

Friday, September 30, 2022
 Sector: Construction

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*

TRC Synergy Berhad

Eyeing for a Slice of the MRT3 Job
TP: RM0.38 (+26.7%)

Last Traded: RM0.30

BUY (ESG: ★★★)

Chan Mun Chun

Tel: +603-2167 9731

mcchan@ta.com.my

www.taonline.com.my

We initiate coverage on TRC Synergy Berhad with a **BUY** recommendation. TRC is a reputable construction company with a solid track record. We derive our target price of RM0.38 based on 8x CY23 earnings. This represents a potential total return of 31.4% (including a 4.7% estimated dividend yield).

Investment Merits

1. An established contractor with a proven track record;
2. Expect decent earnings growth from property development;
3. The normalisation of contribution from the hotel investment in Australia; and
4. A solid balance sheet with a decent dividend yield.

Earnings Forecast

We assign a target PE multiple of 8x to TRC and arrive at a target price of RM0.38. This is after considering the group has: i) highly experienced key management team with a proven track record in the construction industry; ii) decent earnings growth from property development; iii) a healthy balance sheet with a net cash position of RM153.8mn or 32.0sen/share as of end-June 2022, and iv) decent dividend yield of about 4.7% and 5.0% projected for FY23 and FY24. **BUY**.

Earnings Summary

FYE Dec (RMmn)	2020	2021	2022F	2023F	2024F
Revenue	753.9	762.1	745.0	790.0	830.0
EBITDA	49.1	38.4	35.8	39.7	42.1
EBITDA margin (%)	6.5	5.0	4.8	5.0	5.1
EBIT	29.5	20.2	21.5	24.0	25.6
Reported PBT	36.7	24.2	26.2	28.3	30.7
Core PBT	33.3	25.8	26.2	28.3	30.7
Reported net profit	27.3	20.7	20.9	22.7	24.9
Core profit	23.9	22.2	20.9	22.7	24.9
Core EPS (sen)	5.0	4.7	4.4	4.7	5.2
PER (x)	5.9	6.4	6.9	6.3	5.8
Gross dividend (sen)	1.0	1.2	1.3	1.4	1.5
Dividend yield (%)	3.3	4.0	4.3	4.7	5.0
ROE (%)	5.6	5.0	4.6	4.8	5.1

Share Information

Bloomberg Code	TRC MK
Stock Code	5054
Listing	Main Market
Share Cap (mn)	480.5
Market Cap (RMmn)	144.1
52-wk Hi/Lo (RM)	0.38/0.295
12-mth Avg Daily Vol ('000 shrs)	117.6
Estimated Free Float (%)	27.0
Beta (x)	0.6

Major Shareholders (%)

Kolektif Aman Sdn Bhd	- 13.8%
TRC Capital Sdn Bhd	- 12.6%
Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin	- 10.7%

Forecast Revision

	FY22	FY23
Forecast Revision (%)	-	-
Net profit (RMm)	20.9	22.7
Consensus	18.8	18.6
TA's / Consensus (%)	111.4	122.2
Previous Rating	Initiate coverage	
Consensus Target Price	0.40	

Financial Indicators

	FY22	FY23
Net Gearing (%)	Net cash	Net cash
FCF/share (sen)	4.9	5.1
P/CFPS (x)	6.1	5.9
ROA (%)	1.8	1.7
NTA/Share (RM)	1.0	1.0
Price/NTA (x)	0.3	0.3

Share Performance (%)

Price Change	TRC	FBM KLCI
1 mth	(6.2)	(6.9)
3 mth	(7.7)	(3.7)
6 mth	(11.8)	(11.7)
12 mth	(13.0)	(9.7)

