

## 14. STATUTORY AND GENERAL INFORMATION

### 14.1 Share Capital

- (a) No ordinary shares will be allotted or sold on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company.
- (c) As at the date of this Prospectus, 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.
- (d) Save for the 694,000 ordinary shares of RM1.00 each reserved for the eligible employees and suppliers of the KLR Group, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the KLR Group.
- (e) Save for the above, there are no other schemes involving the employees in the share capital of the Group.
- (f) None of the capital of the Company or any of its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option.
- (g) There are no restrictions on the transfer of the ordinary shares of the Company, except as otherwise required by the law.
- (h) Save as disclosed in Section 5.5 of this Prospectus, no shares, stocks or debentures in the Company or its subsidiaries have been issued or are proposed to be issued as partly or fully paid-up for cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.

### 14.2 Articles Of Association

The following provisions are reproduced from the Company's Articles of Association which have been approved by the KLSE:-

#### 1. Remuneration of Directors

The provisions in the Company's Articles of Association dealing with the remuneration of the Directors are as follows:-

##### Article 86

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, Provided Always that:-

- (a) the fees payable to the Directors shall from time to time be determined by a resolution of the Company in general meeting, Provided Always that such fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

---

- (b) save as provided in Article 86(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Article 86(a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in general meeting;
- (c) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (d) salaries payable to executive Directors may not include a commission on or percentage of turnover; and
- (e) any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 87**

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to non-executive Director(s) shall not include a commission or percentage of turnover or profits.

**Article 112**

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these mode but shall not include a commission on or percentage of turnover.

---

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

---

**2. Voting and Borrowing Powers of Directors**

The provisions in the Articles of Association of the Company dealing with voting powers of the Directors in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

**Article 91**

- (1) The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**Article 106**

Every Director shall comply with the provisions of Section 131 and 135 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

**Article 107**

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly personal interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

**Article 108**

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

**3. Changes in the Capital and Variation of Class Rights**

The provisions in the Articles of Association of the Company as to changes in capital and variation of class rights which are not less stringent than those provided in the Companies Act, 1965 are as follows :-

**Article 4**

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, determine.

**Article 6**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the shares;
- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the members of the Company in general meeting;
- (e) every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issues of shares or options unless:-
  - (i) the members in general meeting have approved of the specific allotment to be made to such Director; and
  - (ii) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate, in an issue of shares pursuant to a public issue or public offer.

**Article 8**

Notwithstanding Article 9 hereof the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder rights shall only be made pursuant to a special resolution of the preference shareholders concerned Provided Always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

---

14. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

---

**Article 9**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

**Article 10**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**Article 45**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

**Article 46**

Subject to any direction to the contrary that may be given by the Company in general meeting any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors be conveniently offered under this Article.

---

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

---

**Article 47**

Notwithstanding Articles 46 above, but subject always to the Act, the Company may apply to the Exchange and other stock exchange, if any, upon which the Company is listed for waiver of convening Extraordinary General Meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issue) where in accordance with the provisions of Section 132D of the Act, there is still in effect, a resolution approving the issuance of shares by the Company and the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued share capital of the Company (other than by way of bonus or rights issue).

**Article 49**

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

**Article 50**

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

**Article 51**

The Company may, subject to and in accordance with the provisions of the Act, the rules, regulations and orders made pursuant to the Act, the conditions, restrictions and limitations expressed in these Articles and the requirements of the Exchange and any other relevant authority, purchase its own shares and/or give financial assistance, by means of making of a loan or giving of a guarantee, to any person for the purpose of purchasing its own shares.

**4. Transfer of Securities**

The provisions in the Articles of Association of the Company, the Main Board Listing Requirements of the KLSE, the Companies Act, 1965 and Rules of the MCD in respect of the transferability of securities and any restrictions on their free transferability are as follows:-

---

14. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

---

**4.1 Articles of Association of the Company**

**Article 15**

The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, or until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled by reason of his death or bankruptcy.

