

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

5.1 INFORMATION ON PROMOTERS AND MAJOR SHAREHOLDERS

(i) The promoters of the KB Group and their shareholdings in KB prior to the Public Issue are as follows:

Name	Designation	Nationality	No. of shares held in KB			
			Direct		Indirect	
			No. of shares	%	No. of shares	%
Dato' Haji Mohamed Moiz bin J. M. Ali Moiz	Executive Director	Malaysian	-	-	*41,910,000	66.60
Lim Kang Swee	Managing Director	Malaysian	8,994,000	14.29	-	-
Abdul Aziz bin Ismail	Executive Director	Malaysian	-	-	*41,910,000	66.60
Aznam bin Mansor	Non-Executive Director	Malaysian	-	-	*41,910,000	66.60
Dato' Lim Kang Hoo	Executive Director	Malaysian	-	-	*41,910,000	66.60
Khoo Nang Seng @ Khoo Nam Seng	Executive Director	Malaysian	4,475,000	7.11	-	-

Note:

* Deemed interested by virtue of his interests in KPSB pursuant to Section 6A of the Companies Act, 1965. The 41,910,000 KB Shares will be deposited into the CDS account of KPSB during the prescribed period for the deposit of the KB Shares with MCD but prior to the Public Issue.

(ii) The major shareholders of KB and their shareholdings in KB prior to the Public Issue are as follows:

Name	Designation	Country of Incorporation/ Nationality	No. of shares held in KB			
			Direct		Indirect	
			No. of shares	%	No. of shares	%
KPSB	N/A	Malaysia	**41,910,000	66.60	-	-
Dato' Haji Mohamed Moiz bin J. M. Ali Moiz	Executive Director	Malaysian	-	-	*41,910,000	66.60
Lim Kang Swee	Managing Director	Malaysian	8,994,000	14.29	-	-
Abdul Aziz bin Ismail	Executive Director	Malaysian	-	-	*41,910,000	66.60
Aznam bin Mansor	Non-Executive Director	Malaysian	-	-	*41,910,000	66.60
Dato' Lim Kang Hoo	Executive Director	Malaysian	-	-	*41,910,000	66.60
Khoo Nang Seng @ Khoo Nam Seng	Executive Director	Malaysian	4,475,000	7.11	-	-

Notes:

* Deemed interested by virtue of his interests in KPSB pursuant to Section 6A of the Companies Act, 1965.

** The 41,910,000 KB Shares will be deposited into the CDS account of KPSB during the prescribed period for the deposit of the KB Shares with MCD but prior to the Public Issue.

N/A Not applicable

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

- iii) The profile of Dato' Haji Mohamed Moiz bin J.M. Ali Moiz, Lim Kang Swee, Abdul Aziz bin Ismail, Aznam bin Mansor, Dato' Lim Kang Hoo and Khoo Nang Seng @ Khoo Nam Seng are set out in Section 5.2 of this Prospectus.

Details of KPSB are as follows:

KPSB was incorporated on 17 August 1999 in Malaysia under the Companies Act, 1965 as a private limited company. The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The company is principally an investment holding company.

The existing directors and shareholders of the company are as follows:

Director / Shareholder	Nationality	No. of shares held in KPSB			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Thiam Wah	Malaysian	1	50.00	-	-
Seng Shi Iee	Malaysian	1	50.00	-	-

Following the completion of the Acquisitions and Rights Issue by KB, four (4) of the shareholders of KB, namely, Dato' Haji Mohamed Moiz bin J.M. Ali Moiz, Abdul Aziz bin Ismail, Aznam bin Mansor and Dato' Lim Kang Hoo, whom collectively hold 41,910,000 KB Shares representing 56.60% of the enlarged issued and paid-up share capital of KB, intend to transfer their respective shareholdings to KPSB. The transfer of the 41,910,000 KB Shares will be effected through the deposit of the KB Shares into the CDS account of KPSB during the prescribed period for the deposit of the KB Shares with MCD but prior to the Public Issue. The said prescribed period is expected to commence one (1) market day after both the issuance of the Prospectus and the advertisement by KLSE to notify the public of the said prescribed period. Hence, the said prescribed period is expected to commence on 29 March 2001 and is expected to end on 30 April 2001. After effecting the said transfer into the CDS account of KPSB during the prescribed period of KB Shares, the directors and shareholders of KPSB will be as follows:

Director	Nationality	No. of shares held in KPSB			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Abdul Aziz bin Ismail	Malaysian	2,267	22.67	-	-
Aznam bin Mansor	Malaysian	2,267	22.67	-	-
Dato' Lim Kang Hoo	Malaysian	1,069	10.69	-	-

Note: The existing directors, namely, Lim Thiam Wah and Seng Shi Iee will be resigning as directors of KPSB after the appointment of the above three (3) directors, namely, Abdul Aziz bin Ismail, Aznam bin Mansor and Dato' Lim Kang Hoo.

Shareholder	Nationality	No. of shares held in KPSB			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Haji Mohamed Moiz bin J. M. Ali Moiz	Malaysian	4,397	43.97	-	-
Abdul Aziz bin Ismail	Malaysian	2,267	22.67	-	-
Aznam bin Mansor	Malaysian	2,267	22.67	-	-
Dato' Lim Kang Hoo	Malaysian	1,069	10.69	-	-

Note: The existing shareholders, namely, Lim Thiam Wah and Seng Shi Iee will be transferring their respective share in KPSB to Abdul Aziz bin Ismail after the subscription of 9,998 new ordinary shares of RM1.00 each in KPSB for cash by the above four (4) shareholders, namely, Dato' Haji Mohamed Moiz bin J.M. Ali Moiz, Abdul Aziz bin Ismail, Aznam bin Mansor and Dato' Lim Kang Hoo.

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(iv) Promoters' and major shareholders' directorships and/or major shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the other promoters and major shareholders have any other directorships and/or major shareholdings (holding five percent (5%) shareholdings or more) in other public companies for the past two (2) years.

Name	Company	No. of shares held				Date of Appointment	Date of resignation
		Direct	%	Indirect	%		
Dato' Haji Mohamed Moiz bin J.M. Ali Moiz	Straits Fund Bhd	-	-	^2	100	08.03.1999	-
	Bandar Raya Development Berhad	-	-	+156,070,812	32.76	16.10.2000	-
	Meico Chipboard Berhad	-	-	+118,193,971	56.28	14.11.2000	-
Aznam bin Mansor	Ancom Berhad (Non-Executive Director)	80,925	0.07	-	-	29.05.1995	-
	Harvard Golf Resort (Jerai) Berhad (Non-Executive Director)	-	-	-	-	17.02.1994	01.11.2000
	Ekovest Berhad	-	-	*21,270,000	35.64	-	-
	Pembinaan Limbongan Setia Berhad (Non-Executive Director)	-	-	-	-	05.05.1994	19.04.2000
	MHC Plantation Berhad (Non-Executive Director)	-	-	**4,007,000	6.34	21.12.1998	-
Dato' Lim Kang Hoo	Ekovest Berhad (Executive Vice-Chairman)	300,000	0.50	*21,270,000	35.64	30.03.1988	-
Khoo Nang Seng @ Khoo Nam Seng	Ekovest Berhad (Executive Director)	351,000	0.59	*21,270,000	35.64	02.01.1985	-

Notes:

- ^ Deemed interested by virtue of his interests in Tradium Corporation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965
- + Deemed interested by virtue of his interests in Ambang Sehati Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 pursuant to a conditional sale and purchase agreement which is pending completion.
- * Deemed interested by virtue of his interests in Ekovest Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965
- ** Deemed interested by virtue of his interests in Utama.com Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

(v) Changes in the promoters' and major shareholders' shareholdings in KB for the past three (3) years

Save as disclosed in Section 5.1, item (i) and (ii) of this Prospectus, there has been no changes in the promoters' and major shareholders' shareholdings in KB for the past three (3) years.