(12-Mth) Share Price relative to the FBMKLCI

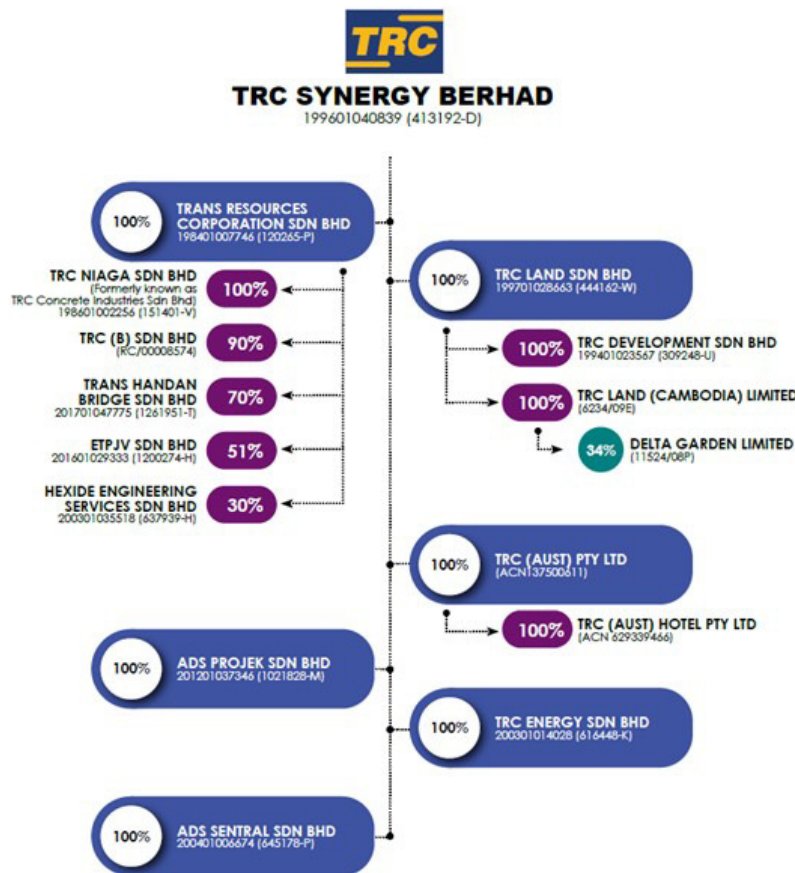


Source: Bloomberg

Business Overview

TRC Synergy Berhad (TRC) is principally involved in construction and property development businesses. The group is also involved in other segments such as investment, property management services, manufacturing, and dealing in concrete piles and ready-mixed concrete. The group’s history can be traced back to 1984 when TRC started as a small construction firm. The group achieved a remarkable milestone in 2002 when it was listed on the Main Board of Bursa Malaysia on 6th August 2002.

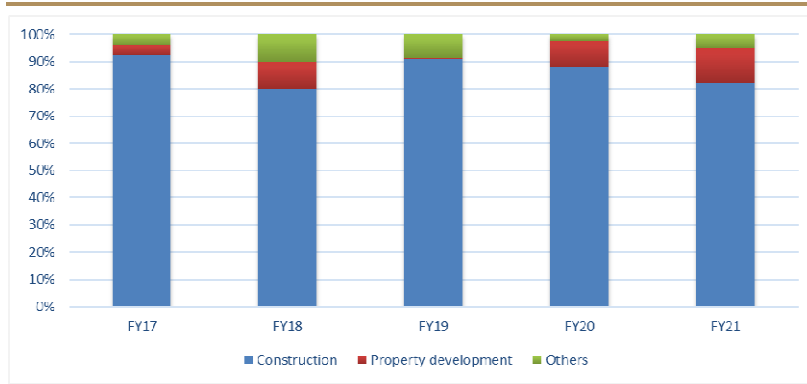
Exhibit I: Group Structure



Source: Company

Historically, the construction division contributed more than 70% of the revenue. It is involved in undertaking and completing major infrastructure and building construction work for rail infrastructure, highways, buildings, airport terminals, port facilities, submarine bases, and bridges. TRC is registered as a Grade 7 contractor with the Construction Industry Development Board, enabling the group to tender for projects with unlimited value. The group’s revenue is mostly derived from Malaysia.

Exhibit 2: Revenue Breakdown by Segments



Source: Company, TA Securities

Currently, the management team is led by the founder and group managing director, Tan Sri Dato’ Sri Sufri Bin Hj Mohd Zin, the stalwart of the Malaysian construction industry. He is supported by an experienced key management team comprising capable and qualified professionals with extensive management, operating and in-depth industry knowledge and hands-on experience in their respective fields. Based on the latest available data, Tan Sri Dato’ Sri Sufri Bin Hj Mohd Zin owns about 37.2% stake in TRC.

Investment Merits

1) Established contractor with a proven track record

Since its inception, the group has more than 30 years of experience in the construction industry and has successfully completed projects worth more than RM10.0bn in Malaysia. Some of the notable projects completed by TRC are as follows:

- a) Construction of a new submarine base at Sepangar Bay, Sabah;
- b) Upgrading of Labuan and Kuala Terengganu Airports;
- c) Construction of palm oil bulking facility at Bintulu Port, Sarawak;
- d) Refurbishment and upgrading of parliament house;
- e) Construction of road to link Sibiu to Sg. Loba Satubah (Package I), Sarawak;
- f) Construction of UniKL’s new campus at Pasir Gudang, Johor;
- g) Construction of a new prison complex at Bentong, Pahang; and
- h) Construction of new training institute for Malaysian Maritime Enforcement Agency at Kuantan, Pahang.

