

14. OTHER INFORMATION

14.1 Share Capital

- (a) No ordinary shares will be allotted or sold on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company.
- (c) 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 2,280,000 ordinary shares of RM1.00 each reserved for the eligible employees, customers, suppliers, sub-contractors and Directors of the Group pursuant to this Prospectus, there are at present no other schemes involving the employees and Directors in the share capital of the Company or its subsidiaries.
- (e) As at the date of this Prospectus, save as disclosed below, none of the share capital of the Company or any of its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option.
- (f) Save as disclosed in Sections 4.2, 4.6 and 14.5(a) 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 the Company's Articles of Association ("Articles") and shall apply in the following extracts:-

A. Remuneration Of Directors

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

Article 110

Subject to these Articles, the fees of the Directors shall from time to time be determined by the Company in general meeting but:

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- (3) all fees payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

14. OTHER INFORMATION (Cont'd)

Article 111

The Directors may be paid all traveling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 112

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to;

- (1) render any special or extra services to the Company; or
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or be a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

B. 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 124

Except as provided by Article 125, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company or any other party.

Article 125

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.

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14. OTHER INFORMATION (Cont'd)

C. Changes In The Capital And Variation Of Class Rights

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

Article 12

If at any time the share capital is divided into difference classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 55 and 56 of the Act and whether or not the Company is being wound up) be varied or abrogated with:

- (1) the consent in writing of the holders of three-fourths of the issued shares of that class; or
- (2) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

To every such separate general meeting, the provision of these Articles relating to general meetings shall mutates mutandis apply, except that the necessary quorum shall be 2 persons at least holding or representing by proxy one-third of the issued shares of the class (but so that if at any adjourned meetings of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of shares of the class present in person or by proxy may demand a poll.

Article 13

All new issues for which listing is sought shall be made by way of crediting the securities accounts of the allottees or entitled persons with such securities save and except where the Company is specifically exempted from complying with Section 38 of the Central Depositories Act. For this purpose, the Company shall notify the Central Depository of the names of the allottees or entitled persons and all such particulars as may be required by the Central Depository to enable the Central Depository to make the appropriate entries in the securities accounts of such allottees or entitled persons. Notwithstanding these Articles, the Company shall comply with the provisions of the Central Depositories Act and the Rules in all matters relating to the prescribed securities.

Article 14

Subject to Section 65 of the Act, the rights attached to any class shall not (unless otherwise provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking in any respect *pari passu* with that class.

Article 15

Subject to the Act and these Articles, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Director who may offer, issue, allot (with or without conferring a right of renunciation), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any security into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine.

14. OTHER INFORMATION (Cont'd)

Article 16

Article 15 shall be subject to the following provision:

- (1) the Company shall not offer, issue, allot, grant options over shares, grant any right or right to subscribe for shares or any right or rights to convert any security into shares or otherwise deal with or dispose of shares which will or may have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;
- (2) no Directors shall participate in an issue of shares to employees unless:
 - (a) the Members in general meeting have approved the specific allotment to such director; and such Director holds office in an executive capacity or if he does not hold such office, participates in an issue of shares pursuant to an offer or issue of shares to the public;
 - (b) such Director holds office in an executive capacity or if he does not hold such office, participates in an issue of shares pursuant to an offer or issue of shares to the public;
- (3) no shares shall be issued at a discount except in accordance with Section 59 of the Act;
- (4) the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time;
- (5) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating them.

Article 17

Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or as the Directors (subject to being duly authorized to do so by an ordinary resolution of the Company) may determine provided that where the capital of the Company consists of shares of different monetary denominations, voting rights shall be determined in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

Article 25

Subject to the Act and these Articles, any preference shares may be issued on terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as may be provided for by these Articles.

Article 26

If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

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14. OTHER INFORMATION (Cont'd)

Article 27

Preference shareholders shall have:

- (1) the same rights as ordinary shareholders as regards:
 - (a) receiving notices, reports and audited financial statements; and
 - (b) attending general meetings of the Company;
- (2) the right to vote any meeting convened for the purposes of reducing the capital, or to wind up the Company and during the winding up of the Company, or disposing the whole of the Company's property, business and undertaking or of directly affecting the rights attached to their shares and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than 6 months or for a winding-up.
- (3) the right to a return of capital in preference to holders of ordinary shares when the Company is wound-up.

Article 28

The repayment of preference capital other than redeemable preference shares or any other alteration of preference shareholders rights, may 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 if obtained from the holders of three-fourths of the preference shares concerned within 2 months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

D. Transfer Of Securities And Transmission Of Securities

The provisions in the Company's Articles of Association, the Second Board Listing Requirements of the KLSE, the Act and the Rules of the MCD ("the Rules") in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

Article 43

Subject to the Act, these Articles, the Central Depositories Act and the Rules, the transfer of any securities or class of listed securities of the Company shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of securities.

Article 44

The instrument of transfer lodged with the Company shall be executed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the transferee's name is entered in the Register as the holder of that share.

Article 45

The Directors may decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve.

