

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF TRC SYNERGY BERHAD (“TRCS”) AND 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 STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENTS HEREIN FALSE AND/OR MISLEADING.

THE ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS 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 OF TRCS ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION (“SC”) 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 SC RECOMMENDS THE PUBLIC OFFERING.

THE SC 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 THE INVESTMENT.**

THE VALUATION OF THE PROPERTIES APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT PROPERTIES FOR ANY OTHER PURPOSES.

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 TRCS OR OF ITS SECURITIES.

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

INDICATIVE TIMETABLE

MILESTONES		DATE
OPENING OF THE INITIAL PUBLIC OFFER	:	28 JUNE 2002
CLOSING OF THE INITIAL PUBLIC OFFER	:	12 JULY 2002
TENTATIVE BALLOTING DATE	:	18 JULY 2002
TENTATIVE ALLOTMENT DATE	:	30 JULY 2002
TENTATIVE LISTING DATE	:	5 AUGUST 2002

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DEFINITIONS

In this Prospectus, except where the context requires otherwise, the following words and abbreviations shall have the following meanings:

“Act”	:	Companies Act, 1965 as amended from time to time and includes every statutory modification or re-enactment thereof for the time being in force
“Acquisition of TRC”	:	Acquisition by TRCS of the entire issued and paid-up share capital of TRC comprising 15,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM54,448,781 to be satisfied by the issuance of 49,052,252 new ordinary shares of RM1.00 each in TRCS at an issue price of RM1.11 per new ordinary share
“ADA”	:	Authorised Depository Agent
“AB”	:	Andaman Budi Sdn Bhd (444162-W), a 40% owned associate company of TRC.
“ATM”	:	Automated teller machines
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“CCM”	:	Companies Commission of Malaysia (<i>formerly known as Registrar of Companies, Malaysia</i>)
“CDS”	:	Central Depository System
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“Independent Market Research Report”	:	Independent market research report prepared by Abner (S.E.Asia) Sdn Bhd (443901-T)
“IPO Shares”	:	The Public Issue Shares and Offer Shares collectively
“IPO” or “Initial Public Offer”	:	The Public Issue and Offer for Sale collectively
“Issue/Offer Price”	:	RM1.60 per new ordinary share for each Public Issue Shares and Offer Shares
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“Listing”	:	Listing of and quotation for the entire issued and paid-up share capital of the Company comprising 70,000,000 ordinary shares of RM1.00 each in TRCS on the Main Board of the KLSE
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE
“MITI”	:	Ministry of International Trade and Industry
“NTA”	:	Net tangible assets

DEFINITIONS (Cont'd)

“Offer for Sale”	:	Offer for Sale of 3,500,000 ordinary shares of RM1.00 each in the Company at an offer price of RM1.60 per ordinary share by Offerors to the Public payable in full upon application												
“Offerors”	:	The shareholders of TRCS and their respective Offer Shares are as follows: -												
		<table> <thead> <tr> <th>Offerors</th> <th>No of Shares</th> <th>% of Enlarged Share Capital</th> </tr> </thead> <tbody> <tr> <td>Dato’ Hj Sufri Hj Mohd Zin</td> <td>3,325,000</td> <td>4.75</td> </tr> <tr> <td>Mohd Raffee bin Jalil</td> <td>175,000</td> <td>0.25</td> </tr> <tr> <td>Total</td> <td>3,500,000</td> <td>5.00</td> </tr> </tbody> </table>	Offerors	No of Shares	% of Enlarged Share Capital	Dato’ Hj Sufri Hj Mohd Zin	3,325,000	4.75	Mohd Raffee bin Jalil	175,000	0.25	Total	3,500,000	5.00
Offerors	No of Shares	% of Enlarged Share Capital												
Dato’ Hj Sufri Hj Mohd Zin	3,325,000	4.75												
Mohd Raffee bin Jalil	175,000	0.25												
Total	3,500,000	5.00												
“Offer Shares”	:	The 3,500,000 ordinary shares of RM1.00 each offered for sale by the Offerors												
“PE Multiple”	:	Price earnings multiple												
“Private Placement”	:	Placement of 13,800,000 of the Public Issue Shares to Malaysian private and/or institutional investors by the Placement Agent at a placement price of RM1.60 per new ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus												
“Placement Agent”	:	Aseambankers												
“Placement Shares”	:	The 13,800,000 new ordinary shares of RM1.00 each pursuant to the Private Placement												
“Public Issue”	:	Public Issue of 16,000,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.60 per new ordinary share payable in full upon application												
“Public Issue Shares”	:	The 16,000,000 new ordinary shares of RM1.00 each in the Company pursuant to the Public Issue												
“Restructuring and Flotation Scheme”	:	Acquisition of TRC, Rights Issue, Public Issue, Offer for Sale and Listing collectively												
“Rights Issue”	:	The rights issue of 4,947,746 new ordinary shares of RM1.00 each at par on the basis of approximately 101 new ordinary shares for every 1,000 existing shares held after the Acquisition of TRC												
“RM” and “sen”	:	Malaysian Ringgit and sen respectively												
“SC”	:	Securities Commission												
“sq. ft”	:	Square foot/feet												
“TRC”	:	Trans Resources Corporation Sdn Bhd (120265-P)												
“TRCS” or “the Company”	:	TRC Synergy Berhad (413192-D)												

DEFINITIONS (*Cont'd*)

“TRCD”	:	TRC Development Sdn Bhd (309248-U), a 100% owned subsidiary of TRC
“TRCCI”	:	TRC Concrete Industries Sdn Bhd (151401-V), a 100% owned subsidiary of TRC
“TRC Group”	:	TRC, TRCD, TRCCI and AB collectively
“TRCS Group” or “the Group”	:	TRCS, TRC, TRCD, TRCCI and AB collectively

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CORPORATE INFORMATION

TRC SYNERGY BERHAD

(413192-D)

(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Dato' Haji Sufri bin Haji Mohd Zin <i>(Executive Chairman / Managing Director)</i>	Apartment A-13-3 6, Persiaran Hampshire Off Jalan Ampang 50450 Kuala Lumpur	Company Director	Malaysian
Abdul Aziz bin Mohamad <i>(Executive Director)</i>	N2-C Kampung Warisan Condominium Jalan Jelatek 54200 Kuala Lumpur	Company Director	Malaysian
Noor Asiah bte Mahmood <i>(Independent Non-Executive Director)</i>	No. 2 Lorong 16/9C 46350 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Rahman bin Ali <i>(Independent Non-Executive Director)</i>	50, Jalan Cempaka Kampung Dato' Sulaiman Menteri 81100 Johor Bahru	Chartered Accountant	Malaysian
Noor Zilan bin Mohamed Noor <i>(Non-Independent Non-Executive Director)</i>	No. 16 Jalan M4 Phase 5A Taman Melawati 53100 Kuala Lumpur	Lawyer	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Noor Asiah bte Mahmood	Chairman	Independent Non-Executive Director
Rahman bin Ali	Member	Independent Non-Executive Director
Dato' Haji Sufri bin Haji Mohd Zin	Member	Executive Chairman/Managing Director

COMPANY SECRETARIES

- : Mr. Tang Swee Guan (MIA No. 5393)
PTP Corporate Services Sdn Bhd (506471-V)
21C, Jalan SS 22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
- En. Abdul Aziz bin Mohamed (LS 007370)
No. 6 Lorong SJ 11B
Taman Selayang Bahagia
68100 Batu Caves
Selangor Darul Ehsan

CORPORATE INFORMATION (Cont'd)

- REGISTERED OFFICE AND MANAGEMENT OFFICE** : Wisma TRC, 217 & 218
Jalan Negara 2, Taman Melawati
53100 Ulu Klang, Selangor Darul Ehsan
- Tel : 03 – 4108-0105
Fax: 03 – 4108-9898
Website : www.trc.com.my
E-mail : trc@tm.net.my
- AUDITORS AND REPORTING ACCOUNTANTS** : Kumpulan Naga (AF-0024)
Chartered Accountants
25, Jalan Thambi Abdullah Satu
Jalan Tun Sambanthan (Brickfields)
50470 Kuala Lumpur
- SOLICITORS FOR THE IPO** : Lee Choon Wan & Co.
No. 12 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
- PRINCIPAL BANKERS** : Aseambankers Malaysia Bhd (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
- EON Bank Bhd (92351-V)
2 Jalan SS2/61
47300 Petaling Jaya
Selangor Darul Ehsan
- Malayan Banking Bhd (3813-K)
209-210 Jalan Negara 2
Taman Melawati
53100 Kuala Lumpur
- AmMerchant Bank Berhad (23742-V)
(formerly known as Arab-Malaysian Merchant Bank Berhad)
14th Floor Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
- : Affin Bank Bhd (25046-T)
No. 2 & 4 Jalan ½F
Kuala Lumpur Suburban Centre
Wangsa Maju
53300 Kuala Lumpur
- VALUERS** : KGV-Lambert Smith Hampton (M) Sdn Bhd
(125852-D)
Unit B-9-9, Blok B
Megan Phileo Avenue
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
12th Floor, Bangunan MIDF
195A Jalan Tun Razak
50400 Kuala Lumpur
- REGISTRAR** : Malaysian Share Registration Services Sdn Bhd (378993-D)
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
- INDEPENDENT MARKET RESEARCH CONSULTANT** : Abner (S.E.Asia) Sdn Bhd (443901-T)
Suite 13.19, Block A, Level 13
Damansara Intan
1, Jalan SS20/27
47400 Petaling Jaya
Selangor
- ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
- UNDERWRITERS** : Mayban Securities Sendirian Berhad (165630-M)
Level 8, Mayban Life Tower
Dataran Maybank
No. 1 Jalan Maarof
59000 Kuala Lumpur
- KAF-Seagroatt & Campbell Securities Sdn Bhd (134631-U)
30th Floor, Menara Weld
No. 76 Jalan Raja Chulan
50200 Kuala Lumpur
- PM Securities Sdn Bhd (66299-A)
5th Floor, MUI Plaza
Jalan P.Ramlee
50250 Kuala Lumpur
- K&N Kenanga Berhad (15678-H)
Suite No. 801, 8th Floor
Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
- LISTING SOUGHT** : Main Board of the Kuala Lumpur Stock Exchange

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.

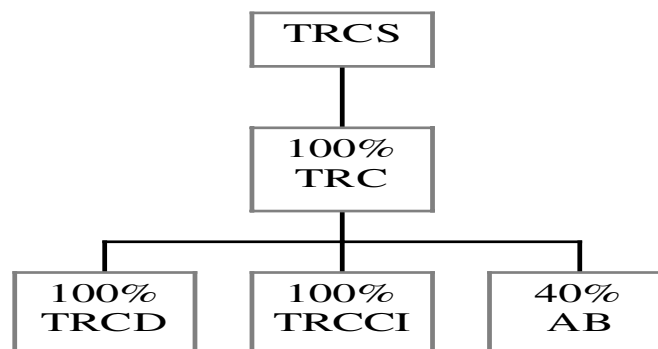
1.1 History and Principal Activities

TRCS is principally an investment holding company while the principal activities of its wholly owned subsidiary companies and associated company are as follows:-

Subsidiary and Associated Company	Principal Activity	Effective Interest
<i>Subsidiary Of TRCS</i> TRC	General contractors carrying out construction works, hiring and servicing of vehicles, selling construction materials and providing related services	100%
<i>Subsidiary Of TRC</i> TRCD	Project development management services and property development	100%
TRCCI	Manufacturing and dealing in concrete piles and ready-mixed concrete	100%
<i>Associate Of TRC</i> AB	Property development	40%

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

The Group structure after the Restructuring and Flotation Scheme is as follows:



Detailed information of the Restructuring and Flotation Scheme is set out in Section 4.3 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)**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 TRCS Ordinary Shares Held After the Offer for Sale & Public Issue			
			Direct	%	Indirect	%
Dato' Hj Sufri bin Hj Mohd Zin	Malaysian	Executive Chairman / Managing Director	15,575,000	22.25	32,400,000 ⁽¹⁾	46.29
TRC Capital Sdn Bhd	Malaysia	Investment Holding	16,200,000	23.14	-	-
Kolektif Aman Sdn Bhd	Malaysia	Investment Holding	16,200,000	23.14	-	-

Note:-

(1) Deemed interested by virtue of his substantial shareholdings in TRC Capital Sdn Bhd and Kolektif Aman Sdn Bhd.

Directors

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

Name	Designation	No. of TRCS Ordinary Shares Held After the Offer for Sale & Public Issue			
		Direct	%	Indirect	%
Dato' Hj Sufri bin Hj Mohd Zin	Executive Chairman / Managing Director	15,575,000	22.25	32,400,000 ⁽¹⁾	46.29
Abdul Aziz bin Mohamad	Executive Director	100,000 ⁽²⁾	0.14	-	-
Noor Asiah bte Mahmood	Independent Non- Executive Director	500,000 ⁽²⁾	0.71	-	-
Rahman bin Ali	Independent Non- Executive Director	-	-	-	-
Noor Zilan bin Mohamed Noor	Non-Independent Non- Executive Director	200,000 ⁽²⁾	0.29	-	-

Notes :-

(1) Deemed interested by virtue of his substantial shareholdings in TRC Capital Sdn Bhd and Kolektif Aman Sdn Bhd.

(2) Based on their respective allocation under the employee share allocation.

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

TRCS 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 TRCS Group are as follows:

Name	Designation	No. of TRCS Ordinary Shares Held After the Restructuring and Flotation Scheme ⁽¹⁾			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Mohd Raffee bin Jalil	General Manager	2,525,000	3.61	-	-
Muhamad Shahaizi bin Abdul Hai	General Manager (Operation)	80,000 ⁽¹⁾	0.11	-	-
Yeoh Sook Keng	Head of Corporate Services	80,000 ⁽¹⁾	0.11	-	-
Richard Khoo Teng San	Chief Project Co-ordinator	80,000 ⁽¹⁾	0.11	-	-
Loh Leh Wong	Senior Contract Manager	80,000 ⁽¹⁾	0.11	-	-
Ir Terrence Chuai Teck @ Chai Teck	Senior Project Co-ordinator	80,000 ⁽¹⁾	0.11	-	-
Ir Ng Chek Pin	Senior Design Engineer	50,000 ⁽¹⁾	0.07	-	-
Mohd Noorshahran Bin Md Salleh	Senior Engineer	25,000 ⁽¹⁾	0.04	-	-
Mohamad Sarip bin Ahmad	Senior Surveyor	25,000 ⁽¹⁾	0.04	-	-
Ir Tan Khoon Kian	Construction Manager	50,000 ⁽¹⁾	0.07	-	-
Noryani Bin Md Nor	Senior Engineer	25,000 ⁽¹⁾	0.04	-	-
Hadzori bin Umar	Senior Engineer	15,000 ⁽¹⁾	0.02	-	-
Ir Chen Yuk Seong	Project Co-ordinator	40,000 ⁽¹⁾	0.06	-	-
Henry Harry Anak Jinep	Deputy Contract Manager	40,000 ⁽¹⁾	0.06	-	-
Abd Razak Mohd Yusoff	Planning Co-ordinator	25,000 ⁽¹⁾	0.04	-	-
Mohd Nazari bin Rahman	Purchasing Manager	25,000 ⁽¹⁾	0.04	-	-
Abdul Aziz bin Mohamed	Company Secretary	10,000 ⁽¹⁾	0.01	-	-

Note:-

(1) Based on their respective allocation under the employee share allocation

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

1. SUMMARY INFORMATION (Cont'd)**1.3 Table of Income Statement for the Past Five (5) Years**

The following table sets out a summary of the proforma TRCS Group's financial performance for the past five (5) financial years ended 31 December 2001 on the assumption that the Group structure has been in existence throughout the period under review. The proforma financial performance should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

Year ended 31 December	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	360,798	278,068	108,813	149,576	258,367
Consolidated profit before depreciation, interest and taxation	30,910	25,061	24,109	25,676	35,922
Depreciation	(8,295)	(8,470)	(7,857)	(7,869)	(7,763)
Consolidated profit before interest and taxation	22,615	16,591	16,252	17,807	28,159
Interest	(10,293)	(9,331)	(6,111)	(5,288)	(7,275)
Consolidated profit before taxation, exceptional item and minority interests	12,322	7,260	10,141	12,519	20,884
Exceptional items	-	-	-	-	-
Share of profit/(loss) of associated company	-	-	(148)	(261)	13
Consolidated profit before taxation and minority interests	12,322	7,260	9,993	12,258	20,897
Taxation	(3,012)	(1,432)	147	(3,776)	(6,751)
Consolidated profit after taxation but before minority interest	9,310	5,828	10,140	8,482	14,146
Minority interests	-	-	-	-	-
Consolidated profit after taxation and minority interest	9,310	5,828	10,140	8,482	14,146
No. of ordinary shares assumed in issue after the Acquisition of TRC but prior to the Rights Issue ('000)	49,052	49,052	49,052	49,052	49,052
Gross EPS (sen)	25.12	14.80	20.37	24.99	42.60
Net EPS (sen)	18.98	11.88	20.67	17.29	28.84
No. of ordinary shares assumed in issue after the Acquisition of TRC, Rights Issue, Public Issue and Offer For Sale ('000)	70,000	70,000	70,000	70,000	70,000
Fully diluted Gross EPS (sen)	17.60	10.37	14.28	17.51	29.85
Fully diluted net EPS (sen)	13.30	8.33	14.49	12.12	20.21
Dividend rate (%)	-	-	-	-	-

Please refer to Section 9.1 and 9.3 for a summarised explanation on the TRCS Group's financial performance throughout the period under review.