On top of that, the group has solid expertise in railway infrastructure works as well. The group has bagged numerous railway and associated works over the years.

Exhibit 3: Main Railways and Associated Works Awarded to TRC

Date of Award	Project	Value (RM'mn)
June 2020	Package S208: Construction of Elevated Stations and Other Associated Works for MRT2 SSP	113
Oct 2017	Package DPT201: Construction of Serdang Maintenance Depot and Other Associated Works for MRT2 SSP	348
Sept 2017	Package TD2: Construction of Johan Setia Depot (Phase 2) and Associated Works for LRT3	536
March 2017	Package V205: Construction of Viaduct Guideway and Other Associated Works for MRT2 SSP	858
April 2016	Pasar Seni Paid Link and Other Associated Works for MRT SBK	103
Oct 2012	Construction of Elevated Stations and Other Associated Works (Package S1) for MRT SBK	283
June 2012	Package DPT1: Construction of Maintenance Depot, Building and Other Associated Works for MRT SBK	458
Jan 2011	Construction of Facilities Works (Package A) for Kelana Jaya LRT Line Extension	1,197

Source: Company, TA Securities

The solid track record in railway and related works is a strong testament to its capability to secure big-ticket railway jobs. As such, we believe TRC is one of the strong contenders for the upcoming MRT3 job. Recap, MRT Corporation has called for tender on three civil work packages, namely CMC301, CMC302 and CMC303. The total cost for the civil works is estimated at around RM30.0bn.

CMC301 is mostly involved in designing, constructing and completing a viaduct guideway, elevated stations, depot and other associated works from Pandan to Jalan Cheras. For CMC302, the work scope is similar to CMC301 with additional tunnelling works. It covers the stretches between Jalan Cheras and Pantai Dalam and Jalan Kuching to Pandan. The final package, CMC303, mostly involves tunnelling works for the stretch between Pantai Dalam and Jalan Kuching. CMC301 and CMC302 are open to local contractors only with a minimum of 50.0% of Bumiputra participation, whereas CMC303 allows both local and foreign contractors to participate with a minimum of 33.0% of Bumiputra participation.

From our channel, we gather that TRC intends to participate in bidding for the MRT3 job. It is worth mentioning that TRC is a Bumiputra contractor as well. On top of that, given that the tenderer is required to undertake the financing part for the first two years, the strong balance sheet of TRC will give them an extra edge during the tender exercise.

2) Expect decent earnings growth from property development

Over the years, property and investment only accounted for less than 20.0% of the group's revenue contribution. Both property development and investment are a part of the group's related diversification to integrate its business and broaden its earnings base to enhance the long-term prospect of the group. We believe the earnings contribution from these two divisions could become more prominent in the upcoming years.

For the property division, the current flagship project is Ara Sentral Transit Oriented Development with an estimated gross development value (GDV) of more than RM1.0bn. The group had signed a Joint Land Development Agreement with Prasarana Malaysia Berhad to develop the 15.2-acre piece of

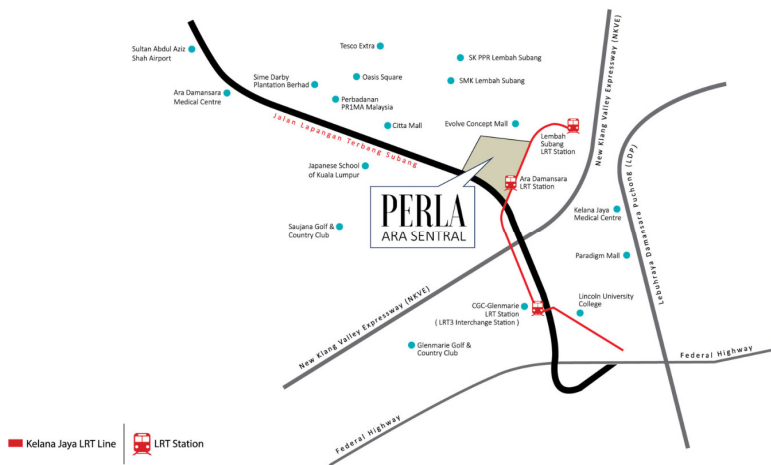
land in Ara Damansara, Selangor. Ara Sentral is right within the Ara Damansara LRT station, and it is to be surrounded by residential, retail space, shops, corporate tower and a boutique hotel. Based on the master plan, Ara Sentral consists of 4 phases. Phase 1 primarily focuses on developing residential serviced apartments, namely Perla Ara Sentral. Phase 2 is mainly for food & beverages retail with serviced apartments while, Phase 3 focuses on corporate offices. The final phase is slated for hotel development.

