSB, RC, RBV, REC, RWE, UTW and RSG, as shown in the diagram below:-



From a modest beginning as a partnership in 1973, RBSB today, is Malaysia's leading engineering contractor servicing a multitude of industries and playing an integral role in the modernisation and industrialisation of Malaysia and to a lesser extent, the surrounding region. Originally, the Group through RBSB, provided only Mechanical and Electrical engineering design services as an engineering partnership formed by the Australian engineering company, Rankine and Hill.

On 1 July 1981, RBSB was incorporated in Malaysia under the Companies Act, 1965, as Ranhill Bersekutu Sdn Bhd. Within the next ten years RBSB had developed the full range of engineering capability and also had become fully Malaysian owned.

In 1985, RBSB formed a joint venture with Fluor Daniel Inc. of the United States, with RBSB holding a 40% equity stake in the joint venture. This provided the basis for the development of full turnkey capability within RBSB. When the joint venture ended in 1993, RBSB's expertise had extended to cover procurement, construction and project management. This development was largely in the Oil and Gas, Petrochemical and Industrial sectors.

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4. INFORMATION ON THE RANHILL GROUP (Cont'd)

Over the same period also, RBSB had worked in association with other local and foreign contractors on full turnkey contracts covering private hospitals, airports, privatised water supply systems, privatised power, privatised highways, property development and township development. With 27 years of experience in approximately 1,500 projects, Ranhill's experience and expertise in providing engineering, procurement, construction management, project management, operation and management and complete turnkey contracting now cover a wide range of industries including the following:-

- Infrastructure
- Power
- Water Supply
- Transportation
- Maritime and Environment
- Telecommunications
- Industrial
- Petroleum and Chemical
- Building

4.2 Changes In Share Capital

The authorised share capital of Ranhill is RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each of which 64,374,000 ordinary shares of RM1.00 each have been issued and fully paid-up. Details of the changes in the issued and paid-up share capital of Ranhill since its incorporation are as follows:-

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued And Paid-Up Share Capital RM
07.05.1997	2	1.00	Cash	2
15.11.2000	64,373,998	1.00	Acquisition	64,374,000

4.3 Flotation Scheme

As an integral part of the listing and quotation for the entire issued and paid-up capital of the Company on the Main Board of the KLSE, the Company undertook a flotation scheme that was approved by the SC, FIC and MITI on 3 May 2000, 18 January 2000 and 10 March 2000 respectively.

The SC had also on 21 December 2000 approved the application by Ranhill to undertake a Placement of 3,661,000 ordinary shares of RM1.00 each at a Placement Price of RM3.00 per ordinary share to Nominated Placees by the Offerors. The 3,661,000 ordinary shares of RM1.00 each, which are the subject of the Proposed Placement, were part of the 7,600,000 ordinary shares of RM1.00 each that was originally approved by the SC to be offered by the Offerors vide its letter dated 3 May 2000. Pursuant to the SC's approval for the Placement, the Offer for Sale which was originally proposed of 7,600,000 ordinary shares of RM1.00 each had correspondingly been reduced to 3,939,000 ordinary shares of RM1.00 each. The flotation scheme comprises the following:

4.3.1 AKSB Acquisitions

(a) Terms of the AKSB Acquisitions

AKSB had on 10 November 1999 entered into thirty three (33) separate Sale and Purchase Agreements with the respective vendors of the target companies for the acquisition by AKSB, on a willing-buyer-willing-seller basis of:-

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

1. 15,346,170 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RBSB for a total purchase consideration of RM40,933,229 satisfied by procuring Ranhill to issue 16,362,905 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
2. 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RC for a total purchase consideration of RM31,688,940 satisfied by procuring Ranhill to issue 12,667,535 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
3. 10,300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RBV for a total purchase consideration of RM14,214,377 satisfied by procuring Ranhill to issue 5,682,144 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
4. 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of REC for a total purchase consideration of RM65,446,960 satisfied by procuring Ranhill to issue 26,162,177 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
5. 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RSG for a total purchase consideration of RM4,341,861 satisfied by procuring Ranhill to issue 1,735,643 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share;
6. 60,000 ordinary shares of RM1.00 each representing 60% of RWE's issued and paid-up share capital for a total purchase consideration of RM1,243,961 satisfied by procuring Ranhill to issue 497,269 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share; and
7. 382,500 ordinary shares of RM1.00 each representing 51% of UTW's issued and paid-up share capital for a total purchase consideration of RM3,167,823 satisfied by procuring Ranhill to issue 1,266,325 new ordinary shares in Ranhill of RM1.00 each at approximately RM2.50 per share.

(b) Basis for the Purchase Consideration

A summary of the purchase consideration payable pursuant to the abovementioned AKSB Acquisitions are as follows:-

Name Of Companies Acquired	No. Of Ordinary Shares Of RM1.00 Each Acquired	% Of Issued And Paid-Up Share Capital Acquired	Purchase Consideration (RM)	No. Of New Ranhill's Ordinary Shares of RM1.00 Each Issued at RM2.50 per share
RBSB	15,346,170	100.00	40,933,229	16,362,905
RC	500,000	100.00	31,688,940	12,667,535
RBV	10,300,000	100.00	14,214,377	5,682,144
REC	1,000,000	100.00	65,446,960	26,162,177

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

Name Of Companies Acquired	No. Of Ordinary Shares Of RM1.00 Each Acquired	% Of Issued And Paid-Up Share Capital Acquired	Purchase Consideration (RM)	No. Of New Ranhill's Ordinary Shares of RM1.00 Each Issued at RM2.50 per share
RWE	60,000	60.00	1,243,961	497,269
UTW	382,500	51.00	3,167,823 ⁽¹⁾	1,266,325
RSG	500,000	100.00	4,341,861	1,735,643
			<u>161,037,151</u>	<u>64,373,998</u>

(1) *adjusted NTA after taking into consideration the additional new paid-up share capital after 30 June 1999.*

The purchase consideration of RBSB, RBV, RWE, UTW and RSG was arrived at based on the net tangible assets of the respective companies as at 30 June 1999. However, the purchase consideration for RC and REC was arrived at based on the maintainable earnings of the respective companies for the past three (3) financial years ended 30 June 2000 and the forecasted and projected earnings up to 30 June 2003.

The settlement arrangement was based on a "willing-buyer-willing-seller" basis between AKSB and the vendors of the target companies. The AKSB Acquisition was completed on 15 November 2000.

The purchase considerations for the acquisitions of RBSB, RBV, RWE, UTW and RSG was arrived at after taking into account their respective audited NTAs as at 30 June 1999, as detailed below:-

	RBSB RM	RBV RM	RWE ⁽¹⁾ RM	UTW ⁽²⁾ RM	RSG RM
Net Tangible Assets as at 30 June 1999	40,933,229	14,214,377	1,243,961	3,167,823	4,341,861

(1) *As 60% equity interest in RWE was acquired, the purchase consideration is therefore determined to be RM2,073,268 x 60% = RM1,243,961.*

(2) *As 51% equity interest in UTW was acquired, the purchase consideration is therefore determined to be RM6,211,417 x 51% = RM3,167,823 (adjusted NTA).*

The purchase considerations for the proposed acquisitions of REC and RC was arrived at after taking into account their earnings potential based on a maintainable earnings method for audited financial years ended 30 June 1998 to 2000 and the forecast and projected financial years ending 30 June 2001 to 2003 with a net PE Multiple of 5.01 times and 6.56 times respectively.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

The particulars relating to the vendors and the share swap arrangement for the AKSB Acquisitions of RBSB, RC, RBV, RWE, REC, UTW and RSG are as follows:-

Vendors	RBV	RBSB	RWE	UTW	REC	RC	RSG	Total
Dato' Hamdan bin Mohamad	2,229,045	8,522,597	-	-	-	6,207,092	-	16,958,735
Haji Hassan bin Saat @ Saad	1,489,053	4,167,808	-	-	-	-	-	5,656,861
Kamarulzaman bin Omar	-	843,513	-	-	-	-	-	843,513
Che Khalib bin Mohamad Noh	395,543	-	-	-	-	-	-	395,543
Ahmad Zahdi bin Jamil	395,543	-	-	-	-	-	-	395,543
Haji Zamali bin Midun	269,270	570,800	-	-	-	-	-	840,070
Ng Wye Kong	44,878	95,129	-	-	-	-	-	140,007
Yap Yuen Thye	89,756	190,259	-	-	-	-	-	280,015
Ng Wai Leong	179,514	380,540	-	-	-	-	-	560,055
Vijaya Kumar a/l S.Chellathurai	179,514	380,540	-	-	-	-	-	560,055
Tarique Azam	53,495	355,529	-	-	-	-	-	409,024
Ong Cheng Siong	132,143	380,540	-	-	-	-	-	512,683
Ng Chee Wan	89,756	190,259	-	-	-	-	-	280,015
Cheong Koon Hong	89,756	190,259	-	-	-	-	-	280,015
Stephen Tong	44,878	95,130	-	-	-	-	-	140,008
Tek Mong	-	-	497,269	1,266,325	26,162,177	6,460,443	1,735,643	36,121,857
Ranhill Corporation	-	-	-	-	-	-	-	-
Total	5,682,144	16,362,905	497,269	1,266,325	26,162,177	12,667,535	1,735,643	64,373,998

(c) Rationale for the AKSB Acquisitions

The rationale for the AKSB Acquisitions are:-

- ◆ To promote a fair and equitable distribution of equity based on “willing-buyer-willing-seller”; and
- ◆ To reflect distribution of equity based on historical performance and future prospects of the respective acquiree companies.