14. OTHER INFORMATION (Cont'd)

Article 46

The Central Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

Article 47

Subject to the Central Depositories Act and the Rules, any member may transfer all or any of its fully paid securities by instrument in writing in the form prescribed and approved by KLSE and the Registrar (as the case may be) which are deposited with the Central Depository in the manner provided under the Central Depositories Act and the Rules. Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law. The instruments shall be executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the shares transferred is entered in the Register and/or the Record of Depositors as the case may be. All transfers of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

Article 55

A personal representative of a deceased holder of a share shall not be recognized except by the Central Depository in accordance with the Rules or as the Central Depository may determine.

Article 56

The entitlement of a person becoming entitled to a share in consequence of the death, bankruptcy or mental disorder of a Member to elect either to have his name entered as the holder of such share in the Record of Depositors or to have the name of some person nominated by him entered in the Record of Depositors as a holder of such shares shall be subject to and in accordance with the Rules or as the Central Depository may determine.

Article 57

A person becoming entitled to a share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law, shall subject to and in accordance with the Rules or as the Central Depository may determine, be entitled to the rights to which he would be entitled as the holder of the share.

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14. OTHER 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 3 June 2003 (being the latest practicable date prior to the printing of this Prospectus) the Directors' shareholdings in the Company before and after the Public Issue are as follows:-

| Name | No. of Shares Held Before Public Issue/Placement | | | | No. of Shares Held After Public Issue/Placement | | | |
|-----------------------------------|--|---|---------------------------|-------|---|------|---------------------------|-------|
| | <----- Direct -----> | | <----- Indirect -----> | | <----- Direct -----> | | <----- Indirect -----> | |
| | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % |
| Dato' Abdul Rani bin Mohd Razalli | - | - | 32,920,000 ⁽¹⁾ | 100.0 | *30,000 | 0.07 | 32,920,000 ⁽¹⁾ | 74.82 |
| Ir. Lee Swee Eng | - | - | 32,920,000 ⁽²⁾ | 100.0 | *30,000 | 0.07 | 32,920,000 ⁽²⁾ | 74.82 |
| Sofiyah bin Yahya | - | - | 32,920,000 ⁽¹⁾ | 100.0 | *30,000 | 0.07 | 32,920,000 ⁽¹⁾ | 74.82 |
| Lee Hui Leong | - | - | 4,247,091 ⁽³⁾ | 12.9 | *30,000 | 0.07 | 4,247,091 ⁽³⁾ | 9.65 |
| Gan Siew Liat | - | - | 32,920,000 ⁽⁴⁾ | 100.0 | *30,000 | 0.07 | 32,920,000 ⁽⁴⁾ | 74.82 |
| Chew Fook Sin | - | - | 32,920,000 ⁽⁵⁾ | 100.0 | *30,000 | 0.07 | 32,920,000 ⁽⁵⁾ | 74.82 |
| Mohamed Tajudin bin Mohamed Alias | - | - | - | - | *30,000 | 0.07 | - | - |
| Dato' Ab. Halim bin Mohyiddin | - | - | - | - | *30,000 | 0.07 | - | - |
| Lim Yu Tey | - | - | - | - | *30,000 | 0.07 | - | - |

* Based on their respective entitlements pursuant to the allocation of shares to eligible directors and employees of KNM Group

Notes:

1. Deemed interested by virtue of their direct and indirect (via IMSB) interest in TKSB and their indirect interest in IMSB (via PSSB)
2. Deemed interested by virtue of his indirect interest in IMSB (via PSSB) and indirect interest in TKSB (via IMSB)
3. Deemed interested by virtue of his direct interest in TKSB
4. Deemed interested by virtue of her spouse, Ir. Lee Swee Eng's indirect interest in IMSB (via PSSB) and indirect interest in TKSB (via IMSB)
5. Deemed interested by virtue of his direct interest in TKSB, and by virtue of his sister-in-law, Gan Siew Liat's indirect interest in IMSB and TKSB

14. OTHER INFORMATION (Cont'd)

- (d) Based on the Register of Major Shareholders as at 3 June 2003 (being the latest practicable date prior to the printing of this Prospectus), the major shareholders (with 5% or more shareholding, direct and indirect) of the Company before and after the Public Issue are as follows:

| Name | Before Public Issue/Placement | | | | | | After Public Issue/Placement | | | | | |
|------|-------------------------------|------|---------------|----------|--|---------------|------------------------------|--|---------------|----------|--|--|
| | Direct | | | Indirect | | | Direct | | | Indirect | | |
| | No. Of Shares | % | No. Of Shares | % | | No. Of Shares | % | | No. Of Shares | % | | |
| TKSB | 4,247,091 | 12.9 | - | - | | 4,247,091 | 9.65 | | - | - | | |
| IMSB | 28,672,909 | 87.1 | *4,247,091 | 12.9 | | 28,672,909 | 65.17 | | *4,247,091 | 9.65 | | |

** Deemed interested by virtue of IMSB's 19.47% direct interest in TKSB*

- (e) Save for the Directors and substantial shareholders who are interested in the Acquisitions of KNMPS and KNMI as set out in Section 7.1, none of the other Directors or the substantial shareholders of KNM and its subsidiaries has any material interest in any contract or arrangement which is significant in relation to the business of the Group and subsisting at the date of this Prospectus.
- (f) None of the other Directors or the substantial shareholders are interested, directly or indirectly, in any business carrying a similar trade as the Company and its subsidiary companies.
- (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 last financial year ended 31 December 2002.
- (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 14.4(g), 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 such payment.