**Article 16**

To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale and the remedy of the former holder of such share or any person claiming under or through him in respect of any alleged irregularity or invalidity against the Company.

**Article 25**

The transfer of any securities or class of securities of the Company which has been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and notwithstanding Sections 103 and 104 of the Companies Act, 1965, but subject to Section 107C of the Companies Act, 1965 and any exemption that may be made from compliance with Section 107C of the Companies Act, 1965, the Company shall be precluded from registering and effecting any transfer of such securities.

**Article 26**

Transmission of securities from Foreign Register

(1) Where-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-

14. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (i) there shall be no change in the ownership of such securities; and
  - (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.
- (2) For the avoidance of doubt, no company which fulfills the requirements of paragraphs (a) and (b) of section 239B(1) shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

4.2 *Main Board Listing Requirements*

*Section 293A - Transfers of Securities*

The transfer of any securities or class of securities of the company which have been deposited with the Central Depository, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to section 107C of the Companies Act, 1965 and any exemption that may be made from compliance with section 107C of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of such securities.

*Section 293B - Transmission of securities from Foreign Register*

- (1) Where :-
- (a) the securities of a company are listed on an Approved Market Place; and
  - (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) Amendment Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions :-

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.



---

14. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

---

- (2) For the avoidance of doubt, no company which fulfills the requirements of paragraphs (a) and (b) of section 293B(1) shall allow any transmission of securities from the Malaysian Register to the Foreign Register.

4.3 *Companies Act, 1965*

**Section 103(1)**

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures in the company has been transmitted by operation of law.

**Section 103(1A)**

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

***Section 107C - Transfer of securities is by way of book entry***

- (1) On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.
- (2) Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

**4.4 Rules of the MCD**

***Rule 9.03(2) - Documents to lodge***

It shall be the responsibility of the authorised depository agent, in processing the transfer between the two securities accounts belonging to different depositors (hereinafter the transfer is referred to as “the inter-account transfer”), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows :-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion of the said form duly witnessed by another person (other than the depositor’s spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
  - (i) transmission and transfer of securities arising from the provisions of any written law or an order of the court of competent jurisdiction;
  - (ii) rectification of errors;
  - (iii) pledge, charge or mortgage;
  - (iv) mandatory offer pursuant to the provisions of the Malaysian Code on Takeovers and Mergers 1987;
  - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

## 14. STATUTORY AND GENERAL INFORMATION (Cont'd)

## 14.3 Directors and Substantial Shareholders

- (a) The names, addresses and occupations of the Directors of the Company are set out in Section 1 of this Prospectus.
- (b) A Director is not required to hold any qualification shares in the Company or its subsidiary companies unless otherwise so decided by the Company in general meeting.
- (c) According to the Register of Directors' shareholdings as at 10 October 2000 (being the latest practicable date prior to the printing of this Prospectus), the Directors' shareholdings in the Company before and after the Restricted Issue and Public Issue are as follows:

| Directors                        | Before the Restricted Issue And Public Issue |      |               |       | After the Restricted Issue And Public Issue |      |               |       |
|----------------------------------|--|------|---------------|-------|---|------|---------------|-------|
|                                  | Direct                                       |      | Indirect      |       | Direct                                      |      | Indirect      |       |
|                                  | No. Of Shares                                | %    | No. Of Shares | %     | No. Of Shares                               | %    | No. Of Shares | %     |
| Datuk Haji Mohd Zamani bin Samah | 647,000                                      | 0.87 | -             | -     | 647,000                                     | 0.61 | -             | -     |
| Gooi Seong Lim                   | 1,433,000                                    | 1.93 | 65,030,000 *  | 87.74 | 1,433,000                                   | 1.34 | 65,030,000 *  | 60.91 |
| Gooi Seong Heen                  | 456,000                                      | 0.62 | 65,030,000 *  | 87.74 | 456,000                                     | 0.43 | 65,030,000 *  | 60.91 |
| Loo Geok Eng (f)                 | -  | -    | 65,030,000 *  | 87.74 | -   | -    | 65,030,000 *  | 60.91 |
| Gooi Seong Chneh                 | 456,000                                      | 0.62 | 65,030,000 *  | 87.74 | 456,000                                     | 0.43 | 65,030,000 *  | 60.91 |
| Gooi Seong Gum                   | 456,000                                      | 0.62 | 65,030,000 *  | 87.74 | 456,000                                     | 0.43 | 65,030,000 *  | 60.91 |
| Gooi Seow Mee (f)                | 456,000                                      | 0.62 | 65,030,000 *  | 87.74 | 456,000                                     | 0.43 | 65,030,000 *  | 60.91 |
| Mathew K Mathai                  | -  | -    | -             | -     | -   | -    | -             | -     |
| Chew Poh Soon                    | -  | -    | -             | -     | -   | -    | -             | -     |

Note:

\* Deemed interested by virtue of their respective direct shareholdings in SKL and HYSB.

- (d) Based on the Register of Substantial Shareholders shareholdings as at 10 October 2000 (being the latest practicable date prior to the printing of this Prospectus), the substantial shareholders (with 2% or more shareholding, directly and indirectly) of the Company before and after the Restricted Issue and Public Issue are as follows:

| Substantial Shareholders        | Before the Restricted Issue And Public Issue |       |                           |       | After the Restricted Issue And Public Issue |       |                           |       |
|---------------------------------|--|-------|---------------------------|-------|---|-------|---------------------------|-------|
|                                 | Direct                                       |       | Indirect                  |       | Direct                                      |       | Indirect                  |       |
|                                 | No. Of Shares                                | %     | No. Of Shares             | %     | No. Of Shares                               | %     | No. Of Shares             | %     |
| SKL                             | 64,642,000                                   | 87.22 | -                         | -     | 64,642,000                                  | 60.55 | -                         | -     |
| Gooi Seong Lim                  | 1,433,000                                    | 1.93  | <sup>(1)</sup> 65,030,000 | 87.74 | 1,433,000                                   | 1.34  | <sup>(1)</sup> 65,030,000 | 60.91 |
| Gooi Seong Heen                 | 456,000                                      | 0.62  | <sup>(1)</sup> 65,030,000 | 87.74 | 456,000                                     | 0.43  | <sup>(1)</sup> 65,030,000 | 60.91 |
| Loo Geok Eng (f)                | -  | -     | <sup>(1)</sup> 65,030,000 | 87.74 | -   | -     | <sup>(1)</sup> 65,030,000 | 60.91 |
| Gooi Seong Chneh                | 456,000                                      | 0.62  | <sup>(1)</sup> 65,030,000 | 87.74 | 456,000                                     | 0.43  | <sup>(1)</sup> 65,030,000 | 60.91 |
| Gooi Seong Gum                  | 456,000                                      | 0.62  | <sup>(1)</sup> 65,030,000 | 87.74 | 456,000                                     | 0.43  | <sup>(1)</sup> 65,030,000 | 60.91 |
| Gooi Seow Mee (f)               | 456,000                                      | 0.62  | <sup>(1)</sup> 65,030,000 | 87.74 | 456,000                                     | 0.43  | <sup>(1)</sup> 65,030,000 | 60.91 |
| Zainah Bte Ibrahim (f)          | 2,071,000                                    | 2.79  | -                         | -     | <sup>(2)</sup> 2,500,000                    | 2.34  | -                         | -     |
| Mariam Bte Mahmood @ Kassim (f) | 1,165,000                                    | 1.57  | -                         | -     | <sup>(2)</sup> 2,188,000                    | 2.05  | -                         | -     |
| Yayasan Negeri Sembilan         | -  | -     | -                         | -     | <sup>(3)</sup> 5,642,000                    | 5.29  | -                         | -     |
| Koperasi Polis Diraja (M) Bhd   | -  | -     | -                         | -     | <sup>(3)</sup> 5,000,000                    | 4.68  | -                         | -     |
| Yayasan Islam Perlis            | -  | -     | -                         | -     | <sup>(3)</sup> 3,000,000                    | 2.81  | -                         | -     |