4.3.2 Ranhill Acquisitions**(a) Terms of the Ranhill Acquisitions**

Ranhill had on 10 November 1999 entered into thirty-three (33) Sale and Purchase Agreements with AKSB for the acquisitions of the respective target companies.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

Ranhill acquired from AKSB the entire issued and paid-up share capital of RBSB, RBV, RC, RSG and REC, 60% of the total issued and paid up share capital of RWE and 51% of the issued and paid-up share capital of UTW for a total purchase consideration of RM70,811,903 satisfied by the issuance of 64,373,998 fully paid-up new ordinary shares in Ranhill of RM1.00 each at approximately RM1.10 per share.

(b) Basis for the Purchase Consideration

The purchase consideration is based on the NTA of each respective target company as at 30 June 1999.

Please refer to Section 4.3.1(b) of this Prospectus for the respective NTAs of RBSB, RBV, RWE, UTW and RSG. The audited NTA of REC and RC as at 30 June 1999 stood at RM1,884,093 and RM5,026,559 respectively.

(c) Status of the Shares

(i) RBSB, RC, RBV, REC, RWE, UTW and RSG Shares

All the shares of the acquiree companies were acquired free from all encumbrances, charges, pledges liens and all rights attaching thereto.

(ii) Ranhill Shares

The 64,373,998 new ordinary shares of RM1.00 each in Ranhill issued pursuant to the Acquisitions by Ranhill rank in pari passu in all respects with the existing issued and paid-up share capital of two (2) ordinary shares of RM1.00 each. The acquisitions of the abovementioned shares are free from any encumbrances, liens and charges and with all rights attaching thereto.

Upon completion of the Acquisitions by Ranhill, the enlarged issued and paid-up share capital of Ranhill was increased from RM2 to RM64,374,000. The Ranhill Acquisitions was completed on 15 November 2000.

4.3.3 Offer for Sale

The Offerors will make an Offer for Sale of 3,939,000 ordinary shares of RM1.00 each at an Offer Price of RM3.00 per ordinary share to the Eligible Employees of the Ranhill Group in order to satisfy the listing requirements in terms of shareholding spread as stipulated under the SC Guidelines. At the same time the Offerors will be able to realise part of their investment at the initial public offering and raise gross cash proceeds of RM11.82 million.

4.3.4 Placement of Shares

The Offerors will also make a Placement of 3,661,000 ordinary shares of RM1.00 each at a Placement Price of RM3.00 per ordinary share to Nominated Placees in consultation with Ranhill. The Placement will raise gross proceeds of RM10.98 million.

4.3.5 Public Issue

To facilitate the listing of and quotation for Ranhill shares on the Main Board of the KLSE, the Company will make a public issue of 14,626,000 new ordinary shares of RM1.00 each at an issue price of RM3.00 per new ordinary share.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.4 Business Overview of the Ranhill Group

4.4.1 Group Structure

The Group structure of Ranhill is summarised as in Section 1.1 of this Prospectus.

4.4.2 Principal Products and Services

The principal products and services provided by the Group are EPCM, PMC, EPC and O&M with target markets being the infrastructure, power, petroleum and industrial sectors.

EPCM

The Group has been in the business of providing multi-disciplinary EPCM or engineering, procurement and construction management services for the past 27 years having been involved in all major industries in particular, infrastructure, power, petroleum and industrial sectors.

Engineering is the mainstay of the Group with the large pool of technical staff undertaking a variety of projects. The Group's involvement runs from initial stages in preparing conceptual studies and technical feasibility right through to detailed engineering. Procurement is the sourcing, purchase and obtaining of services, equipment, material, and components needed to complete a project. Construction management is the management of the construction phase of a project.

In addition to civil, mechanical and electrical engineering disciplines, the Group's EPCM services also cover control, process, instrumentation and environmental. Under the restructured Group, EPCM services are provided through the strategic business units (SBUs). EPCM services are provided generally for clients with a preference for maintaining close control of project executions while not having sufficient manpower for the work to be done in-house. The responsibility for the project remains with the client throughout the project period.

Presently, companies in the Group, which are actively involved in EPCM work, are RBSB and RWE with the major market being the infrastructure, power, petroleum and industrial sectors.

PMC

PMC or Project Management Services is the management of client's project on their behalf, with involvement throughout project execution phase, from project conception through the appointment of the EPC contractor and until the transfer of the project from the contractor to the client. It entails project planning, budgeting, control, monitoring and reporting on project progress.

Companies in the Group providing PMC work are RBSB, RC and RWE with the major market being the infrastructure, power, petroleum and industrial sectors.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

EPC

EPC or Engineering, Procurement and Construction are also referred to as Turnkey Construction or Design and Build, whereas in the petrochemical industry, clients prefer EPCC or Engineering, Procurement, Construction and Commissioning work.

The Group's competitive advantage is in its ability to internally generate the "E" or the engineering component of EPC work. Over the past 27 years the Group has been 'engineers' and extended its involvement to providing the Engineering scope of works to other EPC or turnkey contractors. The development of the Group expertise in EPC work was further boosted through its collaboration with Fluor Daniel Inc. in 1985. The Group is actively expanding its involvement to EPC, previously the Group's ability to be involved in major EPC work was constrained due to its limited ability to participate in high value work and the financial risks associated with it.

Companies in the Group executing EPC work are REC, RC and RSG (for the Sri Gading project for SAJ Holdings Sdn Bhd). The markets for the Group's EPC work are the infrastructure, power, petroleum and industrial sectors.

O&M

The principal products and services under the O&M provided by the Group are the provision of Facilities Management related to operations and maintenance of facilities and installations especially for Mechanical and Electrical ("M&E") systems. While looking to establish a market niche by focussing on the operations and maintenance of M&E systems, the Group aspires to expand its services as a broad-based facilities management provider. This entails providing the whole spectrum of "Total Facilities Management" services incorporating services associated with not only M&E systems, but also Civil & Structural ("C&S"), landscaping, cleaning and integrated security systems, among others. Target markets are facilities, buildings and installations in the public, government agencies, commercial and private sectors.

The company within the Group providing these services is UTW, initiated with the Group's involvement as EPCM contractor in the construction of the Kuala Lumpur International Airport ("KLIA"), Sepang. UTW has been retained by Malaysia Airports (Sepang) Sdn Bhd as the O&M contractor for the following KLIA Facilities when KLIA started operations in 1998:

- Main Terminal Building ("MTB")
- KLIA Contact Pier
- KLIA Satellite Building

The Group has also been awarded a contract by the Perspec-Taisei-Kajima-Shimizu-Hazama Consortium, the original builders of KLIA, as a sub-contractor to Supervise, Operate and Maintain the Common Systems for MTB and Contact Pier. The Group has also been retained to undertake O&M services contracts for M&E and C&S systems for Sepang F1 International Circuit by Sepang International Circuit Sdn Bhd (a subsidiary of Malaysian Airports Berhad) since March 1999.

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4. INFORMATION ON THE RANHILL GROUP (Cont'd)**Breakdown of Contribution from Principal Products and Services**

The following table illustrates the breakdown of contribution from the Group's principal products and services:

	<-----Turnover for the year ended 30 June----->				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
EPCM/PMC	77,442	119,359	97,021	69,308	67,246
EPC	1,774	11,325	54,808	58,480	18,543
O&M	-	-	2,272	12,712	19740

Between year 1996 to year 2000, EPCM and PMC activities were the main contributor to the Group's turnover. For the financial year ended 30 June 2000, RM67.246 million of the Group's turnover was derived from EPCM and PMC activities.