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14. OTHER INFORMATION (Cont'd)**14.4 General Information**

- (a) The nature of the Group's business is set out in Section 4.4 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 Section 4.6 of this Prospectus.
- (b) The time of the opening and closing of the Application Lists is set out in Section 15 of this Prospectus.
- (c) The amount payable in full on application of the Public Issue Shares is RM1.48 per ordinary share.
- (d) As at the date of this Prospectus, the Company and its subsidiaries do not have any convertible 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 of this Prospectus.
- (f) The name and address of the Auditors and Reporting Accountants of the Company are set out in the Corporate Directory Section of this Prospectus.
- (g) Underwriting commission is payable by the Company to the Managing Underwriter and Underwriters at the rate of 2% of the issue price of RM1.48 per ordinary share on the ordinary shares being underwritten which form the subject of this Prospectus;
 - (ii) Brokerage will be paid by the Company at the rate of 1% of the issue price of RM1.48 per ordinary share to the parties in the circumstances specified in Section 2.8 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 Second Board of the KLSE amounting to approximately RM1,500,000 will be borne by the Company.
- (h) Save as disclosed under item (g) above, no commission, discounts, brokerage 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 Company or any of its subsidiaries and no Director or proposed Director or promoter or expert is entitled to receive any such payment.
- (i) No amount or benefit has been paid or given within the two (2) preceding years of the date hereof nor is it intended to be so paid or given, to any promoter, except for any remuneration received in the course of employment.
- (j) Save as disclosed below, the Company and its subsidiaries have not established a place of business outside Malaysia:
 - (i) KNM by its international arm of KNMI had set-up a plant in China under a wholly owned subsidiary, KNMSPEC, situated at the Changshu Development Area, within the Jiangshu Province, to design, manufacture, assembly, commissioning and maintenance of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries within the market in China;

14. OTHER INFORMATION (Cont'd)

- (ii) Agreement dated 30 June 1993 between KNMPS and Vergaengineering, Italy to appoint KNM as the promotion and sales agent as well as for the design and engineering of the products 'Fired Heaters and associated equipment, Heat Recovery Systems / Waste Heat Boiler, Hot Oil Units, CO Boilers, Gas Incinerators and Design and Engineering';
 - (iii) Agency agreement dated 4 February 1997 made between KNMPS and Latif International Trading & Contracting Company W.L.L. ("Latif") whereby KNMPS became Latif's sole and exclusive agent for its business in the State of Kuwait;
 - (iv) Appointment of KNMPS by Ellimetal Silo's, Tanks & Appataten, Belgium on 8 October 1999 as its representative for sales of alumium silos for projects in Malaysia;
 - (v) A licensee and representative agreement dated 31 July 2000 made between KNMPS and JPM Ingenieurtechnik GmbH, Heideweg for a period of 5 years. The terms of the agreement has been disclosed in Section 4.10.4(b) of the Prospectus;
 - (vi) Market Consultancy Agreement made between KNMPS and Al-Jubail International Trading ("Al-Jubail") on 23 August 2001 where KNMPS agreed to appoint Al-Jubail to be its marketing and business consultant solely for the Project to assist KNM in the bidding exercise;
 - (vii) Appointment of Ricon International NV ("Ricon") on 26 June 1998 as KNMPS' as consultants to provide advice and assistance to KNMPS in locating first class suppliers or contractors for projects handled by KNMPS in Europe;
 - (viii) Appointment of KNMPS by LeFloch Depollution as exclusive representative in Malaysia for its products and services for a period of 3 years from 19 September 2002;
 - (ix) Agency Agreement dated 6 May 2002 made between KNMPS with Al-Bateel Trading Co. W.L.L. as exclusive agent for its business for a period of 2 years in the State of Qatar; and
 - (x) Agency Agreement dated 12 June 2002 made between KNMPS and PT Jaya Karya Utama as exclusive agent for a period of 3 years for its business in Indonesia.
- (k) Save as disclosed in the consolidated profit forecast and assumptions of the Company and its subsidiary companies and the factors as stated in Section 9.2 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.
- (l) The financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:
- (i) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's or the Group's liquidity increasing or decreasing in any material way;
 - (ii) material commitments for capital expenditure;

14. OTHER INFORMATION (Cont'd)

- (iii) unusual or infrequent events or transaction or any significant economic changes that materially affected the amount of reported income from the operations; and
 - (iv) known trends or uncertainties that have had or the Company reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.
- (m) 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.
- (n) Save for those that have already been disclosed in Section 2.6 of this Prospectus, no other property has been acquired or is proposed to be acquired by the Company or its subsidiary companies in contemplation of the Public Issue.
- (o) There is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company, except for the Public Issue and Placement Shares.