1. SUMMARY INFORMATION (Cont'd)**1.4 Proforma Consolidated Balance Sheet as at 31 December 2001**

The Proforma Consolidated Balance Sheets set out below are extracted from the Proforma Consolidated Balance Sheet as at 31 December 2001 as disclosed in Section 9. The Proforma Consolidated Balance Sheet have been prepared for illustrative purposes only to show the effects of the Restructuring and Flotation Scheme on the audited balance sheet of TRCS as at 31 December 2001, had these exercises been effected on that date.

	(1) After Revaluation of Properties and Acquisition of TRC (RM'000)	(2) After (1) and Rights Issue of 4,947,746 new ordinary shares (RM'000)	(3) After (2) and Public Issue of 16,000,000 new ordinary shares and Offer for Sale of 3,500,000 ordinary shares (RM'000)	
Fixed Assets	-	64,902	64,902	64,902
Associated Company	-	5,203	5,203	5,203
Investments	-	254	254	254
Development Expenditure	-	276	276	276
Deferred Expenditure	696	696	696	-
Current assets	-	172,304	172,304	172,304
Current liabilities	709	166,411	161,463	137,367
Net current (liabilities)/assets	(709)	5,893	10,841	34,937
Net Assets	(13)	77,224	82,172	105,572
Share Capital	*	49,052	54,000	70,000
Share Premium	-	5,396	5,396	12,796
(Accumulated loss)/Unappropriated profit	(13)	14,131	14,131	14,131
Shareholders' Funds	(13)	68,579	73,527	96,927
Non Current Liabilities	-	8,645	8,645	8,645
NTA	(13)	77,224	82,172	105,572
NTA per share (RM)	NM	1.38	1.35	1.38

* This represents RM2.00

NM Not meaningful

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

The Reporting Accountants, who are also the Auditors of the TRCS Group reported that the financial period under review were reported without any qualification throughout the relevant period. The financial statements of AB for the financial year ended 31 December 1997, 1998 and 1999 were audited by another firm of auditors and for the financial year ended 31 December 2000 onwards by the Reporting Accountants.

1. SUMMARY INFORMATION *(Cont'd)*

1.6 Summary of Material Risk Factors

In addition to the general risks associated with any investment in the stock market, there are certain additional risks in investing in the Company as well as risks specific to investments in entities engaged in the construction industry.

The investors should rely on their own evaluations and to carefully consider the risk factors, together with other information contained in this Prospectus before subscribing to any of the ordinary shares, which are the subject of this Prospectus. The risk factors that should be considered include, but are not limited to, the following:

- (i) There is no prior market of TRCS's shares, which would ensure that the Issue/Offer Price will correspond to the price at which TRCS's shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for TRCS's shares will develop and continue upon or subsequent to its listing;
- (ii) Upon completion of the Public Issue and Offer for Sale, Dato Hj Sufri bin Hj Mohd Zin, TRC Capital Sdn Bhd and Kolektif Aman Sdn Bhd, who are the substantial shareholders of TRCS, will maintain their control over the Company. Collectively, they will own 68.53% of TRCS. Hence, they will be able to control the outcome of certain matters requiring the vote of the Company's shareholders;
- (iii) TRCS 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 TRCS's businesses; and
- (vii) This Prospectus contains financial forecast for the financial year ending 31 December 2002 that is based on a set of bases and assumptions of which, in the opinion of the Directors of TRCS are deemed to be reasonable but nevertheless are subject to uncertainties, such as variations in prices and volume of contracts.

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.

1. SUMMARY INFORMATION (Cont'd)

1.7 Consolidated Profit and Dividend Forecast**1.7.1 Profit Forecast for the Financial Year Ending 31 December 2002**

	Forecast RM'000
Turnover	363,869
Consolidated Profit Before Taxation And Minority Interests	30,096
Taxation	<u>(8,427)</u>
Consolidated Profit After Taxation but Before Minority Interests	21,669
Minority Interests	<u>-</u>
Consolidated Profit After Taxation and Minority Interests	<u>21,669</u>
Weighted average number of ordinary shares in issue* ('000)	47,513
Enlarged issued and paid-up share capital ('000)	70,000
Gross EPS (sen)	63.34
Net EPS (sen)	45.61
Fully diluted gross EPS** (sen)	42.99
Fully diluted net EPS** (sen)	30.96
Gross PE multiple based on the Issue/Offer Price of RM1.60 per share (times)	2.53
Net PE multiple based on the Issue/Offer Price of RM1.60 per share (times)	3.51
Fully diluted gross PE multiple based on the Issue/Offer Price of RM1.60 per share** (times)	3.72
Fully diluted net PE multiple based on the Issue/Offer Price of RM1.60 per share** (times)	5.17

* *The weighted average number of shares in issue is calculated on the basis of the Acquisition of TRC and Rights Issue are completed in March 2002 and June 2002 respectively whilst the Public Issue and Offer For Sale are completed in August 2002.*

** *Calculated based on the enlarged issue and paid-up share capital of 70,000,000 ordinary shares of RM1.00 each*

Further notes and assumptions on the Profit Forecast are set out in Section 9 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)**1.7.2 Dividend Forecast for the Financial Year Ending 31 December 2002**

	Forecast
Gross Tax Exempt Dividend per ordinary share (sen)	5
Net Tax Exempt Dividend per ordinary share (sen)	5
Gross Dividend Yield based on the Issue/Offer Price of RM1.60 per share (%)	3.13
Net Dividend Yield based on the Issue/Offer Price of RM1.60 per share (%)	3.13
Net Dividend Cover (times)	6.19

Details of dividend forecast are set out in Section 9 of this Prospectus.

1.8 Proforma Group NTA as at 31 December 2001

	Proforma Group NTA RM'000	NTA per Ordinary Share RM
Existing as at 31 December 2001 ⁽¹⁾	67,883	1.38
After Public Issue and Offer For Sale ⁽²⁾	96,927	1.38

Notes:-

(1) After deducting deferred expenditure.

(2) After deducting estimated listing expenses of RM2,200,000 and deferred expenditure. Please refer to Section 2.12 for details on the estimated listing expenses.

The above Proforma Consolidated NTA is after taking into account the Acquisition of the TRC Group and is based on the share capital of 70,000,000 ordinary shares of RM1.00 each. Detailed calculations of the Proforma Consolidated NTA are set out in Section 9 of this Prospectus.

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1. SUMMARY INFORMATION (Cont'd)

1.9 Principal Statistics Relating to the Public Issue and Offer for Sale**1.9.1 Share Capital**

<i>Authorised</i>	RM
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and Fully Paid-up</i>	
Existing ordinary shares of RM1.00 each	54,000,000
To be issued pursuant to the:	
Public Issue - 16,000,000 new ordinary shares of RM1.00 each	16,000,000
	<u>70,000,000</u>
Offer For Sale of 3,500,000 ordinary shares of RM1.00 each	3,500,000

1.9.2 Issue/Offer Price per Share **RM1.60****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 and Offer 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, allotment or other distributions that may be declared subsequent to the date of issue of the Public Issue Shares and Offer Shares.

1.10 Utilisation of Proceeds

The total gross proceeds of RM30,547,746 from the Rights Issue and Public Issue shall accrue entirely to TRCS and will be utilised as follows:-

	RM
1. Repayment of Short Term Loans	18,847,746
2. Redemption of Property	8,000,000
3. Working Capital	1,500,000
4. Estimated expenses for the listing of TRCS on the Main Board of the KLSE	2,200,000
Total	<u>30,547,746</u>

The Company shall bear all expenses such as brokerage, underwriting commission and placement fee, 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 TRCS on the Main Board of the KLSE estimated at RM2,200,000.

No part of the proceeds from the Offer For Sale is receivable by TRCS. The Offerors will bear all expenses such as the underwriting fees, brokerage, registration and transfer fee (if any) relating to the Offer For Sale which are estimated at RM168,000.

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

1. SUMMARY INFORMATION (Cont'd)

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

Save as disclosed below, as at 14 June 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), the TRCS 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 TRCS 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 TRCS and its subsidiaries.

- (i) A writ was filed under Kuala Lumpur High Court Suite No: S2-22-98 by TRC against Sanwell Corporation ("Sanwell") and United Malayan Land Berhad ("UM Land") for outstanding contract sum due and owing pursuant to an Earthworks Contract dated 30 October 1996 whereby TRC was employed by Sanwell as the earthworks contractor. The payment for the works done was guaranteed by UM Land up to the sum of RM15,500,000-00. In light of the Federal Court's decision on 25 May 2002 and also the subsequent direction given by the High Court Judge on 28 May 2002, the abovementioned Civil Suit cannot be proceeded with and the matters in dispute between TRC and Sanwell will now proceed by means of arbitration. However, UM Land has, since the Federal Court's decision, filed a motion to vary the Federal Court decision. Their argument, inter alia, is that they should not be bound by the arbitration clause, as they were not a party to the Earthworks Contract. No date has yet been fixed for the hearing of their motion. The solicitors of TRC have, in the meantime, set the arbitration proceedings in motion by proposing a named arbitrator to the parties concerned and are now waiting for their response; and
- (ii) A writ was filed at the Kuala Lumpur High Court Companies Winding-Up Petition No. D2-28-919-2001 by TRC for breach of contract against Benefit Depth Sdn Bhd. The amount claimed by TRC is RM300,000.00 for consent fees, RM562,664.19 for damages and RM12,000,000.00 for loss of profit. A winding-up order was granted to TRC on 28 March 2002. TRC will proceed to file the relevant proof of debts.

Contingent Liabilities

As at 14 June 2002 (being the latest practicable date prior to the printing of this Prospectus), the Group has approximately RM22.0 million in contingent liabilities. Please refer to Section 9.5 for further details.

Material Commitments

As at 14 June 2002 (being the latest practicable date prior to the printing of this Prospectus), the Group has approximately RM6.0 million in material commitments. Please refer to Section 9.5 for further details.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE

This Prospectus is dated 28 June 2002. A copy of this Prospectus has been registered with the SC and lodged with the CCM, both of whom take no responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, and Section 39(1)(j) of the Companies Act, 1965, the KLSE has prescribed TRCS as a CDS counter. In consequence thereof, the shares issued/offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

An application will be made to the KLSE within three (3) market days from the date of this Prospectus for admission to the Official List of the Main Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of RM1.00 each in TRCS, including the Public Issue Shares and Offer Shares, which are the subject of 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 the 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 by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up ordinary shares of TRCS on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applications will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC, provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

In the case of an application by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form only if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code. In the case of an applicant by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and Offer For Sale and if given or made, such information or representation must not be relied upon as having been authorised by TRCS. Neither the delivery of this Prospectus nor any offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the TRCS Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares and Offer Shares in certain other jurisdictions may be restricted by law. Persons into whose possession of this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Public Issue Shares and Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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

The KLSE assumes no responsibility for the correctness of any of the statements made or opinion or reports expressed in this Prospectus. Admission to the Official List of the Main Board of the KLSE is not to be taken as an indication of the merits of the Company or of its ordinary shares.

If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser.

2.1 Opening and Closing Dates of the Application

The Application Lists will open at **10.00 a.m.** on **12 July 2002** and will remain open until **8.00 p.m.** on the same day or for such further period or periods as the Directors of TRCS and/or the Offerors in their absolute discretion may decide.

2.2 Dates of Special Events

Opening Date Of The IPO	:	28 June 2002
Closing Date Of The IPO	:	12 July 2002
Tentative Balloting Date	:	18 July 2002
Tentative Allotment Date	:	30 July 2002
Tentative Listing Date	:	5 August 2002

2.3 Purposes of the Public Issue and Offer for Sale

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

- (i) to grant TRCS access to the capital markets to source funds to finance the future expansion and continued growth of the TRCS Group;
- (ii) to provide an opportunity for the eligible employees of the TRCS 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 TRCS 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.

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

2.4 Number and type of securities to be issued

	RM
<i>Authorised Share Capital</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and Fully paid-up Share Capital</i>	
Existing 54,000,000 ordinary shares of RM1.00 each	54,000,000
<i>To be issued as fully paid-up pursuant to the:-</i>	
Public Issue - 16,000,000 new ordinary shares of RM1.00 each	16,000,000
Enlarged issued and paid-up share capital	70,000,000
Offer for Sale	3,500,000
Issue/Offer Price Per Ordinary Share	RM1.60

The Issue/Offer Price of RM1.60 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 allotment of the Public Issue Shares.

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.

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

2.5 Details of the Public Issue and Offer for Sale

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

(i) Eligible Employees

3,500,000 ordinary shares of the Offer Shares have been reserved to eligible employees, sub-contractors and suppliers of the TRCS Group. As approved by TRCS's Board of Directors, the criteria of allocation to eligible directors and employees of TRCS is based on the designation/job grade and years of service. The total number of directors and employees eligible for the allocation as at 14 June 2002 are 5 and 411 respectively. The number of securities that will be allocated to each individual director is shown in Section 1.2 of this Prospectus. The criteria for allocation to subcontractors and suppliers is based on the volume of work and years of relationship with the company and the total number of eligible sub-contractors and suppliers for the allocation is 64.

(ii) Private Placement

13,800,000 of the Public Issue Shares will be placed with Malaysian private and/or institutional investors by the Placement Agent of which at least 30% is to be set aside to Bumiputera investors; and

(iii) Malaysian Public

2,200,000 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.

In the event that any Offer Shares in respect of paragraph (i) above are not taken up by the eligible employees, sub-contractors and suppliers of the TRCS Group, such Offer Shares will be made available for application by the Malaysian Public.