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4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.4.3 Significant Projects Completed as at 30 November 2000

Projects	Client	Commencement Date	Completion Date
North South Expressway, Gurun-Sungai Petani-Butterworth	Projek Lebuhraya Utara Selatan Bhd	May 1987	Jun 1995
North South Expressway Central Link and KLIA Expressway	Expressway Lingkaran Tengah Sdn Bhd	Mar 1994	Sep 1999
Malaysia-Singapore Second Crossing Bridge	Linkedua (M) Bhd	Jul 1993	Oct 1997
Kuala Lumpur International Airport, Sepang	KLIA Berhad	Apr 1993	Mar 1998
Light Rail Transport System 2	HSSI-Halcrow De Leuw acting as Consulting Engineer for Projek Usahasama Transit Ringan Automatik Sdn Bhd	Sep 1994	Dec 1998
Petronas 88-Storey Twin Towers, Kuala Lumpur	Kuala Lumpur City Centre Berhad	May 1992	Dec 1997
Johor Bahru Water Supply Privatisation Project, Johor	Equiventures Sdn Bhd	Apr 1992	Aug 1996
Sungai Selangor Water Supply Scheme 1, Selangor	Jabatan Bekalan Air, Selangor	Dec 1987	Oct 1993
Johor Barat Water Supply, Johor	Jabatan Bekalan Air, Johor	Feb 1981	Jun 1991
Sungai Selangor Water Supply Scheme, Phase 2 Stage 1, Headworks, Selangor	Puncak Niaga (M) Sdn Bhd	Apr 1995	Oct 1998
Besut Flood Mitigation and River Mouth Improvement Project, Terengganu	Department of Irrigation and Drainage Malaysia	Feb 1992	Apr 1999
Fibre Optic Network along North-South Expressway	Projek Lebuhraya Utara Selatan Bhd	Jul 1992	Oct 1994
500KV Transmission Line	Tenaga Nasional Berhad	Aug 1993	Mar 1998
Pahang Cement Project, Pahang	Pahang Cement Sdn Bhd	Feb 1995	May 2000
Perwaja Upgrading of Old & Establishment of New Direct Reduction Iron Plant, Kemaman Terengganu	Perwaja Steel Sdn Bhd	Apr 1990	Feb 1994
Sg. Selangor Water Supply Phase 2 Stage 1 – Distribution Supply System for PJ and Shah Alam	Puncak Niaga (M) Sdn Bhd	Jul 1996	Dec 1999
Kertih Refinery Debottlenecking Project, Terengganu	Petronas Penapisan (Terengganu) Sdn Bhd	Feb 1992	Dec 1995
District Cooling System, Kuala Lumpur	Wirazone Sdn Bhd	Jun 1997	Oct 1999
Kerteh Centralised Tankage Facility, Terengganu	Dialog Holding Sdn Bhd	Aug 1997	Dec 1999

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

Projects	Client	Commencement Date	Completion Date
Clinical Waste Incinerator Plant, Telok Panglima Garang, Selangor	Radicare (M) Sdn Bhd	Nov 1995	Dec 1997
Klang Valley Distribution Terminal	Petronas Dagangan Berhad & Shell Malaysia Trading Sdn Bhd	Nov 1995	Dec 1997
Formulation Packaging Expansion, Pasir Gudang, Johor	Monsanto (M) Sdn Bhd	Jul 1996	Dec 1997
Supervision, Operation and Maintenance to the Common System for Main Terminal Building and Contact Pier	Perspec-Taisei-Kajima Shimizu-Hazama Consortium	May 1999	Jun 2000
Acrylic Acid Detailed Engineering, Kuantan, Pahang	Overseas Bechtel (M) Sdn Bhd	Feb 1998	Jun 1999
Resak Central Processing Plant Detailed Design, Off shore Terengganu	Petronas Carigali Sdn Bhd	Nov 1996	Sep 1999
Bonny Export Terminal Detailed Design, Nigeria	IPCO Nigeria Ltd	Mar 1995	Nov 1998
Hub River Terminal Detailed Design, Pakistan	Promet (S) Pte Ltd	Dec 1994	Oct 1997
Cakerawala Conceptual Design, Malaysia-Thailand Joint Development Area	Carigali Triton Operating Company	Jan 1998	Aug 1999
Syngas Plant Detailed Engineering, Kuantan	Lurgi (M) Sdn Bhd	Jan 1999	Jul 2000

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4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.4.4 Significant Projects Being Undertaken as at 30 November 2000

Nature of Works	Client	<----- Indicative Dates ----->	
		Commencement Date	Target Completion
Semanggar Water Supply Scheme, Johor	Ranhill Corporation Sdn Bhd	Nov 2000	Dec 2002
South Klang Valley Expressway	Perspec Prime (Malaysia) Sdn Bhd	Jul 1995	Jul 2005
Double Tracking Train Project (Rawang-Ipoh) Phase I	Perspec Prime (Malaysia) Sdn Bhd	Jul 1999	Jul 2003
Telekom 77-Storey Headquarters, Kuala Lumpur	Telekom Malaysia Berhad	Nov 1992	Jun 2001
Bandar Kinrara Residential/Commercial Development, Selangor	Perumahan Kinrara Bhd	Mar 1992	Dec 2008
Universiti Islam Antarabangsa, Gombak, Selangor	Universiti Islam Antarabangsa	Nov 1992	Jun 2001
Rehabilitation & Upgrading of Water Supply System in Malaysia	State Government of Pahang	Aug 1994	Dec 2000
Sungai Selangor Water Supply Phase 2 Stage 2 – Distribution Supply System to Klang and Kuala Lumpur	Puncak Niaga (M) Sdn Bhd	May 1998	Feb 2001
Manjung 2100MW Power Station, Perak	Alstom Export Sdn Bhd	Sep 1999	Sep 2005
Master Plan Study on Flood Mitigation and River Management for Sg. Selangor Basin	Government of Malaysia	Sep 1999	Mar 2001
University Teknologi Petronas Package 3B, Tronoh, Perak	Institute technology of Petronas Malaysia Sdn Bhd	Oct 1998	Nov 2001
440 MW Power Station, Kulim, Kedah	Northern Utility Resources Sdn Bhd	Jul 1999	Jul 2001
Wafer Fabrication Kulim Hi-Tech Park, Kedah	Fluor Daniel International (M) Sdn Bhd	Feb 1999	Feb 2001
Review of Besut Flood Mitigation Project and Detailed Design of Besut Barrage	Department of Irrigation and Drainage Malaysia	Oct 2000	Mar 2002
MLNG Tiga Plant Project, Civil Work to Common Utilities Area, Bintulu, Sarawak	JMSB / KMSB / SIME Consortium	Sep 2000	Dec 2001
Capital Works Programme for State-wide Water Supply System, Johor	Ranhill Corporation Sdn Bhd	Jun 2000	Jun 2006
620 Bed Serdang Hospital, Selangor	Ranhill Corporation Sdn Bhd	Sep 2000	Mar 2004

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

Nature of Works	Client	<----- Indicative Dates ----->	
		Commencement Date	Target Completion
Sri Gading Water Treatment Plant, Batu Bahat, Johor	Syarikat Air Johor Sdn Bhd	Feb 1997	Feb 2001
Operations & Maintenance in KLIA for Main Terminal Building, Contact Pier and Satellite "A" Buildings.	Malaysia Airports (Sepang) Sdn Bhd	May 2000	Apr 2001
Ampa Fairley Rationalisation	OGP Technical Services Sdn Bhd	Aug 1999	Feb 2001
Pulai Gas Evacuation	Petronas Carigali Sdn Bhd	Apr 2000	Dec 2000
Design and Technical Assistance Services for Resak Gas Module Compression	Petronas Carigali Sdn Bhd	Aug 2000	June 2001
Phase 1 B11, Conceptual Design, Sarawak	Sarawak Shell Berhad	Oct 2000	Apr 2001

4.4.5 Methods of Distribution

The Group's clients include project developers, investors and project managers all of whom are knowledgeable, professional and seeking to add value to their project. The selection and appointment of EPCM, PMC, EPC and O&M provider is normally closely scrutinised. It is an important and integral part of investment in the project which will materially affect project cost, construction schedule, quality and in certain instances, marketability of the end product and may require endorsement by financiers.

The Group's experience in securing appointment as EPCM, PMC, EPC and O&M provider is by direct negotiation or by way of tender depending on the client, type and value of project. The Group's past successes to secure awards has been due to:-

- a) The Group's good reputation and past performance.
- b) Repeat business from existing Clients.
- c) Successful submission of Tenders and Proposals.
- d) Promotion of its capabilities.

Emphasis is placed on business development with the operating companies having its own business development department to undertake the work. This is to focus and allocate specialised resources on client and industry.

On large turnkey EPC contracts, the Group has participated as a consortium or joint venture partner with other Malaysian and foreign contractors. The Group's partners may be EPC contractors, operations contractors, equipment suppliers and project financiers where the Group's role is normally as the engineer and project manager central to the project execution.