- Notes:- (1) Deemed interested by virtue of their respective direct shareholdings in SKL and HYSB.  
(2) The increase is due to additional shares allocated by the MITI under the Restricted Issue.  
(3) Pursuant to the Restricted Issue by the MITI to bumiputera investors.

---

**14. STATUTORY AND GENERAL INFORMATION** *(Cont'd)*

---

- (e) Save for all the substantial shareholders, who are interested in the Sale and Purchase Agreements and Supplemental Sale and Purchase Agreements respectively as set out in Section 5.5, as at the date of this Prospectus, none of the other Directors or the substantial shareholders are materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group.
- (f) Save as disclosed in Section 5.2.1 of this Prospectus, none of the Directors or the substantial shareholders are interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary companies.

As a condition stated in the approval letter of the SC dated 23 February 2000, the promoters and the Directors of KLR have provided an undertaking that they shall not venture into any new businesses that could result in a potential conflict of interest with KLR's existing businesses

- (g) No option to subscribe for securities of the Company or any of its subsidiary companies was granted to or exercised by any Directors during the financial year ended 31 January 2000.
- (h) Save as disclosed in Section 14.3(c) and 14.3(d) of this Prospectus, the Directors are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over the Company and its subsidiary companies.
- (i) Save as disclosed in Section 14.7 hereunder, no commission, discounts, brokerages or other special terms has been paid or is payable by the Company or its subsidiaries within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any capital of the companies or any of its subsidiaries and no Director or promoter or expert is entitled to receive any such payment.

**14.4 General Information**

- (a) The nature of KLR's business is set out in Section 5 of this Prospectus. The names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 and their respective principal activities are set out under the same section of this Prospectus.
- (b) The time of the opening and closing of the Application Lists is set out in Section 15.1 of this Prospectus.
- (c) The amount payable in full on application in respect of the Public Issue is RM1.80 per ordinary share.
- (d) As at the date of this Prospectus, the Company and its subsidiaries do not have any convertible debt securities.
- (e) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 15.2 of this Prospectus.
- (f) The names and addresses of the Auditors and Joint Reporting Accountants of the Company are set out in Section 1 of this Prospectus.

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

- (g) Save as disclosed in Section 6.4.4 of this Prospectus, no amount or benefit has been paid or given within the two (2) preceding years of the date of this Prospectus nor is it intended to be so paid or given, to any Promoter.
- (h) The Company and its subsidiaries have not established a place of business outside Malaysia.
- (i) Other than as disclosed in Section 4 of this Prospectus, the Directors are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and its subsidiaries.
- (j) Save as disclosed in Section 3.7 on the proposed utilisation of proceeds for the Rights Issue, Restricted Issue and Public Issue, no property has been acquired or is proposed to be acquired by the Company or its subsidiary companies in contemplation of the Public Issue.
- (k) Save as disclosed in Section 5.5, there is no present intention on the part of the Directors of the Company and its subsidiaries to issue any part of the authorised but unissued share capital of the Company.