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

5.2 DIRECTORS

(i) Profile

Mr Lim Kang Swee, aged 41, was appointed as the Managing Director of KB on 7 December 2000. Mr Lim has more than fifteen (15) years of experience in the rental and reconditioning business. He started his sole-proprietorship under the name of Wincon Trading & Co which deals in rental, reconditioning of machinery and sale in spare parts and building materials. He travels extensively overseas to Japan, United Kingdom and Australia to meet with manufacturers, principals and dealers of spare parts, new and used machinery and equipment in order to source for quality supplies. Further, he has built a good understanding and reputation with suppliers during his fifteen (15) years in the business. Hence, his vast experience and knowledge will contribute positively to the KB Group. In 1994, he discontinued his sole-proprietorship business, after which he teamed up with Mr Khoo Nang Seng @ Khoo Nam Seng and his brother, Dato' Lim Kang Hoo to manage and expand the business of WHSB. At present, he is also a director of several other private limited companies.

Dato' Haji Mohamed Moiz bin J.M. Ali Moiz, aged 40, was appointed to the Board of Directors of KB on 7 December 2000. He graduated with a Bachelor of Science in Business Administration and International Finance from Menlo College, Menlo School of Business, Palo Alto, California. Dato' Moiz is a businessman with more than fifteen (15) years of experience in property development. He is also the Chief Executive Director of Tradium Corporation Sdn Bhd and a director of several other private limited companies.

Encik Abdul Aziz bin Ismail, aged 47, was appointed to the Board of Directors of KB on 7 December 2000. He graduated with a Degree in Bachelor of Arts (Hons) from the University of Malaya. He joined Arkib Negara Malaysia in 1977 and was a director at the time of his resignation in 1994. In 1995, he started his own family business and is also a director of several other private limited companies.

Dato' Lim Kang Hoo, aged 45, was appointed to the Board of Directors of KB on 7 December 2000. He is a businessman with over twenty (20) years of experience in the construction industry. He started his involvement in the machinery business by teaming up with Mr Khoo Nang Seng @ Khoo Nam Seng in 1989 to form WEQSB. The company's rapid development and growth was largely due to his dynamism and vision. His vast experience in the industry is an asset to the KB Group. At present, he is the Executive Vice Chairman of Ekovest Berhad and also a director of several other private limited companies.

Mr Khoo Nang Seng @ Khoo Nam Seng, aged 60, was appointed to the Board of Directors of KB on 7 December 2000. He is the co-founder and a director of WHSB and WEQSB. He was trained at Technical College, Kuala Lumpur in the field of engineering. Upon graduation, he joined and served Jabatan Kerja Raya for six (6) years. In 1970, he ventured into the construction business on his own and in 1989, teamed up with Dato' Lim Kang Hoo to form WEQSB. His tremendous drive and sharp business acumen was one of the major reasons behind the success of the company. At present, he is an executive director of Ekovest Berhad and also a director of several other private limited companies.

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Encik Aznam bin Mansor, aged 42, was appointed to the Board of Directors of KB on 7 December 2000. He graduated with a Degree in Bachelor of Law (Hons) from the North East London Polytechnic, London in 1983 and was called to the Malaysian Bar as an Advocate and Solicitor in 1986. He started his career as a Legal Officer in Malayan Banking Berhad. He then joined Skrine and Co., a legal firm, and held the position of Legal Assistant for eight (8) years. Presently, he is a partner of Lee Hishammuddin, a legal firm in Kuala Lumpur and also a director of several other private limited companies.

Ms Lim Ts-Fei, aged 37, was appointed to the Board of Directors of KB on 9 January 2001. She graduated with a Degree in Bachelor of Law from the University of Hull, England and was called to the English Bar as a barrister in 1988. Upon her return to Malaysia, she commenced her chambering with Chye, Chow, Chung & Co., a legal firm in Kuala Lumpur. She was called to the Malaysia Bar in 1989 and continued to practise as a legal assistant in the same firm for eight (8) years. She is presently a partner of the firm.

Dr. Wong Kai Fatt, aged 54, was appointed to the Board of Directors of KB on 9 January 2001. He graduated with a Bachelor of Medicine, Bachelor of Surgery from the University of Singapore in 1972. He worked in Johor Bahru and the Ipoh General Hospital for three (3) years before venturing into his private practice in Kuala Lumpur.

(ii) Directors' shareholdings in KB

The shareholdings of the Directors in KB prior to the Public Issue are as follows:

Name	Designation	Nationality	No. of shares held in KB			
			Direct		Indirect	
			No. of shares	%	No. of shares	%
Dato' Haji Mohamed Moiz bin J. M. Ali Moiz	Executive Director	Malaysian	-	-	*41,910,000	66.60
Lim Kang Swee	Managing Director	Malaysian	8,994,000	14.29	-	-
Abdul Aziz bin Ismail	Executive Director	Malaysian	-	-	*41,910,000	66.60
Aznam bin Mansor	Non-Executive Director	Malaysian	-	-	*41,910,000	66.60
Dato' Lim Kang Hoo	Executive Director	Malaysian	-	-	*41,910,000	66.60
Khoo Nang Seng @ Khoo Nam Seng	Executive Director	Malaysian	4,475,000	7.11	-	-
Lim Ts-Fei	Independent Non-Executive Director	Malaysian	-	-	-	-
Dr. Wong Kai Fatt	Independent Non-Executive Director	Malaysian	-	-	-	-

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Note:

* Deemed interested by virtue of his interests in KPSB pursuant to Section 6A of the Companies Act, 1965. The 41,910,000 KB Shares will be deposited into the CDS account of KPSB during the prescribed period for the deposit of the KB Shares with MCD but prior to the Public Issue.

(iii) Directors' directorships and/or major shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the other directors have any other directorships and/or major shareholdings (holding five percent (5%) shareholdings or more) in other public companies for the past two (2) years.

Name	Company	No. of shares held				Date of appointment	Date of resignation
		Direct	%	Indirect	%		
Dato' Haji Mohamed Moiz bin J.M. Ali Moiz	Straits Fund Bhd	-	-	^2	100	08.03.1999	-
	Bandar Raya Development Berhad	-	-	+156,070,812	32.76	16.10.2000	-
	Meico Chipboard Berhad	-	-	+118,193,971	56.28	14.11.2000	-
Aznam bin Mansor	Ancom Berhad (Non-Executive Director)	80,925	0.07	-	-	29.05.1995	-
	Harvard Golf Resort (Jera) Berhad (Non-Executive Director)	-	-	-	-	17.02.1994	01.11.2000-
	Ekovest Berhad	-	-	*21,270,000	35.64	-	-
	Pembinaan Limbongan Setia Berhad (Non-Executive Director)	-	-	-	-	05.05.1994	19.04.2000
	MHC Plantation Berhad (Non-Executive Director)	-	-	**4,007,000	6.34	21.12.1998	-
Dato' Lim Kang Hoo	Ekovest Berhad (Executive Vice-Chairman)	300,000	0.50	*21,270,000	35.64	30.03.1988	-
Khoo Nang Seng @ Khoo Nam Seng	Ekovest Berhad (Executive Director)	351,000	0.59	*21,270,000	35.64	02.01.1985	-

Notes:

^ Deemed interested by virtue of his interests in Tradium Corporation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

+ Deemed interested by virtue of his interests in Ambang Sehati Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 pursuant to a conditional sale and purchase agreement which is pending completion.

* Deemed interested by virtue of his interests in Ekovest Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

** Deemed interested by virtue of his interests in Utama.com Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

(iv) Directors' remuneration and benefits

The aggregate remuneration paid to the Directors of the Group for services rendered in all capacities to the Company and its subsidiary companies for the financial year ended 31 December 1999 and the nine (9) months ended 30 September 2000, amounted to RM370,540 and RM352,730 respectively. For the financial year ended 31 December 2000 and the current financial year ending 31 December 2001, the amount payable to the Directors for services to the Company and its subsidiaries in the aforesaid capacities is estimated to be RM453,440 and RM450,000 respectively.