As a strong and credible Malaysian and Bumiputra contractor, the Group is one of the very few local-engineering contractors qualified as a partner for large project undertakings.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.4.6 Material Financial Arrangements with Suppliers

Work carried out by the Group is financed through the internal funds, which includes the paid-up capital, working capital, billings and borrowings including overdraft facilities, and other credit facilities. The Group ensures that its cash flow position is always favourable. Additionally, the Group is in a good financial position with banks and enjoys credit facilities extended by the banks.

For EPC projects with high value involving the supply of plant and equipment, the Group may invite the main equipment vendor to be a partner in the project undertaking. In this event, the financial requirement is significantly less for the Group. Similarly, sharing of project undertakings with an EPC contractor as partner significantly reduces the Group's financial exposure.

The use of total project financing, especially on the smaller projects, would reduce the need for partners, except when the technology needed for the project is with others. In this event, the technology owner may be invited to be a partner with the Group.

4.4.7 Competitive Conditions

With one of the largest engineering workforce with 1,105 people (as at 15 December 2000) and 27 years of operating experience, the Group is in a formidable position to compete in the market place. The Group's pricing strategy and principle of creating and delivering value at best price to all its customers will augur well.

The infrastructure engineering sector is competitive especially with many Malaysian and foreign companies being involved. Margins in the immediate term appear to be favourable and can be supported by the volume of work in the industry. Having been involved and established in the EPCM and PMC services, the Group is in a position to carry out EPC works more effectively and efficiently.

In the power sector, price competition is stiff with suppliers of plant and machinery taking a leading role to bid. The balance of plant work though high in value is relatively small compared to plant and machinery. Margins for work in the balance of plant portion appears to be maintainable as the entry barrier is high for new players due to the complexity and nature of work requiring fast completion.

The market for engineering products in the petroleum industry, in the short term, is expected to continue to be price competitive especially in the downstream sector. The level of competition especially amongst the foreign contractors is currently high and the result of this is depressed prices for large turnkey contracts. To a large extent the Group is insulated from this price competition, as the Malaysian content is not subject to the same pressures. Due to the stipulations on minimum Malaysian and Bumiputera content in the projects, the competition amongst the Malaysian contractors is largely restricted to size and availability of resources for the work.

In the upstream sector, the competition level is much reduced and, in Malaysia, the Petroleum Development Act provides for a protected market with the resultant low price competition. The profitability, however, remains squeezed due to the tight supply of manpower resources, especially in times of high workload. The Group's outlook remains positive due to the current high staff strength and technical superiority with respect to the Group's capability and track record for the execution of major offshore projects.

4. INFORMATION ON THE RANHILL GROUP (*Cont'd*)

In the foreseeable future, the market situation is expected to change to that of a seller's market as the world demand for engineering of new plant capacity increases beyond supply capacity, especially in the Asia-Pacific region. The level of competition in the industrial sector for the construction of manufacturing facilities differ depending on the size, type and complexity of project. The Group's capabilities are well recognised for industrial plant of high complexity and for these facilities the Group maintains a competitive edge.

As Kuala Lumpur International Airport, Sepang ("KLIA") is a strategic and prestigious national landmark, the Group has made an impact as a major player in the Facilities Management sector in Malaysia. The experience gained in managing the "live" KLIA facilities has been valuable in replicating a highly customer focused and responsive service delivery process to any new clientele in the future.

The Facilities Management market in Malaysia is highly fragmented with both small and big companies being visible and active in the industry. While most property based companies have their own in-house Facilities Management and Maintenance outfits, there is a growing trend for these companies to concentrate on their core businesses and outsource Facilities Management to others. To achieve growth in this industry, the Group must therefore, continue to build a reputation for reliability, quality and competitiveness as a provider of Facilities Management services.

4.4.8 Key Achievements and Milestones

Certification and awards received by the Ranhill Group are summarised as follows:-

- (i) **Design Awards/Engineering Awards**
 - (a) Award of Merit for Adaptive Reuse of the Central Market Project in 1990;
 - (b) Award of Special Merit for Lembaga Urusan Tabung Haji Headquarters in 1989;
 - (c) Award of High Commendation for Pelangi Beach Resort in 1991;
 - (d) Award of Special Merit for Rehabilitation of the Existing Direct Reduction (DR) Plant and establishment of a new DR plant in Kemaman, Terengganu in 1994; and
 - (e) MS ISO 9001 : 1994 Quality Systems – Model for quality assurance in design, development, production, installation and servicing
- (ii) **Safety Achievements**
 - (a) Achievement of 1.6 million man-hours without lost time incident and successful commencement of facilities commissioning on the Klang Valley Distribution Terminal Project in 1997;
 - (b) Achievement of 500,000 man-hours without lost time incident on the Klang Valley Distribution Terminal Project in 1996;
 - (c) Achievement of 1.0 million man-hours without lost time incident for the Construction and Commissioning of the Debottlenecking and Jet Fuel Projects on Kerteh Refinery in 1996; and
 - (d) Achievement of 3.0 million man-hours without lost time incident for BASF Petronas Chemical Acrylics Complex, Kuantan, Pahang in 1999.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

(iii) Recognition

- (a) Certificate of Appreciation on Ulu Yam Baru – Ulu Gombak Road in 1992;
- (b) Certificate of Appreciation on Penang Mutiara Beach Resort in 1992;
- (c) Certificate of Appreciation on the Fabrication and Installation of Resak Offshore Platform; and
- (d) Certificate of Appreciation in recognition of RBSB's honorary services rendered to the Road Engineering Association of Asia and Australasia.

4.4.9 Quality Management Programmes

The Group provides for an environment that is conducive to continuous improvement in the systems and work processes applied in the execution of projects. Total Quality Management (TQM) principles are used in the work execution. Further, the Group's work is conducted in accordance with a comprehensive quality management system, where two companies are certified ISO 9001.

Due to rapid improvements in technology, the Group places great emphasis on maintaining a comprehensive library resource. Industry standards and codes of practice are kept up to date. Regular technology updates are achieved through subscription of relevant technical magazines and periodicals. Attendance and active participation at selected industry conferences and exhibitions is encouraged for senior staff.

The Group actively promotes the upgrading of skills for junior staff through on-the-job training under close supervision and guidance of lead engineers and senior designers. Formal training programs include technical seminars and classroom sessions for selected engineering topics and computer aided design and engineering packages.

4.4.10 Employees

As at 15 December 2000, the Ranhill Group has 1,105 employees. The employees of the Ranhill Group do not belong to any union and the employees' relationship with the management of the Group is amicable. The average number of years of service is 4 years.

Employees structure as at 15 December 2000 :-

Category	Bumiputera	Chinese	Indian	Other		Total
				Malaysian	Foreigner	
1. Management and Professional	261	89	31	9	18	408
2. Technical and Supervision	400	59	34	3	3	499
3. Clerical	106	9	6	-	-	121
4. General workers	16	1	-	-	-	17
5. Other workers :						
a. Skilled	50	-	-	-	-	50
b. Unskilled	10	-	-	-	-	10
Total	843	158	71	12	21	1,105

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.4.11 Location of Principal Place of Business

The location of principal assets and place of business of the Group are as follows:-

- Head Office : Wisma Ranhill
No. 2-16, Jalan Setiawangsa 10
Taman Setiawangsa
54200 Kuala Lumpur
- Subsidiary Companies : 1) RBSB/RWE/RBV/RSG
Wisma Ranhill
No. 2-16, Jalan Setiawangsa 10
Taman Setiawangsa
54200 Kuala Lumpur
- 2) REC
3-4-4, Wisma Prima Peninsula
Jalan Setiawangsa 11
Taman Setiawangsa
54200 Kuala Lumpur
- 3) UTW
1st Floor, Civil Engineering Building
Engineering Complex
Kuala Lumpur International Airport
43900 Sepang
- 4) RC
11-1, Jalan Permas
9/1 Bandar Baru Permas Jaya
81750 Masai
Johor

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4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.5 Subsidiary Companies

The subsidiaries of Ranhill, all of which are incorporated in Malaysia, are as follows:-

Subsidiary Company	Date of Incorporation	Effective Equity Interest (%)	Issued and Paid-Up Share Capital RM	Principal Activities
RBSB	01.07.1981	100	15,346,170	Engineering, procurement and construction management services (EPCM) and project management services (PMC)
RC	09.11.1995	100	500,000	Project management services (PMC) and engineering, procurement and construction (EPC)
RBV	21.01.1992	100	10,300,000	Investment holding (property)
REC	20.07.1991	100	1,000,000	To carry on the business of EPC services
RWE	07.10.1995	60	100,000	EPCM services PMC services to the petroleum industry
UTW	25.03.1998	51	750,000	To provide facilities management and maintenance services
RSG	28.11.1996	100	500,000	Turnkey contracting for the Sri Gading Water Supply Project

4.5.1 RBSB

(i) History and Business

RBSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 1 July 1981 and commenced operations immediately in the engineering consultancy business.