**14.5 Material Contracts**

Save as disclosed below, there is no material contract outside the ordinary course of business entered into by the Company within two (2) years preceding the date of this Prospectus:

- (i) Sale and Purchase Agreement dated 12 August 1999 entered into between KLR and SKL for the acquisition of the entire issued and paid up capital of KLC comprising 6 ordinary shares of RM1.00 each for a total purchase consideration of RM33,247,656 to be satisfied partly by the issuance of 11,910,000 new ordinary shares of RM1.00 each in KLR at the issue price of RM1.20 per share and balance of RM18,955,656 in cash.
- (ii) Sale and Purchase Agreement dated 12 August 1999 entered into between KLR and vendors of KLPO for the acquisition of the entire issued and paid up capital of KLPO comprising 1,750,000 ordinary shares of RM1.00 each for a total purchase consideration of RM34,822,135 to be satisfied partly by the issuance of 12,945,000 new ordinary shares of RM1.00 each in KLR at the issue price of RM1.20 per share and balance of RM19,288,135 in cash.
- (iii) Sale and Purchase Agreement dated 12 August 1999 entered into between KLR and vendors of OMSB for the acquisition of the entire issued and paid up capital of OMSB comprising 100,000 ordinary shares of RM1.00 each for a total purchase consideration of RM8,683,140 to be satisfied partly by the issuance of 3,257,000 new ordinary shares of RM1.00 each in KLR at the issue price of RM1.20 per share and balance of RM4,774,740 in cash.
- (iv) Joint Venture Agreement dated 20 December 1999 entered into between KLPOM and Gentle Merge Sdn Bhd ("GM"). The parties will jointly produce organic fertilizer out of bio-wastes, to market the same and to sell the technological knowhow of the composting system using culture solution by setting up KLESB. The shareholdings of KLPOM:GM would be in the proportions 70:30 respectively. Upon expiry of 3 years from the agreement, GM will impart unto KLESB the technological knowhow and assign all intellectual property rights to KLESB without charges. However, KLESB shall pay GM a royalty of RM4.00 for every metric ton of organic fertilizers sold by KLESB as long as the technology knowhow is being utilised.

**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

- (v) Joint Venture Agreement dated 17 March 2000 entered into between KLR and YAM Tunku Naquiyuddin Ibni Tuanku Ja'afar to set up a joint-venture company for the purpose of applying for the alienation of approximately 35,000 acres of land in Mukim of Endau, District of Rompin and to develop the said land into an oil palm plantation. The issued share capital of the joint venture company is to be held at all times in the proportions of 80% by KLR and 20% by YAM Tunku Naquiyuddin Ibni Tuanku Ja'afar.
- (vi) Success Fee Agreement dated 18 March 2000 and a letter dated 15 August 2000 entered into between KLR and Mohd Hamdi bin Abd Hamid ("Hamdi") in relation to the joint venture set out in the preceding paragraph, wherein Hamdi shall use his best endeavours to obtain and procure the approval of the relevant authorities for the alienation of the land and registration of the land in the name of the joint venture company. A success fee is payable by KLR at the rate of RM250.00 per acre to Hamdi with 2 deposits, both of RM437,500 each payable upon execution of the joint-venture agreement and upon the issuance of the approval of the relevant authorities for the said alienation respectively. Payment of the success fee is subject to the satisfaction of various conditions, including the registration of the land in the name of the joint venture company. If these conditions are not satisfied within a period of 18 months from the date of the agreement or such extended period as may be mutually agreed upon by the parties in writing, the agreement shall terminate and Hamdi shall be obliged to refund the deposits, free of interest, to KLR within 7 days of receipt of written notification.
- (vii) Agreement for Land Clearing and Construction dated 4 April 2000 entered into between Harimaju Sdn Bhd and DOSB whereby Harimaju Sdn Bhd will undertake jungle and grass land clearing and construction of road and terrace subject to the terms and conditions contained therein. Total acreage covered under this agreement is approximately 1,665 acres and the estimated consideration is RM640,295.
- (viii) Agreement for Land Clearing and Construction dated 4 April 2000 entered into between Central Resources Enterprise and DOSB whereby Central Resources Enterprise will undertake jungle and grass land clearing and construction of road and terrace. Total acreage covered under this agreement is approximately 1,707 acres and the estimated consideration is RM670,261.
- (ix) Deed of Novation dated 17 May 2000 entered into between Korporasi Pembangunan Desa ("KPD"), SKL and KLR to supplement a Joint Venture Agreement dated 22 April 1997 ("the JVA") made between KPD and SKL for the purpose of carrying out a joint venture project through the medium of a joint venture company to develop land of up to 4,000 acres more or less into oil palm plantations upon the terms and conditions therein contained. Pursuant to the Deed of Novation, SKL is released and discharged from the JVA and KPD has agreed to release and discharge SKL upon KLR's undertaking to perform the JVA and to be bound by the terms of the JVA in place of SKL.
- (x) Supplemental Agreement dated 27 May 2000 entered into between KLR and the SKL whereby the parties agreed that the period of 6 months for fulfilment of conditions precedent as stipulated in Clause 3.1 of the Sale and Purchase Agreement dated 12 August 1999 entered into between the parties which expired on 11 February 2000 shall be extended and expire on 31 August 2000.
- (xi) Supplemental Agreement dated 27 May 2000 entered into between KLR and the vendors of KLPO whereby the parties agreed that the period of 6 months for fulfilment of conditions precedent as stipulated in Clause 3.1 of the Sale and Purchase Agreement dated 12 August 1999 entered into between the parties which expired on 11 February 2000 shall be extended and expire on 31 August 2000.