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

5.3 AUDIT COMMITTEE

The composition of the Audit Committee is as follows:-

Name	Designation	Directorship
Lim Ts-Fei	Chairman of Committee	Independent Non-executive Director
Dr Wong Kai Fatt	Member of Committee	Independent Non-executive Director
Abdul Aziz bin Ismail	Member of Committee	Executive Director

The Audit Committee, comprising two (2) independent non-executive directors and an executive director, is responsible for the recommendations to the Board of Directors regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors and reviews and evaluates the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

5.4 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

(i) Profile

The management team of the KB Group is headed by Mr. Lim Kang Swee as the Managing Director. He is assisted by the following key management and key technical personnel:

Management

Ms Lim Sew Hua, General Manager, Finance and Administration, aged 51, is overall responsible for finance and administration matters. She has ten (10) years of accounting experience in various industries before joining Jurukur Perunding in 1978 in the accounts and administration department. She left in 1993 to join Wincon Trading & Co. and assumed her present position when she was transferred to WHSB in 1994.

Mr Foong Kaye Ying, General Manager, Corporate Planning, aged 43, is principally in charge of the KB Group's corporate affairs. He graduated with a Degree in Bachelor of Business majoring in accounting from the University of Southern Queensland, Australia in 1989 and with a Master in Business Administration majoring in Banking and Finance from the University of Hull, England in 1990. He was attached to K.K. Chow & Co for five (5) years as an Audit Senior. He joined Ekovest Berhad in April 1993 as the Group Accountant. He was attached to Sisma Industries Berhad in April 1995 as the General Manager of Corporate Planning before joining the KB Group in November 1995.

Yong Sok Hong, General Manager – Reconditioning and Sales of WHSB, aged 44, is principally responsible for the reconditioning and trading of machinery and equipment of WHSB. He started his working career in 1980 as a sale representative with UMW Industries Sdn Bhd. In 1988, he left to join Federal Auto Holdings Berhad as the National Sales Manager for the Forklift Division after which, he joined Barnsbury (KL) Sdn Bhd as the General Manager in 1993. In 1997, he joined WMCSB as the General Manager. After venturing into his private business from 1998 to early 2000, he rejoined the KB Group in June 2000.

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Mr Chan Wai Mun, General Manager - Rental of WHSB, aged 48, is principally responsible for the rental and sales of heavy earth-moving equipment. He started his working career in July 1971 as a Parts Co-ordinator with Cycle & Carriage Berhad (the distributor of Mercedes Benz motor vehicles). In April 1974, he joined Scott & English (M) Sdn Bhd, (the distributor of "Cummins" brand of engines) as the Parts Supervisor. He moved to Kubota Agricultural Machinery Sdn Bhd in January 1983 as a Parts Executive where he subsequently rose to the level of General Manager. In March 1996, he joined WMCSB as the General Manager for rental and sales of generators, welding sets and other light construction machinery. In November 1997, he assumed his present position of the General Manager - Rental of WHSB.

Mr Ong Chee Keong, General Manager of WMKSB, aged 46, is principally responsible for the trading activities of WMKSB. He holds a Degree in Bachelor of Science (1981) majoring in Civil Engineering from the University of Aberdeen, Scotland, United Kingdom. He commenced his working career in 1981 with Felda N.S. Timur, as a Regional Engineer. In 1984, he moved to Felda Gugusan Sahabat in Lahad Datu, Sabah where he held the position of a Regional Engineer. In 1990, he progressed to the position as the Head of Environmental Coordination Unit in the Budget and Planning Department at the FELDA headquarters in Kuala Lumpur. Subsequently in 1992, he was transferred to the Engineering Department of FELDA where he was the Head of Agricultural Road and Infrastructure – Sabah Unit. In 1994, he moved to Felda Ekovest Sdn Bhd where he was the project manager for projects such as the Kernel Crushing Plant in FELDA Bandar Sahabat, Main Access Road for Gugusan FELDA Sahabat, Palm Oil Mill in FELDA Sahabat 41 and the maintenance and upgrading of village roads in FELDA Sahabat 1, 2, 9, 14 and 16. He joined WMKSB in April 1998 as the General Manager, a position which he continues to hold to the present day.

Mr Lim Siong Seong, Financial Controller, aged 34, is principally in charge of the accounts of the KB Group. He graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1989. He is a Public Accountant, Malaysia and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. He joined K.K Chow & Co as an Audit Senior in 1989 and left to join Ernst & Young as an Audit Assistant in 1991. He was attached to Ban Seng Guan Sdn Bhd as an Accountant in 1992 and was later promoted to the position of Finance and Administration Manager. He left the company in May 1996 and joined WHSB.

Technical personnel

Ng Meng Cheng, Plant and Workshop Manager of WHSB, aged 52, commenced his career as a Service Supervisor with Malayan Development Machinery Sdn Bhd in 1967. In 1979, he joined Century Plant Sdn Bhd as a Sales and Rental Manager before joining Ireka Construction Berhad as a Technical and Maintenance Executive in 1990. He moved to FACB Construction Sdn Bhd as a Plant Equipment Manager in 1994. He ventured into his private business from 1998 to 1999 before joining the KB Group in the same year. Mr Ng holds a Certificate in Apprenticeship in Heavy Equipment Repair from Lembaga Latehan Perusahaan dan Persisilan Ketukangan Kebangsaan Malaysia, a Certificate in Repair and Maintenance of Cummins Diesel Engine from Cummins International, a Certificate in Repair and Maintenance of Clark Brand Heavy Equipment from Clark International Marketing S.A. and a Certificate in Assessment of Construction Equipment from Assetline Asia Limited.

5.0 INFORMATION ON SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(ii) Key management and key technical personnel's shareholdings in KB

Save as disclosed below, none of the other members of the key management or key technical personnel have any shareholdings in KB prior to the Public Issue.

Name	No. of shares held in KB			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Kang Swee	8,994,000	14.29	-	-

None of the directors, key management or key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- a) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- b) Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- c) The subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

5.5 FAMILY RELATIONSHIP

Apart from Mr. Lim Kang Swee, Dato' Lim Kang Hoo and Ms. Lim Sew Hua who are brothers and sister, none of the other promoters, major shareholders, directors, key management or key technical personnel of the KB Group is related to each other.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS BETWEEN KB OR ANY OF ITS SUBSIDIARY COMPANIES AND ITS DIRECTORS AND KEY MANAGEMENT OR KEY TECHNICAL PERSONNEL

None of the Directors of the Company has any existing or proposed service agreement with the Company or any of its subsidiary companies, excluding agreements expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year.

6.0 APPROVALS AND CONDITIONS

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of KB on the Main Board of the KLSE, the Company undertook a Restructuring and Listing Exercise which was approved by the SC on 7 March 2001, 27 February 2001 and 26 July 2000, the MITI on 19 February 2001 and 5 April 2000 and the FIC on 23 February 2000.

