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## 15. OTHER GENERAL INFORMATION

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### 15.1 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) As at the date of this Prospectus, there is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another.
- (d) Save for the 2,000,000 ordinary shares of RM1.00 each reserved for the eligible employees of the Group, pursuant to this Prospectus, there are at present no other schemes involving the employees in the share capital of the Company or its subsidiary.
- (e) As at the date of this Prospectus, none of the capital of the Company or its subsidiary is under any option or agreed conditionally or unconditionally to be put under any option.
- (f) Save as disclosed in Sections 2.5, 4.2 and 4.5 of this Prospectus, no shares, stocks or debentures in the Company or its subsidiary company 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.

### 15.2 Articles Of Association

The following provisions have been extracted from the Company's Articles of Association:

#### (a) Transfer of Securities

##### Articles of Association of KST

The provisions in the Company's Articles of Association in relation to transfer of securities are as follows:

##### Article 28 - Instruments of Transfer

Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules and shall be presented to the Central Depository with such evidence (if any) as the Central Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

##### Article 29 - Refusal of Transfer

The Central Depository may refuse to register any transfer of Listed Securities that does not comply with the Central Depositories Act and Rules. Subject to the provisions of the Act, the Central Depositories Act and the Rules, no Listed Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind or any partnership or unincorporated association or body.

**15. OTHER GENERAL INFORMATION (Cont'd)****Article 30 - Suspension or Closing of Registration**

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least twelve (12) clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) Market Days prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors Provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Central Depository or such other notice period in accordance with the Rules to enable the Central Depository to issue the appropriate Record of Depositors.

**Article 27 - Transfer of Securities**

The transfer of any listed securities or class of listed securities of the company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 103 and 104 of the 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 the listed securities.

**Article 33 - Transmission of securities from Foreign Register**

(1) Where:-

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

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

- (i) there shall be no change in the ownership of such securities; and
  - (ii) the transmission shall be executed by causing such securities to be credited directly into the Securities Account of such securities holder.
- (2) Whether the requirements of subparagraphs (1) (a) and (b) above are fulfilled, the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.

**15. OTHER GENERAL INFORMATION (Cont'd)**

**(b) Remuneration of Directors**

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

**Article 93 – Directors' Remuneration**

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

- (a) the fees payable to the Directors shall from time to time be determined by a resolution of the Company in General Meeting Provided Always that such fees shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting;
- (b) save as provided in Article 93(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Article 93(a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in General Meeting;
- (c) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (d) salaries payable to executive Directors may not include a commission on or percentage of turnover; and
- (e) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 94 – Reimbursement of Expenses**

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

**15. OTHER GENERAL INFORMATION (Cont'd)**

**Article 120**

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

**(c) Voting and Borrowing Powers of Directors**

The provisions in the Articles of Association of the Company dealing with voting powers of Directors in relation to 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 98 - Directors' Borrowing Powers**

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

**Article 115 – Restriction on Voting**

In amplification of and not in derogation of Articles 103 and 104, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

**Article 116 – Power to Vote**

Subject to Article 115, a Director may vote in respect of:-

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

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**15. OTHER GENERAL INFORMATION (Cont'd)**

**Article 117**

A Director may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise, or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such corporation, unless the Company otherwise directs at the time of his appointment.

**(d) Changes in Capital and Variation of Class Rights**

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

**Article 5 – Allotment of Shares**

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

- (a) no shares shall be issued at a discount except in compliance with the provisions of section 59 of the Act;
- (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the shares;
- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) the Company must not cause or authorise its registrars to cause the Securities Accounts of the allottees to be credited with the additional shares until after the Company has filed with the Exchange an application for listing of such additional shares and been notified by the Exchange that they have been authorised for listing;
- (e) every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in General Meeting and no Director shall participate in such issues of shares or options unless:-
  - (i) the Members in General Meeting have approved of the specific allotment to be made to such Director; and
  - (ii) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate, in an issue of shares pursuant to a public issue or public offer.

**15. OTHER GENERAL INFORMATION (Cont'd)****Article 7 – Issue of Securities**

The Company must ensure that all new issues of shares or securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such shares or securities save and except where it is specifically exempted from compliance with section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this article. For this purpose, the Company shall notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees.