All the Public Issue Shares and Offer Shares under paragraph (i) and (iii) above have been fully underwritten.

2.6 Basis of Arriving at the Issue/Offer Price

The Issue/Offer Price of RM1.60 per ordinary share was determined and agreed upon by the Company, the Offerors and Aseambankers, 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 70,000,000 ordinary shares as at 31 December 2001 of RM1.38 per share;
- (c) The forecast net PE multiple of 5.17 times, based on the forecast consolidated net EPS of 30.96 sen and the enlarged number of ordinary shares of 70,000,000 shares of RM1.00 each;
- (d) The forecast net dividend yield of approximately 3.13% based on the Issue/Offer Price of RM1.60 per share; and
- (e) The future plans and prospects of the TRCS Group as outlined in Section 4 of this Prospectus.

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

2.7 Utilisation of Proceeds

The total gross proceeds of RM30,547,746 arising from the Public Issue and Rights Issue shall accrue entirely to TRCS. The gross proceeds will be utilised as follows:-

	Note	Time Frame for utilisation	
		Financial Year Ending 31 December 2002 RM	Financial Year Ending 31 December 2003 RM
Repayment of Short Term Loans	(a)	18,847,746	-
Redemption of Property	(b)	-	8,000,000
Working Capital	(c)	1,500,000	-
Estimated expenses for the listing of TRCS on the Main Board of the KLSE	(d)	2,200,000	-
Total Proceeds		22,547,746	8,000,000

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 for the short term loans is approximately RM1.696 million per annum assuming an interest rate of 9% per annum.

(a) Repayment of Short Term Loans

The Company shall utilise RM18,847,746 to repay short term bank borrowings. The repayments of the facilities are as follows:

Type of Facility	Purpose of Facility	Outstanding as at 14 June 2002 (RM)	Proceeds to be allocated (up to) (RM)
Bankers Acceptance/ Trust Receipts	Working capital	45,421,000	13,847,746
Short term Revolving Credit	Working Capital	5,000,000	5,000,000
Overdraft	Working Capital	20,133,315	-
	Total	70,554,315	18,847,746

(b) Redemption of Property

RM8,000,000 will be utilised to redeem Lot No. 492, Mukim of Klang, District of Gombak, Selangor Darul Ehsan from EON Bank Berhad. The property is charged as part of the sinking fund for a total package of banking facilities amounting to RM40.38 million from EON Bank Berhad as at 14 June 2002. The redemption is subject to the approval of the bank.

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

(c) Working Capital

RM1,500,000 will be utilised to finance the day to day operations of the Group.

(d) Estimated Listing Expenses

The Company shall bear all expenses such as brokerage, underwriting commission and placement fee, 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 TRCS on the Main Board of the KLSE estimated at RM2.2 million.

No part of the proceeds from the Offer For Sale is receivable by TRCS. The Offerors will bear all expenses such as the underwriting fees, brokerage, registration and transfer fee (if any) relating to the Offer For Sale which are estimated at RM168,000.

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 Proceeds from the Offer for Sale

The gross proceeds from the Offer for Sale of RM5.60 million shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by TRCS. The Offerors shall bear brokerage and underwriting fees and all other expenses relating to the Offer for Sale.

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

Offerors	(1) After Acquisition of TRC		(2) After (1) And After Rights Issue		(3) After (2) And Public Issue		(4) After (3) and Offer for Sale	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Dato' Hj Sufri bin Hj Mohd Zin	17,168,288	35.00	18,900,000	35.00	18,900,000	27.00	15,575,000	22.25
Mohd Raffee bin Jalil	2,452,612	5.00	2,700,000	5.00	2,700,000	3.86	2,525,000	3.61
Total	19,620,900	40.00	21,600,000	40.00	21,600,000	30.86	18,100,000	25.86

2.9 Underwriting Commission, Brokerage and Placement Fees

Brokerage is payable by the Company and Offerors in respect of the Public Issue Shares and Offer Shares respectively at the rate of 1.0% of the Issue/Offer Price of RM1.60 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.

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

The Managing Underwriter and Underwriters as stated below and mentioned earlier in this Prospectus have agreed to underwrite 2,200,000 of the Public Issue Shares and the Offer Shares totalling 5,700,000 shares to be subscribed by the Malaysian Public and the shares allocated to eligible employees, sub-contractors and suppliers of the TRCS Group. Underwriting commission relating to the Public Issue Shares and Offer Share to be underwritten is payable by the Company and the Offerors at the rate of 2.0% of the Issue/Offer Price of RM1.60 per ordinary share.

Placement fees shall be payable by the Company to the Placement Agent at the rate of up to 2.0% of the Issue Price of RM1.60 per Public Share in respect of the 13,800,000 Public Issue Shares to be placed with Malaysian private and/or institutional investors.

2.10 Underwriters

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

Managing Underwriter	:	Aseambankers Malaysia Berhad (15938-H)
Underwriters	:	Mayban Securities Sendirian Berhad (165630-M)
		KAF-Seagroatt & Campbell Securities Sdn Bhd (134631-U)
		PM Securities Sdn Bhd (66299-A)
		K&N Kenanga Berhad (15678-H)

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.

2.11 Salient Terms Of The Underwriting Agreement

The following are some of the Clauses of the Underwriting Agreement dated 6 June 2002 (“Agreement”), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer:-

Clause 7.1

The obligations of the Underwriters under this Agreement shall be conditional upon the fulfillment and/or satisfaction of the following:-

- (a) the completion of the Acquisition of TRC;
- (b) the completion of the Rights Issue;
- (c) the KLSE having agreed in principle to the listing of and quotation for (on terms satisfactory to the Underwriter) the entire issued and paid-up share capital of the Company on the Main Board of the KLSE or the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) Market Days (or such other days as KLSE may permit) after the application for the Issue Shares have been accepted and the Public Issue Shares and the Offer Shares are deposited in or transferred to the relevant securities accounts maintained by the entitled shareholders under the Securities Industry (Central Depository) Act 1991;

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

- (d) the issuance of and subscription for the Public Issue Shares and the Offer Shares pursuant to and in accordance with the provisions hereof and in the Prospectus to and in accordance with any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
- (e) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the Securities Commission Act 1993 and subsequent lodgment of the Prospectus with the Companies Commission of Malaysia within two (2) months from the date of this Agreement, subject to any extension to be agreed between the Company, Offerors and the Underwriters;
- (f) all other necessary approvals and consents required in relation to the Public Issue Shares and the Offer Shares including but not limited to regulatory bodies', administrative agencies' and governmental approvals having been obtained and are in full force and effect;
- (g) the issue of the Public Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- (h) there having been, as at any time hereafter up to and including the Closing Date or the Extended Closing Date, as the case may be, no event of default pursuant to the provisions herein appearing, and no breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement in any material respect;
- (i) the Underwriters having been reasonably satisfied that arrangements have been made by the Company and/or the Offerors to ensure payment of all expenses payable hereunder; and
- (j) the full subscription and payment of the 13,800,000 shares, which are made available by way of private placement by the Closing Date.

Clause 7.2

In the event any of the conditions set forth in Clause 7.1 are not satisfied on or before the Closing Date or Extended Closing Date, as the case may be, the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company and the Offerors, shall pay, such payment to be proportionate to the number of Public Issue Shares, and Offer Shares held by the Offerors, respectively, the Underwriters, the Underwriters for all cost and expenses incurred by the Underwriters prior to the termination, in proportion to the number of Underwritten Shares held by them; and
- (b) each party shall return all other monies paid to the other under this Agreement (if any);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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

Clause 15.1

Notwithstanding anything herein appearing, PROVIDED with the consent and agreement of the majority of the Underwriters (in number of Underwriters and aggregate value of the underwriting commitments), the Underwriters may, at any time, be entitled to terminate their obligations under this Agreement by notice in writing delivered to the Company and/or the Offerors, if in the reasonable opinion of the Underwriters, there shall have occurred, happened or come into effect, any of the following circumstances, on or before the Closing Date or the Extended Closing Date as the case may be, namely:-

- (a) any government requisition which would or is likely to have a material adverse effect on the financial condition or business or operations of the Company, and/or the prospects or future financial condition or business or operations of the Company;
- (b) any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates which would or is likely to have a material adverse effect on the success of the Public Issue or the Offer for Sale and the distribution of the Public Issue Shares or the Offer Shares or the sale of any Underwritten Shares (whether in the primary or in respect of dealings on the secondary market);
- (c) any change in law, regulation, directive, policy or ruling in any jurisdiction which would or is likely to have a material adverse effect on the success of the Public Issue, the Offer for Sale and the distribution of the Public Issue Shares or the Offer Shares or the sale of any Underwritten Shares (whether in the primary or in respect of dealings on the secondary market); or
- (d) any breach of any representation, warranty, covenant, undertaking or obligation of the Company and/or the Offerors in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement in any material respect.

Clause 15.2

Upon the delivery of such notice referred to in Clause 15.1 by the Underwriters, the following shall take place within Three (3) Market Days of the receipt of such notice:

- (a) the Company and the Offerors shall pay the Underwriters, such payment to be proportionate to the number of Public Shares, and Offer Shares held by the Offerors, respectively, the Underwriters for all cost and expenses incurred by the Underwriters prior to the termination; and
- (b) each party shall return all other monies paid to the other under this Agreement (if any);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

Clause 15.3

The Underwriters, the Offerors and the Company may confer with a view to deferring the Public Issue or the Offer for Sale or amending its terms or the terms of this Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriters, the Offerors nor the Company shall be under any obligation to make a fresh agreement.

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

Clause 16.1

On the occurrence of any event or series of events beyond the reasonable control of the Underwriters by reason of force majeure which has or is likely to make this Agreement or any part thereof incapable of performance PROVIDED with the consent and agreement of the majority of the Underwriters (in number of Underwriters and aggregate value of the underwriting commitments), the Underwriters shall be entitled, on or before the Closing Date or the Extended Closing Date as the case may be, to terminate their obligations under this Agreement by notice in writing delivered to the Company.

“Force Majeure” shall mean causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including without limitation (i) war, acts of warfare, hostilities (whether war be declared or not) invasion, incursion by armed force, act of hostile army, nation or enemy; (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, civil war, industrial action; (iii) flood, fire, arson, storm, lightning tempest, or other Acts of God; and (iv) epidemic, explosion, disease, earthquake, hijacking, sabotage, crime.

Clause 17.1

The Company shall:-

- (a) bear and pay the underwriting commission and all costs charges and expenses in connection with the preparation of and incidental to or arising from the issuance of the Public Issue Shares pursuant to the Public Issue and the printing of the Prospectus and other documents relating to the Public Issue and their registration and lodgment thereof so far as necessary and all costs, fees and expenses in connection with the printing and publishing of advertisements and all costs and expenses in connection with the initial delivery and distribution of the Issue Shares; and
- (b) pay all fees, costs, expenses and commissions incurred or payable in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE which includes the cost of the preparation of this Agreement.

Clause 17.2

The Offerors shall bear and pay the underwriting commission, and all costs charges and expenses in connection with the preparation of and incidental to or arising from the sale of the Offer Shares pursuant to the Offer for Sale.

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

2.12 Details of Estimated Listing Expenses

The details of the estimated listing expenses for the listing of and quotation for the enlarged share capital of 70,000,000 ordinary shares of RM1.00 each in TRCS on the Main Board of the KLSE are as follows:-

	To be borne by TRCS RM	To be borne by Offerors RM	Total Listing Expenses RM
SC perusal fee	65,000	-	65,000
KLSE initial listing fee – estimated	35,000	-	35,000
Registration and lodging of prospectus	5,500	-	5,500
Issuing house fee and disbursement – estimated	100,000	-	100,000
Advertisement of prospectus	100,000	-	100,000
Printing of application forms, share certificates and prospectus – estimated	280,000	-	280,000
Professional advisory fees	638,750	-	638,750
Market research fee – estimated	60,000	-	60,000
Translation fee – estimated	15,000	-	15,000
Underwriting commission @ 2.0%	⁽⁴⁾ 70,400	⁽⁴⁾ 112,000	⁽¹⁾ 182,400
Placement fee @ up to 2.0%	⁽⁴⁾ 441,600	-	⁽²⁾ 441,600
Brokerage fee @ 1.0%	⁽⁴⁾ 35,200	⁽⁴⁾ 56,000	⁽³⁾ 91,200
Contingencies ⁽⁵⁾	353,550	-	353,550
Total	2,200,000	168,000	2,368,000

Notes:

(1) $5,700,000 \times RM1.60 \times 2.0\%$

(2) $13,800,000 \times RM1.60 \times 2.0\%$

(3) $5,700,000 \times RM1.60 \times 1.0\%$

(4) *The underwriting, brokerage fees and placement fees relating to the Public Issue shares and Offer shares shall be borne by the Company and the Offerors respectively.*

(5) *Any unutilized amount shall be used for working capital purposes*

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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 TRCS Group's Shares

Prior to the Public Issue 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/Offer Price of RM1.60 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/Offer Price will correspond to the price at which TRCS's shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for TRCS's shares will develop and continue upon or subsequent to its listing.

3.2 Business Risk

The TRCS Group is involved in the construction, property development and manufacture of concrete piles, pre-cast slabs and beams and is subjected to certain business risks inherent in these industries. These include but are 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:-

(i) Availability of Resources

Broadly, construction industry resources include materials, subcontractors, labour-supply and machineries.

The principal construction materials used by the Group are cement, steel bar, sand and other concrete products, sanitary wares/fittings, wall/floor tiles, diesel and retailed items. The majority of the items are sourced from local suppliers or trading houses, amongst others, TRCCI which supplies building material such as reinforced concrete ("RC") piles and ready mixed concrete ("RMC") and Perkasa Trading Sdn Bhd which supplies cement and steel bars. The Group has established a good working relationship with major suppliers and is not dependent on any major supplier. The major suppliers have been supplying the construction material to the Group for an average period of approximately six (6) years. This has ensured the Group enjoying dependable supplies both in terms of quality as well as timely delivery. Details of the major suppliers are disclosed in Section 4.8 of this Prospectus.

A portion of the Group's construction work is normally subcontracted to subcontractors. The Group is not solely dependent on any major subcontractors and does not have any long-term contract with any subcontractors. It, however, has established good rapport with a large pool of subcontractors and this will help to mitigate against the risk of work disruption resulting from the inavailability of subcontractors. On average, approximately 60% of the Group's construction work is subcontracted to subcontractors of which most of them have been doing subcontracting work with the Group for an average period of three (3) years. Further details on the major subcontractors of the Group are disclosed in Section 4.8 of this Prospectus.

3. RISK FACTORS (Cont'd)

Currently there is a shortage of semi-skilled and unskilled labour in the construction industry. There is a need for the industry to optimize the use of labour and ensure development effort is productivity driven. The Group has a large pool of technical and professional staff force and this will help to mitigate the negative impact of manpower shortages. As at 14 June 2002, the Group has a total of 810 employees with an average length of service of three (3) years and a turnover rate of approximately 10% per annum.

Heavy machineries form a substantial part of the Group's capital investment. They include bulldozers, excavators, concrete mixer trucks and other site machineries and equipment. Most of the plant and machinery of the Group are relatively new, bought in 1996/1997. The investment cost of the Group in plant and machinery as at 14 June 2002 is approximately RM54 million. With this investment the Group will be less susceptible to disruption of work due to any unavailability of machineries.