The principal activity of the Company is EPCM services and PMC services. The company has a total of 557 employees as at 15 December 2000.

(ii) Share Capital

The existing authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each of which RM15,346,170 have been issued and fully paid-up, comprising 15,346,170 ordinary shares of RM1.00 each.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

The changes in the issued and paid-up share capital of RBSB is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
01.07.1981	4	1.00	Subscribers' shares	4
02.01.1982	5,096	1.00	Cash	5,100
30.06.1982	45,900	1.00	Cash	51,000
23.06.1983	4,000	1.00	Cash	55,000
01.07.1984	7,200	1.00	Cash	62,200
10.05.1985	437,800	1.00	Bonus Issue on a basis of 7 : 1	500,000
12.10.1990	230,770	1.00	Cash	730,770
31.12.1996	14,615,400	1.00	Bonus Issue on a basis of 20 : 1	15,346,170

(iii) Subsidiary and Associated Companies

Associates	Date and Place of Incorporation	Issued and Paid-Up Share Capital RM	Effective Equity Interest %	Principal Activities
Perwaja Structures International Sdn Bhd ("PST")	28.02.1998 Malaysia	100,000	35.0	Provision of civil, structures and mechanical engineering services
PLT Asia (Airport Consultants) Sdn Bhd	22.11.1993 Malaysia	100,000	30.0*	Airport Consultants

* Held in trust by Haji Zamali bin Midun for the benefit of RBSB

As at 15 December 2000, RBSB has no subsidiary companies.

4.5.2 RC

(i) History and Business

RC was incorporated in Malaysia under the Companies Act, 1965 on 9 November 1995 as a private limited company under the name of Pengurusan KPRJ-Ranhill Sdn Bhd and commenced business on 1 December 1996. On 22 September 2000 it assumed its current name.

The principal activity is PMC services and EPC services. The company has a total of 2 employees as at 15 December 2000.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)**(ii) Share Capital**

The existing authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM500,000 have been issued and fully paid-up, comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of RC is as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
09.11.1995	2	1.00	Subscribers' shares	2
11.07.1996	254,999	1.00	Cash	255,001
13.09.1996	50,000	1.00	Cash	305,001
25.03.1997	194,999	1.00	Cash	500,000

(iii) Subsidiary and Associated Companies

The company has no subsidiaries or associated companies as at 15 December 2000.

4.5.3 RBV**(i) History and Business**

RBV was incorporated in Malaysia under the Companies Act, 1965 on 21 January 1992 as a private limited company and commenced operations on 1 September 1995.

The principal activity is investment holding of properties. As at 15 December 2000, the company has no employees as all manpower required are seconded from RBSB or sourced from outside.

(ii) Share Capital

The existing authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each of which RM10,300,000 have been issued and fully paid-up comprising 10,300,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of RBV is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
21.01.1992	2	1.00	Subscribers' shares	2
09.11.1992	859,998	1.00	Cash	860,000
09.08.1994	753,489	1.00	Cash	1,613,489
09.09.1994	429,973	1.00	Cash	2,043,462
18.10.1994	16,538	1.00	Cash	2,060,000
31.12.1996	8,240,000	1.00	Bonus Issue on a basis of 4 : 1	10,300,000

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

(iii) Subsidiary and Associated Companies

The company has no subsidiaries or associated companies as at 15 December 2000.

4.5.4 REC

(i) History and Business

REC was incorporated in Malaysia under the Companies Act, 1965 on 20 July 1991 as a private limited company and commenced operations on February 1993.

The principal activity of the company is to carry out the business of EPC services. The company has a total of 173 employees as at 15 December 2000.

(ii) Share Capital

The existing authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which RM1,000,000 have been issued and fully paid-up comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of REC is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
20.07.1991	2	1.00	Subscriber's shares	2
30.09.1993	249,998	1.00	Cash	250,000
02.09.1996	750,000	1.00	Capitalisation of retained earnings Bonus Issue 3 : 1	1,000,000

(iii) Subsidiary and Associated Companies

The company has no subsidiaries or associated companies as at 15 December 2000.

4.5.5 RWE

(i) History and Business

RWE was incorporated in Malaysia under the Companies Act, 1965 on 7 October 1995 as a private limited company and commenced operations in January 1996.

The principal activity of the company is EPCM services and PMC services to the petroleum industry. The company has a total of 111 employees as at 15 December 2000.

(ii) Share Capital

The existing authorised share capital of RWE is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which RM100,000 have been issued and fully paid-up comprising 100,000 ordinary shares of RM1.00 each.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

The changes in the issued and paid-up share capital of RWE since its incorporation is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
07.10.1995	2	1.00	Subscribers' shares	2
18.02.1997	99,998	1.00	Cash	100,000

(iii) Other Shareholder of RWE

The other shareholder of RWE is as follows:-

Shareholders	Nationality / Place of Incorporation	<-----No. Of Shares held----->			
		Direct	%	Indirect	%
Worley Limited	Hong Kong	40,000	40.0	-	-

(iv) Subsidiary and Associated Companies

The company has no subsidiaries or associated companies as at 15 December 2000.

4.5.6 UTW**(i) History and Business**

UTW was incorporated in Malaysia under the Companies Act, 1965 on 25 March 1998 as a private limited company and commenced operations in April 1998.

The principal activity of the company is to provide facilities management and maintenance services. The company has a total of 261 employees as at 15 December 2000.

(ii) Share Capital

The existing authorised share capital of UTW is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which RM750,000 have been issued and fully paid-up comprising 750,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of UTW since its corporation is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
25.03.1998	2	1.00	Subscribers' shares	2
22.12.1998	499,998	1.00	Cash	500,000
13.07.1999	250,000	1.00	Cash	750,000

4. INFORMATION ON THE RANHILL GROUP (Cont'd)**(iii) Other Shareholders of UTW**

The other shareholder of UTW is as follows:-

Shareholders	Nationality / Place of Incorporation	<-----No. Of Shares held----->			
		Direct	%	Indirect	%
Malaysia Airports Management and Technical Services Sdn Bhd (375245-X)	Malaysia	367,500	49.0	-	-

(iv) Subsidiary and Associated Companies

The company has no subsidiaries or associated companies as at 15 December 2000.

4.5.7 RSG**(i) History and Business**

RSG was incorporated in Malaysia under the Companies Act, 1965 on 28 November 1996 as a private limited company and commenced operations in February 1997.

The principal activity of the company is to undertake the turnkey contracting for the Sri Gading Water Supply Project. As at 15 December 2000, the company has no employees as the project is at its tail-end and all manpower required are seconded from REC and RBSB or sourced from outside.

(ii) Share Capital

The existing authorised share capital of RSG is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM500,000 have been issued and fully paid-up comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of RSG since its incorporation is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
28.11.1996	2	1.00	Subscribers' shares	2
25.03.1997	499,998	1.00	Cash	500,000

(iii) Subsidiary and Associated Companies

The company has no subsidiaries or associated companies as at 15 December 2000.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.6 Industry Overview**4.6.1 General Overview**

The real output of the economy expanded during the period, contributed mainly by investments in physical infrastructure, invigorating Malaysia's productive capacity and international competitiveness. A bulk of the private investment, which increased by 16.6%, was channelled particularly into the manufacturing and the oil and gas sectors. As for public sector investment, although in comparison it was lower than the private sector in terms of growth and contribution to GNP, it nevertheless recorded a growth of RM3.4 billion (0.4% of GNP). This was consistent with the private sector led growth strategy of the Sixth Malaysia Plan ("6MP"). On the supply end, the growth of the manufacturing, construction and energy sectors provided the impetus to overall economic growth.

The private sector will continue to play a leading role through its private sector initiatives and accelerated privatisation programmes, hence contributing to the expansion of the Malaysian economy. With the rapid expansion of the infrastructure development in the Asia-Pacific region, attracting massive private capital inflows in the form of project financing, the Malaysian economy is certainly poised to continue if not expedite its activities in this sector.

Emphasis on technology intensive activities emanating from manufacturing, construction and energy sectors will reflect largely the significant growth in the local and international markets. Experiencing rapid pace of industrialisation, with the implementation of the Association of South East Asian Nations ("ASEAN") Growth Triangles and increased investment flows, it is certain Malaysia will benefit a great deal through access to both developed and developing country markets. This will be further facilitated by the strategic alliances developed by local companies with foreign partnerships. Public-private co-operation through Malaysia Incorporated Concept will prove to strengthen the nation's standing in facing competition in the industries, microcosmically and in the world trade market, in general.