**14. STATUTORY AND GENERAL INFORMATION** *(Cont'd)*

- (xii) Supplemental Agreement dated 27 May 2000 entered into between KLR and the vendors of OMSB whereby the parties agreed that the period of 6 months for the fulfilment of conditions precedent as stipulated in Clause 3.1 of the Sale and Purchase Agreement dated 12 August 1999 entered into between the parties which expired on 11 February 2000 shall be extended and expire on 31 August 2000.
- (xiii) Second Supplemental Agreement dated 10 July 2000 entered into between KLR and SKL whereby the parties acknowledged and agreed that KLC shall prior to the completion date of the Sale and Purchase Agreement dated 12 August 1999 entered into between the parties, carry out a rights issue of 99,994 new ordinary shares of RM1.00 each with a share premium of RM35.00 per share to SKL. The consideration for the said new ordinary shares shall be satisfied by way of capitalization of a debt in the amount of RM3,599,784 due and owing by KLC to SKL. These new ordinary shares shall also form part of the shares sold to KLR under the Sale and Purchase Agreement dated 12<sup>th</sup> August 1999 entered into between KLR and SKL.
- (xiv) Agreement for Land Clearing and Construction dated 11 July 2000 entered into between C. M. L. Development Co. and DOSB whereby C. M. L. Development Co. will undertake jungle land clearing and construction of road and terrace. Total acreage covered under this agreement is approximately 2,000 acres and the estimated consideration is RM913,800.
- (xv) Agreement for Land Clearing and Construction dated 11 July 2000 entered into between Harimaju Sdn. Bhd. and DOSB whereby Harimaju Sdn. Bhd. will undertake jungle land clearing and construction of road and terrace. Total acreage covered under this agreement is approximately 2,000 acres and the estimated consideration is RM913,800.
- (xvi) Underwriting Agreement dated 9 August 2000 entered into between KLR, Aseambankers, Mayban Securities Sdn. Bhd. and Thong & Kay Hian Securities Sdn. Bhd. The said underwriters will underwrite 3,802,000 public issue shares of KLR and AMB will further underwrite such number of unsubscribed issue shares which are reserved for eligible employees and suppliers of KLR. KLR is required to pay each of the underwriters an underwriting commission of 1.5% of the issue price of RM1.80 per ordinary share for such number of shares underwritten by them.
- (xvii) As at 10 October 2000, KLPO has invested approximately RM8.4 million in the shares of various public listed companies.
- (xviii) As at January 2000, various companies within the KLR Group have purchased material assets in the form of machinery and equipment amounting to approximately RM1.97 million and has spent approximately RM0.62 million for constructing staff and management quarters.
- (xiv) Joint Venture Agreement dated 10 October 2000 entered into between KLPOM, Gentle Merge Sdn Bhd ("GM") and Urokote Technology (M) Sdn Bhd ("UT"). The parties will jointly produce organic fertilizer out of bio-wastes, to market the same and to sell the technological know how of the composting system using culture solution by setting up KLESB. The shareholdings of KLPOM:GM:UT would be in the proportions 51:16:33 respectively. Upon expiry of 3 years from the agreement, GM will impart unto KLESB the technological know how and assign all intellectual property rights to KLESB without charges. However, KLESB shall pay GM a royalty of RM4.00 for every metric ton of organic fertilizers sold by KLESB as long as the technology know-how is being utilized. It is the parties intention that the agreement will supersede the joint venture agreement dated 20 December 1999 entered into between KLPOM and GM (item (iv) above).