(ii) Market Risk

TRCS Group will certainly be subjected to the inherent risks within the domestic construction and engineering industries, the rapid changes in technology, increase in capital investment required, as well as the general economic and business fluctuations. The Group seeks to minimise these risk by continuously pursuing technology innovation which is relevant to the construction industry and providing internal and external training programmes for its employees to keep the employees abreast with the latest technology changes.

3.3 Financial Risk

Presently, the TRCS Group is not exposed to foreign exchange risk. 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 TRCS Group's total banking facilities as at 14 June 2002 amount to approximately RM257.2 million, out of which RM168.2 million has been utilised. However, with the proceeds to be raised from the listing exercise, approximately RM26.8 million will be utilised for repayment of banking facilities.

The Directors of TRCS are of the opinion that after taking into account the cashflow projections, banking facilities available and gross proceeds from the Rights Issue and 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 RM257.2 million as at 14 June 2002, with covenants that may limit the Group's operating and financial flexibility. The said covenants are, inter alia, summarised as follows:-

TRC shall not without the prior consent of the lenders:

- i) incur, assume, guarantee or permit to exist any indebtedness (with exceptions);
- ii) create or permit to exist any mortgage, charge, pledge, lien or other encumbrance on any of its assets and properties or any part thereof or any interest therein (with exceptions);
- iii) enter into any transaction with any person, firm or company except in the ordinary course of business on ordinary commercial terms and on the basis of arm's length arrangements or establish any exclusive purchasing or sales agency or enter into any transaction whereby the Borrower may pay more than the ordinary commercial price for any purpose;

3. RISK FACTORS *(Cont'd)*

- iv) enter into any partnership, profit sharing or royalty agreement or arrangement whereby the Borrower's income or profits are or might be shared with any other person, firm or company or enter into any management contract or similar arrangement whereby the Borrower's business or operations are managed by any other person, firm or company;
- v) make or permit to be made any change in the nature or scope of the Contracts and/or its business;
- vi) sell, transfer or charge or otherwise howsoever deal with the Contracts and or any other assets and properties of the Borrower or any part thereof or any interest therein or make the same subject to any burden, charge or encumbrance, liability of lien whatsoever;
- vii) take any step with a view to winding up or dissolution of the Borrower;
- viii) guarantee any person, enterprise or company (other than normal trade guarantees or in respects with loans to staff);
- ix) save as provided by any provisions herein decrease or in any way whatsoever alter the authorised or issued capital of the Borrower whether by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital into stock or by consolidating dividing or sub-dividing all or any of its shares;
- x) declare any rights or bonus issue or pay any dividend or make any distribution of share capital;
- xi) add to, delete, vary or amend its Memorandum and Articles of Association, or change the nature of its present business;
- xii) make any loans to the Borrower's directors, shareholders related and or associated companies;
- xiii) make any prepayment in respect of any other debt or other credit facilities (other than short term debt) or repay or make any payments under any loan advanced to the Borrower advanced by its shareholders or by any other company deemed to be related under Section 5 of the Companies Act 1965; and
- xiv) make or permit any changes in the constitution of the Borrower's shareholders or their shareholdings.

Nevertheless, the Group does not foresee that the covenants would affect the Group's operation, as the lenders are not expected to withhold their consent unreasonably.

3.4 Dependence on Subcontractors/Suppliers

Construction industry in general, is dependant on the support of subcontractors and suppliers in making availability of construction materials. The Group has a pool of subcontractors and suppliers. Hence it is not dependant on any single subcontractor and supplier for its supply of materials. Currently the Group has established a good working relationship with its major suppliers.

The construction industry is also dependant on the availability of construction related materials and products (e.g. cement, steel bars, sand and concrete products). The Group has established a good rapport with its major suppliers of these materials. To further mitigate this risk, it has diversified into manufacturing of concrete products through its wholly owned subsidiary, TRCCI.

Details of the major subcontractors and suppliers are disclosed in Section 4.8 of this Prospectus. The major subcontractors have been with the Group for an average period of approximately three (3) years while the major suppliers have an average of six (6) years relationship with the Group.

3. RISK FACTORS *(Cont'd)*

3.5 Dependence on Certain Customers

The clientele base for construction industry is generally dependant on the company securing projects undertaken by both the Government sector and private sector. Based on the historical record of TRCS's customers, most of its customers were from the Government agencies. However, the Group has now diversified its customers base to Government related companies, quasi Government and private sector as well as third parties in order to reduce the dependency on a particular customer. The Group has completed a total contract value of RM1,180.3 million worth of projects as at 14 June 2002 of which approximately 82.89% of the contract value was from Government and quasi-Government projects and the balance 17.11% of the contract value was from projects by the private sector and TRCS's subsidiary/associated company.

As for the on-going projects or projects currently undertaken by the Group as at 14 June 2002, approximately 39.04% of the total contract value of RM907.8 million is from the Government and quasi-Government projects and the remaining 60.96% is from the private sector projects and projects by its subsidiary/associated company.

Based on the above, the Group has demonstrated a shift from the predominantly Government base clientele in the past to a broader clientele base at present.

3.6 Dependence on Key Personnel

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its Directors and senior management. The loss of any of the Group's Executive Directors or key members of the senior management may affect the Group's performance. However, efforts are being made to groom the younger members of the senior management to gradually assume more responsibility through continuous on-the-job training and participation in public courses and seminars. This is to ensure that there would be continuation of key management personnel in the future. The Group's future success will also depend upon its ability to attract and retain skilled personnel.

3.7 Insurance coverage

All the assets of the company, inter-alia, building, staff and labour quarters, plant and machinery and the stock in trade, have obtained the necessary insurance coverage and are sufficiently insured under fire and other perils policy. Further, all projects and contracts are insured under the contractors all risk and workmen compensation as required in most contracts. This will protect the company from any normal construction risks which are beyond the Company's control.

3.8 Competition

The construction industry is very competitive with the existence of a very large number of construction firms. The total registered contractors with the Construction Industry Development Board (CIDB) as at March 2002 stood at 38,906. The breakdown of the respective grades are as follows:

Grade	Number	%
1	21,340	54.9
2	5,208	13.4
3	6,373	16.4
4	1,322	3.4
5	1,883	4.8
6	629	1.6
7	2,151	5.5
	<u>38,906</u>	<u>100.0</u>

Note: The higher the Grade, the higher would the tendering capacity of the contractor be.
(Source: CIDB)

3. RISK FACTORS (Cont'd)

Out of the 38,906 registered contractors, 94.5% falls under Grade 1 to Grade 6. Only about 5.5% of the contractors are under Grade 7. Competition among this grade is therefore relatively less intense. The company is registered under CIDB Grade 7.

(Source: Independent Market Research Report)

Among the steps taken by the Group to mitigate the effect of intense competition are:

- a. widening its clientele base, this includes obtaining contractor licenses from government and semi government bodies such as Pusat Khidmat Kontraktor (Taraf Bumiputera Class A), Petroliam Nasional Bhd as class SB2 and SC2, Unit Pendaftaran Kontraktor Negeri Sarawak (Taraf Bumiputera Category A), Development of Putrajaya under TR-T008 and Malaysia Shipyard and Engineering under Class SI0544;
- b. improving its strength on specialized construction areas where it has a niche, such as railway projects and construction of airports; and
- c. diversification into upstream and downstream activities to create a synergistic effect which will result in more competitive bids.

3.9 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 TRCS 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.

3.10 Ownership and Control by the Substantial Shareholders

Upon completion of the Public Issue and Offer for Sale, the controlling shareholders of TRCS are Dato' Hj Sufri bin Hj Mohd Zin, TRC Capital Sdn Bhd and Kolektif Aman Sdn Bhd, collectively, they will control approximately 68.53% (please refer to Section 5.1 of this Prospectus) of TRCS. As such, these controlling shareholders of TRCS 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.

3.11 Government Control or Regulation

The performance of the group is subjected to the overall economic, political, legislative, business and credit environment both domestically and internationally. For instance, Government measures to reduce the property overhang by granting stamp duty exemption for transfer and loan agreements; banks offering competitive and low housing loans, with flexible easy-payment schemes to lure potential and existing house buyers and other incentives like withdrawals of EPF funds for the purchase of a second house, lifting limitations of financial institutions to finance the construction of residential properties priced above RM250,000 each and shophouses within residential areas; as well as allowing proceeds from private debt securities to be used to finance the development of properties had created great impacts on the development of this sector.

In view of this, there is no assurance that the performance of the Group would remain favourable in the event of changes in the general, political, legislative, business and credit condition of the country.

3. RISK FACTORS (Cont'd)

3.12 Risks associated with economic conditions and cycles that are significant or peculiar to the business

The construction industry is highly dependant on the country's economic growth and also on the government spending on development expenditure. This is evidenced by the recent Asian economic crisis where the full impact was felt in 1998 and the country's economy experienced a contraction of 7.5% for the same period. In tandem with the economic contraction, the construction industry likewise, experienced a sharp decline of 23% in the year 1998. The sector however, improved to record a smaller decline of 5.6% in 1999 due to the support by the Government in increasing spending on public sector projects such as road, utilities and housing as well as revival of several critical private projects. The construction sector turned around to record a growth of 1.1% in 2000 and 2.3% in 2001, due primarily to government spending under the fiscal stimulus programme, privatized infrastructure projects and residential housing development. (Source: *Bank Negara Annual Report 2001*)

Private sector investment has been adversely affected, particularly by the deterioration in the output growth of the manufacturing sector as well as the continued reduction in investment outlay in the property sector, especially in office space, hotels and retail outlets. Consequently, growth in private investment is expected to decelerate sharply to 2% from its strong double-digit growth of 35.9% in 2000. Its share of total investment is, therefore, expected to decline to 46.8% compared with 49.9% in 2000.

Private investment is projected to register a strong growth of 10% after a slow growth of 2% in 2001. The increase in private investment is reflected in the approvals in manufacturing investment by the Malaysian Industrial and Development Authority, which increased to RM18,183 million during the first seven months of 2001 (January-July 2000: to RM17,316 million).

The recovery in private sector investment and fiscal expansion will contribute to growth in the construction sector by 4.3%. The demand for housing, in particular low- and medium-cost units as well as infrastructure projects in the health and education sub-sectors and rural development from the RM3 billion pre-emptive measures in March 2001 and the subsequent RM4.3 billion package in September 2001 will also contribute towards further growth in this sector. (Source: *Ministry of Finance, Economic Report 2001/2002*)

The Group is aware of the business risk associated with the cyclical nature of the industry, and has always exercised a prudent management approach e.g. proper cash flow management and operation planning, optimum utilization of resources, and working within budget. This has resulted in the company being able to operate profitably even during the economic crisis. As part of the additional measures that will be taken by the company to further mitigate the risk from a similar economic downturn, the company will be sourcing for projects which provide constant long-term income.

3.13 Dependence on Particular Products, Markets and Geographical Locations

Construction is basically the core business of the Group. The Group is not dependant on any specific construction activity. It is capable of implementing all forms of construction work and has to date implemented works such as airports, railworks, hospitals, stadiums, hotels, bridges, roadworks, earthworks and water treatment plants. Likewise, it is not dependant on any geographical locations. The group has a good track record in both West and East Malaysia.

3. RISK FACTORS (Cont'd)

3.14 Registration/Permits/Licenses

The Group's qualification to tender for and secure various construction and other projects are based on the registrations, permits and licences set out in Section 4.4.3 of this Prospectus. Some of these registrations, permits and licences are valid for only a specific period. There are no assurances that these registrations, permits and licences will be renewed when they expire. The Company, however, is confident of being able to renew all necessary registrations, permits and licences at the appropriate time.

3.15 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.

3.16 Delay in Completion of Projects

Construction and development contracts projects are subject to delays which may result in cost overruns. The completion/delivery on time is dependant on many external factors, amongst others, obtaining various regulatory approvals as scheduled, securing construction materials and applicable resources in adequate amounts timely as well as weather conditions. These may have an impact on the Group's future profitability.

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4. INFORMATION ON THE TRCS GROUP

4.1 History and Principal Activities

The Company was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 11 December 1996 under the name TRC Synergy Sdn Bhd. On 8 January 1997, the company changed its status from a private limited company to a public company and assumed the name TRC Synergy Berhad.

TRCS is principally an investment holding company while the principal activities of its subsidiary companies and associated company are as follows:

Subsidiary and Associated Company	Principal Activity	Effective Interest
<i>Subsidiary Of TRCS</i> TRC	General contractors carrying out construction works, hiring and servicing of vehicles, selling construction materials and providing related services	100%
<i>Subsidiary Of TRC</i> TRCD	Project development management services and property development	100%
TRCCI	Manufacturing and dealing in concrete piles and ready-mixed concrete	100%
<i>Associate Of TRC</i> AB	Property development	40%

TRC was incorporated in 23 May 1984 and formed to fulfil the growing need for high caliber Bumiputera contractors to serve the country's rapid economic expansion. TRC is registered with the following:

- a) Pusat Khidmat Kontraktor as a Class A
- b) Pusat Khidmat Kontraktor- Taraf Bumiputra Class A registered
- c) Petrolia Nasional Berhad as Class SB2 (Building) and Class SC2 (Civil Engineering and Maintenance)
- d) Construction Industry Development Board Malaysia (CIDB) under grade G7, category B & CE
- e) Malaysia Airports Berhad as Class 71720
- f) Unit Pendaftaran Kontraktor Negeri Sarawak as UPK Taraf Bumiputera
- g) Unit Pendaftaran Kontraktor Negeri Sarawak under category A
- h) Development of Putrajaya under Class CTR – T 008
- i) Malaysia Shipyard and Engineering Sdn Bhd under class SI0544 (Civil and Construction and Technical Services)

With the management recognizing the need for diversification and synergistic opportunities in broadening its earning base, TRC has ventured into property development and management, and the supply and manufacture of concrete-based products for the construction industry by setting up TRCD, TRCCI and AB.

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

4.2 Changes In Share Capital

The present authorised share capital of TRCS is RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM54,000,000 comprising 54,000,000 ordinary shares of RM1.00 each. Details of the changes in the issued and paid-up share capital of the Company 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
11.12.1996	2	1.00	Subscribers' shares	2
27.03.2002	49,052,252	1.00	Shares issued in consideration for the Acquisition of TRC	49,052,254
06.06.2002	4,947,746	1.00	Rights Issue of 4,947,746 new ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary share	54,000,000

4.3 Restructuring and 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 Restructuring and Flotation Scheme that was approved by the SC on 29 January 2002, FIC on 19 February 2001 and 26 February 2002 and MITI on 27 February 2001 and 20 February 2002 respectively. The Restructuring and Flotation Scheme comprises the following:

4.3.1 Acquisition of TRC

(a) Terms of the Acquisition of TRC

TRCS entered into a Conditional Sale and Purchase Agreement on 21 December 2000 and a Supplementary Agreement dated 27 March 2002 with Dato' Haji Sufri bin Haji Mohd Zin, Mohd Raffee bin Jalil, Kolektif Aman Sdn Bhd and TRC Capital Sdn Bhd (collectively known as the "Vendors") to acquire the entire issued and paid-up share capital of TRC comprising 15,000,000 ordinary shares of RM1.00 each in the company for a total purchase consideration of RM54,448,781 to be satisfied by the issuance of 49,052,252 fully paid up new ordinary shares of RM1.00 each in TRCS at an issue price of approximately RM1.11 per share.