14.5 Material Contracts

Save for (a) and (b) and as disclosed below, there are no contracts which are or may be material (not being contracts entered in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two (2) years preceding the date of this Prospectus:-

- (a) Conditional Sale and Purchase Agreement dated 18 December 2000 between KNM and IMSB, and KNM and TKSB, for the acquisition of 3,100,000 ordinary shares representing the entire issued and paid up share capital of KNMPS for a total purchase consideration of RM34,186,350 to be satisfied by the issuance of 28,253,182 new ordinary shares of RM1.00 each in KNM at an issue price of RM1.21 per new ordinary share;
- (b) Placement Agreements between KNM, the Placer and the respective Placees namely Dato' Ahmad Anuar bin Mohamad (dated 9 January 2001), Alias Hj. Ashaari (dated 19 February 2001 and mutually terminated on 9 June 2003), Dr. Mohd Amir Sharifuddin bin Hashim (dated 19 February 2001 and mutually terminated on 9 June 2003), Zakaria bin Ariffin (dated 19 February 2001), Dr. Rauzah Hashim (dated 19 February 2001 and mutually terminated on 9 June 2003), Syed Feizal Syed Mohamad (dated 8 March 2001 and supplemented on 9 June 2003) and Ooi Cheow Har (dated 9 June 2003). The respective Placees undertake to the Placer to subscribe for the placement shares i.e. ordinary shares in the Placer under the placement when the Prospectus is issued in accordance with the requirements and terms of the Prospectus;
- (c) Sale and Purchase Agreement dated 25 February 2002 between Lembaga Kemajuan Bintulu (Bintulu Development Authority) and KNMPS for the purchase of land known as Plot 1, being part of Parent Lots 124 and 128, Block 20, Kemena Land District at Kidurong Industrial Area, Bintulu for a purchase consideration of RM1,037,815.10;

14. OTHER INFORMATION (Cont'd)

- (d) Sale and Purchase Agreement dated 18 December 2002 between Green Province Sdn Bhd and KNMPS for the purchase of leasehold land measuring approximately 250 square meters in area together with a single storey terrace house erected thereon bearing a postal address No. 2, Jalan Rambai Jaya 1, Taman Rambai Jaya, Bukit Rambai, 75250 Melaka for a purchase consideration of RM95,000;
- (e) Sale and Purchase Agreement dated 18 December 2002 between Green Province Sdn Bhd and KNMPS for the purchase of leasehold land measuring approximately 113 square meters in area together with a single storey terrace house erected thereon bearing a postal address No. 4, Jalan Rambai Jaya 1, Taman Rambai Jaya, Bukit Rambai, 75250 Melaka for a purchase consideration of RM75,000;
- (f) Sale and Purchase Agreement dated 18 December 2002 between Green Province Sdn Bhd and KNMPS for the purchase of leasehold land measuring approximately 113 square meters in area together with a single storey terrace house erected thereon bearing a postal address No. 6, Jalan Rambai Jaya 1, Taman Rambai Jaya, Bukit Rambai, 75250 Melaka for a purchase consideration of RM75,000;
- (g) Sale and Purchase Agreement dated 18 October 2002 between Green Province Sdn Bhd and KNMPS for the purchase of property measuring approximately 111 square meters in area together with a single storey terrace house erected thereon bearing a postal address No. 4, Jalan Rambai Jaya 4, Taman Rambai Jaya, Bukit Rambai, 75250 Melaka for a purchase consideration of RM75,000;
- (h) Sale and Purchase Agreement dated 18 October 2002 between Green Province Sdn Bhd and KNMPS for the purchase of property measuring approximately 111 square meters in area together with a single storey terrace house erected thereon bearing a postal address No. 12, Jalan Rambai Jaya 4, Taman Rambai Jaya, Bukit Rambai, 75250 Melaka for a purchase consideration of RM75,000;
- (i) A Management Assistance Agreement was entered into between KNMSPEC and KNMI on 26 June 2002. KNMI will provide KNMSPEC with assistance in the implementation of an internal control, finance and accounting system and a managerial system, and its expertise in the areas of quality control and marketing for a period of 50 years. KNMSPEC will pay KNMI a management fee at the rate of 2% of the net sales;
- (j) A Technology Licence and Technical Assistance Agreement was entered into between KNMSPEC ('the Licensee') and KNMO ('the Licensor') on 26 June 2002. The Licensor grants to the Licensee for a term of 50 years the non-exclusive and non-transferable right to manufacture the products i.e. process equipment and storage equipment for oil, gas, petrochemical and chemical industries in accordance with the licensed-know-how provided by the Licensor in the People's Republic of China. In addition to an initial payment of USD600,000 which is included as a part of the Licensor's contribution to the Licensee's capital pursuant to Article 11 of the Articles of Association, the Licensee will also pay the Licensor a royalty fee of 5% of the net sales. The Licensor will also provide 1 or more technical persons to provide technical assistance during the duration of the Technical Assistance Agreement. There will be a levy of a basic charge based on an hourly rate for the different levels of technical personnel;