Exhibit 4: Overview of Ara Sentral



Source: Company

Exhibit 5: Phase I - Perla Ara Sentral



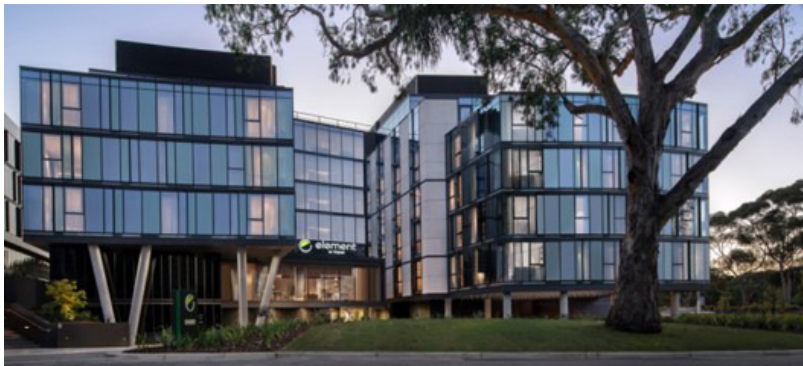
Source: Company

Perla Ara Sentral is a 24-storey service apartment that comprises 648 units, with an estimated GDV of RM304mn. The project was officially launched in 2020. Based on management’s guidance, the current sales take-up rate has already exceeded 95%, and the construction is expected to be completed by this year. Barring unforeseen circumstances, the management plans to proceed with Phase 2, which comes with an estimated GDV of RM500.0mn. Phase 2 is expected to launch next year, further contributing to the bottom line.

3) Normalisation of contribution from the hotel investment in Australia
 Meanwhile, TRC owns a 4.5 stars hotel, namely Element Melbourne Richmond in Melbourne, Australia. The hotel is strategically located within the confines

of Botanica Corporate Park. The hotel has 168 guest rooms and it is currently operated by the renowned Marriott International.

Exhibit 6: Element Melbourne Richmond Hotel



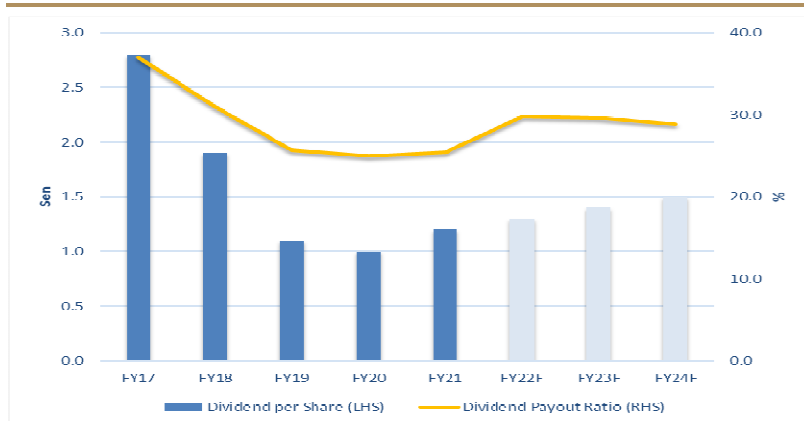
Source: Company

The hotel was officially opened in July 2019. During the initial stage, the hotel occupancy rate hovered at around 50.0% before reaching a peak of 75.0% in November 2019. After that, the hotel business was adversely impacted by the Covid-19 pandemic in 2020. Fortunately, the hotel managed to participate in the hotel quarantine programme initiated by the Australian government in 2021. As a result, the hotel business could return to the black by recording an operating profit of RM7.4mn in 2021 compared to an operating loss of RM6.0mn a year ago. As of end-June 2022, the hotel’s occupancy rate was around 51.0%. Moving forward, we expect the occupancy rate to gradually increase following the re-opening of international borders and relaxation of travel restrictions.

4) Solid balance sheet with decent dividend yield

As the construction sector is highly cyclical and the earnings are positively correlated with the cost of construction materials and wages, a healthy balance sheet is vital to withstand any shock from the market dynamic. The group has been in a net cash position since 2019. Based on the latest 2QFY22 results, the group has net cash of RM153.8mn or 32.0sen/share. At the current share price of RM0.30, TRC is trading at a slight discount to its net cash. Generally, the solid balance sheet renders TRC a preferred contractor during tender exercise as it minimises the risk of project delay arising from the disruption of work progress due to working capital constraints.