Details of the Vendors and the share swap arrangement for the Acquisition of TRC are as follows:-

Vendors	No. of Shares held in TRC		No. of shares held in TRCS	
		%		%
Dato' Haji Sufri bin Haji Mohd Zin	5,250,000	35.00	17,168,288	35.00
Mohd Raffee bin Jalil	750,000	5.00	2,452,612	5.00
Kolektif Aman Sdn Bhd	4,500,000	30.00	14,715,676	30.00
TRC Capital Sdn Bhd	4,500,000	30.00	14,715,676	30.00
Total	15,000,000	100.00	49,052,252	100.00

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

The Acquisition of TRC was completed on 27 March 2002 and the TRC shares acquired free from all claims, charges, liens and encumbrances whatsoever together with all rights attached thereto and all dividends, rights and distributions declared, paid or made in respect thereof in accordance with the terms of the Conditional Sale and Purchase Agreement and the Supplementary Agreement.

(b) Basis for the Purchase Consideration

The purchase consideration of RM54,448,781 for the Acquisition of TRC was arrived at on a willing buyer and willing seller basis after taking into consideration the adjusted audited NTA of TRC as at 31 December 2000 calculated as follows:-

	RM
Audited NTA as at 31 December 2000	56,737,785
Less: Reversal of revaluation reserve ⁽¹⁾	(4,961,252)
Adjusted NTA after revaluation reserve reversal	51,776,533
Add: Revaluation Surplus ⁽²⁾	2,671,252
Adjusted NTA as at 31 December 2000	54,447,785
Add: Depreciation adjusted due to overprovision for two months	996
Adjusted Audited NTA as at 31 December 2000	54,448,781

Notes:-

- (1) For the financial year ended 31 December 2000, the auditors have incorporated a revaluation reserve of RM4.961 million to the reserves account of TRC based on the market valuation done by Messrs. KGV-Lambert Smith Hampton (M) Sdn Bhd in October 2000.
- (2) The revaluation surplus of TRC was derived from the revaluation of its landed properties as approved by the SC vide its letter dated 11 December 2001 as follows:-

Market valuation on landed properties as approved by the SC	23,660,000
Add: Acquisition cost for Condominium Kirana property*	1,862,500
	25,522,500
Less: Book value of landed properties as at 31 October 2000	22,851,248
Revaluation Surplus as at 31 October 2000	2,671,252

* This property was purchased on 5 June 2000 at a cost of RM1,862,500 and will be included for the purposes of computing the revaluation surplus in deriving the adjusted NTA as at 31 December 2000.

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

The revaluation surplus of RM4,961,252 was incorporated into the accounts of TRC in the financial year ended 31 December 2000. For financial year ended 31 December 2001, the auditors have adjusted the revaluation reserve downwards by RM2.29 million to incorporate the revaluation reserve as approved by the SC, which is lower than the valuation by the Messrs. KGV-Lambert Smith Hampton (M) Sdn Bhd in October 2000.

4.3.2 Right Issue

Following the completion of the Acquisition of TRC, the Company undertook a Rights Issue of 4,947,746 new ordinary shares of RM1.00 at par to the existing shareholders of TRCS on the basis of approximately 101 new ordinary shares for every 1,000 existing ordinary shares held after the Acquisition of TRC. The Rights Issue was completed on 6 June 2002.

4.3.3 Public Issue

To facilitate the listing of and quotation for TRCS shares on the Main Board of the KLSE, the Company will make a public issue of 16,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.60 per new ordinary share to the 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.

4.3.4 Offer for Sale

In conjunction with the Public Issue, the Offerors will make an Offer for Sale of 3,500,000 ordinary shares of RM1.00 each at an Offer Price of RM1.60 per ordinary share to the eligible employees of the TRCS Group and the Malaysian public in order to satisfy the listing requirements in terms of shareholding spread as stipulated under the SC Guidelines.

4.4 Business Overview of the TRCS Group

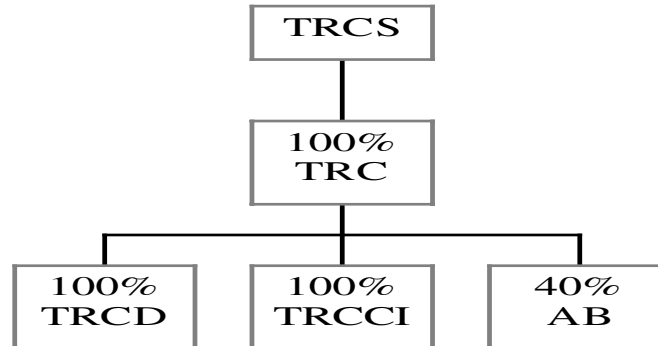
4.4.1 Group Structure

TRCS is principally an investment holding company while the principal activities of its subsidiary companies and associated company are as follows:-

Subsidiary and Associated Company	Principal Activity	Effective Interest
<i>Subsidiary Of TRCS</i> TRC	General contractors carrying out construction works, hiring and servicing of vehicles, selling construction materials and providing related services	100%
<i>Subsidiary Of TRC</i> TRCD	Project development management services and property development	100%
TRCCI	Manufacturing and dealing in concrete piles and ready-mixed concrete	100%
<i>Associate Of TRC</i> AB	Property development	40%

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

The Group structure after the Restructuring and Flotation Scheme is as follows:



4.4.2 Principal Products and Services

The principal products and services provided by the Group are construction, hiring and servicing of vehicles, property development, manufacturing of concrete and pre-cast slabs.

4.4.3 Principal Registrations/Permits/Licenses

Company	Authority	Type	Tenure
1. TRC	CIDB	Grade 7 (Category B & CE)	27.11.2003
2. TRC	Pusat Khidmat Kontraktor ("PKK")	Bumiputera (Class A)	30.12.2002 30.12.2003
3. TRC	Unit Pendaftaran Kontraktor Negeri Sarawak	Taraf Bumiputera (Category A)	04.01.2004
4. TRC	Putrajaya	Class CTR/T008	-
5. TRC	Malaysia Airports Bhd	Class 71720	27.02.1998 21.02.2004
6. TRC	Petroliam Nasional Bhd	Bumiputera Building (Class SB2) Civil Engineering & Maintenance (Class SC2)	30.09.2002
7. TRC	Malaysia Shipyard & Engineering Sdn Bhd	Class S10544	-

4. INFORMATION ON THE TRCS GROUP (Cont'd)**4.4.4 Significant Projects Completed as at 14 June 2002**

LIST OF COMPLETED PROJECTS				
No.	Projects Description	Client	Contract Value RM million	Date of Commencement/ Completion
<i>Government</i>				
1.	Construction of the docking installation for Ferry Terminal (Phase 2) at Tanjung Belungkor Johor Darul Takzim, Johor.	Jabatan Kerja Raya ("JKR")	7.0	21.10.1991 / 11.04.1993
2.	Construction of Jalan Pekeliling, Melaka from Lorong Pandan to Bukit Palah, Package 1, Melaka.	JKR	29.0	10.09.1992 / 15.01.1995
3.	Construction of an army camp for the Strategic Communications Systems Regiment P4, Sungai Buloh, Selangor Darul Ehsan.	JKR	14.0	08.06.1993 / 05.12.1994
4.	The design, construction, equipping and commissioning of five (5) budget hotels at various locations in Malaysia (Phase 2).	JKR	33.7	16.05.1994 / 16.08.1995
5.	Roadworks and other related works along Route 54, Jalan Kuala Selangor-Kepong, Kuala Selangor District & Petaling District, Selangor - Package 7.	JKR	7.6	01.11.1994 / 30.10.1995
6.	Roadworks along Jalan Muar-Semerah Route 5, Muar, Johor - Package 11.	JKR	4.9	01.12.1994 / 30.09.1995
7.	Maintenance work for school buildings throughout Federal Territory Kuala Lumpur, Package III	JKR	5.0	16.07/1994 / 30.12.1994
8.	Earthwork and pavement for building platform and access road of Putra Jaya's Landmark, Putrajaya.	Jabatan Perdana Menteri ("JPM")	4.5	21.06.1995 / 26.08.1995
9.	Construction of a Frigate's Infrastructure at TLDM Naval Base, Lumut, Perak Darul Ridzuan (Package II).	Tentera Laut Diraja Malaysia ("TLDM")	11.6	13.03.1995 / 02.07.1996
10.	Construction of two (2) blocks of 8 (eight) storeys housing project for lower rank army personnel at TUDM, Subang.	Tentera Udara Diraja Malaysia ("TUDM")	11.7	15.03.1995 / 31.10.1996
11.	Repair works on the Tuanku Abdul Rahman Bridge over Sungai Perai, Pulau Pinang.	JKR	4.7	02.05.1995 / 30.04.1997
12.	Construction of Teachers' Quarters Complex at Pulau Langkawi, Kedah Darul Aman.	JKR	16.5	07.11.1995 / 30.06.1997
13.	The design, construction, completion and commissioning of Hockey Stadium at Bkt. Jalil, National Sports Complex, Kuala Lumpur.	JKR	73.5	01.01.1996 / 30.01.1997
14.	Construction of the Bakun access road (Package 4) from Jalan Miri/Bintulu to Batang Kemena, Sarawak.	JKR	97.0	26.02.1996 / 25.05.2000
15.	Straightening and widening of Jalan Baling/Pengkalan Hulu, Baling, Kedah - Package 1.	JKR	20.8	01.07.1996 / 29.06.1998
16.	The Design, Construction, Completion, Commissioning and Maintenance Works for the upgrading of facilities at the Labuan Airport.	JKR	138.3	15.11.1996 / 28.02.1999
17.	Construction of Teachers' Training College at Kota Semarahan, Sarawak.	Ministry of Education	68.4	12.12.1996 / 31.05.1999

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

LIST OF COMPLETED PROJECTS				
No.	Projects Description	Client	Contract Value RM million	Date of Commencement/ Completion
18.	Design, Construction, Completion, Commissioning and Maintenance of additional works for existing Hockey Stadium at Bkt. Jalil National Sports Complex.	JKR	3.8	28.02.1998 / 15.08.1998
19.	The construction and completion of proposed Lubok Antu/Lemanak/Engkari Road (Package B) Sri Aman Division (Phase 1), Sarawak.	JKR	13.0	30.10.1997 / 10.04.2000
20.	Design, Construction, Completion, Commissioning and Guarantee of the New Control Tower at Kota Bahru Airport.	JKR	8.9	02.08.1999 / 14.09.2000
21.	Merekabentuk, Membina, Menyiapkan, Mengujiterima Dan Menyenggara Projek Menaiktaraf Kerja-Kerja Luar Bagi Bangunan Matrade Di Jalan Duta, Kuala Lumpur	JKR	7.9	11.12.2000/ 08.11.2001
22.	Kerja-Kerja Menaiktaraf Stadium Hoki, Kompleks Sukan Negara, Bukit Jalil	JKR	8.9	08.11.2001/ 26.12.2001
<i>Quasi-Government</i>				
23.	Construction of multi-level railway crossing over the Kuala Lumpur - Seremban (package V) route.	Keretapi Tanah Melayu Bhd ("KTM")	19.8	17.05.1993 / 13.12.1994
24.	The design and construction of tiered overhead pedestrian crossing and subways along the Double-Tracking Project from Rawang, Sentul-Kuala Lumpur-Pelabuhan Klang Route.	KTM	14.1	11.04.1995 / 30.10.1995
25.	The design, construction, completion & commissioning of railway culverts & bridges at Nilai and in between Batang Benar and Seremban to alleviate flooding (Joint venture with the India Railway Construction Company, ("Ircon"))	KTM	9.2	10.02.1995 / 15.01.1996
26.	Construction of the Malaysian-French Institute at Bangi, Selangor Darul Ehsan	Majlis Amanah Rakyat ("MARA")	17.7	12.12.1994 / 04.02.1996
27.	Extension of transfer corridor and parking apron at Bayan Lepas International Airport, Pulau Pinang	Malaysian Airports Berhad ("MAB")	7.4	30.08.1995 / 17.04.1996
28.	Proposed Bekalan Air Sg. Sayong Contract No.3, Construction of Civil Works.	Sykt Air Johor Sdn Bhd	7.9	16.10.1995 / 08.12.1997
29.	KL International Airport Package RA 15: The Design and Construction of Decompression Chamber	Kuala Lumpur International Airport ("KLIA")	23.3	24.10.1996 / 15.12.1997
30.	Turnkey contract for the proposed rail link connecting existing railway line to West Port on Pulau Indah (Joint venture basis : Trans Resources [70% x RM383 million])	KTM Bhd	268.1	08.01.1997 / 31.10.1999
31.	The Proposed Site Clearance And Earthworks for Cadangan Pembangunan Separa Perdagangan Di Atas Parcel Z, Presint 1, Putrajaya, Mukim Dengkil, Daerah Putrajaya, Selangor Darul Ehsan	Putrajaya Holdings Sdn Bhd	5.2	13.11.2000/ 27.08.2001

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

LIST OF COMPLETED PROJECTS				
No.	Projects Description	Client	Contract Value RM million	Date of Commencement/ Completion
32.	Proposed Construction and Completion of Bridge BR4 at Putrajaya, Selangor Darul Ehsan.	Putrajaya Holdings Sdn Bhd	15.0	02.10.2000/ 30.04.2002
<i>Private Sector and Subsidiary/Associated Company</i>				
33.	The Design, Construction, Equipping, and Commissioning of two (2) Budget Hotels at various location in Malaysia (Phase 1).	IJM Bhd	7.7	25.08.1993 / 25.07.1994
34.	NKVE-Hicom East Interchange Package 1A (Joint venture with AAY Construction Sdn Bhd).	UE Construction Sdn Bhd	4.1	01.04.1995 / 08.03.1996
35.	Bakun Resettlement & Road Package Scheme (Package 1 & 3), Sarawak.	Hasmi-Bucknall	52.8	01.11.1996 / 30.08.1997
36.	Development at Bukit Perdana & Jalan Melang, Kuala Pilah, Negeri Sembilan	Own Project	22.0	01.07.1996 / 31.03.1999
37.	Earthwork for Agarta Theme Park, Johor Bahru, Johor.	Sanwell Corporation	24.1	28.11.1996 / 28.06.1997
38.	Site clearing, piling and pile cap works for proposed factory and office at Lot 4A, Jalan Sultan Mohamad 3, Kaw. Perindustrian Kelang, Selangor.	Capetronic (M) Corp. Sdn Bhd	2.7	18.09.1997 / 17.11.1997
39.	Cadangan Pembangunan Resort Banglo Di Atas PTD 71093 Bandar Nusajaya, Mukim Pulau, Daerah, Johor Bahru, Johor Darul Tazim (Phase 1A)	Prolink Nusajaya Sdn Bhd	11.7	13.09.1999/ 13.12.2000
40.	River Improvement works on Sg. Kelang and Sg. Ampang from Chainage 350 to Chainage 500, Chainage 2250 to Chainage 3250 and Chainage a0 to A50	Percon Corporation Sdn Bhd	11.3	22.12.1999/ 31.12.2000.
41.	Supply, Delivery, Installation of Reinforced Concrete Works for 2 Blocks for the Construction and Completion of UiTM Hostel for 2000 students at Jalan Etingan, Semarahan, Sarawak	Mudajaya Corporation Bhd	3.0	01.03.2000/ 31.12.2000
42.	Kerja-Kerja Pembinaan Tanah, Kerja Sementara, Jalan Dan Saliran Di Atas Lot PTD 148131, Mukim Plentong, Johor Bahru, Johor Darul Takzim	AB	5.7	15.10.2000/ 15.04.2001
43.	Construction and Completion of Show House And Sales Office Di Atas PTD 148131 Mukim Plentong, Johor Bahru, Johor Darul Takzim	AB	0.8	15.03.2001/ 15.06.2001
44.	Subcontract for Naiktaraf Jalan Betong-Kayu Malam, Pakej A (Dari Simpang Betong Ke Simpang Spaoh), Bahagian Sri Aman, Sarawak (Section A Works)	Lim Tok Chiow & Sons Construction Sdn Bhd	45.5	19.07.1999/ 14.09.2001
45.	Subcontract for Projek Pembinaan Kompleks Kastam, Sibul, Sarawak – Secara Reka Dan Bina	WMM Holdings Sdn Bhd	10.5	15.10.1999/ 09.02.2002
Total			1,180.3	