14. OTHER INFORMATION (Cont'd)

- (k) A Trademark Licence Agreement was entered into between KNMSPEC ('the Licensee') and KNMI ('the Licensor') on 24 September 2002. The Licensor grants to the Licensee for the term of this Agreement a non-exclusive licence to affix and use the trademarks and/or logo in connection with the manufacture, advertising and sale of the products, on the Licensee's letterhead and other documents and on the products in the People's Republic of China. The Licensee will pay the Licensor a royalty fee of 3% of the net sales for each sale of the product;
- (l) Contract No. K0151/001 entered into between KNMSPEC and Shanghai Leixin Architecture Foundation Construction Co., Ltd on 16 August 2002 for the procurement, construction, commissioning and maintenance of the KNMSPEC fabrication shop and associated facilities. The consideration payable by KNMSPEC is RMB16,100,516 only;
- (m) Contract No. SPEC0251/002 entered into between KNMSPEC and Shanghai Haoli Lift Mechanical Co., Ltd on 26 November 2002 for the construction of gantry crane and overhead crane for KNMSPEC. The consideration payable by KNMSPEC is RMB2,451,000 only;
- (n) Contract No. SPEC0251/003 entered into between KNMSPEC and Suzhou Huayuan Trading Co., Ltd on 12 December 2002 for the construction of an air-conditioning system for the office block of KNMSPEC Phase 1 fabrication shop and associated facilities. The consideration payable by KNMSPEC is RMB370,000;
- (o) Conditional Sale and Purchase Agreement dated 2 June 2003 between KNM and KNMPS for the acquisition of 500,002 ordinary shares representing the entire issued and paid-up share capital of KNMI for a cash consideration of RM500,002; and
- (p) Underwriting Agreement dated 18 June 2003 between KNM, Aseambankers and the Underwriters for the underwriting of 6,680,000 Issue Shares for an underwriting commission of 2% of the issue price of RM1.48 per Issue Share.

14.6 Material Litigations

KNM is presently not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of KNM 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 KNM and its subsidiaries.

14.7 Material Agreements

Save as disclosed below, there are no subsisting material agreements which have been entered into by the Company and its subsidiaries as at the date of this Prospectus:-

- (a) Purchase Order No. No. 57733 dated 25 February 2003 issued by Sinclair Oil Corporation to KNMPS for the design, procurement, manufacture, testing and delivery of one unit Diolfin Saturator and Main Reactor for the Sinclair Clean Fuels Project in Tulsa, Oklahoma, USA at a price of USD 389,460.00.00. The expected completion date is in November 2003.
- (b) Purchase Order No. 13426 dated 23 December 2002 issued by Brooke Dockyard and Engineering Works Corporation to KNM Steel Sdn Bhd ("KNMS") (now known as KNMPS) for the design, supply, fabricate, testing and delivery of inlet separator and Methanol Storage Drum at a price of RM2,300,000.00. The expected completion date is in September 2003.

14. OTHER INFORMATION (Cont'd)

- (c) Purchase Order No. T942030/SAI/PRT/11.10/320.01-00 dated 20 December 2002 issued by Saipem s.a. to KNMS (now known as KNMPS) for the design, procurement, manufacture and testing of pressure vessels small and high thickness for the Yoho Development Project at a price of USD1,518,500.00. The expected completion date is in August 2003.
- (d) Purchase Order No. 12733700-DU-42A02-02 dated 4 December 2002 issued by Ultramar Ltd c/o Fluor Canada Ltd to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing and delivery GDU columns at a price of CAD4,664,000.00. The expected completion date is in September 2003.
- (e) Purchase Order No. 24659-000-POA-MT00-00001 dated 25 November 2002 issued by Inco Australia Management Pty Ltd to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing and delivery of carbon steel and stainless steel tanks at a price of USD5,457,000.00. In a letter dated 4 March 2003, Inco Australia has issued a revised notice of award revision one to KNMPS to include a further suspension of eighteen months.
- (f) Purchase Order No. 001/PO/JKU/XI/02 dated 27 November 2002 issued by P.T. Jaya Karya Utama to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing and delivery of Shell and Tube Heat Exchanger at a price of USD 162,818.00. The expected completion date is in June 2003.
- (g) Contract No. S02/J/070 / Letter of Award dated 12 November 2002 issued by Petronas Carigali Sdn Bhd to KNMS (now known as KNMPS) for the provision of construction, commissioning and testing of one unit Crude Oil Tank for Miri Crude Oil Terminal (MCOT) at a price of RM10,560,000.00. The expected completion date is tentatively in September 2003.
- (h) Purchaser Order No. PPML-POKL-0008-2002 dated 8 November 2002 issued Premier Petroleum Myanmar Limited c/o Ranhill Worley Sdn Bhd to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing and delivery of Knock Out Drums for the Yetagun field Capacity Upgrade – Phase 3 at a price of USD192,719.80. The expected completion date is in June 2003 (DDU Singapore) and in July 2003 (DDU Bangkok).
- (i) Purchase Order No. 471312-4-0201-01 dated 7 November 2002 issued by Fluor Daniel on behalf of Atofina Petrochemicals, Inc. to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing and delivery for the HDS Reactor at a price of USD780,080.00. The expected completion date is in September 2003.
- (j) Purchase order with Work No. BA-0616, Requisition No. AXDA302 dated 18 November 2002 issued by Toyo Engineering Corporation to KNMS (now known as KNMPS) for the design, procurement, manufacturing, testing and delivery of columns and vessel for BASF-YPC IPS Project, AA/AE Complex, Nanjing, P.R. China at a price of USD299,000.00. The expected completion date is in July 2003.
- (k) Letter of Award ref: T&C/LOA-2002/RTN-008/2002 dated 21 October 2002 issued by Asean Bintulu Fertilizer Sdn Bhd to KNMS (now known as KNMPS) for the design, fabrication and supply of pressure vessels for NG CO2 Removal Unit at a price of RM3,774,000.00. The expected completion dates are between, September 2003 and November 2003.