**Article 8 – Rights of Holders of Preference Shares**

Without prejudice to any special rights previously conferred on the Holders of any shares or class of shares already issued but subject to the provisions of the Act, the Central Depositories Act and the Rules and these Articles, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time subject thereto and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. The Holder of a preference share shall have the same rights as a Holder of ordinary share as regards receiving notices, reports and audited accounts, and attending General Meetings of the Company. The Holder of a preference share shall be entitled to a return of capital in preference to Holders of ordinary shares when the Company is wound up. The Holder of a preference share shall also have the right to vote at any General Meeting convened for each of the following purposes:-

- (a) when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights and privileges attaching to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

**Article 9 – Repayment of Preference Capital**

Notwithstanding Article 10 hereof, the repayment of preference share capital other than redeemable preference shares, or any other alteration of rights of the Holders of the preference shareholder shall only be made pursuant to a Special Resolution of the Holders of preference shares 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 (3/4) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

**15. OTHER GENERAL INFORMATION (Cont'd)****Article 10 – Modifications of Class Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed herein or in the resolution creating the same and may subject to the provisions of the Act whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths (¾) of the issued shares of that class, or with 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 Meetings the quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of section 152 of the Act shall with such adaptations as are necessary apply. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate General Meeting of the Holders of that class duly convened or held and constituted and may consist of several documents in the like form each signed by one or more of such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

**Article 11 – Ranking of Class Rights**

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

**Article 56 – Power to Alter Capital**

The Company may from time to time by ordinary resolution:-

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

**Article 57 – Power to Reduce Capital**

The Company may from time to time by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by the provisions of the Act.

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**15. OTHER GENERAL INFORMATION (Cont'd)**


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**Article 58 – Share Buy-Back and Financial Assistance**

The Company may, subject to and in accordance with the provisions of the Act, the rules, regulations and orders made pursuant to the Act, the conditions, restrictions and limitations expressed in these Articles and the requirements of the Exchange and any other relevant authority, purchase its own shares. Any shares of the Company so purchased by the Company shall be dealt with as provided in the Act and subject to the requirements or guidelines issued by the Exchange and/or the rules, regulations, orders, guidelines or requirements issued by any other relevant authority from time to time.

**15.3 Directors And Substantial Shareholders**

- (i) The names, addresses and occupations of the Directors are set out in the Corporate Directory of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so decided by the Company in general meeting.
- (iii) Save as disclosed in section 5.7 of this Prospectus, none of the directors and key management of the Company have any current or proposed service contracts with the Company or its subsidiary company.
- (iv) Save as disclosed in this Prospectus, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company or subsidiary company which are not quoted on a recognised exchange.
- (v) Save as disclosed in Section 8.1 of this Prospectus, none of the Directors nor substantial shareholders of the Company has any interest, direct or indirect, in the promotion of, or in any material assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or its subsidiary company within the two (2) years preceding the date of this Prospectus.
- (vi) Save as disclosed in Section 8.1 of this Prospectus, none of the Directors or substantial shareholders of the Company has any interest in any contract or agreement subsisting at the date of this Prospectus which is significant in relation to the business of the Company or the Group taken as a whole.
- (vii) Save as disclosed in this Prospectus, the Directors are not aware of any persons, directly or indirectly, jointly or severally, exercising control over the Company and its subsidiary company.
- (viii) For the FY ended 31 December 2002, remunerations and fees amounting to RM657,680 were paid to the Directors of KST for services rendered to the KST Group. For the FY ending 31 December 2003, the estimated amounts payable to the Directors of KST for services rendered to the KST Group is approximately RM1,108,600.
- (ix) No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:-
  - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a Director or senior executive officer;



**15. OTHER GENERAL INFORMATION (Cont'd)**

- (b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) being the subject of any order, judgment or ruling of any court, tribunal or government body of competent jurisdiction permanently or 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.
- (x) No option to subscribe for securities of the Company or its subsidiary company was granted to or exercised by any Directors during the FY ended 31 December 2002.
- (xi) The Directors' direct or indirect interests in the issued and paid-up share capital of the Company before and after the Public Issue are as follows:

Directors	Before the Public Issue				After the Public Issue			
	← Direct → No. of Ordinary Shares		← Indirect → No. of Ordinary Shares		← Direct → No. of Ordinary Shares		← Indirect → No. of Ordinary Shares	
		%		%		%		%
Dato' Dr. Abdul Razak Bin Abdul	8,351,757	28.03	-	-	8,351,757	20.9	-	-
Mohammad Bin Ayob	13,038,883	43.75	-	-	13,038,883	32.6	-	-
Dato' Chee Peck Kiat @ Chee Peck Jan	8,409,360	28.22	-	-	8,409,360	21.0	-	-
Wee Khen Peng	-	-	-	-	-	-	-	-
Dato' Abdul Rahman Bin Nasir	-	-	-	-	-	-	-	-
Dato' Nik Abdul Aziz Bin Mohamed Kamil	-	-	-	-	-	-	-	-
Ishak @ Abd Rahman Bin Mohamad	-	-	-	-	-	-	-	-
Tengku Aniza Binti Tengku Ab Hamid	-	-	-	-	-	-	-	-

- (xii) The direct and indirect interests of the substantial shareholders (with 5% or more shareholdings) in the issued and paid-up share capital of the Company before and after the Public Issue are as follows:

Substantial Shareholder	Before the Public Issue				After the Public Issue			
	← Direct → No. of Ordinary Shares		← Indirect → No. of Ordinary Shares		← Direct → No. of Ordinary Shares		← Indirect → No. of Ordinary Shares	
		%		%		%		%
Dato' Dr. Abdul Razak Bin Abdul	8,351,757	28.03	-	-	8,351,757	20.9	-	-
Mohammad Bin Ayob	13,038,883	43.75	-	-	13,038,883	32.6	-	-
Dato' Chee Peck Kiat @ Chee Peck Jan	8,409,360	28.22	-	-	8,409,360	21.0	-	-

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**15. OTHER GENERAL INFORMATION (Cont'd)**

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**15.4 General Information**

- (a) The nature of the Group's business is set out in Section 4 of this Prospectus. The names of all corporations which are deemed 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 of this Prospectus.
- (b) The time of the opening and closing of the Application Lists is set out in Section 18.1 of this Prospectus.
- (c) The amount payable in full on application of the Public Issue Shares is RM1.30 per ordinary share.
- (d) As at the date of this Prospectus, the Company and its subsidiary company do not have any convertible debt securities.
- (e) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 18 of this Prospectus.
- (f) The name and address of the Auditor and Reporting Accountants of the Company are set out in the Corporate Directory of this Prospectus.
- (g) Save as disclosed under in Section 2.8 of this Prospectus, no commission, discounts, brokerage or other special terms has been paid or is payable by the Company or its subsidiary company 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 its subsidiary company and no Director or Promoter or expert is entitled to receive any such payment.
- (h) 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, save for any director's remuneration and benefits as disclosed in Section 5.2.4.
- (i) The Company and its subsidiary company have not established a place of business outside Malaysia.
- (j) Save as disclosed in the consolidated profit estimate and forecast and assumptions of the Company and its subsidiary company and the risk factors as stated in Section 3 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 subsidiary company.
- (k) Save as disclosed in this Prospectus, the financial conditions and operations of the Company and its subsidiary company are not significantly 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;
  - (iii) unusual or infrequent events or transaction or any significant economic changes that materially affected the amount of reported income from the operations; and

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**15. OTHER GENERAL INFORMATION (Cont'd)**


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- (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.
- (l) No property has been acquired or is proposed to be acquired by the Company or its subsidiary company in contemplation of the Public Issue save as disclosed in Sections 1.9, 2.10, 9 and 15.8 of this Prospectus.
- (m) 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 Shares.
- (n) Save as disclosed in Section 4.3.3, KST has not offered any securities by way of rights or allotted to the holders of the existing securities.
- (o) Save as disclosed in Sections 4.2 and 4.5 there is no capital of the company or its subsidiary company, which has within two (2) years immediately preceding the publication of the Prospectus been issued or is proposed to be fully or partly paid up otherwise than in cash and the consideration for which the same has been or is to be issued.
- (p) Save as disclosed in Section 4.3 and 4.5, there is no capital of the company or its subsidiary, which has within 2 years immediately preceding the publication of the Prospectus been issued or is proposed to be issued for cash, the price and terms upon which the same has been or is to be issued and (if not already fully paid) the dates when any installments are payable with the amount of all calls or installments in arrears.