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

4.4.5 Significant Projects Being Undertaken as at 14 June 2002

No	Project Description	Client	Contract Value RM million	Commencement Date / Expected Completion Date
Government				
1.	Membina Dan Menyiapkan Jalan Raya Simpang Pulai – Lojing – Gua Musang – Kuala Berang: Pakej 4: Pos Blau Ke Kg. Kuala Betis Pakej 4A: Dari CH 0 ke CH10,000m.	JKR	47.2	19.07.1999/ 05.07.2002
2.	Membina Dan Menyiapkan Jalan Raya Simpang Pulai – Lojing – Gua Musang – Kuala Berang: Pakej 4 : Pos Blau Ke Kg. Kuala Betis Pakej 4B: Dari CH 10,000 ke CH 20,043m.	JKR	50.0	14.08.1999/ 24.10.2002
3.	Projek Penempatan Semula di Kg. Sg. Pau, Sik, Kedah Darul Aman (Projek Empangan Beris)	Kementerian Pembangunan Luar Bandar	67.5	15.11.2000/ 12.11.2002
4.	Construction and Completion of Sekolah Menengah Tengku Indera Petra (2), Gua Musang, Kelantan	JKR	8.1	13.03.2001/ 26.08.2002
5.	Construction and Completion of Sekolah Menengah Kebangsaan (SMK) Permas Jaya 2, Johor Bahru, Johor Darul Takzim	JKR	8.6	13.03.2001/ 23.09.2002
6.	Bau Road Improvement – Package B, Jugan Road Junction to Bau (Phase II)	JKR	5.8	12.04.2001/ 11.07.2002
7.	Construction and Completion of four (4) Units Class 'F' Teacher's Quarters and Others Associated Works at Sek. Keb. Balar, Gua Musang, Kelantan	JKR	0.4	16.09.2001/ 27.07.2002
8.	The Construction and Completion of the Proposed Jalan Rh. Danggat/Keribau/Ng. Ulai/Ulu Bayor, Sri Aman Division, Sarawak	JKR	11.0	04.12.2001/ 03.12.2003
9.	Construction and Completion of Proposed Gawis Melanjan/Sg. Sibau/Bungkuang/Pelepok Road, Sri Aman Division, Sarawak (Phase 1)	JKR	7.3	19.02.2000/ 17.05.2003
10.	Proposed Bangkit Rembai/Bangkit Ijok/Suri Road, Debak Phase II, Sri Aman Division, Sarawak (Ch 6400 to Ch 8780 including Sg. Debak and Sgh. Rimbas Bridges)	JKR	4.8	19.02.2002/ 18.02.2004
Quasi-Government				
11.	The Proposed Construction and Completion of Roadworks, Utilities and Landscape for Road Package P2 East in Precinct 2, Putrajaya	Putrajaya Holdings Sdn Bhd	7.3	02.05.2001/ 25.09.2002
12.	The Proposed Construction and Completion of Road R11 in Precinct 5 & 6 For Pusat Pentadbiran Kerajaan Persekutuan Putrajaya (Package R11)	Putrajaya Holdings Sdn Bhd	81.7	15.10.2001/ 03.02.2003
13.	Proposed Construction and Completion of Roadworks, Utilities and Landscape for Road Package P4 at Precinct 4, Putrajaya	Putrajaya Holdings Sdn Bhd	54.7	22.01.2002/ 21.07.2003

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

No	Project Description	Client	Contract Value RM million	Commencement Date / Expected Completion Date
<i>Private Sector and Subsidiary/Associated Company</i>				
14.	Proposed Mixed Development on PTD 148136 and part of PTD 148131, Desa Senibong, Mukim of Plentong, Johor Bahru			
	Package A	AB*	25.0	11.2000/10.2003
	Package B	AB*	72.6	10.2001/09.2003
	Package C	AB*	46.2	06.2002/06.2004
	Package D	AB*	31.1	06.2003/06.2005
	Package E	AB*	69.0	06.2003/06.2006
	Commercial A	AB*	80.3	06.2003/06.2005
15.	East Malaysia Hospitals – Keningau. Package KE 4: Medical Complex and External Works.	United Engineers (Malaysia) Bhd	78.8	26.06.2000/ 02.09.2002
16.	Subcontract for Merekabentuk, Membina Dan Menyiapkan Projek Lebuhraya Pantai Timur Fasa 1 Dari Karak-Kuantan Dan Ke Sempadan Pahang/Terengganu (Package 1E1)	MTD Construction Sdn Bhd	28.4	02.05.2001/ 15.09.2002
17.	Menaiktaraf Jalan Sibul-Bintulu Dari Kawasan Perindustrian Kemena Ke Persimpangan Jalan Tanjung Kidurong Ke Pelabuhan Bintulu/ Section II – Nyabau Road	Naim Cendera Sdn Bhd	23.1	01.11.2001/ 28.02.2004
18.	Construction and completion of Pembinaan Jalan Pantai Baru dari Tanjung Kidurong–Suai-Bakam, Sarawak. Section A1 – From Tanjung Kidurong to Similajau Access Road.	PPES Works (Sarawak) Sdn Bhd	90.4	18.02.2002/ 17.02.2005
19.	Proposed Civil Works for Radar System at Miri Airport	Airod Alenia Technology (Malaysia) Sdn Bhd	2.5	29.01.2002/ 08.09.2002
20.	Menaiktaraf Jalan Sibul-Bintulu dari Kawasan Perindustrian Kemena ke Persimpangan Jalan Tanjung Kidurong ke Pelabuhan Bintulu- Section I/Drainage Work	Naim Cendera Sdn Bhd	6.0	06.03.2002/ 21.01.2003
Total			907.8	

* *AB is a 40%-owned associated company of TRC. The remaining 60% equity interest in AB is held by Dato' Hj Sufri bin Mohd Zin and Abdul Aziz bin Mohamad at 51% and 9% each respectively.*

4.4.6 Methods of Distribution

TRC is principally a contractor and all customers are on a contractual basis. As for TRCCI there are no long-term contracts with customers. Their only major customers are from within the group. Thus production is catered mainly for in-house use. TRCD clients are TRC and AB which are within the group. As with AB, advertisement through the media and flyers are the main form of attracting customers.

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

4.4.7 Competitive Conditions

The construction industry is highly competitive with many players. As at March 2002 there were 38,906 contractors registered with CIDB. The players that have stood out and performed well are those who have carved a niche for themselves in the market.

There are contractors who specialize in toll-road projects, airports and ports, bridges and railways and other infrastructure related projects. The margins of these projects improve with the capability and expertise of the contractor, as most of these require the contractors' specialized skills and experience. Construction sector will improve more significantly, mainly from higher construction activities in housing development and the implementation of infrastructure projects.

TRCS Group in comparison is competitive in the construction industry. The ability of the Group to secure mega projects such as the design and completion of the Bukit Jalil Hockey Stadium project, Westport Rail Link project, the Labuan Airport project and the Bakun Access Road project in the past and at present, the roadwork project linking Simpang Pulai-Lojing-Gua Musang-Kuala Berang Pakel 4A & 4B, Keningau Hospital project, roadwork in Putrajaya R11 and roadwork linking Tanjung Kidurong-Suai-Bakam, Sarawak are testimonies of the Group's competitiveness in the industry. To further increase its competitiveness, the Group has carved a niche for itself by moving into more specialised construction projects such as construction of airports, railway trackworks, stadium, hospitals and decompression chambers.

4.4.8 Key Achievements and Milestones

Among the key achievements of the Group are as follows:

- i) Successful completion of fast-track, Design and Build projects, e.g.
 - the National Hockey Stadium in Bukit Jalil.
 - the Putrajaya Landmark within 60 days.
 - the Labuan Airport.
 - the Westport Rail Link project.
- ii) The Group has the ability to undertake not only "common" projects such as roads and buildings but also more sophisticated specialised projects such as airports, railway trackworks, stadiums, hospitals and decompression chambers.
- iii) The Group is one of the very few West Malaysian construction companies which have managed to penetrate the East Malaysian construction market. Its construction arm, TRC, is currently registered with the Unit Pendaftaran Kontraktor Negeri Sarawak under Bumiputera Class A.
- iv) The Group's subsidiary, TRC, has been awarded with the prestigious ISO 9001 : 2000 certification on 31 May 2002.

4.4.9 Quality Management Programmes

Employee development has always been an ongoing process for the company. Employees will be trained to be more project-based, teamwork-orientated and boundaryless. Emphasis will be given to interpersonal and networking skills. This objective would be achieved through internal and external courses and on the job training.

TRC has been awarded with the prestigious ISO 9001 : 2000 certification on 31 May 2002. As part of its quality management programmes, the Group has also embarked on the following procedures:

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

- i) Establishment of a Health and Safety Division;
- ii) Implementation of the Environmental Management Procedures; and
- iii) Establishment of a very comprehensive monthly progress report for each project undertaken by the Group to monitor the work progress and quality control.

4.4.11 Employees

As at 14 June 2002, the TRCS Group has 810 employees. The employees of the TRCS 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 3 years.

Employees' structure as at 14 June 2002 are as follows:-

Category	Bumiputera	Chinese	Indian	Other Malaysian	Foreigner	Total
1. Management and Professional	37	37	1	-	-	75
2. Technical and Supervision	113	101	3	-	1	218
3. Clerical	63	12	3	-	-	78
4. General workers	149	9	10	2	41	211
5. Other workers:						
a) Skilled	166	22	3	10	27	228
b) Unskilled	-	-	-	-	-	-
Total	528	181	20	12	69	810

4.4.12 Location of Principal Place of Business

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

Head Office	:	Wisma TRC, 217 & 218 Jalan Negara 2, Taman Melawati 53100 Ulu Klang, Selangor Darul Ehsan
Branch Office	:	Lot No. 3626, Block 16 KCLD Taman Timberland Lorong Rock 2 93200 Kuching Sarawak
Subsidiary Companies	:	TRCD Wisma TRC, 217 & 218 Jalan Negara 2, Taman Melawati 53100 Ulu Klang, Selangor Darul Ehsan TRCCI Wisma TRC, 217 & 218 Jalan Negara 2, Taman Melawati 53100 Ulu Klang, Selangor Darul Ehsan
Associated company of TRC	of :	AB No. 11-02, Jalan Permas 9/1 Bandar Baru Permas Jaya 81750 Masai Johor Darul Takzim

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

4.5 Subsidiary and Associated Companies

The subsidiaries and associated company of TRCS, all of which are incorporated in Malaysia, are as follows:-

Subsidiaries / Associates	Date and Place of Incorporation	Issued and Paid-Up Share Capital RM	Effective Equity Interest %	Principal Activities
TRC	23.05.1984 Malaysia	15,000,000	100	General contractors carrying out construction works, hiring and servicing of vehicles, selling construction materials and providing related services
TRCD	26.07.1994 Malaysia	500,000	100	Project development management services and property development
TRCCI	28.02.1986 Malaysia	2,200,000	100	Manufacturing and dealing in concrete piles and ready-mixed concrete
AB	21.08.1997 Malaysia	500,000	40	Property development

4.5.1 TRC

(i) History and Business

TRC was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 23 May 1984 and immediately commenced operations in the construction sector.

The principal activities of the Company are general contractors carrying out construction works, hiring and servicing of vehicles, selling construction materials and providing related services.

(ii) Share Capital

The existing authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM15,000,000, comprising 15,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of TRC 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
23.05.1984	3	1.00	Subscribers' shares	3.00
12.09.1984	49,997	1.00	Cash	50,000.00
06.07.1987	100,000	1.00	Cash	150,000.00
13.08.1987	500,000	1.00	Cash	650,000.00

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

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-up Share Capital RM
24.12.1993	100,000	1.00	Cash	750,000.00
02.02.1994	125,000	1.00	Cash	875,000.00
30.12.1994	125,000	1.00	Bonus Issue	1,000,000.00
07.04.1995	4,000,000	1.00	Bonus Issue	5,000,000.00
30.04.1998	5,000,000	1.00	Bonus Issue	10,000,000.00
31.07.1999	5,000,000	1.00	Bonus Issue	15,000,000.00

(iii) Substantial Shareholders

As at 14 June 2002 being the latest practicable date before the printing of this Prospectus the substantial shareholders of TRC are as follows:

Name	Nationality / Place of Incorporation	Direct	%	Indirect	%
TRCS	Malaysia	15,000,000	100.00	-	-

(iv) Subsidiary and Associated Companies

The subsidiary and associated company of TRC are as follows:-

Subsidiaries/ Associates	Date and Place of Incorporation	Issued and Paid-Up Share Capital RM	Effective Equity Interest %	Principal Activities
TRCD	26.07.1994 Malaysia	500,000	100	Project development management services and property development
TRCCI	28.02.1986 Malaysia	2,200,000	100	Manufacturing and dealing in concrete piles and ready-mixed concrete
AB	21.08.1997 Malaysia	500,000	40	Property development

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

4.5.2 TRCD

(i) History and Business

TRCD was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 26 July 1994 and immediately commenced operations in property development.

The principal activity of the Company is property development management services and property development.

(ii) Share Capital

The existing authorised share capital is RM1,000,000 comprising 1,000,000 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 TRCD are as follows:-

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-up Share Capital RM
26.07.1994	2	1.00	Subscribers' shares	2
28.06.1996	499,998	1.00	Cash	500,000

(iii) Substantial Shareholders

As at 14 June 2002 being the latest practicable date before the printing of this Prospectus the substantial shareholders of TRCD are as follows:

Name	Nationality / Place of Incorporation	Direct	%	Indirect	%
TRC	Malaysia	500,000	100.00	-	-

(iv) Subsidiary and Associated Companies

TRCD has no subsidiaries or associated companies as at 14 June 2002.

4.5.3 TRCCI

(i) History and Business

TRCCI was incorporated as Kemajuan Jotaco Sdn Bhd a private limited company in Malaysia under the Companies Act, 1965 on 28 February 1986. The company subsequently changed its name to TRCCI on 8 August 1996. The company commenced operations in 1996.

The principal activity of the Company are manufacturing and dealing in concrete piles and ready-mixed concrete.

4. INFORMATION ON THE TRCS 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 RM2,200,000 have been issued and fully paid-up, comprising 2,200,000 ordinary shares of RM1.00 each.

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

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-up Share Capital RM
28.02.1986	2	1.00	Subscribers' shares	2
18.09.1991	1	1.00	Cash	3
18.09.1996	499,997	1.00	Cash	500,000
24.12.1999	500,000	1.00	Capitalisation of loan account	1,000,000
16.10.2000	800,000	1.00	Cash	1,800,000
20.12.2000	400,000	1.00	Capitalisation of loan account	2,200,000

(iii) Substantial Shareholders

As at 14 June 2002 being the latest practicable date before the printing of this Prospectus the substantial shareholders of TRCCI are as follows:

Name	Nationality / Place of Incorporation	Direct	%	Indirect	%
TRC	Malaysia	2,200,000	100.00	-	-

(iv) Subsidiary and Associated Companies

TRCCI has no subsidiaries or associated companies as at 14 June 2002.

4.5.4 AB

(i) History and Business

AB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 21 August 1997.