Exhibit 7: Historical Dividend and Dividend Payout Ratio



Source: Company, TA Securities

Meanwhile, the group has adopted a dividend policy of distributing a minimum of 25.0% of its adjusted annual net profit. Assuming a dividend payout of about 30% for FY22-FY24 respectively, it translates into 1.3sen/share, 1.4sen/share and 1.5sen/share, or dividend yields of 4.3%, 4.7% and 5.0% for FY22, FY23 and FY24 respectively.

Key Risks

1) Fluctuations in the prices of construction materials

Its key construction materials include steel, cement, ready-mixed concrete, sanitary wares, tiles, and grout. These materials are price sensitive. Any price volatility and shortages of these materials could result in increased costs, which may adversely affect its financial performance.

2) Labour shortage with escalating wages

Given that the construction sector is highly dependent on foreign workers, the increase in the minimum wage and more stringent requirements for hiring foreign workers may have an adverse impact on the margin. In addition, labour shortage might interrupt the progress of construction activities.

3) Continuity of order book is not assured

The group secures construction contracts on a project basis. As such, there is no assurance of continuity from one project to the next. If the group is unable to secure sufficient contracts to sustain its revenue, any significant drop in its order book will adversely affect the financial performance of the group.

Outlook

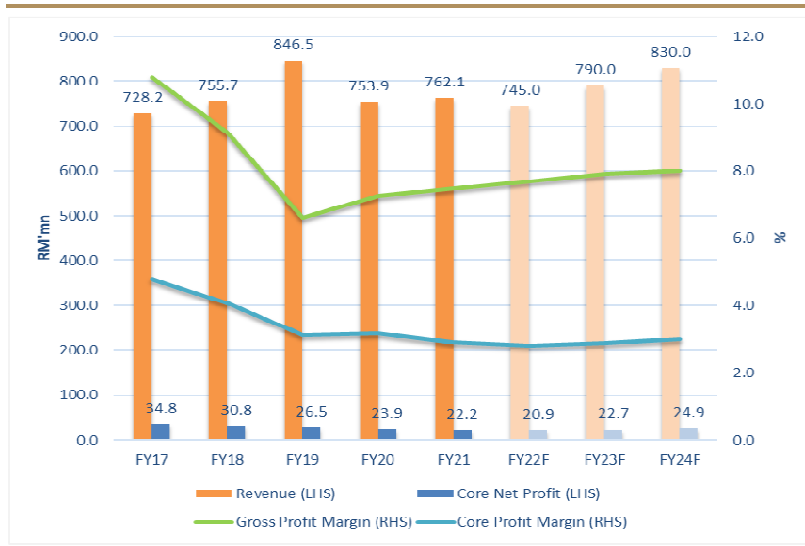
Generally, the construction sector has been slowing down since 2018, following the change in federal government post GE14 and abrupt postponements and cancellations of certain mega infrastructure projects. This was further aggravated by the Covid-19 pandemic and escalating construction materials costs. Although the construction sector is still facing labour shortage issues, the sentiment on the construction sector has turned more positive recently after the revival of the MRT3 project.

As of end-June 2022, TRC has an outstanding construction order book of about RM1.0bn, which could provide earnings visibility to the construction division till 2024. Excluding the pandemic year of 2020 and 2021, management guided that the total average contract value secured by the group per annum was about RM700.0mn from 2012 to 2019. Some notable ongoing construction jobs include Pan Borneo Highway, Sarawak, LRT3 Depot in Johan Setia, Selangor, Prasarana New Headquarter in Ara Damansara, Selangor, 8MD3 mixed development project, Putrajaya, BNM Mint Modernization project, Selangor, and New Maktab Rendah Sains Mara project, Sabah. On the other hand, the property division has unbilled sales of about RM180.0mn as of end-June 22.

In terms of construction material costs, the price for steel bars has started to taper off recently due to the slowdown in China due to its strict zero Covid-19 policy and the internal property crisis. Based on our channel check, Malaysia's average steel bar price is currently trading at around RM2,600/MT, and it is still facing downward pressure after hitting the peak of RM3,500/MT early this year.

Financial Highlights

Exhibit 8: Financial Performance



Source: Company, TA Securities

Although the overall slowdown of the construction sector especially post GE14, the group still managed to maintain its revenue in a range of RM700mn-RM850mn per annum. In FY18, the group saw its core net profit drop 11.4% YoY to RM30.8mn compared to a year earlier due to a lower profit margin amid the political uncertainty following the change of the new federal government. For FY19, the group’s core profit fell 14.2% YoY to RM26.5mn as the construction division continued suffering from a margin squeeze. For FY20-FY21, the earnings performance was severely affected by movement restrictions due to the Covid-19 pandemic. As a result, the group saw its core net profit fall 9.8% YoY and 6.9% YoY to RM23.9mn and RM22.2mn, respectively.