(Source: Seventh Malaysia Plan 1996-2000)

4.6.2 Life-Cycle of Industries Related to Ranhill's Business**4.6.2.1 Infrastructure**

Infrastructure and utilities development, long recognised as an essential pre-condition for economic growth, has now taken on the additional role of reviving and stimulating the economy. In line with the recommendations of the National Economic Recovery Plan ("NERP"), critical and strategic infrastructure projects with high multiplier and spillover effects as well as high consumption of local products will be implemented on an accelerated basis to provide the catalyst for sustaining a reasonable rate of economic growth. Public sector financing will play a more active role and provide the impetus to the implementation of these infrastructure projects. At the same time, financial assistance to high priority privatised infrastructure projects affected by the tight liquidity situation will be made available as well as the banking sector, within the context of a more conducive loan policy and liquidity environment. The infrastructure and utilities sector is expected to contribute RM16,980 million or 12.2% to GDP by the end of the seventh Malaysia Plan ("7MP") period.

(Source: Mid Term Review of the Seventh Malaysia Plan 1996-2000)

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.6.2.2 Power

The overall demand for commercial energy during the 7MP is expected to increase at 8.9% per annum from 836.7 peta joule ("PJ") in 1995 to 1,279.4PJ in the year 2000. While the energy intensity of the economy is anticipated to increase at 7.34 gega joules ("GJ"), from 7.07GJ. This growth reflects the progression of the Malaysian economy towards more energy-intensive industries as well as the steady growth of the population, anticipated at 23.26 million.

Electricity demand is projected to grow at 11% per annum, thereby increasing its share of total energy demand to 17.3% in the year 2000. Per capita electricity consumption will correspondingly increase at a rate of 8.9% per annum to about 2,800 kWh in the year 2000.

(Source: Seventh Malaysia Plan 1996-2000)

4.6.2.3 Petroleum

The petroleum sector is one of the most exciting economic sectors for Malaysia and is expected to continue to be a high growth industry at least for the next 10 years. While Malaysian oil was first available in 1910, by Shell in Miri, the development of an indigenous petroleum industry started only with the establishment of Petronas through an act of Parliament in 1974. The sector can be considered immature due to the current high dependency on imported expertise and goods and services. Additionally, oil production is being restricted at over 600,000 bpd in line with the National Depletion Policy and exploration and production to date has been largely restricted to within the continental shelves of the country where the strike rate for commercial discoveries is well below the world average.

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4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.6.3 Summary of Outlook and Areas of Growth for the Industry

4.6.3.1 Infrastructure

The Malaysian Government has consistently accorded high priority to the development of the country's infrastructure, but higher than anticipated economic growth during the 6MP period has resulted in continued infrastructure capacity constraints. Therefore, under the 7MP, the development of Malaysia's infrastructure facilities will be further accelerated, as continued strong economic growth will exert tremendous pressure.

Under the 7MP the development of the infrastructure sector will be further intensified in order to sustain the growth momentum of the economy. In order to effectively respond to this challenge, it is imperative that continuous upgrading and rehabilitation programmes of existing capacities as well as investments in new capacities be undertaken. In addition, the current focus towards improvement in efficiency and productivity to enhance existing capacities and the nation's competitiveness will be accorded a higher level of urgency within the sector.

DEVELOPMENT ALLOCATION FOR INFRASTRUCTURE AND UTILITIES, 1996-2000 (RM million)				
<i>Sector</i>	<i>7MP Allocation</i>		<i>Estimated Expenditure</i>	<i>Balance</i>
	<i>Original</i>	<i>Revised</i>	<i>1996-1998</i>	<i>1999-2000</i>
Transport	14,545.3	19,266.9	13,049.0	6,217.9
Roads	9,212.6	11,632.6	7,824.3	3,808.3
Rail	3,380.0	4,802.0	3,456.1	1,345.9
Ports	796.7	955.8	405.7	550.1
Airports	1,156.0	1,876.5	1,362.9	513.6
Communications	58.4	79.2	10.0	69.2
Telecommunications & Post	25.3	35.3	1.7	33.6
Meteorological Services	33.1	43.9	8.3	35.6
Utilities	3,938.5	4,657.0	2,431.3	2,225.7
Water Supply	2,834.7	3,099.7	1,611.2	1,488.5
Sewerage	437.5	437.5	256.3	181.2
Energy	666.3	1,119.8	563.8	556.0
Total	18,542.2	24,003.1	15,490.3	8,512.8

(Source: Mid Term Review of the Seventh Malaysia Plan 1996-2000)

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.6.3.2 Roads

During the 7MP period, focus has been given to accelerate the implementation of road projects employing fast-track methods, in line with the thrust to jump-start and revive the economy. More rural roads will be constructed to further improve accessibility to rural areas, thereby enhancing their potential for economic and social development. The implementation of projects will stress on government-funded projects since the private sector face difficulties obtaining funds for privatised projects during the economic slowdown.

In implementing public sector funded road projects, priority will be given to projects that have detailed designs in place and are ready to be tendered out. A total of 48 projects costing RM6,234 million have been identified for this purpose.

Priority will be given to complete privatised road and highway projects that are affected by the economic downturn and tight liquidity situation such as the New Pantai Highway and the New North Klang Straits Bypass. Privatised projects, which are of critical and strategic importance such as the East Coast Highway, will be implemented upon positive public response. The Government, through *Bank Pembangunan dan Infrastruktur Malaysia Berhad* will assist in financing several of the privatised road projects. At the same time, the concessionaires are encouraged to seek innovative financing methods such as raising funds through the issue of private debt securities and listings on the stock market.

Rural roads and highways to less developed regions will be further expanded in order to improve accessibility and support the strategic measures of revitalising the agriculture sector as well as the development of the rural sector. These roads will further improve mobility of the rural population, enabling them to transport their product quickly to the respective markets. Towards this end, the Government has allocated an amount of RM1,484.9 million for rural and village roads. In developing the Eastern Corridor, the construction of the East Coast Highway from Karak to Kuala Terengganu will be undertaken simultaneously in Pahang and Terengganu to enable its faster completion.

(Source: Mid Term Review of the Seventh Malaysia Plan 1996-2000)

4.6.3.3 Water Supply

Water consumption for domestic and industrial use is expected to increase by 3.5% annually during the period. While existing and planned capacity will be sufficient to meet this increase, attention will be given to long-term water resources planning and development. This is important as the water stress states of Kedah, Pulau Pinang and Selangor are expected to face water shortages beyond the year 2000.

Taking into account the accelerated growth of several states, a more systematic plan to co-ordinate the uneven distribution of water resources will be undertaken through interstate water transfer projects. Such projects, involving the construction of the Sungai Rui Dam in Perak to transfer raw water to Kedah, Pulau Pinang and Perlis and the Kelau and Telemong dams in Pahang for water transfer to Selangor and Negeri Sembilan, will be initiated as a long-term plan to meet future water requirements of the water stress states in the northern region and the Klang Valley.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

The water supply upgrading and rehabilitation programme will be extended to additional 20 districts during the period. By the end of the 7MP, the non-revenue water ("NRW") level is targeted to be reduced to 28%. Consequently, the production and sale revenue from water will reflect more closely the design capacity, while annual savings of about 950 million litres per day ("mld") of water of an equivalent of about RM210 million will be achieved. This programme will also contribute towards greater financial viability of the operating entities and reduce the immediate need to develop massive new sources. In addition, there will be improvements in water quality due to reduced sedimentation and better water pressure.

The commissioning of new water supply projects will further improve supply to meet demand throughout the country. The production capacity is expected to increase from 9,442 mld in 1995 to about 11,890 mld in the year 2000, while the quantity supplied to consumers is expected to increase from 7,704 mld to about 9,160 mld during the same period. It is expected that about 95% of the total population will enjoy piped water supply by the end of the 7MP period. The urban coverage is expected to reach 100% in most states, while rural coverage is expected to increase from 77% in 1995 to 83% by the year 2000.

During the 7MP period, it is anticipated that the supply of water will increasingly be developed and managed by private operators. In order to ensure the proper development of water supply, privatisation will be conducted on a total and holistic approach, covering source works, treatment plants, distribution systems billings and collections.

*(Source: Seventh Malaysia Plan 1996-2000
Mid Term Review of the Seventh Malaysia Plan 1996-2000)*

4.6.3.4 Petroleum

The Asia-Pacific region is expected to continue to lead worldwide oil demand through to 2015. Oil demand is expected to increase by over 40% the next twenty years. Strong growth is also expected in other energy sources, especially gas. The growth rate for energy demand in the Asia-Pacific region is expected to be twice the world average, that is, 3.3% against 1.6% per annum.