The conditions imposed by the authorities and the status of compliance are as follows:

Authority	Details of conditions imposed	Status of compliance																											
SC	<p>(i) The gross proceeds of RM14,480,569 arising from the Rights Issue and RM17,774,400 arising from the Public Issue will be utilised for the core business of KB as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">RM'000</th> <th style="text-align: right;">RM</th> </tr> </thead> <tbody> <tr> <td>Repayment of term loan and overdraft</td> <td style="text-align: right;">2,706</td> <td style="text-align: right;">3,189,488</td> </tr> <tr> <td>Repayment of revolving credit</td> <td style="text-align: right;">500</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td>Repayment of hire purchase facilities</td> <td style="text-align: right;">3,370</td> <td style="text-align: right;">935,987</td> </tr> <tr> <td>Purchase of freehold land and building</td> <td style="text-align: right;">12,500</td> <td style="text-align: right;">12,300,000</td> </tr> <tr> <td>Purchase of plant and equipment</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">5,000,000</td> </tr> <tr> <td>Estimated listing expenses</td> <td style="text-align: right;">1,500</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>Working capital</td> <td style="text-align: right;">6,678</td> <td style="text-align: right;">8,329,494</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;"><u>32,254</u></td> <td style="text-align: right;"><u>32,254,969</u></td> </tr> </tbody> </table> <p>(hereinafter referred to as the "Proposed Utilisation")</p> <p>The utilisation of the proceeds is to comply with the following conditions:</p> <ul style="list-style-type: none"> • The approval of the SC is required for any variation to the Proposed Utilisation if such variation is made for any other purposes apart from for the core business of KB; • The approval of the shareholders of KB is required for the Proposed Utilisation and also for any variation amounting to 25% or more to the Proposed Utilisation. If the proposed variation is less than 25%, appropriate disclosure must be made to the shareholders of KB; • Any extension to the proposed time frame for the Proposed Utilisation must be approved by the Board of Directors of KB through a clear resolution and must be fully disclosed to the KLSE; and • Appropriate disclosure on the status of the Proposed Utilisation must be made in the Quarterly Reports and Annual Reports of KB until the gross proceeds are fully utilised. 		RM'000	RM	Repayment of term loan and overdraft	2,706	3,189,488	Repayment of revolving credit	500	500,000	Repayment of hire purchase facilities	3,370	935,987	Purchase of freehold land and building	12,500	12,300,000	Purchase of plant and equipment	5,000	5,000,000	Estimated listing expenses	1,500	2,000,000	Working capital	6,678	8,329,494	TOTAL	<u>32,254</u>	<u>32,254,969</u>	<p>The Proposed Utilisation was revised by KB and subsequently approved by the SC on 27 February 2001 as follows:</p> <p>To be complied with.</p> <p>The approval of the existing shareholders of KB, as at the date of Prospectus, for the Proposed Utilisation (as revised by KB and approved by the SC on 27 February 2001) will be obtained. The other conditions are to be complied with.</p> <p>To be complied with.</p> <p>To be complied with.</p>
	RM'000	RM																											
Repayment of term loan and overdraft	2,706	3,189,488																											
Repayment of revolving credit	500	500,000																											
Repayment of hire purchase facilities	3,370	935,987																											
Purchase of freehold land and building	12,500	12,300,000																											
Purchase of plant and equipment	5,000	5,000,000																											
Estimated listing expenses	1,500	2,000,000																											
Working capital	6,678	8,329,494																											
TOTAL	<u>32,254</u>	<u>32,254,969</u>																											

6.0 APPROVALS AND CONDITIONS (Cont'd)

Authority	Details of conditions imposed	Status of compliance
	<p>(ii) KB must submit a Valuation Report on the freehold land and building located at Lot 8, Jalan Kecapi 33/2, Section 33, Elite Industrial Estate, Shah Alam for the SC's review.</p> <p>The proceeds amounting to RM12.5 million allocated for the purchase of the freehold land and building may only be utilised after the Certificate of Fitness for Occupation ("CF") on the building and approval from the SC are obtained.</p> <p>(iii) A special audit must be carried out by an independent auditor in connection with the fire incident which destroyed many of the accounting records of WHSB and its subsidiary company, WMCSB on 19 July 1998. The details of the special audit must be submitted to the SC for its consideration.</p> <p>(iv) All debts (non-trade) owing to KB and the companies owned by the directors / promoters / substantial shareholders of KB, which are to be acquired by KB, must be settled in full prior to the listing of KB on the KLSE.</p> <p>(v) Any business transaction between the KB Group and the companies related to the directors / promoters / substantial shareholders of KB must be transacted on an "arm's length" basis. The business transactions between the related parties and the KB Group should not have any special arrangements outside the normal commercial terms which may be unfavourable to the KB Group. In this respect, the Audit Committee of KB must give careful consideration to this matter and the directors of KB must disclose the related business transactions, if any, in the Annual Report of KB on a yearly basis.</p> <p>(vi) KB is required to make full disclosure of its dependency and the importance of its business transactions with FELDA in the Prospectus.</p>	<p>Met. The Valuation Report on the said property has been submitted to the SC for its review on 16 November 2000.</p> <p>The SC has revised the allocation of proceeds for the purchase of the freehold land and building from RM12.5 million to RM12.3 million. The balance of RM200,000 is to be allocated for working capital purposes.</p> <p>Please refer to paragraph (vii) on the subsequent conditions imposed by the SC on the said purchase.</p> <p>Met. The details of the special audit has been submitted to the SC for its consideration on 16 November 2000.</p> <p>Met in relation to all non-trade debts.</p> <p>To be complied with.</p> <p>Met as set out in Section 3.2.3 of this Prospectus.</p>

6.0 APPROVALS AND CONDITIONS (Cont'd)

Authority	Details of conditions imposed	Status of compliance
	<p>(vii) The Prospectus may only be released after the consolidated accounts of the KB Group for the financial year ended 31 December 1999 have been audited, the CF as mentioned in paragraph (ii) is received and the audit report mentioned in paragraph (iii) has been reviewed by the SC.</p>	<p>Met in relation to the audited consolidated accounts of the KB Group for the financial year ended 31 December 1999 and the review of the audit report mentioned in paragraph (iii) by the SC.</p> <p>Following an application by KB, the SC has, however, waived the condition imposed on KB on the requirement that the CF mentioned in paragraph (ii) be received prior to the release of KB's Prospectus.</p> <p>The waiver is, however, subject to the following: KB must submit the proposal for the acquisition of the freehold land and building situated on Lot 8, Jalan Kecapi 33/2, Section 33, Elite Industrial Estate, 40350 Shah Alam, Selangor Darul Ehsan to the SC for its consideration prior to its implementation;</p> <ul style="list-style-type: none"> • KB must report to the SC on the status of the application for the building plans approval and CF on the said property every three (3) months commencing from the date of the waiver letter, 27 February 2001; and • The proceeds of RM12.3 million allocated for the said acquisition must be deposited into a fixed deposit account pending its utilisation. <p>The above three (3) conditions are to be complied with.</p>

6.0 APPROVALS AND CONDITIONS (Cont'd)

Authority	Details of conditions imposed	Status of compliance
	<p>(viii) Alliance is required to give confirmation to the SC that the allocation of shares to the eligible directors and employees of the KB Group complies with the requirements of the SC's Policies and Guidelines on Issue/Offer of Securities ("SC Guidelines"), after the said allocation has been completed.</p> <p>(ix) KB must submit a final draft copy of the ESOS bye-laws and the final list of eligible employees, inclusive of the number of shares which will be allocated and the eligibility criteria for each employee for the SC's approval, prior to the implementation of its ESOS.</p> <p>(x) KB must comply with the listing requirements as provided for in the SC Guidelines, principally under Chapters 7, 10 and 25 of the SC Guidelines.</p> <p>(xi) KB and the respective parties are required to give written confirmation(s) to the SC of their compliance with all the terms and conditions imposed by the SC on the Restructuring and Listing Exercise and paragraphs (ii) to (x) above upon completion of the above proposals.</p>	<p>To be complied with.</p> <p>To be complied with.</p> <p>To be complied with.</p> <p>To be complied with.</p>
MITI	<p>(i) KB must have at least 30% bumiputera equity interest upon listing.</p> <p>(ii) The existing 30.04 % bumiputera equity interest in KB recognised by MITI may not be disposed of or transferred without the prior written approval of the MITI.</p> <p>(iii) KB to obtain the approval of the SC and FIC.</p>	<p>Met.</p> <p>To be complied with.</p> <p>Met. KB obtained the approval of the SC on 7 March 2001, 27 February 2001 and 26 July 2000 and the FIC on 23 February 2000.</p>
FIC	<p>(i) KB must have at least 30% bumiputera equity interest held directly upon listing.</p> <p>(ii) KB to obtain the approval of the MITI.</p>	<p>Met.</p> <p>Met. KB obtained the approval of the MITI on 19 February 2001 and 5 April 2000.</p>