Moving forward, we expect TRC’s earnings to contract by 5.8% to RM20.9mn in FY22, mainly due to labour shortage and elevated construction materials costs, before staging a rebound of 8.5% to RM22.7mn in FY23 and further growth of 9.7% to RM24.9mn in FY24.

ESG Performance

The group sustainability efforts in the areas of Environment, Social, and Governance (ESG) are as follows:

Environment. The group has been actively promoting a green mindset among its employee by consistently reminding them of the 3Rs – Reduce, Reuse, and Recycle concept. Signages, posters and other means of communication are in place to inculcate awareness. In terms of waste management, the group has engaged licensed waste contractors for waste collection, recycling and disposal. In addition, the group has been consistently monitoring electricity, water, and paper consumption. Apart from that, the group has invested in a Solar Energy System under the Net Energy Metering program to fulfil part of the TRC Business Centre power consumption requirement in support of the government’s initiative to promote the production and consumption of green and renewable energy.

Social. In 2011, the group set up a philanthropic arm, namely Yayasan TRC, to provide aid and donations to several categories of beneficiaries, including the internal staff and their family members. Meanwhile, the group also strongly believes in talent management. Therefore, all the employees are encouraged to attend various training programs to equip themselves with the latest technical skills and knowledge. Besides, the group has also participated in the Yellow Ribbon Program. Under this program, the group has collaborated with Malaysia Prisons Department to offer employment opportunities to the ex-prisoners. In addition, the group has established a Safety, Health, and Environment Committee to oversee, monitor, and enforce all safety and health practices.

Governance. The group is committed to upholding good corporate governance practices. The board currently comprises nine directors. Including the Chairman, 5 out of 9 are independent non-executive directors. Generally, the board consisting of more independent directors allows for more effective management oversight. Meanwhile, the Audit and Risk Management Committee has been established to assist the board in fulfilling its fiduciary responsibilities in relation to business operations, financial management, and internal controls. Meanwhile, relevant internal policies and procedures have been formulated to govern the group.

Overall, we assign TRC an ESG rating of three stars (★★★), as the group has demonstrated a decent effort to meet the ESG requirements in order to ensure long-term and sustainable value creation.

Forecast

We forecast TRC's earnings to contract by 5.8% to RM20.9mn in FY22, mainly due to labour shortage and elevated construction materials costs, before staging a rebound of 8.5% to RM22.7mn in FY23 and further growth of 9.7% to RM24.9mn in FY24. We foresee the domestic market will remain the primary market for the group.

All in, our FY22-24 earnings projections are premised on the key assumptions below:

- Revenue contraction of 2.2% in FY22 before rebounding 6.0% and 5.1% in FY23 and FY24, respectively, backed by an outstanding order book of RM1.0bn and property unbilled sales of RM180.0mn as of end-June 2022;
- Average hotel occupancy rate of 52.0%, 65.0% and 70.0% for FY22, FY23 and FY24 respectively; and
- Order book replenishment assumptions of RM300.0mn/RM500.0mn/RM700.0mn for FY22/FY23/FY24 respectively. Our order book replenishment assumption has yet to factor in any potential contract win from the MRT3 project.

Valuation

We assign a target PE multiple of 8x to TRC and arrive at a target price of RM0.38 based on CY23 earnings. We believe a target P/E multiple of 8x for TRC is justifiable after considering the group has:

- a. Highly experienced key management team with a proven track record in the construction industry;
- b. Decent earnings growth from property development and normalisation of contribution from investment in Australia;

- c. Healthy balance sheet with a net cash position of RM153.8mn or 32.0sen/share as of end-June 2022; and
- d. Decent dividend yields of about 4.7% and 5.0% projected for FY23 and FY24, respectively.

The battered share price could present a golden opportunity for investors to accumulate TRC, a quality construction company with a solid track record, at an undervalued price. With a target price of RM0.38, we initiate coverage on TRC with a **BUY** recommendation.