---

## 14. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

---

### 14.6 Material Litigation

Neither KLR nor any of its subsidiaries is engaged in any material litigation either as plaintiff or defendant or otherwise in any legal action, proceeding or arbitration or is being prosecuted for any criminal offence 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 KLR and its subsidiaries.

### 14.7 Expenses And Commissions

- (i) Underwriting commission is payable to the Managing Underwriter and Underwriters at the rate of 1.5% of the issue price of RM1.80 per ordinary share on the ordinary shares being underwritten which is the subject of this Prospectus;
- (ii) Brokerage will be paid by the Company at the rate of 1% of the issue price of RM1.80 per ordinary share to the parties in the circumstances specified in Section 6.5 of this Prospectus; and
- (iii) Expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up capital of the Company on the Main Board of the KLSE (which also includes underwriting commission and brokerage fees) amounting to approximately RM2,000,000, details of which are set out in Section 3.10 of this Prospectus, will be borne by the Company.

### 14.8 Public Take-Overs

During the last financial year and the current financial year, there were no:

- (i) public take-over offers by third parties in respect of the Company's shares; and
- (ii) public take-over offers by the Company in respect of other company's shares.

### 14.9 Letters of Consent

- (i) The written consents of the Adviser, Managing Underwriter, Underwriters, Auditors and Joint Reporting Accountants, Principal Bankers, Issuing House, Solicitors for the Issue and Registrars to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consents of the Company's Auditors and Joint Reporting Accountants to the inclusion in this Prospectus of their Accountants' Report and their letters relating to the consolidated profit forecast for the financial year ending 31 January 2001 and proforma consolidated balance sheets as at 31 January 2000 in the manner and form in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of the Valuers to the inclusion in this Prospectus of their name and letter relating to the valuations of the landed properties in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.



---

**14. STATUTORY AND GENERAL INFORMATION** *(Cont'd)*

---

- (iv) The written consent from Thomas Mielke, on behalf of himself and ISTA Mielke GmbH, the publishers of OIL WORLD, to the inclusion in this Prospectus of their name and various quotations as set out in Section 5.7 of this Prospectus in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**14.10 Documents Available For Inspection**

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of the Company and its subsidiaries;
- (ii) Directors' Report and Accountants' Report as included herein;
- (iii) The Joint Reporting Accountants' letters relating to the consolidated profit forecast for the financial year ending 31 January 2001 and the proforma consolidated balance sheet of the Company as at 31 January 2000 as included herein;
- (iv) Consolidated profit forecast for the financial year ending 31 January 2001 and proforma consolidated balance sheet as at 31 January 2000 as included herein;
- (v) The audited accounts of KLR, KLC, KLPO and OMSB for the past five (5) financial years ended 31 January 2000 and for the three (3) months period ended 30 April 2000;
- (vi) The letters of consent referred to under Section 14.9 above;
- (vii) The material contracts referred to in Section 14.5 above; and
- (viii) Valuation Reports mentioned in Section 12 of this Prospectus.