7.0 RELATED PARTY TRANSACTIONS AND /OR CONFLICTS OF INTEREST

- 7.1 Save as disclosed in Section 14.3 of this Prospectus, other than in the ordinary course of business of the KB Group, there are no existing or potential related party transactions and conflicts of interest between the KB Group and its Directors, major shareholders and/or persons connected with such a director or major shareholder as defined under Section 122A of the Companies Act, 1965.
- 7.2 In relation to related party transactions and conflicts of interest between the KB Group and its key management and key technical personnel, the disclosure in respect of Mr Lim Kang Swee, who is the Managing Director of the KB Group and is part of the key management team has been disclosed in Section 14.3.11 of this Prospectus.
- 7.3 Save as disclosed below, there are no existing or potential interests or conflicts of interest in an advisory capacity between the KB Group and its Advisers, Auditors, Reporting Accountants, Solicitors and Valuers.
- (a) Conditional Underwriting Agreement dated 13 February 2001 between KB, Alliance as the Managing Underwriter, and the Underwriters mentioned under the Corporate Directory of this Prospectus for the underwriting of 9,539,000 Public Issue Shares which are available for application by the Malaysian public. The Managing Underwriter has further conditionally agreed to underwrite the Public Issue Shares made available for application by the eligible directors and employees of the KB Group but which are not taken up. Underwriting commission is payable at the rate of 1.25% of the Issue Price of RM1.60 per Public Issue Share; and
- (b) Facility Agreement dated 12 February 2001 between Alliance (“Lender”) and Dato’ Haji Mohamed Moiz bin J.M Ali Moiz, Abdul Aziz bin Ismail, Aznam bin Mansor, Anita Nor bt. Abdul Aziz, Ismail bin Ayob, Lim Kang Swee, Dato’ Lim Kang Hoo, Khoo Nang Seng @ Khoo Nam Seng, Wong Wai Fong, Wong Siew Chin and Tung Foong Ngoh (“Borrowers”) for the granting of a revolving credit facility of RM14,481,000 to finance the Borrowers’ rights issue entitlement of 12,591,799 KB Shares at an issue price of RM1.15 pursuant to the Restructuring and Listing Exercise of KB.
- 7.4 Alliance hereby confirms that save as disclosed above, there are no other existing or potential interests or conflicts of interest in its capacity as the Adviser for the Public Issue.
- 7.5 KPMG has given their confirmation that there are no existing or potential interests or conflicts of interest in their capacity as the Auditors / Reporting Accountants.
- 7.6 KM Chye & Murad has given their confirmation that there are no existing or potential interests or conflicts of interest in their capacity as the Solicitors for the Public Issue.
- 7.7 Colliers, Jordan Lee & Jaafar Sdn Bhd has given its confirmation that there are no existing or potential interests or conflicts of interest in its capacity as the Valuers in relation to the Public Issue.

8.0 OTHER INFORMATION CONCERNING THE KB GROUP

8.1 OTHER APPROVALS, MAJOR LICENCES AND PERMITS

The other approvals, major licences and permits required for the purposes of conducting the businesses of the KB Group are listed below:

Licence	Authority	Approval Period	Main Conditions	Company	Status of Compliance
Manufacturing Licence - Reconditioning of Heavy Machinery	MITI	Approval obtained on 27 June 2000	Approval for the manufacturing licence is subject to, amongst others, the setting up of the factory on the proposed site in Shah Alam and the approval from the relevant State Government and the Ministry of Science, Technology and Environment.	WHSB	In-progress
Manufacturing Licence - Reconditioning and Assembly of Light and Medium Machinery	MITI	Approval obtained on 27 June 2000	Approval for the manufacturing licence is subject to, amongst others, the setting up of the factory on the proposed site in Shah Alam and the approval from the relevant State Government and the Ministry of Science, Technology and Environment.	WMCSB	In-progress

8.0 OTHER INFORMATION CONCERNING THE KB GROUP (Cont'd)

8.2 SUMMARY OF LANDED PROPERTIES

The details of the landed properties of the KB Group as at the date of this Prospectus are set out below:

Registered Owner	Title No./ Location	Land Area/ Built-up Area Sq. Ft.	Year Completed	Approximate Age of Building (years)	Tenure	Description/ Existing Use	NBV as at 30.9.2000 RM
WHSB	Lot 3658 Jalan Genting Klang Mukim of Setapak District of Kuala Lumpur	32,722	1984	17	Freehold	Eight (8) two storey workshops	2,442,880
WHSB	Diamond Square, Lots 335, 355 and 318 Jalan Gombak Mukim of Setapak District of Kuala Lumpur	20,945 *	1998	3	Freehold	Seven (7) storey building comprising twelve (12) office units and one (1) retail unit	4,766,549
WHSB	Lot 50688 Mukim of Senai- Kulai Daerah of Johor Bahru, Johor Darul Tazkim	6,490 *	1999	2	Freehold	Four (4) storey shop office	671,171

Note:

* Approximate built-up area

9.0 FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

(i) KB Group

The following table sets out a summary of the audited proforma consolidated results of the KB Group based on the audited results of the companies within the Group for the past five (5) financial years ended 31 December 1995 to 1999 and the audited proforma consolidated results for the nine (9) months ended 30 September 2000. The proforma consolidated results are presented for illustrative purposes only and have been prepared on the assumption that the current KB Group structure has been in existence throughout the financial years and period under review. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10.0 of this Prospectus.

	←-----Year ended 31 December-----→					Nine (9) months ended 30 Sept 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	119,380	192,829	192,763	151,480	129,044	105,371
Profit before depreciation and interest	10,503	17,120	21,760	23,767	25,079	19,468
Depreciation	(567)	(1,807)	(3,831)	(4,196)	(4,099)	(2,901)
Interest expense	(141)	(962)	(1,892)	(1,814)	(971)	(392)
Interest income	33	161	512	569	460	405
Profit before taxation	9,828	14,512	16,549	18,326	20,469	16,580
Taxation	(3,146)	(4,679)	(4,925)	(5,183)	(478)	(5,563)
Profit after taxation	6,682	9,833	11,624	13,143	19,991	11,017
Number of KB Shares assumed to be in issue ('000)	50,341	50,341	50,341	50,341	50,341	50,341
Gross EPS (sen)	19.5	28.8	32.9	36.4	40.7	43.9 [^]
Net EPS (sen)	13.3	19.5	23.1	26.1	39.7	29.2 [^]
Gross dividend per share (sen)	-	-*	-*	-	-	-

* Dividend of RM2,659,934 (net of taxation) was proposed for the financial year ended 31 December 1996 and was subsequently reversed in the financial year ended 31 December 1997.

[^] Annualised

Notes:

- (i) The summarised proforma consolidated results are prepared for illustrative purposes only and are based on the audited accounts of WHSB, WMCSB, WMKSB and WEQSB as KB, the holding company, has been dormant since the date of incorporation.
- (ii) The proforma consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the subsidiary companies.
- (iii) On 19 July 1998, a fire at WHSB's office destroyed many of the accounting records of the company and its subsidiary company, WMCSB. In view of this, the Auditors' Reports for the accounts of WHSB and WMCSB for the financial year ended 31 December 1997 were qualified. The Auditors' Reports for the accounts of WHSB and WMCSB for the financial year ended 31 December 1998 were also qualified due to the opening balances brought forward from the preceding financial year, i.e. 31 December 1997.
- (iv) The increase in turnover and profit in 1995 and 1996 was in tandem with the growth in the construction industry as demand for reconditioned machinery and equipment and building materials increased substantially.
- (v) The turnover in 1997 declined slightly as the management changed its focus to reduce the sale of new machinery and equipment and concentrated instead on the business of reconditioning, sales and rental of reconditioned machinery and equipment. The change in the management's decision was in line with the softening demand from the construction industry in 1997 due to a significant shift in contractors' preference to renting or purchasing reconditioned machinery and equipment. The profit, however, increased due to the higher gross margins obtained from the sales and rental of reconditioned machinery and equipment.
- (vi) The decrease in turnover in 1998 and 1999 was mainly due to the regional financial crisis that resulted in lower demand for reconditioned machinery and equipment and building materials. Nonetheless, the profit for 1998 and 1999 showed an increase due to the higher gross margins obtained from the rental of reconditioned machinery and equipment.
- (vii) The increase in turnover for the nine (9) months ended 30 September 2000, on an annualised basis, was primarily due to the improved outlook of the local economy and the recovery of the construction industry after the economic downturn in 1997.
- (viii) There were no extraordinary items in respect of the financial years and period under review except as mentioned in note (iii) above.
- (ix) The proforma gross and net EPS is computed based on the profit before and after taxation respectively, and the number of ordinary shares assumed to be in issue of 50,341,203 KB Shares after the Acquisitions.