Exhibit 9: Peer Comparison

Stock	Share price (RM)	Market Cap (RMmn)	EPS [^] (sen)	P/E ratio (x)	DPS [^] (sen)	Div Yield [^] (%)	Net gearing (x)	P/B ratio (x)
GBGAQRS	0.285	155.0	2.3	12.5	n.a	n.a	0.3	0.3
FAJAR	0.265	197.3	1.2	22.0	1.0	3.8	0.1	0.5
TJSETIA	0.275	87.1	2.8	9.9	1.0	3.6	0.1	0.8
JAKS	0.245	511.4	3.6	6.8	n.a	n.a	0.2	0.4
AVERAGE				12.8		3.7		0.5
TRC	0.30	144.2	4.7	6.4	1.2	4.0	Net cash	0.3

Note: [^]based on previous financial year

[THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Earnings Summary

Profit & Loss (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
Revenue	753.9	762.1	745.0	790.0	830.0
EBITDA	49.1	38.4	35.8	39.7	42.1
Depreciation	(10.4)	(11.5)	(11.5)	(12.5)	(12.7)
EBIT	29.5	20.2	21.5	24.0	25.6
Finance cost	(9.3)	(8.7)	(7.5)	(8.4)	(8.3)
PBT	36.7	24.2	26.2	28.3	30.7
Taxation	(9.0)	(6.1)	(6.3)	(6.8)	(7.4)
NCI	0.4	(2.5)	(1.0)	(1.2)	(1.6)
Net profit	27.3	20.7	20.9	22.7	24.9
Core net profit	23.9	22.2	20.9	22.7	24.9
GDPS (sen)	1.0	1.2	1.3	1.4	1.5
Share dividend (%)	0.0	0.0	0.0	0.0	0.0
Div Yield (%)	3.3	4.0	4.3	4.7	5.0

Cash Flow (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
PBT	36.7	24.2	26.2	28.3	30.7
Adjustments	9.0	15.4	15.0	16.7	16.7
Changes in WC	(65.1)	94.9	17.4	12.8	11.7
Interest & tax	(3.7)	(5.1)	(2.3)	(2.6)	(3.1)
Operational cash flow	(23.2)	129.4	56.4	55.2	56.0
Capex	(2.7)	(0.4)	(30.0)	(18.0)	(17.0)
Others	3.0	2.8	(2.4)	(5.1)	(5.1)
Investment cash flow	0.3	2.3	(32.4)	(23.1)	(22.1)
Debt raised/(repaid)	15.7	(63.9)	6.0	(1.0)	(3.0)
Dividend	(5.2)	(4.7)	(6.2)	(6.7)	(7.2)
Others	4.0	(29.0)	0.0	0.0	0.0
Financial cash flow	14.6	(97.6)	(0.2)	(7.7)	(10.2)
Net cash flow	(8.3)	34.1	23.7	24.4	23.7
Beginning cash	109.7	101.6	135.8	159.5	183.8
Ending cash	101.6	135.8	159.5	183.8	207.6
Adjustments	170.6	178.2	178.2	178.2	178.2
Cash	272.2	314.0	337.6	362.0	385.7

Assumptions (RMbn)

YE Dec 31	2020	2021	2022F	2023F	2024F
New job wins	114.0	43.0	300.0	500.0	700.0

Balance Sheet (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
Fixed assets	213.3	202.1	218.3	221.4	223.9
Others	102.6	75.1	75.4	75.8	76.2
NCA	316.0	277.2	293.6	297.1	300.1
Cash	272.2	314.0	337.6	362.0	385.7
Others	587.2	571.9	574.6	600.8	625.4
CA	859.4	885.9	912.2	962.8	1,011.1
Total assets	1,175.3	1,163.1	1,205.8	1,259.9	1,311.1
ST borrowings	140.7	63.6	61.6	58.6	53.6
Other liabilities	442.7	507.5	528.7	567.7	604.0
CL	583.4	571.1	590.3	626.3	657.6
Shareholders' funds	434.8	450.3	465.0	481.0	498.7
NCI	7.3	4.8	5.6	5.7	5.9
LT borrowings	103.0	99.4	107.4	109.4	111.4
Other LT liabilities	46.8	37.5	37.5	37.5	37.5
NCL	149.8	136.9	144.9	146.9	148.9
Total capital	1,175.3	1,163.1	1,205.8	1,259.9	1,311.1

Ratio

YE Dec 31	2020	2021	2022F	2023F	2024F
EBITDA Margins (%)	6.5	5.0	4.8	5.0	5.1
Core EPS (sen)	5.0	4.7	4.4	4.7	5.2
EPS Growth (%)	(8.4)	(6.5)	(7.6)	8.5	9.7
PER (x)	5.9	6.4	6.9	6.3	5.8
GDPS (sen)	1.0	1.2	1.3	1.4	1.5
Div Yield (%)	3.3	4.0	4.3	4.7	5.0
Net cash (RMmn)	28.4	150.9	168.6	194.0	220.7
Net gearing (%)	net cash	net cash	net cash	net cash	net cash
ROE (%)	5.6	5.0	4.6	4.8	5.1
ROA (%)	2.0	1.9	1.8	1.7	1.8
NTA (RM)	0.9	1.0	1.0	1.0	1.0
P/NTA(x)	0.3	0.3	0.3	0.3	0.3