**15.5 Expenses And Commission**

- (i) Underwriting commission is payable to the Managing Underwriter and Underwriters at the rate of 1.5% of the Issue Price of RM1.30 per ordinary share on the ordinary shares being underwritten which is the subject of this Prospectus.
- (ii) Brokerage will be paid by the Company at the rate of 1% of the Issue Price of RM1.30 per ordinary share to the parties in the circumstances specified in Section 2.8 of this Prospectus.
- (iii) Placement fees will be paid by the Company to the Placement Agent at the rate of up to 1.0% of the Issue Price of RM1.30 per ordinary share in the circumstances specified in Section 2.8 of this Prospectus; and
- (iv) Expenses incidental to the listing and quotation of the entire issued and paid-up share capital of the Company on the Second Board of the MSEB which also include underwriting commission and brokerage fees amounting to approximately RM1,600,000 will be borne by the Company.

**15.6 Public Take-Overs**

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

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

**15. OTHER GENERAL INFORMATION (Cont'd)**

**15.7 Material Litigation**

As at 15 January 2004, (being the latest practicable date prior to the printing of this Prospectus), the Company and its subsidiary are not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, other than those legal actions engaged as plaintiff or defendant arising in the ordinary course of its business, which has a material effect on the financial position of the Company or its subsidiary and the Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of KST or its subsidiary.

**15.8 Material Contracts**

Save 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 subsidiary company within the two (2) years preceding the date of this Prospectus.

- (a) ST and Malayan Banking Berhad ("MBB") have entered into a tenancy agreement dated 30 May 2002 whereby ST agrees to let to MBB the ground floor of a 5 storey building on land held under Pajakan Negeri No. 9374 (Lot No. 332), Town of Kuala Lumpur, Wilayah Persekutuan known as No. 18, Jalan Bangsar Utama 1, Bangsar Utama, 59200 Kuala Lumpur. The tenancy is for a duration of 3 years commencing from 1 October 2001 at a monthly rental of RM4,403.25; and
- (b) KST, as Purchaser, has entered into a conditional share sale agreement dated 17 February 2003 with Mohammad Bin Ayob, Dato' Chee Peck Kiat @ Chee Peck Jan and Dato' Dr Abdul Razak Bin Abdul as vendors for the entire issued and paid-up share capital of ST for a total purchase consideration of RM5,099,260 only, which shall be satisfied by the allotment and issue of 4,635,691 new ordinary shares of RM1.00 each in KST to the Vendors at issue price of RM1.10 per new ordinary share.
- (c) KST has entered into an underwriting agreement dated 15 January 2004 with Aseambankers and Mayban Securitites Sendirian Berhad for the underwriting of 3,100,000 Public Issue Shares at the Issue Price for an underwriting commission of 1.5%% of the underwritten value.
- (d) KST has entered into a Placement Agreement dated 15 January 2004 with Aseambankers for the placement of 5,200,000 Public Issue Shares at the rate of 1.0% for places identified and secured by the Placement Agent.

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**15. OTHER GENERAL INFORMATION (Cont'd)**

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**15.9 Material Agreements**

Save as disclosed below, there are no material agreements (including informal arrangements or understandings) which have been entered into by KST.