14. OTHER INFORMATION (Cont'd)

- (l) Letter of Award ref: T&C/LOA-2002/RTN-009/2002 dated 21 October 2002 issued by Asean Bintulu Fertilizer Sdn Bhd to KNMS (now known as KNMPS) for the design, fabrication and supply of pressure vessels for Ammonia & Urea Plant at a price of RM2,870,160.00. The expected completion dates are between September 2003 and November 2003.
- (m) Purchase Order No. 58-AW72-60-P12-0001 dated 1 November 2002 issued by Jacobs acting as Agents for and on Behalf of Valero Refining – Texas, L.P. to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing and delivery of towers at Valero's Corpus Christi, Texas Refining Site at a price of USD3,215,800.00. The expected completion date is in July 2003.
- (n) Purchase Order No. AXKNM-001 dated 1 April 2002 issued by Toyo Engineering & Construction Sdn Bhd to KNMS (now known as KNMPS) for the design, procurement, manufacture, testing, delivery, installation of Butane bullet tanks and the related civil erection work at a price of RM40,940,529.00. The expected completion date is in June 2003.
- (o) Contract No. PFKSB-10/01-AS dated 13 March 2002 between Petronas Fertilizer (Kedah) Sdn Bhd and KNMS (now known as KNMPS) was entered into which was subsequently revised in a letter dated 16 October 2002 for the Engineering, Procurement, Construction and Pre-commissioning of Waste Water Stripping Unit and Guard Pond at a price of RM3,312,545.00. The expected completion date is in August 2003.
- (p) Contract No. C01MRR224, Form of Agreement dated 26 June 2002 between Malaysia LNG Sdn Bhd and KNMS (now known as KNMPS) for the MLNG Rejuvenation and MLNG/MLNG2 Revamp (MRR) Project at a contract price of RM5,675,500.00. The expected completion date is in November 2003.
- (q) Letter of acceptance for Tender No. 7/3-007/09/2002 dated 4 April 2003 was issued by Petronas Methanol (Labuan) Sdn Bhd for the design, procurement, manufacture, testing and delivery of one unit of High Pressure Boiler Feed Water Preheater to Petronas Methanol plant in Labuan at a price of RM3,535,000.00. The expected completion date is in April 2004.
- (r) Purchase Order No. 0-2700-P-2152-501-B dated 22 May 2003 was issued by CNOOC and Shell Petrochemicals Company Limited for the design, procurement, manufacturing, testing and delivery of the Equipment Platforms, Ladders and Pipe Supports for CSPC Nanhai LOP Project in Huizhou, China at a price of RMB6,145,800.00. The expected completion date is in February 2004.
- (s) Purchase Order No. 0-2700-P-2151-202-D dated 23 May 2003 was issued by CNOOC and Shell Petrochemicals Company Limited for the design, procurement, manufacturing, testing 3 Carbon Steel Towers for Nanhai LOP Project in Huizhou, China at a price of RMB6,505,299.00. The expected completion date is in February 2004.
- (t) Purchase Order No. OLGD1A0021 dated 14 April 2003 was issued by CME Engineering FZCO for the design, procurement, manufacturing, testing and delivery of one Stainless Steel Clad Column for the Government Train Project for the Government of the Sultanate of Oman at a price of USD188,975.00. The expected completion date is in January 2004.