9.0 FINANCIAL INFORMATION (Cont'd)

(ii) WHSB

A summary of the results of WHSB based on its audited accounts for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section 10.0 of this Prospectus:

	←-----Year ended 31 December-----→					Nine (9) months ended 30 Sept 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	103,655	41,470	37,220	34,205	55,242	45,941
Profit before depreciation and interest	5,258	5,693	6,384	6,448	10,273	8,216
Depreciation	(416)	(872)	(1,612)	(1,444)	(1,167)	(497)
Interest expense	(131)	(833)	(1,530)	(1,221)	(514)	(214)
Interest income	27	32	116	107	65	29
Profit before taxation	4,738	4,020	3,358	3,890	8,657	7,534
Taxation	(1,598)	(1,352)	(915)	(1,263)	(493)	(2,122)
Profit after taxation	3,140	2,668	2,443	2,627	8,164	5,412
Issued and paid-up share capital ('000)	5,800	5,800	5,800	5,800	5,800	5,800
Gross EPS (sen)	81.7	69.3	57.9	67.1	149.3	173.2 [^]
Net EPS (sen)	54.1	46.0	42.1	45.3	140.8	124.4 [^]
Gross dividend per share (sen)	-	*	*	-	-	-

Notes:

* Dividend of RM1,287,968 (net of taxation) was proposed for the financial year ended 31 December 1996 and was subsequently reversed in the financial year ended 31 December 1997.

[^] Annualised

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9.0 FINANCIAL INFORMATION (Cont'd)

(iii) WMCSB

A summary of the results of WMCSB based on its audited accounts for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in section 10.0 of this Prospectus:

	←—————Year ended 31 December—————→					Nine (9) months ended 30 Sept 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	12	32,328	19,505	11,977	7,255	7,356
Profit before depreciation and interest	10	1,836	1,637	2,842	2,848	1,914
Depreciation	-	(40)	(232)	(611)	(742)	(756)
Interest expense	-	(10)	(167)	(221)	(215)	(151)
Interest income	-	-	-	-	-	-
Profit before taxation	10	1,786	1,238	2,010	1,891	1,007
Taxation	(3)	(688)	(347)	(847)	-	(439)
Profit after taxation	7	1,098	891	1,163	1,891	568
Issued and paid-up share capital ('000)	300	300	300	300	300	300
Gross EPS (sen)	3.3	595.3	412.7	670.0	630.3	447.6 [^]
Net EPS (sen)	2.3	366.0	297.0	387.7	630.3	252.4 [^]
Gross dividend per share (sen)	-	-	-	-	-	-

Note:

[^] Annualised

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9.0 FINANCIAL INFORMATION (Cont'd)

(iv) WMKSB

A summary of the results of WMKSB based on its audited accounts for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section 10.0 of this Prospectus:

	←-----Year ended 31 December-----→					Nine (9) months ended 30 Sept 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	12	101,015	106,139	83,645	40,536	31,892
Profit before depreciation and interest	10	1,875	4,385	3,732	1,076	1,025
Depreciation	-	(2)	(26)	(81)	(109)	(94)
Interest expense	-	-	(4)	(19)	(28)	(22)
Interest income	-	-	-	23	80	40
Profit before taxation	10	1,873	4,355	3,655	1,019	949
Taxation	(3)	(560)	(1,263)	(1,080)	15	(263)
Profit after taxation	7	1,313	3,092	2,575	1,034	686
Issued and paid-up share capital ('000)	300	300	300	300	300	300
Gross EPS (sen)	3.3	624.3	1,451.7	1,218.3	339.7	421.8 [^]
Net EPS (sen)	2.3	437.7	1,030.7	858.3	344.7	304.9 [^]
Gross dividend per share (sen)	-	-	-	-	-	-

Note:

[^] Annualised

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9.0 FINANCIAL INFORMATION (Cont'd)

(v) WEQSB

A summary of the results of WEQSB based on its audited accounts for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000 are set out below and should be read in conjunction with the accompanying notes included in the Accountants' Report set out in Section 10.0 of this Prospectus:

	←-----Year ended 31 December-----→					Nine (9) months ended 30 Sept 2000 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	15,726	18,015	29,898	26,853	26,012	20,183
Profit before depreciation and interest	5,224	7,726	9,844	10,921	10,882	8,455
Depreciation	(151)	(893)	(1,961)	(2,060)	(2,081)	(1,554)
Interest expense	(9)	(129)	(518)	(353)	(214)	(4)
Interest income	6	129	512	439	315	335
Profit before taxation	5,070	6,833	7,877	8,947	8,902	7,232
Taxation	(1,542)	(2,079)	(2,400)	(1,993)	-	(2,739)
Profit after taxation	3,528	4,754	5,477	6,954	8,902	4,493
Issued and paid-up share capital ('000)	500	500	500	500	500	500
Gross EPS (sen)	1,014.0	1,366.6	1,575.4	1,789.4	1,780.4	1,928.5 [^]
Net EPS (sen)	705.6	950.8	1,095.4	1,390.8	1,780.4	1,198.1 [^]
Gross dividend per share (sen)	-	*	*	-	-	-

Notes:

* Dividend of RM1,371,966 (net of taxation) was proposed for the financial year ended 31 December 1996 and was subsequently reversed in the financial year ended 31 December 1997.

[^] Annualised

9.2 ANALYSIS AND COMMENTARY ON FINANCIAL INFORMATION

The management discussion and analysis of the financial conditions and results of operations of the Group have been prepared as if the Group has been in existence for the periods presented. The following discussion and analysis should be read in conjunction with the Group consolidated financial statements included in Section 9.0 of this Prospectus.

(a) Segmental analysis of revenue and profits

No segmental analysis has been prepared as the Group operates principally within the same industry and within the country.

9.0 FINANCIAL INFORMATION *(Cont'd)*

(b) Overview of revenue and profits growth and factors contributing, tax consideration, exceptional and extraordinary items

An overview of the revenue and profits, including taxation, exceptional and extraordinary items for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000 is in the Accountants' Report which is set out in Section 10.0 of this Prospectus.

(c) Impact of interest rates

Impact of interest rates on profits is minimal as the KB Group has a low gearing level for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000.

(d) Review for the past five (5) financial years

A review for the past five (5) financial years ended 31 December 1995 to 1999 and the nine (9) months ended 30 September 2000 is in the Accountants' Report which is set out in Section 10.0 of this Prospectus.

Save as disclosed in Section 3, 4, and 9 of this Prospectus, the financial performance, position and operations of the Company and/or the Group are not materially affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that the Company and/or the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Company and/or the Group;
- (b) material capital expenditure commitments;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company and/or the Group; and
- (d) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.3 WORKING CAPITAL, BORROWINGS, LITIGATION AND CONTINGENT LIABILITIES

(i) Working Capital

The Directors of KB are of the opinion that after taking into account the cashflow estimate and forecast, the banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the working capital available to the Group will be sufficient for its foreseeable requirements.