The ongoing deregulation of traditionally highly regulated markets in this region will mean a more open market environment with relaxation on pricing, import/export constraints and foreign ownership. Already key market participants such as the oil majors Caltex Petroleum Corporation ("Caltex"), Exxon Mobil Corporation ("Esso"), Royal Dutch Shell Oil Company ("Shell") and British Petroleum Company Plc. ("BP") are expanding their regional presence. In the emerging energy markets of South East Asia, Amoco Corporation ("Amoco"), Atlantic Richfield Company ("Arco") and TotalFina Inc. ("TotalFina") are also increasing their market participation. The immediate impact of this is the expansion of infrastructure and capital facilities for the processing, storage and distribution of fuels and petrochemical products in these regional markets.

To further enhance reliability and security of gas supply in Peninsular Malaysia, Peninsular Gas Utilisation ("PGU") Loop I, which runs parallel to the PGU I and II pipelines from Kerteh in Terengganu to Meru in Selangor, was developed in two stages. The first stage was completed in December 1999 and the second stage is scheduled for completion in 2001. With the coming onstream of the sixth Gas Processing Plant ("GPP") in October 1999, the natural gas processing capability in the peninsula will increase by a further 500 million standard cubic feet per day

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

("MMSCFD"), bringing total production capacity to 2,000 MMSCFD. The increase in the availability of natural gas as well as improvements in the gas processing capacity will allow the efficient utilisation of indigenous gas resources to generate electricity and support the growth of the industrial sector.

Efforts to achieve self-sufficiency in selected petrochemical products will be further enhanced with the completion of several petrochemical projects during the rest of the 7MP period. These projects include Petronas fertilizer plant in Gurun, Kedah and the ammonia and aromatics plants in Kerteh, Terengganu. A number of joint ventures will also be implemented such as the BASF-Petronas petrochemical plant in Gebeng, Pahang as well as the BP Chemicals-Petronas and the Union Carbide-Petronas petrochemical plants in Kerteh, Terengganu, with a total investment of US\$8.3 billion.

(Source: Mid Term Review of the Seventh Malaysia Plan 1996-2000)

4.7 Major Customers

Being in business for over 27 years, the Group has ventured into all avenues of EPCM, PMC, EPC and O&M activities comprising areas of infrastructure, geotechnical, industrial and building services, hydraulic and environmental, water supply, structural, transportation and operation and maintenance. As a result, the Group has an extensive clientele base both public and private sector enterprises including Government agencies, public-listed companies, multinational corporations and other business conglomerates and thus is not over-dependent on any single customer.

For the year ended 30 June 2000, 69.1% of total revenue was generated from the top eight (8) customers as follows:-

Major Customers	Revenue for the year ended 30 June 2000		Length of Relationship
	RM'000	% of Revenue	Years
	Ranhill Corporation Sdn Bhd	15,134	15.8
Perunding Ranhill Worley Sdn Bhd	13,279	13.9	5
Perspec-Taisei-Kajima-Shimizu-Hazama Consortium	10,388	10.9	2
Malaysia Airport Sepang Sdn Bhd	9,849	10.3	3
DRB-Hicom Bhd & Related Companies	9,692	10.1	1
Puncak Niaga (M) Sdn Bhd	2,936	3.1	> 5
Jabatan Pengairan dan Saliran Malaysia	2,539	2.7	> 5
Alstom Export Sdn Bhd	2,156	2.3	2

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.8 Major Suppliers

The Group is not dependent on any single supplier for services purchased (ie. none of the existing suppliers supply more than 8.3% of the services utilised by the Group. The Group has established long term relationships with most of its major suppliers over the past 27 years.

For the year ended 30 June 2000, the list of top eight (8) suppliers is as follows:

Major Suppliers	Services Provided	Purchases for the year ended 30 June 2000		Length of Relationship
		RM'000	% of Cost of Sales	Years
Laksana Wibawa Sdn Bhd	Supply of Pipes	5,500	8.3	1
Marimas Sdn Bhd	Civil and Structural Contractor	4,141	6.3	4
Asia Bonwin Consultants Sdn Bhd	Engineering Consultant	2,304	3.5	3
Salcon Engineering Sdn Bhd	Contractor	820	1.2	4
Rail India Technical & Economic Limited	Railway Engineering	435	0.7	1
PolyOlefins Pipes Berhad	Supply of Pipes	364	0.5	1
KVC Electric (NS) Sdn Bhd	Electrical	330	0.5	3
WS Atkins (M) Sdn Bhd	Feasibility Study	329	0.5	>5

4.9 Industry Players Currently Listed on the KLSE

The following are the comparative performance indices of companies listed on the KLSE with similar activities as that of the Ranhill Group :-

Name of Company	Ranhill Group	MMC Engineering Group Berhad	Muhibbah Engineering (M) Bhd	WCT Engineering Berhad
	30 June 2000	31 Jan. 2000	31 Dec. 1999	31 Jan. 2000
Year Ended	RM'000	RM'000	RM'000	RM'000
Issued & paid –up share capital	64,374	31,631	141,075	57,780
Turnover	95,669	216,794	636,537	328,565
Profit before tax	17,406	(16,021)	(87)	46,519
3 years' average profit/ (loss) before tax	19,111	(12,383)	12,682	34,213
EPS (RM)	0.17	(0.58)	0.05	0.56
NTA	125,429	51,141	260,438	140,759
Debt equity ratio (times)	0.59:1	0.31:1	0.84:1	0.24:1
Current Ratio (times)	3.06:1	1.30:1	0.95:1	1.01:1

(Source: Respective Companies Audited Accounts / Annual Reports)

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

4.10 Future Plans, Strategies and Prospects

Since inception, the Group has executed over 1,500 projects focused on the growth sectors of the national economy, namely infrastructure, power, petroleum and industrial. The Group is well positioned to forge ahead and develop the businesses further as a true regional multi-national engineering contracting company of stature, in tandem with Malaysia's vision of a developed nation economy by year 2020 and the rapidly growing economies in the Asia-Pacific region.

4.10.1 Business Overview**Infrastructure**

Recognising the contribution of infrastructure and utility projects in reviving the economy through linkages and spillovers, the expansion through public sector financing will continue to be pursued, albeit, selectively. Hence 7MP period, focus has been given to the completion of critical infrastructure projects, which have an impact on the efficiency, productivity and competitiveness of other sectors of the economy. Emphasis will also be given to improve the quality of life ensuring accessibility, adequacy and quality of supply in basic amenities such as water and electricity, especially to the rural areas.

Increased efforts are required towards heightening the capacity and efficiency of the sector through the completion and initiation of several projects especially in roads, airports and urban transport undertaken through privatisation. With sizeable infusion of public and private sector funds, significant opportunities are granted for private sector involvement in the construction, maintenance and management of transportation, infrastructure and utilities.

(Source: Mid Term Review of the Seventh Malaysia Plan 1996-2000)

Power

The power sector in Malaysia, ASEAN and Asia-Pacific is expected to continue growing in line with expanding, national economies and development in the region. The collective ASEAN power generation capacity will increase to about 87,000 MW by the year 2000 and about 135,000 MW by the year 2005. The possibility of an ASEAN interconnection is actively discussed and this may translate into more investments.

The Group estimates potential business opportunity for EPCM and PMC services from this sector in ASEAN for the next five years to be valued in the region of RM340 million or one percent of the total expenditure. Possible Malaysian EPC participation is estimated to be over RM5 billion excluding supply of plant and machinery.

(Source: Seventh Malaysia Plan 1996-2000)

Petroleum

The Asia-Pacific region is expected to lead world-wide demand for petroleum and petroleum products for the period to 2015, in line with the rapid economic growth of the countries in the region apart from Japan. Oil demand is expected to grow by over 40% during this period. The growth in the demand for gas is expected to be higher still.

The rising affluence of the population and the growth of energy intensive industries are creating an increasing demand for energy. Other factors such as the promotion of barrier free markets and global economies are expected to create further growth in the level of energy consumption in the region. The availability of abundant gas reserves has created already a fast growing natural gas market and the start of a substantial petrochemical industry in the region, based on gas as feedstock.

4. INFORMATION ON THE RANHILL GROUP (*Cont'd*)

Although the petrochemical industry had a very modest start in the 1960's, it is expanding rapidly to take advantage of the availability of feedstock from the expanding petroleum and gas industries in the country as well as to meet the demand from the electrical and electronics, automobile and packaging industries. The petrochemical industry is in a position to contribute to the continued growth of capital-and technology-intensive as well as higher valued-added products.

(Sources: *Seventh Malaysia Plan 1996-2000*)

Industrial

The industrial sector in Malaysia is in the process of transforming from labour intensive to capital-and technology-intensive. This is evident from the large investments of over RM84 billion during the 6MP. It is projected that investment during the period 1996 to 2000 to reach RM110 billion.