The principal activity of the Company is property development.

(ii) Share Capital

The existing authorised share capital is RM1,000,000 comprising 1,000,000 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.

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

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

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-up Share Capital RM
21.08.1997	2	1.00	Subscribers' shares	2
01.03.1999	299,998	1.00	Cash	300,000
08.10.1999	200,000	1.00	Cash	500,000

(iii) Substantial Shareholders

As at 14 June 2002 being the latest practicable date before the printing of this Prospectus the substantial shareholders of AB are as follows:

Name	Nationality / Place of Incorporation	Direct	%	Indirect	%
TRC	Malaysia	199,998	40.00	-	-
Dato' Hj Sufri bin Hj Mohd Zin	Malaysian	255,001	51.00	199,999 ⁽¹⁾	40.00
Datin Noorizan binti Hassan	Malaysian	1	-	454,999 ⁽²⁾	91.00
Abdul Aziz bin Mohamad	Malaysian	45,000	9.00	-	-

Notes:-

- (1) Dato' Hj Sufri bin Hj Mohd Zin is deemed interested by virtue of his substantial shareholdings in TRCS which wholly owns TRC and by virtue that he is the husband of Datin Noorizan binti Hassan.
- (2) Datin Noorizan binti Hassan is deemed interested by virtue that she is the wife of Dato' Hj Sufri bin Hj Mohd Zin.

(iv) Subsidiary and Associated Companies

AB has no subsidiaries or associated companies as at 14 June 2002.

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

4.6 Industry Overview

4.6.1 General Overview

4.6.1.1 Construction

The construction sector plays an important part in the Malaysian economy. In 2000, its share of Gross Domestic Product (“GDP”) by sector was 3.3%. In 2001, the sector is forecast to improve by 4.9%, and its share of GDP is expected to be 3.4%, with its contribution to GDP growth seen at 0.2%.

In terms of employment, the sector absorbed 8.1% of the total workforce in 2000 compared to 9.2% in 1999. The Economic Planning Unit, in the *Economic Report 2000/2001*, sees the sector’s share of employment to improving to 8.2% in 2001.

In 2001, 97,673 units of residential houses of various types were approved by the Ministry of Housing and Local Government to be built. Out of these, 37.3% constitute medium-cost houses; 16.4%, low-cost houses; and the remainder, higher-end houses. The number of units launched continued to increase by 22.2%, as compared to the same period the year before.

As at end-June, data compiled by the National Property Information Centre (NAPIC) of the Valuation and Property Services Department showed that the overhang of residential properties improved by 31.4% to 35,203 units, while the improvement in value terms was 26.5% to RM4.9 billion. The remaining unsold units were located mainly in poor locations. With the liberalization of the FIC guidelines effective 25 April 2001, foreign purchases of commercial properties increased by 14% to RM634 million. Sale of residential properties to foreigners, however, declined.

(Source: *Bank Negara Annual Report 2001*)

In terms of financing, loans for the purchase of residential properties from the banking system increased by 18% as at end-July 2001, compared to the same period the year before. Loans given out by the Housing Loans Division of the Treasury also reflected a similar trend. Purchase of properties monitored by the FIC likewise showed a favourable trend, with purchases of properties by foreigners increasing by 30.5% to RM394 million, compared to RM302 million the year before, in line with the new guidelines on relaxation of property ownership for locals and foreigners.

The price of residential properties has generally been stable. The Malaysian House Price Index, which tracks the movement in prices of landed properties, apartments and condominiums showed that the price of houses has stabilized, increasing by 0.9% (2000: 14.3%).

Commercial property transactions adjusted downwards by 5% in terms of value, and 11% in volume terms.

(Source: *Bank Negara Annual Report 2001*)

The Government continued to prioritise the construction of low- and medium-cost houses in line with the objective of providing affordable homes to all Malaysians. A total of 192,000 low-cost units are targeted to be built during the Eighth Malaysia Plan (“8MP”), of which 175,000 units will be implemented through the Public Low Cost Housing Programme. To cater to the housing needs of squatter settlements within Kuala Lumpur and other major cities, 5,936 units are being constructed under the Integrated Housing Programme.

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

Government measures to reduce the property overhang by granting stamp duty exemption and transfer and loan agreements for properties completed before the end of 2001 resulted in a total of 6,100 units of properties valued at RM1.7 billion being sold during 2001. This represented about a quarter of the 24,000 units of properties valued at RM7.7 billion that were offered by developers registered with the Real Estate and Housing Developers' Association of Malaysia (REHDA). Banks have also been offering competitive and low housing loans, with flexible easy-payment schemes to lure potential and existing house buyers. In fact, inter-bank competition is so great in this sector that some banks are even offering lower rates on re-mortgages. Making easy financing available is expected to free up any tight liquidity problem that may have stunted the housing industry and will go a long way in spurring its growth. Other incentives include withdrawals of EPF funds for the purchase of a second house, provided the first house has been sold; lifting limitations of financial institutions to finance the construction of residential properties priced above RM250,000 each and shophouses within residential areas; and allowing proceeds from private debt securities to be used to finance the development of such properties provided they achieve break-even sales in value terms.

(Source: Ministry of Finance, Economic Report 2001/2002; Bank Negara Annual Report 2001)

4.6.1.2 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)

For the 8MP period, emphasis will be given to increasing the capacity and accessibility in less developed areas while in urban areas, the focus will be to enhance efficiency and improve public transport services. The provision of utilities such as communications, water and sewerage will be given priority to increase coverage and improve the quality of life. Participation by the private sector will continue to be encouraged with the Government assuming an increasingly important role in the supervision and setting of performance standards of infrastructure facilities and services to support the growth and competitiveness of other sectors.

The supporting role of infrastructure and utilities to facilitate the growth of other sectors, particularly in the distribution of goods and services is vital to ensure the attainment of the 8MP's objective of growth with resilience. Efforts will continue to be undertaken to upgrade existing facilities and increase capacities, particularly in the less developed areas as well as to improve productivity and efficiency in urban areas. Greater accessibility, adequacy and quality of the supply of infrastructure and utilities will contribute to a better quality of life.

(Source: Eighth Malaysia Plan 2001-2005)

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

4.6.2 Summary of Outlook and Prospects for the Industry

4.6.2.1 Construction

The outlook for the local construction sector is bright with government policies geared to ensuring good infrastructure development in line with the goal of achieving industrialized nation status by the year 2020. Further growth of the industry will come from investment from neighboring and Third World countries where there is a need for experienced contractors in infrastructure projects. This is also true for property development where there is a shortage of expertise in the field.

According to the Master Builders Association of Malaysia (MBAM), the future of the Malaysian construction industry can be strengthened through:

- Collaboration among builders on either a national or regional basis.
- Joint ventures between Malaysian and foreign construction firms with considerable expertise will create mutual benefits, particularly mega projects that require high technology.
- The creation of a consortia will encourage technology transfer and contribute to the development of the technological capability of the local construction companies.
- On a regional basis, collaboration among construction companies in the ASEAN member nations will help to fortify Malaysia's collective competitiveness in the international bidding arena.

This is especially so as Malaysia is a signatory to the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS), which will render Malaysian construction industry available and accessible to other signatory countries, thus placing the Malaysian construction industry on the global market.

The future of property development in Malaysia is further enhanced in that 50% of population is below 22 years of age. This augurs well for residential property developers as it implies that in the next five years, 2.3 million people (about 10% of 22 million population) will move into 25-29 years age group where house purchase is a priority.

The globalization of the industry will create many and varied factors to consider in terms of better efficiency, productivity and competitiveness with respect to cost, speed and quality in the implementation of the projects. All these factors will pose as challenges to the players in the industry.

(Source: Independent Market Research Report)

Value added of the construction sector is expected to expand at a higher rate of 4.9% (2000: 1.0%), spurred by the Government's fiscal expansion programme, particularly for infrastructure projects and the construction of low- and medium-cost residential housing. In this regard, one major construction activity that has commenced is the construction of the Technology Tenaga independent power plant in Perlis.

(Source: Bank Negara Annual Report 2001)

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

Development allocation for the social services sector will remain focused on education and training, housing, health and welfare services, with an allocation amounting to RM1,561 million for the construction of primary and secondary single-session schools.

Other projects include vocational and technical institutes, quarters for teachers and allocation for higher education loan fund, with an allocation amounting to RM1,820 million for housing.

The construction of quarters for the armed forces, police and other civil servants as well as housing for the poor and the relocation of squatters will remain the priority. The health sub-sector will be allocated RM1,273 million and the money will be used for several ongoing projects as well as new projects such as the construction of new hospitals and upgrading of existing hospitals and clinics. Among the major hospitals under construction are those in Serdang, Alor Setar, Sungai Buloh, Ampang, Sungai Petani, Pandan and Lahad Datu. The Total Health Information System (THIS) will also be implemented in all hospitals and clinics. (Source: *Ministry of Finance, Economic Report 2001-2002*)

During the 7MP period, various programmes for the development of housing were implemented in the urban and rural areas. The overall performance of the housing programmes was encouraging with achievement surpassing the Plan target.

Under the 8MP period, the objective of the housing development programmes will be to increase accessibility to adequate, affordable and quality houses for all income groups. Priority will continue to be given to the development of low- and medium-cost houses. In this regard, both the public and the private sectors will intensify their efforts in the implementation of the housing programmes to meet increasing demand. During the Plan period, housing needs are estimated to reach a total of 782,300 units due to the growing number of population, formation of new households and the replacement of existing houses. The majority of the housing needed will be in Selangor (13.6%), followed by Sabah (12.8%), Johor (11.5%), and Perak (9.8%). However, only 615,000 units of houses are expected to be built during the Plan period, taking into account the stock overhang in the country and the capacity to supply houses. (Source: *Eighth Malaysia Plan 2001-2005*)

4.6.2.2 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 Sixth Malaysia Plan (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. 8MP will focus on increasing efficiency, productivity, quality and reliability of infrastructure facilities and services to enhance linkages and improve transportation to support the nation's competitiveness. The increasing urban congestion requires a modal shift towards mass public transport and better traffic management, transport efficiency, safety and comfort as well as to reduce pollution.

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

In line with fiscal expansion, development expenditure is expected to increase significantly by 14.7%. While higher development spending is provided to stimulate domestic aggregate demand in the short-term, the thrust of the expenditure is also focused on human resource development as well as industrial and physical infrastructure to ensure sustainable growth in the long-term. In the course of the year, given the stronger-than-expected slowdown of the US economy, an additional RM3 billion pre-emptive allocation was introduced in March 2001 to mitigate the negative impact on domestic economic activities. Specifically, the additional fiscal stimulus package was for the construction of single-session schools, community colleges, universities, and housing quarters for armed forces.

Some infrastructure projects identified for construction and spelt out in the Economic Report 2001-2002 include the Rawang-Ipoh electric double tracking project, construction of bridges, flood mitigation, channel deepening at Tanjung Pelepas Port, and construction of new airports at Limbang and Bintulu as well as upgrading of Miri Airport.

DEVELOPMENT ALLOCATION FOR INFRASTRUCTURE AND UTILITIES, 2001-2005			
(RM million)			
<i>Sector</i>	<i>7MP</i>		<i>8MP</i>
	<i>Allocation</i>	<i>Expenditure</i>	<i>Allocation</i>
Transport	20,913.1	20,484.2	21,222.1
Roads*	12,429.9	12,269.5	14,002.6
Urban Transport	404.2	404.0	705.6
Rail	5,450.3	5,450.3	4,081.0
Ports	1,157.4	1,089.2	1,500.0
Airports	1,471.3	1,271.2	932.9
Communications	51.0	39.6	228.0
Telecommunications & Post	10.2	4.1	146.7
Meteorological Services	40.8	35.5	81.3
Utilities	3,445.3	3,048.0	5,549.9
Water Supply	2,776.8	2,382.7	3,966.3
Sewerage	668.5	665.3	1,583.6
Energy			
Total	24,409.4	23,571.8	27,000.0

Note:-

Excludes localized roads in regional development areas, some under local authorities and agricultural roads.

(Source: Eighth Malaysia Plan 2001 – 2005)

4.6.2.3 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. 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.

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

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

Under the 8MP period, a total of RM5.1 billion will be allocated for the development of new roads and RM8.9 billion for the improvement and upgrading of existing roads. The larger allocation for upgrading of existing roads is in line with the efforts to improve safety, driving comfort and reduce travel time, including the provision of motorcycle lanes in identified dangerous stretches.

(Source: *Eighth Malaysia Plan 2001-2005*)

Under the transport sub-sector, about 70% of the expenditure goes to the construction and upgrading of roads and bridges and the remainder is for ports, airports and railways. The higher expenditures are aimed at providing a more efficient and integrated national transportation network in order to facilitate the movements of goods and people within the country as well as internationally.

Growth in construction activity is expected to emanate from, amongst others, the commencement of four privatized road projects – the Kajang Ring Road, Ipoh-Lumut Highway, Guthrie Corridor Expressway, and the Butterworth Outer Ring Road. Major infrastructure projects yet to be undertaken include the construction of the East Coast Highway and the upgrading of trunk roads such as Muar-Melaka, Jalan Balakong, Kapar-Sabak Bernam and Klang-Banting. In Sabah and Sarawak, the major road projects will include the upgrading of Jalan Kuching-Serian, Jalan Nengoh-Kanibungan and Jalan Merotai-Kalabakan.

(Source: *Bank Negara Annual Report 2001; Ministry of Finance, Economic Report 2001-2002*)

4.6.2.4 Property

During the 7MP period, a total of 859,480 units or 107.4% of the Plan target of 800,000 units of houses was completed. (The private sector, which was targeted to build 570,000 units, completed 737,856 units or 129.4% of the target.) At the end of June 1999, the overall number of unsold residential properties was estimated at 93,600 units. To help reduce the stock overhang, the Government and the REHDA launched several home ownership campaigns. The first Home Ownership Campaign, lasting a month, was launched on 12 December 1998 and the second Home Ownership Campaign from 29 October to 7 December 1999. Incentives offered during the campaigns included exemption of stamp duties as well as a minimum price discount of 5.0% for properties costing RM100,000 or less, and 10% for properties costing above RM100,000. Financial institutions also offered incentives such as a higher margin of finance up to 95%, waiver of processing fees and increased loan tenure up to 30 years. Legal fees were also lowered for sales and purchase as well as loan agreements. As at 30 June 2000, the number of unsold residential properties was reduced to an estimated 45,500 units, including 9,700 units of condominium and apartments.

(Source: *Independent Market Research Report; Eighth Malaysia Plan*)

The Government's continued efforts to prioritise the construction of low and medium-cost houses in line with the objective of providing affordable homes to all Malaysians sees a total of 192,000 low-cost units targeted to be built during the 8MP, of which 175,000 units will be implemented through the Public Low Cost Housing Programme. To cater to the housing needs of squatter settlements within Kuala Lumpur and other major cities, 5,936 units are being constructed under the Integrated Housing Programme.

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

Growth in the construction sector is expected to improve by 4.9% (2000: 1%) with the expansion in fiscal spending providing the main stimulus. Sales in the residential property sector are also expected to pick up as purchasers take advantage of the stamp duty exemption and transfer and loan agreements for properties completed before the end of 2001. (Source: Ministry of Finance, Economic Report 2001/2002)

The government policy is favourable to the Group's economic activities and this development is expected to augur well for its profit margin and continued viability of operations, as can be seen below, reflected in the Group's completed projects and orders in hand.