9.0 FINANCIAL INFORMATION (Cont'd)

(ii) Borrowings

As at 28 February 2001, the total outstanding borrowings of the Group amounted to approximately RM4,334,587. These borrowings are interest-bearing and consists of the following:

	Payable within twelve (12) months RM	Payable after twelve (12) months RM	Total outstanding RM
Term Loan	947,965	1,962,819	2,910,784
Revolving Credit	500,000	-	500,000
Hire Purchase	848,442	75,361	923,803
TOTAL	2,296,407	2,038,180	4,334,587

(iii) Material Litigation

Neither the Company nor its subsidiary companies are engaged in any material litigation, either as plaintiff or defendant, or any material claims against the Company or its subsidiary companies, or material arbitration proceedings which has a material effect on the business or financial position of the Company or its subsidiary companies and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Company or its subsidiary companies.

(iv) Contingent Liabilities

As at 15 March 2001, the KB Group does not have any material contingent liabilities.

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9.0 FINANCIAL INFORMATION *(Cont'd)*

9.4 FUTURE FINANCIAL INFORMATION

9.4.1 Consolidated Profit Estimate and Forecast

The Directors of KB, estimate and forecast that, barring any unforeseen circumstances, the consolidated estimate and forecast profit after taxation for the financial year ended/ending 31 December 2000 and 2001 will be as follows:

Financial year ended/ending 31 December	Proforma Estimate 2000 RM'000	Forecast 2001 RM'000
Turnover	152,650	166,497
Consolidated profit before taxation	22,480	25,699
Taxation	(6,281)	(7,168)
Consolidated profit after taxation	16,199	18,531
Number of KB Shares assumed to be in issue ('000)	50,341	74,042
Gross EPS (sen)	44.7*	34.7^
Net EPS (sen)	32.2*	25.0^
Net PE multiple based on the Issue Price of RM1.60 per KB Share (times)	5.0	6.4

Notes:

* Based on the number of ordinary shares assumed to be in issue of 50,341,203 KB Shares after the Acquisitions but before the Rights Issue and Public Issue which are expected to be completed by March 2001 and May 2001 respectively

^ Based on the enlarged issued and paid-up share capital of 74,042,002 KB Shares

The principal bases and assumptions upon which the above consolidated profit estimate and forecast of the Group have been made are set out below:

1. There will be no significant changes in the management or management policies currently adopted by the Group;
2. There will be no significant changes in the present legislation or government regulations, direct or indirect taxes and duties which will adversely affect the Group's activities;
3. The Group will continue to enjoy the existing credit facilities and interest rates will not vary significantly;
4. There will be no industrial disputes or any other abnormal factors which will adversely affect the operations of the Group;
5. There will be no significant changes in the current demand and the prevailing Malaysian and world economic market conditions which will adversely affect the Group;
6. The inflation rate and exchange rates of foreign currencies will not fluctuate significantly from their present levels;
7. There will be no material changes in the present demand and market conditions for the Group's products and the estimate / forecast sales mix of the Group's products will be achieved;
8. There will be no disruption in the supply of machinery by the major suppliers and there will be no material change in the prices of machinery that will adversely affect the Group's activities;

9.0 FINANCIAL INFORMATION (Cont'd)

9. There will be no significant changes in the prices of major spare parts, labour and other operating cost;
10. Any increase in the cost of products will be compensated through an equivalent increase in selling price;
11. The Public Issue of 11,109,000 new ordinary shares of RM1.00 each in KB at an issue price of RM1.60 each will be fully subscribed. The Public Issue will be completed by May 2001; and
12. The capital expenditure programme will be implemented, incurred and paid as anticipated with no material changes in cost or price. There will be no material additions of fixed assets other than those planned.

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9.0 FINANCIAL INFORMATION *(Cont'd)*

9.4.2 Reporting Accountants' Letter on the Consolidated Profit Estimate and Forecast

(Prepared for the inclusion in this Prospectus)



KPMG (Firm No. AF 0758)
Public Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 255 3388
Fax + (603) 255 0971

The Board of Directors
Knusford Berhad
(Formerly known as Wengcon Corporation Berhad)
33-35 2nd Floor
Wisma Ekovest
Jalan Desa Gombak 6
Taman Sri Setapak
Off Jalan Gombak
53000 Kuala Lumpur

16 March 2001

Dear Sirs

Consolidated profit estimate/forecast for year ended/ending 31 December 2000 and 2001

We have reviewed the consolidated profit estimate/forecast of Knusford Berhad (formerly known as Wengcon Corporation Berhad) ("KB") as set out in the Prospectus to be dated 28 March 2001 in connection with the public issue of 11,109,000 new ordinary shares of RM1.00 each in KB at an issue price of RM1.60 per share and in conjunction with its listing on the Main Board of the Kuala Lumpur Stock Exchange. The Directors of KB are responsible for the preparation and presentation of the estimate/forecast and the assumptions on which the estimate/forecast are based.

Our review has been undertaken to enable us to form an opinion as to whether the estimate/forecast, in all material respects, are properly prepared on the basis of the Directors' assumptions and are presented on a basis consistent with the accounting policies adopted and disclosed by KB and its subsidiaries ("the Group") in their audited financial statements for the period ended 30 September 2000.

Estimate/Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which the Directors expect to take place and the actions which the Directors expect to take as of the date the information is prepared (best-estimate assumption). While information may be available to support the assumptions on which the estimate/forecast are based, such information is generally future oriented and therefore uncertain.

Actual results are likely to be different from the estimate/forecast since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we do not express any opinion as to whether the estimate/forecast will be achieved nor can we guarantee or confirm the achievement of those results.



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.

9.0 FINANCIAL INFORMATION *(Cont'd)*



In our opinion, the consolidated profit estimate/forecast, so far as the accounting policies and calculations are concerned, have been properly prepared on the basis of the Directors' assumptions, as set out in the Prospectus, and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in their audited financial statements for the period ended 30 September 2000.

Yours faithfully

A handwritten signature in black ink, appearing to be 'KPMG' or similar, written in a cursive style.

KPMG

(Firm number: AF 0758)

Public Accountants

A handwritten signature in black ink, appearing to be 'Abdullah Abu Samah', written in a cursive style.

Abdullah Abu Samah

Partner

Approval Number: 2013/6/02(J)

9.0 FINANCIAL INFORMATION (Cont'd)

9.4.3 Directors' Analysis and Commentary on the Consolidated Profit Estimate and Forecast

Turnover for the financial year ended 31 December 2000 is expected to increase by approximately 18.3% to about RM152.7 million from about RM129.0 million the previous year. The increase is as a result of the overall improvement in the Malaysian economy.

Profit after tax is expected to be around RM16.2 million which represents an increase of approximately 9.9% from the adjusted profit after tax for the financial year ended 31 December 1999 of about RM14.8 million (assuming a notional tax charge of 28% is applied to the RM20.5 million achieved in the financial year ended 31 December 1999 which is a tax-free year)

For the financial year ending 31 December 2001, turnover is expected to increase by approximately 9.1% from about RM152.7 million to about RM166.5 million due to the implementation of its planned expansion plans.

Accordingly, profit after tax is expected to grow by approximately 14.4% from about RM16.2 million the previous year to about RM18.5 million for the financial year ending 31 December 2001.

The turnover and profit after tax for the financial year ended/ending 31 December 2000 and 2001 is not expected to change after the implementation of the Restructuring and Listing Exercise except for the interest savings arising thereon.

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9.0 FINANCIAL INFORMATION *(Cont'd)*

9.5 DIVIDEND ESTIMATE AND FORECAST

It is the policy of the Directors of KB in recommending dividends to allow shareholders to participate in the profits of the Group whilst retaining adequate reserves for its future growth.