- (a) KST and EMEPMI have entered into a service contract dated 1 October 2000 whereby KST is to provide EMEPMI tubular handling equipment and services which include making-up, handling and running various sizes of tubulars (casing and tubing) on a continuous or call-out basis ("Services"). The contract is for a primary term of four years with one year extension option. EMEPMI will pay KST for the Services as according to KST's invoices and also complete compensation for the Services, including the furnishing of equipment and personnel by KST.
- (b) PCSB, has entered into various production sharing contracts with PETRONAS and joint operating agreements with co-ventures whereby PCSB is appointed as operator for exploration, development and production of hydrocarbons for oil and gas fields onshore and offshore Malaysia (collectively the "Activities"). In connection with the Activities, KST and PCSB have entered into a service contract dated 27 June 2000 whereby KST is to provide PCSB services including drilling, workover, associated operations and provisions of Tubular Handling Equipment and Services (collectively the "Works"). The service contract is for a duration of four years commencing 5 April 2002 and PCSB has the option to extend the duration of the service contract for a further one year. As consideration, PCSB will, monthly, pay KST accordingly pursuant to KST's invoice for the Works carried out;
- (c) Talisman and KST have entered into a service contract dated 15 September 2002 whereby KST shall provide Talisman qualified personnel, equipment and materials for complete Tubular Handling and Running Service (collectively the "Services"). The service contract is for a duration of two (2) years commencing 3 July 2002 with a two one-year extension. For the performance and completion of the Services, Talisman will pay to KST monthly, according to the invoice issued by KST subjected always to the rates and prices contained in the service contract;
- (d) Shell are engaged in oil gas exploration and production activities offshore the State of Sarawak and Sabah respectively (collectively the "Activities") pursuant to a Production Sharing Contract with PETRONAS. In relation to the Activities, ST and the Company have entered into a service contract dated 6 August 2002 whereby ST is to provide the company materials preservation (handling, inspection, preservation, storage and maintenance) service. The duration of the service contract is three years commencing 5 August 2002 and the Company has the option to extend the duration of the service contract for a further two years. As consideration, the Company will pay ST monthly, according to ST's invoice for works carried out;
- (e) PCSB, Nippon Oil and KST have entered into a Tripartite Supplementary Agreement dated 23 October 2001. This Tripartite Agreement is supplemental to the service contract entered into between PCSB and KST dated 27 June 2000 ("Contract") and KST is to provide Nippon Oil provision of tubular handling and services for Helang Phase 1 Development Drilling Program ("Additional Work"). The terms and conditions of the Contract shall apply and bind PCSB and KST, and KST and Nippon oil respectively. For the Purposes of this Tripartite Agreement, all works (as defined in the Contract), which is to be provided by KST to PCSB as per the Contract will be treated as Additional Work, which is to be provided by KST to Nippon Oil. PCSB will not be liable to KST for any breach resulted by Nippon Oil pursuant to this Tripartite Agreement and this agreement shall expire upon completion of the Additional Work. Nippon Oil shall pay to KST as per KST's invoices issued to Nippon Oil; and

**15. OTHER GENERAL INFORMATION (Cont'd)**

- (f) Subsequent to the Tripartite Supplementary Agreement dated 23 October 2001 entered into between PCSB, Nippon Oil and KST, an amending agreement dated 23 October 2001 was entered into between Nippon Oil and KST whereby Nippon Oil and KST agreed to amend the terms and conditions of the Contract (as defined in paragraph (e) above) with respect to the Additional Work (as defined in the Tripartite Agreement) which is to be provided by KST to Nippon Oil as stipulated in the Tripartite Supplementary Agreement.

**15.10 Material Capital Commitment**

As at 15 January 2004, (being the latest practicable date prior to the printing of this Prospectus), the Directors of KST are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the KST Group.

**15.11 Insurance Policies**

- a. As at the date of this Prospectus, KST has various insurance policies as tabulated below:

No	Insurance Company	Policy Number	Policy Type/ Period Of Insurance	Insured Amount RM	Nature Of Assets Insured
1.	Hong Leong Assurance Berhad	H102HH003036	Fire from 13 April 2003 to 10 April 2004	250,000	Duplex Factory Building situated at Lot B7, Kawasan MIEL Jakar, Phase III, Kemaman Terengganu
2.	Hong Leong Assurance Berhad	0057917-01-9*	Group Personal Accident Insurance from 15 January 2004 to 14 January 2005	3,898,800	Insurance for death, permanent disablement, temporary total and partial disablement, medical fees and expenses of 57 of KST Group's offshore employees
3.	Hong Leong Assurance Berhad	0057937-01-0	Group Personal Accident Insurance from 15 January 2004 to 14 January 2005	8,215,800	Insurance for death, permanent disablement, temporary total and partial disablement, medical fees and expenses of 73 of KST Group's non offshore employees (including Directors)
4.	Hong Leong Assurance Berhad	H403HH000132*	Employer's Liability Insurance from 15 January 2004 to 14 January 2005	3,330,000.00	
5.	Hong Leong Assurance Berhad	H502HH000445	Comprehensive General Insurance from 13 Feb 2003 to 12 Feb 2004	Limit Of Indemnity: 4,000,000 for anyone occurrence and 4,000,000 for anyone period	
6.	Hong Leong Assurance Berhad	H303HH000138*	Marine Cargo Insurance from 15 January 2004 to 14 January 2005	1,000,000	Insurance on all machinery, tools and utensils related to the insured's business limit on voyage from the insured's premises to any oil rigs within East and West Malaysia Territory and vice versa.