Appendix

Exhibit 10: Notable Completed Construction Projects



Pasar Seni Paid Link for MRT Lembah Kelang



Facilities work for the Kelana Jaya Line LRT Extension Project



Sg Buloh Maintenance Depot for MRT Lembah Kelang (MRT 1)



Modernization of Brunei International Airport Terminal



Samalaju Port Development at Bintulu, Sarawak



Elevated stations at Sg Buloh, Kg Baru Sg Buloh & Kota Damansara (MRT 1)



Refurbishment & upgrading for Parliament House of Malaysia



Jalan Akses Awam dari Sangan ke Sg Anap, Sarawak



Royal Malaysian Navy (RMN) Contract Of The In-Service Support



Malaysian Scorpene Refit Infrastructure Works at Sapangar Bay



Upgrading of infrastructure facilities of jetty operations at Lumut, Perak



New Training Centre For The Maritime Enforcement Agency In Kuantan, Pahang



Alteration and Addition Works to Existing Kompleks Dayabumi



Universiti Kuala Lumpur Branch Campus In Pasir Gudang, Johor

Source: Company

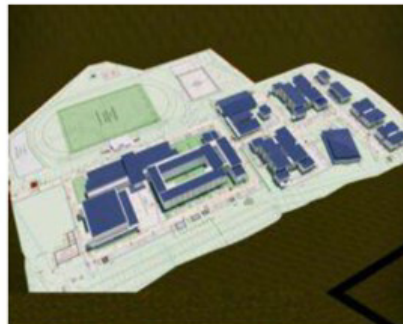
Exhibit 11: On-going Construction Projects

Pan Borneo Highway, Sarawak



Description:
Development and upgrading of the Proposed Pan Borneo Highway in the Sarawak - Phase 1 : (Btg Skrang to Sg Awik Bridge)

MRSM, Ranau, Sabah



Description:
Construction of the new Maktab Rendah Sains Mara (MRSM) and any associated works at Daerah Ranau, Sabah

Johan Setia Depot, LRT3



Description:
Construction of Johan Setia Depot (Phase 2) and associated works for LRT3 from Bandar Utama to Johan Setia

**8MD3 @ Precint 8,
Putrajaya**



Description:
Proposed construction and completion of Residential Towers, Podium Block, Facilities Block, and Serviced Apartment on Plot 8MD3, Precinct 8, Putrajaya

**Prasarana HQ, Ara
Damansara**



Description:
Proposed design, construction and completion of new Prasarana's Headquarters Building

**BNM Mint Modernization
Projects, Shah Alam**



Description:
The planning, design and oversee the development and implementation of the operations design for a new automated and integrated mint facility by Bank Negara Malaysia

Source: Company

Exhibit 12: Notable Projects Completed by Property Development Division



TRC Business Centre, Ulu Klang
24 units of offices and shop lots with a 4 storey car-parks.



Taman Ukay Tropika, Ulu Klang
83 units 3-storey terrace houses and 3-storey club house



Taman Andaman Ukay, Ulu Klang
105 units of double-storey terrace houses and 16 units of double-storey semi-detached houses



**Idaman & Impian Senibong
(Phase 1)**
4 blocks consisting of 708 units of 11 storey apartments



**Impian Senibong Residences
(Phase 2)**
232 units of both high-rise, low-rise and 11 units of double storey apartments.

Source: Company

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.
HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.
SELL : Total return is lower than the required rate of return.
Not Rated: The company is not under coverage. The report is for information only.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★	★★★	★★★
Remark	Noted visible efforts in reducing wastes through proper materials management.	The group has set up Yayasan TRC, a charitable arm that mainly focuses on corporate social responsibilities. The group is committed to offer employee training and development.	The board is represented by 55.6% independent directors. Relevant policies and procedures have been established to govern the group.	

- ★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.
★★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions.
★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions.
★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient.
★ (<20%) : Minimal or no integration of ESG factors in operations and management.

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

As of Friday, September 30, 2022, the analyst, Chan Mun Chun, who prepared this report, has interest in the following securities covered in this report:
(a) nil

"This report has been prepared by TA SECURITIES HOLDINGS BERHAD pursuant to the Research Incentive Program under Bursa Research Incentive Scheme ("Bursa RISE") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report."

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD (14948-M)

A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my