The Directors of KB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a final gross dividend of 10% per ordinary share for the financial year ended/ending 31 December 2000 and 2001, based on the enlarged issued and paid-up share capital of RM74,042,002 comprising 74,042,002 KB Shares. Future dividends may not be declared in the event of insufficient retained profit or cashflow to pay dividend.

The intended appropriation of the consolidated profit estimate and forecast for the financial year ended/ending 31 December 2000 and 2001 is as follows:

For the financial year ended/ending 31 December	Proforma Estimate 2000 RM'000	Forecast 2001 RM'000
Consolidated profit before taxation	22,480	25,699
Taxation	(6,281)	(7,168)
Consolidated profit after taxation	16,199	18,531
Dividend of 10 sen per share, less tax	(5,331)	(5,331)
Consolidated retained profit for the year	10,868	13,200
Gross dividend per ordinary share (sen)	10.0	10.0
Net dividend per ordinary share (sen)	7.2	7.2
Net dividend cover (times)	3.04*	3.47*
Gross dividend yield based on the Issue Price of RM1.60 per KB Share (%)	6.25	6.25
Net dividend yield based on the Issue Price of RM1.60 per KB Share (%)	4.50	4.50

Note:

- * Based on the enlarged issued and paid-up share capital of 74,042,002 KB Shares

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9.0 FINANCIAL INFORMATION (Cont'd)

9.6 PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of the KB Group, for which the Directors are solely responsible, have been prepared based on the audited balance sheets of KB and its subsidiaries as at 30 September 2000 and accounting principles and bases consistent with those previously adopted in the preparation of their audited financial statements and are provided for illustrative purposes only, to show the effects on the balance sheet of KB as at 30 September 2000 had the Restructuring and Listing Exercise been effected at that date:

	Audited as at 30.9.2000 RM'000	Proforma I After Acquisitions RM'000	Proforma II After I and Rights Issue RM'000	Proforma III After II and Public Issue RM'000
PROPERTY, PLANT AND EQUIPMENT	-	15,280	15,280	32,580
CURRENT ASSETS				
Inventories	-	17,694	17,694	17,694
Trade and other receivables	-	98,569	98,569	98,569
Cash and bank balances	3	17,542	32,023	25,667
	3	133,805	148,286	141,930
CURRENT LIABILITIES				
Trade and other payables	144	49,711	49,711	49,711
Borrowings	-	2,553	2,553	-
Taxation	-	5,642	5,642	5,642
	144	57,906	57,906	55,353
NET CURRENT (LIABILITIES) / ASSETS	(141)	75,899	90,380	86,577
	(141)	91,179	105,660	119,157
Financed by :-				
SHARE CAPITAL	*	50,341	62,933	74,042
SHARE PREMIUM	-	7,551	9,440	14,105
ACCUMULATED LOSSES	(141)	(141)	(141)	(141)
RESERVE ARISING FROM CONSOLIDATION	-	31,151	31,151	31,151
SHAREHOLDERS' FUNDS	(141)	88,902	103,383	119,157
DEFERRED LIABILITY				
Borrowings	-	2,277	2,277	-
	(141)	91,179	105,660	119,157
NTA per ordinary share (RM)		1.77	1.64	1.61

Note:

* Comprise 2 ordinary shares of RM1.00 each

9.0 FINANCIAL INFORMATION (Cont'd)

Notes to the Proforma Consolidated Balance Sheets as at 30 September 2000
1. Restructuring and Listing Exercise

The proforma consolidated balance sheets of the KB Group are for illustrative purposes only and have been prepared based on accounting principles and bases consistent with those previously adopted in the preparation of their audited financial statements. The proforma consolidated balance sheets are based on the audited financial statements of KB, WHSB Group and WEQSB, as at 30 September 2000 and incorporate the following transactions so as to reflect the Restructuring and Listing Exercise as if it had been carried out on that date:

Proforma I – Acquisitions

Acquisition of the entire issued and paid-up share capital of WHSB comprising 5,800,000 ordinary shares of RM1.00 each based on its consolidated NTA as at 31 December 1998 of RM28,721,314. The purchase consideration of RM28,721,314 will be satisfied by an issue of 24,975,055 new ordinary shares of RM1.00 each in KB at an issue price of RM1.15 per share.

Acquisition of the entire issue and paid-up share capital of WEQSB, comprising 500,000 ordinary shares of RM1.00 each based on its NTA as at 31 December 1998 of RM29,171,068. The purchase consideration of RM29,171,068 will be satisfied by an issue of 25,366,146 new ordinary shares of RM1.00 each in KB at an issue price of RM1.15 per share.

Proforma II – Rights Issue

Rights issue of 12,591,799 new ordinary shares of RM1.00 each in KB at an issue price of RM1.15 per share on the basis of approximately 1.0005 new ordinary shares for every 4 existing shares held based on the enlarged share capital comprising 50,341,203 ordinary shares of RM1.00 each after the Acquisitions.

Proforma III – Public Issue

Public issue of 11,109,000 new ordinary shares of RM1.00 each in KB at an issue price of RM1.60 per share and intended utilisation of the proceeds from the issuance of shares from the Right Issue and Public Issue as follows:-

	RM'000
Repayment of bank borrowings and finance lease liabilities	4,625
Purchase of freehold land and building	12,300
Purchase of plant and equipment	5,000
Listing expenses	2,000
Working capital	8,330
	<hr/>
	32,255
	<hr/> <hr/>

9.0 FINANCIAL INFORMATION (Cont'd)

2. Share capital

	Number of ordinary shares	Cumulative proforma share capital of KB
	'000 units	RM'000
	*	*
Number of shares in issue as at 30 September 2000		
Add : Issuance of 50,341,201 new ordinary shares of RM1.00 each at an issue price of RM1.15 on the Acquisitions	50,341	50,341
Rights Issue of 12,591,799 new ordinary shares of RM1.00 each at an issue price of RM1.15 per share	12,592	12,592
Public issue of 11,109,000 new ordinary shares of RM1.00 each at an issue price of RM1.60 per share	11,109	11,109
		<hr/> 74,042 <hr/>
* Comprise 2 ordinary shares of RM1.00 each.		

3. Share premium

	RM'000
Balance as at 30 September 2000	-
Add : Arising on the Acquisitions	7,551
Arising on Rights Issue	1,889
Arising on Public Issue	6,665
Less: Estimated listing expenses	(2,000)
	<hr/> 14,105 <hr/>

4. Reserve arising on consolidation

	RM'000
Net assets of WHSB Group and WEQSB as at 30 September 2000	89,043
Purchase consideration to be satisfied by the issuance of 50,341,201 new ordinary shares at an issue price RM1.15 per share	(57,892)
	<hr/> 31,151 <hr/>

9.0 FINANCIAL INFORMATION (Cont'd)

9.7 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

(Prepared for the inclusion in this Prospectus)



KPMG (Firm No. AF 0758)
Public Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 255 3388
Fax + (603) 255 0971

The Board of Directors
Knusford Berhad
(formerly known as Wengcon Corporation Berhad)
33-35 2nd Floor
Wisma Ekovest
Jalan Desa Gombak 6
Taman Sri Setapak
Off Jalan Gombak
53000 Kuala Lumpur

16 March 2001

Dear Sirs

**Knusford Berhad (formerly known as Wengcon Corporation Berhad)
Proforma consolidated balance sheets as at 30 September 2000**

We have reviewed the presentation of the proforma consolidated balance sheets of Knusford Berhad (formerly known as Wengcon Corporation Berhad) ("KB") and its subsidiaries ("the Group") as at 30 September 2000 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the Prospectus to be dated 28 March 2001 in connection with the public issue of 11,109,000 new ordinary shares of RM1.00 each in KB at an issue price of RM1.60 per share and the listing of and quotation for the entire issued and paid up share capital of KB on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets, together with the accompanying notes thereto, which are prepared for illustrative purposes only, have been properly prepared on the basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

KPMG
(Firm number: AF 0758)
Public Accountants

Abdullah Abu Samah
Partner
Approval number: 2013/6/02(J)



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