4.6.2.5 Industry Players and Competition

From the industry overview, the future of construction industry appears to be bright with the numerous measures taken by the government to support the industry including the RM27 billion allocations in the 8MP for infrastructure and utilities. The industry, however, is also very competitive with numerous players like, WCT Engineering Bhd, DKLS Industries Bhd, Ahmad Zaki Resources Bhd, Loh & Loh Corporation Bhd and TSR Capital Bhd.

The Group has a good track record in completing large infrastructure and specialised projects like airport, hospitals, rail tracking and stadium successfully. Coupled with this, the Group has also established itself as a specialist in Design and Build contracts. This is evidenced by its record that a significant number of projects executed by the Group has been carried out on a Design and Build basis. The Group's subsidiary, TRC's ISO 9001 : 2000 certification awarded on 31 May 2002 will also enhance its competitiveness in the industry.

With its vast experience and good reputation in the industry, the Group is expected to have a fair share in construction projects that is to be awarded in the future resulting from the prime pumping measures taken by the government. A comparative analysis with other companies involved in the construction industry is disclosed in Section 4.9 of this Prospectus.

4.7 Major Customers

Being in business for over 15 years, 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 31 December 2001, 79.12% of total revenue was generated from the top eight (8) customers as follows:-

Major Customers	Status of Project	Revenue for the year ended 31 December 2001		Length of Relationship Years	Clientele base
		RM'000	% of Revenue		
Jabatan Kerja Raya – Jalan raya Simpang Pulai - Lojing - Gua Musang	On-going	69,041	26.72	10	Government
United Engineers (Malaysia) Berhad - Keningau Hospital	On-going	67,026	25.94	5	Private sector

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

Major Customers	Status of Project	Revenue for the year ended 31 December 2001		Length of Relationship	
		RM'000	% of Revenue	Years	Clientele base
Kementerian Pembangunan Luar Bandar Malaysia - <i>Sg. Pau Resettlement Scheme</i>	On-going	22,511	8.71	2	Government
Putrajaya Holdings Sdn Bhd - <i>BR4 Bridge, Putrajaya</i>	On-going	12,221	4.73	2	Quasi-Government
MTD Construction Sdn Bhd – <i>East Coast Highway Package 1E</i>	On-going	9,925	3.84	2	Private sector
Lim Tok Chiow & Sons Construction Sdn Bhd – <i>Jalan Betong Kayu Malam</i>	Completed	9,589	3.71	3	Private sector
Jabatan Kerja Raya – <i>External Works to Matrade Building</i>	Completed	7,413	2.87	10	Government
Andaman Budi Sdn Bhd - <i>Desa Senibong earthworks & showhouse</i>	On-going	6,703	2.59	2	Associated Company

4.8 Major Procurements

Major procurements by the Group comprise of subcontractors and suppliers. The Group has a pool of subcontractors and suppliers. Hence it is not dependant on any single subcontractors and supplier for its supply of materials. Further the Group has established long term relationships with most of its major subcontracts and suppliers over the past 8 years. On average, approximately 60% of the Group's total cost of sales is subcontracting cost and 9% is for material cost. For the year ended 31 December 2001, the list of the top fourteen (14) subcontractors and suppliers is as follows:

Major Subcontractors/Suppliers	Services Provided	Purchases for the year ended 31 December 2001		Length of Relationship	
		RM'000	% of Cost of Sales	Years	
Nova Nusantara Sdn Bhd	Sub-contracting	25,775	10.45	2	
Ikutmas Sdn Bhd	Sub-contracting	11,580	4.69	3	
Gagasan Wajar Sdn Bhd	Sub-contracting	8,057	3.27	3	
Metrobrite Engineering Sdn Bhd	Sub-contracting	6,790	2.75	4	
Rekavista Sdn Bhd	Sub-contracting	6,319	2.56	3	
TRCCI	Supplying building material	4,741	1.92	6	
Time Interlink Sdn Bhd	Sub-contracting	4,144	1.68	2	
Rapid Wall Sdn Bhd	Sub-contracting	3,862	1.56	2	
Shell Timur Sdn Bhd	Supplying diesel	3,850	1.56	6	

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

Major Subcontractors/Suppliers	Services Provided	Purchases for the year ended 31 December 2001		Length of Relationship
		RM'000	% of Cost of Sales	Years
Shell Malaysia Trading Sdn Bhd	Supplying diesel	3,842	1.56	8
Richdore Corporation Sdn Bhd	Supplying building material	3,472	1.41	4
Perkasa Trading Sdn Bhd	Supplying cement and steel bar	3,000	1.22	6
Pan Sarawak Company Sdn Bhd	Supplying roofing sheet and bars	2,236	0.91	6
Sebarang Bina Sdn Bhd	Supplying aggregate	1,504	0.61	4

4.9 Competitors

The construction industry is highly competitive with many players. As at March 2002 there were 38,906 contractors registered with CIDB. The players that have stood out and performed well are those who have carved a niche for themselves in the market.

There are contractors who specialize in toll-road projects, airports and ports, bridges and railways and other infrastructure related projects. The margins of these projects improve with the capability and expertise of the contractor, as most of these require the contractors' specialized skills and experience. Construction sector will improve more significantly, mainly from higher construction activities in housing development and the implementation of infrastructure projects.

The breakdown of registered contractors as at March 2002 with CIDB is as follows:

Grade	Number
1	21,340
2	5,208
3	6,373
4	1,322
5	1,883
6	629
7	2,151
	<u>38,906</u>

Source: CIDB

Competition is keen with smaller projects as is reflected in the number of registered contractors with CIDB. Out of the 38,906 registered contractors, 94.5% falls under Grade 1 to Grade 6. Competition among Grade 7 registered contractors, on the other hand, is less intense. (The Company is registered under CIDB Grade 7). Among the key players who are actively involved in one way or the other in the business activities related to the Group are WCT Engineering Bhd, Loh & Loh Corporation Bhd, Ahmad Zaki Resources Bhd, TSR Capital Bhd, DKLS Industries Bhd and Ho Hup Construction Company Bhd. Although there are a large number of players in the related industry, the sector by nature is fragmented with many several subsectors. The level of competition varies from one sub-sector to another.

(Source: Independent Market Research Report)

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

By securing mega projects such as the Bukit Jalil Hockey Stadium project, Westport Rail Link project, the Labuan Airport project and the Bakun Access Road project in the past and the Group's position at CIBD Grade 7, the Group has established itself as one of the key players in the construction industry. A comparative analysis with other companies involved in the construction industry are set out below:-

Company Name	Turnover RM'000	Profit Before Tax RM'000	Financial year ended
TSR Capital Berhad ⁽¹⁾	107,969	18,909	31 December 2001
WCT Engineering Berhad ⁽²⁾	422,882	57,118	31 January 2001
DKLS Industries Berhad ⁽³⁾	200,971	15,974	31 December 2001
Ahmad Zaki Resources Berhad ⁽⁴⁾	234,041	17,153	31 December 2001
Loh & Loh Corporation Berhad ⁽⁵⁾	178,695	27,077	31 December 2001
TRCS	258,367	20,897	31 December 2001

Source :-

- (1) Audited accounts for the financial year ended 31 December 2001.
- (2) Annual Report 2001 of WCT Engineering Berhad.
- (3) Annual Report 2001 of DKLS Industries Berhad.
- (4) Audited accounts for the financial year ended 31 December 2001.
- (5) Audited accounts for the financial year ended 31 December 2001.

4.10 Future Plans, Strategies and Prospects of the TRCS Group

Since inception, the Group has executed more than RM1.1 billion worth of projects ranging from the more common projects such as roadwork to more specialised projects such as construction of airport, hospital and railway tracks. With these, the Group is well poised to achieve its vision of becoming a major player in the construction industry.

4.10.1 Construction

The Group's record of completing large infrastructure and specialised projects successfully provides the Group with potential and scope for its continuing participation in these fields. It has also established itself as a specialised Design and Build contractor. This is evidenced by its record that a significant number of projects executed by the Group has been carried out on a Design and Build basis which includes the Labuan Airport project, the West Port Railway Link project and the Bukit Jalil Hockey Stadium project. The Group will give more emphasis in securing projects of this nature, which is more lucrative in terms of volume and margin.

The Group's subsidiary, TRC has been certified with the ISO 9001 : 2000 Quality System in its operations and with this, it is well positioned to expand its operations internationally in the near future.

4.10.2 Property Development

The Group has diversified downstream into property development. To-date, the Group has completed a mixed residential project in Kuala Pilah with a gross development value of approximately RM22 million. The project is a joint venture with Majlis Daerah Kuala Pilah.

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

Presently the Group through its 40%-owned associated company, AB, has entered into a joint venture agreement with Tebrau Bay Sdn Bhd (formerly known as KPRJ Nusantara Sdn Bhd) to develop two parcels of land with a total area of 163 acres in Permas Jaya, Johor Bahru. The whole development with a gross development value of approximately RM977 million, comprising condominium and commercial properties, is expected to be completed in the year 2008. Phase A and B comprising medium cost apartments were launched in December 2000 and July 2001 respectively.

The Group is also expected to launch 122 units of semi-detached and terrace houses in Ulu Klang in year 2002. The expected gross development value of this project is RM56 million.

Sales in the residential property sector are expected to pick up as purchasers take advantage of the stamp duty exemption and transfer and loan agreements for properties completed before end of 2001 (Source : Economic Report 2001/2002). The exemption of stamp duty has also been extended to completed properties for the period from 1 January 2002 to 30 June 2002 (Source : Stamp Duty (Exemption) (No. 7) Order 2002 Ministry of Finance). The above relaxation of the rules will have a positive impact on the Group's property development division.

4.10.3 Viability

The Group has existing orders of more than RM900 million. The demand for contractors depends on the government budget for infrastructure projects. This will subsequently provide growth to the private construction sector.

With over 18 years of experience in the industry, the Group has established itself as a reliable and competitive contractor demonstrated by the number of projects successfully secured from open tenders for e.g. Labuan Airport project where TRC competed against some of the more established KLSE listed players in the market.

Testimonials for completion of project were given by:

- a) Perbadanan Putrajaya for earthworks and pavement for building platform and access road of Putrajaya's landmark.
- b) Jabatan Kerja Raya (JKR) and IJM Corporation Bhd for design, construction, equipping and commissioning of five budget hotels at various locations in Malaysia.
- c) Keretapi Tanah Melayu Berhad (KTM) for project, design, construction, completion and commissioning of railway culverts and bridges at Nilai and in between Batang Benar and Seremban to alleviate flooding.
- d) KTM for design, construction, completion, maintenance and guarantee for the rail link connecting existing railway line from Port Klang to West Port on Pulau Indah.
- e) KTM for design, construction, completion and maintenance of pedestrian and motorcyclist overhead bridges, road diversion between Rawang-Sentul-Kuala Lumpur-Port Kelang on KTMB double track project (package II).
- f) JKR for design, construction, completion and commissioning of the Hockey Stadiums at Bukit Jalil, National Sports Complex.

The Group has the three essential factors for obtaining the competitive edge; pricing, timely delivery and quality. In addition the Group has a strong and experienced management team.

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

The Group has several competitive advantages when compared to other similar companies in the same industry. These are as follows:

- a) it is a registered PKK Bumiputera Class A contractor;
- b) it has a fleet of machineries worth in excess of RM54.0 million
- c) it has vast experience and a good track record on implementation of Design & Build and fast track projects;
- d) the Group is very versatile and is able to implement construction projects ranging from the conventional projects like buildings and roadworks to construction of specialised projects like airports, railway works, hospitals, decompression chambers and water treatment plants; and
- e) The Group's subsidiary, TRC has been awarded with the prestigious ISO 9001 : 2000 certification on 31 May 2002.

(Source: *Independent Market Research Report/Management of TRCS*)

4.10.4 Vulnerability

During the economic crisis the Group was still operating profitably, although turnover shrank. Many construction companies were in the red during the regional crisis and those who pulled through are now more prepared to face tougher challenges ahead. TRC Group has also maintained a good record of working within budget. To prepare for any such crisis, the Group aims to diversify into downstream and upstream activities, focusing on specialized projects, securing projects with constant long-term income and venturing into the international infrastructure arena.

The risks of clients defaulting on payment are low as most of them are government or quasi-government bodies and well-established companies. As it is the government's policy to promote an expansionary budget to counter a slowing economy, coupled with the government's view that one way to spur economic growth is to prioritise infrastructure development, amongst others, the Group's activities are seen as being in a good position to benefit from the above.

The Group has good credit financial standing with creditors and bankers.

(Source: *Independent Market Research Report*)

4.10.5 Ownership and Management

There are four shareholders of TRCS namely Dato' Haji Sufri Bin Hj Mohd Zin (Executive Chairman / Managing Director), Mohd Raffee bin Jalil (General Manager), Kolektif Aman Sdn Bhd and TRC Capital Sdn Bhd. The management is made up of experienced professionals who have been with the company on an average of 4 years.

4.10.6 Future Plans Of the Group

The Group's motto '*As one with the nation*' sums up the Group's move towards the future. The present short to medium-term Government's emphasis is on development of infrastructure projects. The fact that the Group has established itself in this sector in terms of its reputation for timely completion and competitiveness will be a definite advantage in further securing infrastructure based projects.

While these projects include more generic works such as site establishment and roads, they also include more specialized areas of work such as rail works and airport facilities work. TRCS Group is among the select few contracting organizations which has made its mark in these areas. As such, the Group will be focusing its activities to further support these sectors.

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

Construction will remain TRCS Group's core business. To minimize its dependence on external support in these activities, the Group will also be diversifying its activities to include upstream and downstream construction activities. The present diversification activities in terms of Property Development and Concrete Production will later be further complemented by activities such as privatization, consultancy services and other building related material manufacturing.

Specifically,

- a) The Group has set-up a subsidiary to manufacture ready mixed concrete and precast concrete product including piles and is currently planning to expand the operation to cover the Southern part of the country and East Malaysia.
- b) The Group has planned to bid for privatisation project both locally and regionally with emphasis on the neighboring countries.
- c) The Group has the vision to strengthen itself in specialized construction areas where it has the niche. Among the areas that the Group has identified are, rail work projects and construction of airports. Two of the company's completed mega project's i.e. the rail link in Westport (RM383 million) a joint-venture with Ho Hup Construction Company Bhd and Labuan Airport (RM138 million) have set a strong foundation for the company to embark and strengthen its position in these specialized construction areas.

With its vision to strengthen its position in these specialized construction field, the Group will be well positioned to compete in future major specialized projects.

- d) The Group has embarked on a mixed development project in Bayu Senibong, Johor Bahru through its 40% owned associated company, Andaman Budi Sdn Bhd. The whole development with gross development value of approximately RM977 million is expected to be completed in the year 2008.

Conclusion

The Malaysian government has projected to achieve the status of an industrialized nation by 2020. The infrastructure projects that have been planned and are currently underway will ensure that nation move to its next level of development. In the 2001 Budget the government has indicated that substantial (RM20.4 billion) emphasis will continue to focus on social infrastructure projects namely rural roads, housing quarters for teachers and police personnel, schools, hospitals, clinics and ports. It can be concluded that the future of the construction sector and that of the TRCS Group in Malaysia looks encouraging.

Although there are vast opportunities for the Group there are also unforeseen circumstances beyond their control. Malaysia being relatively open is inextricably linked to the world economy. Barring any major economical and financial upheavals in the world, the future of the Malaysian construction industry looks bright and is set for sustainable growth. The Group, from its projects in hand and track record, has benefited and will continue to benefit from government contracts, in line with the government's expansionary budget in favour of infrastructural development as a key to developed nation status.

(Source: Independent Market Research Report)