Malaysian companies are increasingly venturing and investing overseas. Investments in developing countries include the relocation of labour intensive industries to these countries where engineering services in the form of EPCM or PMC will be required.

(Source: *Seventh Malaysia Plan 1996-2000*)

O&M – Total Facilities Management Services

There is a very close correlation between growth in the Facilities Management sector and expansion in the country's infrastructure. For example the infrastructure industry consisting of transportation (roads, airports, ports, rail), water supply and telecommunication sectors has been charting a tremendous increase in Government and private sector allocations, from RM27.9 billion during the 6MP to RM85.3 billion in the 7MP. Sustained high economic growth (above average annual growth of 8.0%) coupled with a conducive business environment have been the driving forces for the development of the infrastructure sector. As Malaysia's economic growth prospects improve in the coming years, it is expected that the demand for Facilities Management will improve dramatically.

4.10.2 Viability

The activities that the Group undertakes are very diverse, spread over a comprehensive range of engineering disciplines and technical specialisation and provided on the basis of EPCM, PMC, EPC and O&M. Additionally, the Group is active in all growth sectors of the economy, namely, infrastructure, power, petroleum and industrial.

The Group's projects are, typically, of high engineering content and are executed with the application of comprehensive procedures and systems. Engineering work is in strict compliance with international and local codes of practice. Additionally, the Group's subsidiaries, namely RBSB and RWE operate a quality system certified to the international standard, ISO 9001. The Group's sound engineering practice has been developed over 27 years of engineering achievement. The Group undertakes works that are basic and necessary for the country's development. In the 27 years of operations, the Group has been involved in some of the most important projects, including highways, water supply, townships, commercial development facilities, transportation systems, power transmission, ports and harbours, petroleum production and refining and manufacturing plants.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

With aggressive marketing of a diversified range of EPCM, PMC, EPC and O&M services and a reputation for reliable quality services backed by an extensive pool of qualified manpower, the Group is expected to continue to have a significant share of the market for these services. The Group has kept abreast with the latest technological development, world-wide, to provide clients with the best proven technology available. The effective application of the acquired technology has benefited the Group and the clients tremendously. This has led to the Group getting return business from the clients over the years.

4.10.3 Vulnerability

From its humble beginnings as a narrow base EPCM company in 1973, the Group has expanded its engineering base to cover all major engineering disciplines and certain technical specialisation including environmental, geotechnical and quantity surveying, and added capabilities in PMC, EPC and O&M work. The Group has grown from strength to strength with the major diversification into EPC, founded on sound EPCM experience and expertise. The Group is currently bidding for more EPC work in high growth industries including infrastructure, power, petroleum and industrial.

The Group provides engineering work that is necessary for the development of infrastructure in a developing country. To a certain extent, the Group's market is sensitive to an economic downturn as funding for these projects maybe affected.

The Group believes in creating and delivering work of value at the best price to its clients with a goal to be a multinational engineering conglomerate of ASEAN. In this respect, the Group will consolidate its position as a leading local engineering contractor and at the same time continue to expand its presence in overseas, particularly regional markets. The Group will continue to market itself as an EPCM, PMC, EPC and O&M contractor both domestically and internationally.

A particularly effective marketing approach employed by the Group is to enter into collaborations with project promoters, developers and investors at an early stage of project definition. Through this shared commitment and involvement, the Group is assured of participation at every stage of project development through to implementation.

The distribution network of the Group includes clients' word-of-mouth references, marketing presentations, representations at conferences and exhibitions and dissemination of promotional material such as brochures, capability documents, advertisements and project signage. Through this extensive network, the Group solicits and receives inquiries, invitations to bid and negotiates project awards.

4.10.4 Ownership and Management

The Board of Directors of Ranhill Berhad has the task of formulating business policies and charting the focus and direction of the Group's business. Executive Directors of Ranhill Berhad are mainly shareholders, all of who are currently the chief executive directors of subsidiary companies of the Ranhill Group.

4.10.5 Contribution to Economic Growth

The sectors of economy in which the Group is active, namely infrastructure, power, petroleum and industrial are directly linked to the state of the national economy. Activity in these sectors is necessary for economic growth. The expansion of infrastructure and electrical power capacity will also open up new areas for siting population centres as there would be greater accessibility and better utilities. In the petroleum sector, the development of new supply infrastructure will add to existing production capacity and provide greater availability of feedstock for downstream petrochemical industries.

4. INFORMATION ON THE RANHILL GROUP (*Cont'd*)

The Group's engineering business is broadly based covering the public and private sectors. To achieve the Government's vision of developing Malaysia into an industrialised nation by the year 2020, there is great emphasis on the continued development of infrastructure and industry by both public and private sectors. As such, there will continue to be opportunities for the Group to increase its participation in projects of national interest for the foreseeable future.

4.10.6 Future Plans of the Group

The Group sees a window of opportunity provided by the current situation in the development of infrastructure and industry in Malaysia and in the other developing countries in the region. In recent times the investment opportunities in these countries and in particular, Malaysia became available to private enterprise through the privatisation schemes initiated by the government to accelerate industrial development and relieve the financial burdens of infrastructure development from the government.

The engineering industry in Malaysia is rapidly progressing to a higher technical level comparable to that of more developed countries and the Group is leading the way for engineers to take on full scope responsibilities for the work. The extension from engineering to complete construction and financial responsibility is somewhat natural, as the product is of great familiarity to the engineer responsible for its design. In this context, the engineer has a distinct advantage over the constructor and the financial backer for a project because ultimately, a capital investment boils down to management of risk and this translates to the level of understanding in the technical definition of the investment.

With this realisation, the Group has been steadily developing complete engineering and contracting expertise, with particular emphasis on the growth industries for a developing nation like Malaysia. These are namely, the infrastructure, industrial, petroleum and power industries. With the experience gained over some 27 years and approximately 1,500 development projects in a wide range of industries, the Group is taking on the full scope of work as engineer and constructor.

In undertaking work, particular emphasis is given to understanding the requirements of the clients and to the provision of products of outstanding value. In this way, the Group is developing a position as a preferred contractor. Strategic alliances are being forged with selected clients and contractors. These partners are now providing opportunities for the Group to collaborate on projects in an owner and developer capacity. With infrastructure projects such as water supply and highways, the shift in the business to that of owner/developer is of great strategic value to the extent that it provides a steady income stream over a longer term.

A recent development provided the opportunity for the Group to diversify into the maintenance facilities and utilities including those of airports, hospitals and office buildings. This is, in fact, a natural progression for facilities, which had been engineered by the Group. The facilities maintenance business has a high growth potential based on the projected rapid growth in industrial development over the foreseeable future. An example of work secured under this approach is the facilities management and maintenance of the Kuala Lumpur International Airport at Sepang. The Group as an EPCM contractor had previously engineered these facilities, similar proposals have been submitted for the maintenance of facilities in hospitals and office buildings.

The initial development of a broad engineering base had allowed the Group to offer a comprehensive range of services so as to be regarded an *engineering supermarket*. The Group's business is evolving further to cover turnkey contracting and the ownership and developer of projects. This reflects the direction being taken for the company to assume a wider role beyond mere engineering design.

4. INFORMATION ON THE RANHILL GROUP (Cont'd)

Conclusion

The listing on the Main Board of the KLSE is a necessary step for the Group to become a fully developed engineering contractor in the Malaysian and regional markets. After over approximately 1,500 projects and 27 years of operations, the Group can rightfully claim to have reached maturity, with a broad base engineering capability.

The phenomenal growth of the Group in the recent past was the result mainly of strong in-house management developed over the years, expansion of the engineering base and development of strong relationships with an increasing clientele. It is evident that the driver for further growth for the Group is in EPCM and EPC works, and as owner/developer of the engineered facility.

The dimension of utmost significance to the Group's aspiration as a nation builder, is the increasing opportunity for privatisation of infrastructure projects in Malaysia and in the other developing countries. The Group considers itself sufficiently mature to extend the risk coverage to include ownership of the project. As an engineer and contractor, the Group is better placed than most investors in understanding and managing the project risk. The listing will allow the Group to fully exploit the possibilities available for privatisation.

The engineering market in Malaysia and the other developing countries in the South-South forum is growing at a fast pace when compared to that of the developed world. The high growth industries include infrastructure, industrial, petroleum and power and without exception, the Group's expertise and experience cover all these industries. The next frontier for growth, therefore, is expansion of the Group's geographical spread.

The consequence of this growth has been to place the Group at the forefront of the Malaysian engineering industry, technically and financially confident to take up the challenges available from a burgeoning domestic and export market and in the process, the Group intends to become a multi-national engineering corporation of international stature.

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