**15. OTHER GENERAL INFORMATION (Cont'd)**

No	Insurance Company	Policy Number	Policy Type/ Period Of Insurance	Insured Amount RM	Nature Of Assets Insured
7.	Lonpac Insurance Bhd	W/03/GE00/01165 1-52	Mobile Equipment Insurance from 16 June 2003 to 15 June 2004	67,000	1 unit of new Toyota forklift – Model : 627FD30
8.	Hong Leong Assurance Berhad	H503HH000357*	All Risk Insurance from 15 January 2004 to 14 January 2005	35,000,000	Insurance on equipment, tools and machineries under leasing or hire purchase and not under leasing or hire purchase
9.	Hong Leong Assurance Berhad	0036075-01-6	Motor Vehicle Insurance from 29 November 2003 to 14 April 2005	65,000	Proton Perdana 2.0 V6 Registration no. CBA8678
10.	Hong Leong Assurance Berhad	0003855-01-6	Motor Vehicle Insurance from 22 July 2003 to 21 July 2004	40,000	Proton Wira 1.5 GLI(A) Registration no. CBB5268
11.	Hong Leong Assurance Berhad	^	Motor Vehicle Insurance from 10 January 2004 to 9 January 2005	330,000	Volvo XC90 2.9T (A) Registration Number WLL 2263

*Note:*

\* Denotes insurance covered for the whole KST Group.

^ The company is currently awaiting for the policy to be issued

- b. As at the date of this Prospectus, ST has, in addition to the aforesaid policies marked with (\*) asterisks, the following insurance policy as tabulated below:

No.	Insurance Company	Policy Number	Policy Type/ Period Of Insurance	Insured Amount RM	Nature Of Assets Insured
1	Hong Leong Assurance Berhad	H103HH000055	Fire from 12 July 2003 to 11 July 2004	2,400,000	Building situated at No 18, 1 <sup>st</sup> Floor, Jalan Bangsar Utama 1, Bangsar Utama, Kuala Lumpur

**15.12 Responsibility Statement**

- (i) Aseambankers Malaysia Berhad, acknowledges that based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue and is satisfied that the Consolidated Profit Estimate and Forecast of the KST Group for the financial year ending 31 December 2003 and 31 December 2004 respectively (for which the Directors are fully responsible) prepared for the inclusion in this Prospectus has been stated by the Directors of the Company after due and careful inquiry and have been duly reviewed by the Reporting Accountants.
- (ii) This Prospectus has been seen and approved by the Directors and Promoters of the Company and they collectively and individually 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 and/ or misleading statements or other facts the omission of which would make any statements herein false and/or misleading.

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**16. CONSENTS**

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1. The written consents of the Adviser and Managing Underwriter, Underwriters, Placement Agent, Company Secretary, Principal Banker, Solicitor, Registrar 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;
2. The written consent of the Company's Auditor and Reporting Accountant to the inclusion in this Prospectus of their Accountants' Report and their letters relating to the Consolidated Profit Estimate and Forecast for the FYs ending 31 December 2003 and 31 December 2004 and the Proforma Consolidated Balance Sheet as at 31 July 2003 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;
3. The written consent of the Independent Valuer to the inclusion in this Prospectus of their name and their Valuer's Letter relating to the valuation of the landed properties 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;
4. The written consent of the Independent Market Research Consultant to the inclusion in this Prospectus of their name and their Independent Market Research Consultant 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.

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**17. DOCUMENTS FOR INSPECTION**

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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) The Memorandum and Articles of Association of the Company;
- (b) The material contracts referred to in Section 15.8 above;
- (c) The material agreements referred to in Section 15.9 above;
- (d) The insurance policies referred to in Section 15.11 above;
- (e) The letters of consent referred to under Section 16 above;
- (f) Directors' Report and Accountants' Report as included herein;
- (g) The Reporting Accountants' letters relating to the Consolidated Profit Estimate and Forecast and the Proforma Consolidated Balance Sheets of the Company as included herein;
- (h) The audited financial statements of KST and ST for the past five (5) years ended 31 December 2002 and for the period of seven (7) months ended 31 July 2003;
- (i) Independent Market Research Consultant's Report prepared by ACNielsen (Malaysia) Sdn Bhd. dated 8 January 2004, and
- (j) Valuation certificate and letter from Khong and Jaafar Sdn Bhd referred to in Section 12 of this Prospectus.

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