14. OTHER INFORMATION (Cont'd)

- (u) Purchase Order No. OLGD1A0022 dated 14 April 2003 was issued by CME Engineering FZCO for the design, procurement, manufacturing, testing and delivery of one Carbon Steel Column up to 30mm thick for the Government Train Project for the Government of the Sultanate of Oman at a price of USD397,880.00. The expected completion date is in February 2004.
- (v) Purchase Order No. OLGD1A0023 dated 14 April 2003 was issued by CME Engineering FZCO for the design, procurement, manufacturing, testing and delivery of one Stainless Steel Column up to 60mm thick for the Government Train Project for the Government of the Sultanate of Oman at a price of USD289,136.00. The expected completion date is in February 2004.
- (w) Purchase Order No. OLGD1A0026 dated 14 April 2003 was issued by CME Engineering FZCO for the design, procurement, manufacturing, testing and delivery of seven Carbon Steel Drums up to 30mm thick for the Government Train Project for the Government of the Sultanate of Oman at a price of USD216,553.00. The expected completion date is between January 2004 to April 2004.
- (x) Purchase Order No. 5300012170 / Fax dated 3 June 2003 Authorisation to Proceed was issued by SMOE Pte Ltd for design, supply, manufacturing, fabrication, documentation, inspection, testing, certification and delivery of IP Compressor Discharge Cooler for Maersk Olie Gas AS – Dan FG Field Development Project at a price of USD508,000.00. The expected completion date is 31 January 2004.

Banking Facilities

- (a) Facilities Agreement dated 29 July 2002 between Bumiputra-Commerce Bank Berhad (“BCBB”) and KNMS (now known as KNMPS) whereby BCBB has agreed to grant the facilities to KNMS (now known as KNMPS) up to a maximum aggregate principal totaling Ringgit Malaysia Eleven Million Three Hundred and Thirty Thousand (RM11,330,000) in the form of Overdraft(RM1,500,000), Multi Option Line(RM6,000,000), Foreign Exchange Contract Limit(RM500,000), Term Loan I (RM830,000) and Term Loan II (RM2,500,000).
- (b) General Facility Agreement dated 29 July 2002 between BCBB and KNMS (now known as KNMPS) whereby BCBB has agreed to grant to KNMS (now known as KNMPS) the facilities up to the aggregate principal totaling Ringgit Malaysia thirteen Million (RM13,000,000) in the form of Overdraft (RM3,000,000) and Multi Option Line (RM10,000,000).
- (c) General Facility Agreement dated 25 February 2003 between BCBB and KNMS (now known as KNMPS) whereby BCBB has agreed to increase the Multi-Option Line from the existing limit of Ringgit Malaysia six Million (RM6,000,000) to new limit of Ringgit Malaysia Ten Million (RM10,000,000.00).
- (d) Facilities Agreement dated 22 April 2002 between HSBC Bank Malaysia Berhad (“HSBC”) and KNMS (now known as KNMPS) whereby HSBC has agreed to grant to KNMS (now known as KNMPS) general banking facilities up to the aggregate principal totaling as per terms and conditions of HSBC’s letter of offer dated 16 January 2002 for Ringgit Malaysia Eight Million (RM8,000,000) in the form of Overdraft (RM1,000,000) and Multi Option Line (RM7,000,000).

14. OTHER INFORMATION (Cont'd)

- (e) Master Facility Agreement dated 22 January 2003 between Citibank Berhad ('Citibank') and KNMS (now known as KNMPS) whereby Citibank has agreed to make or continue to make available to KNMS (now known as KNMPS) the facility or facilities up to the maximum aggregate principal amount totaling Ringgit Malaysia nineteen Million (RM19,000,000) in the form of Overdraft (RM3,000,000), Omnibus Line covering letter of credit/local guarantees and/or other undertakings/ trust receipt/ bankers acceptance/ onshore foreign currency loan (RM12,000,000) and Term loan (RM4,000,000).

Hire Purchase

A hire purchase agreement dated 20 September 2002 was entered into between KNMPS and AmFinance Berhad (formerly Arab-Malaysian Finance Berhad) on a sum of RM762,975.50 for a unit of new plate bending roll machine. The rent instalments payable during the period of hiring is for 60 months commencing from 20 October 2002.

A hire purchase agreement dated 26 September 2002 was entered into between KNMPS and AmFinance Berhad (formerly Arab-Malaysian Finance Berhad) on a sum of RM653,400 for four Romar PR120/250 TB Power Roll, nine rotator idler 250 ton and one synchronisation system (Romar Master Controller for Synchronizer). The rent installments payable during the period of hiring is for 60 months commencing from 26 October 2002.

Insurance

The insurance policies of the KNM Group (for those insured sum more than RM500,000) are as follows:

- (a) KNMPS has purchased Fire Insurance Policy Nos. 0IFA3000517 and 0IFA3000518 to insure KNMPS against fire material damage on buildings, and stock in trade of raw materials and other various items contained in the policy at lot 208, Bukit Rambai Industrial Estate, 75250 Bandar Melaka and lot 124 & 128 block 20, Kemena Land District, Kidurong Industrial Area, 97000 Bintulu, Sarawak and others stated in the policy for an aggregate insured sum of RM16,900,001 from 1 January 2003 to 31 December 2003.
- (b) KNMPS has purchased Fire Insurance Policy No. W-F-A3-AG-002469 to insure KNMPS against fire material damage on buildings, stock in trade and contents in its office and other various items contained in the policy at lot 105-106, Jalan Gebeng 1/6, Gebeng Industrial Estate, 26080 Kuantan, Pahang belonging to KNMPS and its subsidiaries and others stated in the policy for an insured sum of RM15,460,000 from 1 April 2003 to 31 December 2004.
- (c) IMSB, KNMPS, KNMO, KNM-DP, EMS Engineering Services (M) Sdn Bhd, IM Bina Sdn Bhd, Inter Merger Trading Sdn Bhd and all other subsidiaries has purchased Public Liability Insurance Policy No. 0ILA3000023 to insure IMSB and its subsidiaries against legal liability in respect of accidental bodily injury to third parties, accidental loss or damage to property of third party and claimant and litigation cost and expenses of up to RM4,000,000 anywhere in Malaysia from 20 February 2003 to 19 February 2004.
- (d) IMSB, KNMPS, KNMO, KNM-DP, EMS Engineering Services (M) Sdn Bhd, IM Bina Sdn Bhd, Inter Merger Trading Sdn Bhd and all other subsidiaries has purchased Employer's Liability Insurance Policy No. 0IWA3000007 to insure IMSB and its subsidiaries against legal liability in respect of death or injury or illness to employees arising out of or in the course of employment of up to RM1,000,000 from 20 February 2003 to 19 February 2004.

14. OTHER INFORMATION (Cont'd)

- (e) IMSB, KNMPS, KNMO, KNM-DP, EMS Engineering Services (M) Sdn Bhd, IM Bina Sdn Bhd, Inter Merger Trading Sdn Bhd and all other subsidiaries has purchased Workmen's Compensation Insurance Policy No. 0IWA3000006 to insure IMSB and its subsidiaries on all non SOCSO employees including all sub-contractor's employees of up to RM4,500,000 from 24 February 2003 to 23 February 2004.
- (f) KNMPS, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad has purchased a Marine Cargo Policy No. FOC-63000260-80 to insure KNMPS against loss or damage on its skids, bullet tankers, bolts, nuts, steel plates, steel fittings, steel pipes, valves, and internal fittings-dimesters of up to RM5,000,000 per sea carriage and RM1,000,000 per barge (from the insured's premise to Pasir Gudang, Singapore, Kuantan, Kertih, Penang and vice versa) or air carriage anywhere in the world (excluding Middle East Countries, Africa, South America and War Zone Countries) to the insured's premise and vice versa from 1 June 2000 until cancelled in accordance with the Cancellation Clauses of the Open Cover.
- (g) IMSB has purchased an Erection All Risks Insurance Policy No. 02PE00079K to insure IMSB, KNMPS, KNM-DP, EMS Engineering Services (M) Sdn Bhd, Inter Merger Bina Sdn Bhd, Inter Merger Trading Sdn Bhd and all subsidiaries for erection works and surrounding property (first loss basis) of up to RM11,000,000 from 16 July 2002 to 15 July 2003.
- (h) KNMPS (as Lessee) and AmFinance Bhd (formerly Arab-Malaysian Finance Berhad) (as Lessor) has purchased Equipment Insurance on sertom hydraulic plate bending roll machines and 4 units Romar pr120/250 TB power roll c/w polyurethane tyre, rotator idler 250 ton and synchronizer for an insured sum of RM639,450 and RM567,000 respectively, both from 7 June 2003 to 6 June 2004.

14.8 Responsibility Statement

- (i) Aseambankers, acknowledges that to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Public Issue and Placement of KNM, and is satisfied that the consolidated profit forecast for the financial year ending 31 December 2003 (for which the Directors of the Company are solely responsible) have been stated by the Directors of the Company after due and careful enquiry and have been duly reviewed by the Reporting Accountants.
- (ii) This Prospectus has been seen and approved by the Directors of the Company and they individually and collectively accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this Prospectus false or misleading.

14.9 Consents

- (i) The written consents of the Adviser, Placement Agent and Managing Underwriter, Underwriters, Company Secretary, Principal Bankers, Solicitors, Registrars and Issuing House 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;

14. OTHER INFORMATION (Cont'd)

- (ii) The written consent of the Auditors and 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 December 2003 and Proforma Consolidated Balance Sheet as at 31 December 2002 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;
- (iii) The written consent of the Valuers to the inclusion in this Prospectus of their name and Valuation Certificates in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and
- (iv) The written consent of the Independent Business and Market Research Consultants to the inclusion in this Prospectus of their name and report in the form and context 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 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 twelve (12) months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of the Company and its subsidiaries;
- (b) Directors' Report and Accountants' Report as included herein;
- (c) Reporting Accountants' letters relating to the Consolidated Profit Forecast for the financial year ending 31 December 2003 and the Proforma Consolidated Balance Sheet as at 31 December 2002 of the Company as included herein;
- (d) Valuers' certificates dated 16 June 2003 as included herein;
- (e) Audited financial statements of KNM and its subsidiaries for the past five (5) years ended 31 December 2002;
- (f) Declaration of the Advisers referred to in Section 7.3 of this Prospectus;
- (g) The material contracts referred to in Section 14.5 of this Prospectus;
- (h) The material agreements referred to in Section 14.7 of this Prospectus;
- (i) Letters of consent referred to in Section 14.9 of this Prospectus; and
- (j) Independent Market Research Report prepared by Vital Factor.

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