

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has perused this Circular in respect of the new shareholders' mandate for Recurrent Related Party Transaction on a limited review basis pursuant to the provision of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular.

Bursa Securities takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



KNM GROUP BERHAD

(Registration No.: 200001018741 (521348-H))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to the

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS
SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE WITH TRACE MANAGEMENT SERVICES SDN BHD**

The above proposal will be tabled as Special Business at the Company's 22nd Annual General Meeting ("**AGM**").

The Notice of the 22nd AGM of the Company together with a Form of Proxy are enclosed together with the Annual Report for the financial year ended 31 December 2024. The 22nd AGM of the Company will be held at **Royal Ballroom 3, Palace of the Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan** on **Thursday, 5 June 2025 at 10.30 a.m.**

Your Form of Proxy should reach the Registered Office of the Company at 15, Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan on or before the date and time indicated below should you be unable to attend the 22nd AGM.

Last Date and Time for Lodgment of Form of Proxy : Wednesday, 4 June 2025 at 10.30 a.m.

Date and Time of Annual General Meeting : Thursday, 5 June 2025 at 10.30 a.m.

This Circular is dated 30 April 2025

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following terms and expression shall apply throughout this Circular: -

Act or Companies Act	: The Companies Act 2016 (as amended from time to time and any re-enactment thereof).
AGM	: Annual General Meeting.
Board or Directors	: The Board of Directors of KNM for the time being, and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director or Chief Executive of KNM, its subsidiary or holding company.
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (Registration No.: 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CCM	: Companies Commission of Malaysia.
Code	: Malaysian Code on Take-Overs, Mergers and Compulsory Acquisitions as amended from time to time.
EPS	: Earnings Per Share.
FYE	: Financial Year Ended / Ending.
Issued Share Capital	: RM2,125,969,003 consisting of 4,045,905,355 (inclusive of 1,841,275 Treasury Shares) issued shares in KNM.
IESB	: Imperium Edumaax Sdn. Bhd. (Registration No.: 199201012431 (243934-D))
KNM or the Company	: KNM Group Berhad (Registration No.: 200001018741 (521348-H))
KNM Group or the Group	: KNM and its subsidiaries and associated companies, collectively.
Listing Requirements	: Main Market Listing Requirements of Bursa Securities including any amendments to the Listing Requirements that may be made from time to time.
LPD	: 28 March 2025, being the latest practicable date prior to the printing of this Circular.
MAAG	: MAA Group Berhad (Registration No.: 199801015274 (471403-A))
Major Shareholders	: a person who has an interest or interests in one or more voting shares in the company and the number or aggregate number of those shares, is –

DEFINITIONS

(a) 10% or more of the total number of voting shares in the company; or

(b) 5% or more of the total number of voting shares in the company where such person is the largest shareholder of the company.

For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in section 8 of the Act. A Major Shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company, its subsidiaries or holding company.

Market Day	: A day on which Bursa Securities is open for trading in securities, which may include a surprise holiday (i.e., a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year).
Person(s) Connected	: Shall have the same meaning as defined in Chapter 1 of the Listing Requirements.
Proposed New Shareholders' Mandate	: Proposed new shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions with Trace.
Record of Depositors	: A record of securities holders established by the Bursa Depository under the rules of Bursa Depository.
Related Party(ies)	: Director, Major Shareholder or person connected with such Director or Major Shareholder as defined under Listing Requirements.
RM and Sen	: Ringgit Malaysia and Sen respectively.
RRPT(s)	: Related party transaction(s) involving recurrent transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business of the KNM Group.
Rules of Bursa Depository	: Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991 and any amendments thereto.
Substantial Shareholder	: A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is not less than 5% of the total number of voting shares in the Company.
Trace or Related Party	: Trace Management Services Sdn. Bhd. (Registration No.: 197901004366 (48646-M))
Treasury Shares	: Shares of the Company purchased by the Company which shall be retained in treasury and shall have the meaning given under Section 127 of the Act.

DEFINITIONS

TY : Tunku Dato' Yaacob Khyra

All references to "you" in this Circular is to the shareholders of the Company. All references to "we", "us", "our" and "our Company" in this Circular is to the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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KNM GROUP BERHAD
(Registration No.: 200001018741 (521348-H))
(Incorporated in Malaysia)

Registered Office:

15 Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan

Date: 30 April 2025

BOARD OF DIRECTORS:

Tunku Dato' Yaacob Khyra (*Non-Executive Chairman*)
James Beltran (*Non-Executive Vice / Deputy Chairman*)
Ravindrasingham A/L Balasingham (*Group Chief Executive Officer / Executive Director*)
Yee Hong Ho (*Senior Independent Non-Executive Director*)
Ho Soo Woon (*Independent Non-Executive Director*)
Thulasy Suppiah A/P Suppiah (*Independent Non-Executive Director*)
Datuk Uwe Ahrens (*Non-Independent Non-Executive Director*)
Dato' Sri Naresh Mohan (*Non-Independent Non-Executive Director*)
Dato' Abd.Gani Bin Yusof (*Independent Non-Executive Director*)
Andrew Veno (*Independent Non-Executive Director*)

To: **The Shareholders of KNM Group Berhad**

Dear Sir/Madam,

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES
TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE WITH TRACE MANAGEMENT SERVICES SDN BHD**

(I) INTRODUCTION

On 25 February 2025, the Board of Directors of the Company announced to Bursa Securities its intention to seek shareholders' approval on the Proposed New Shareholders' Mandate at the forthcoming AGM to be held on 5 June 2025.

On 7 March 2025, the Company announced to Bursa Securities that, due to the market price of KNM shares falling to RM0.05 per share, the aggregate value of related party transactions with Trace for the period from the date of the execution of Corporate Secretarial Services Agreement on 17 May 2023 to 7 March 2025 had reached a percentage ratio of 0.25%.

The purpose of this Circular is to provide you with details on the Proposed New Shareholders' Mandate and to seek your approval for the resolution thereto to be tabled at the forthcoming 22nd AGM of the Company be held at Royal Ballroom 3, Palace of the Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 5 June 2025 at 10.30 a.m. The notice convening the 22nd AGM together with the Form of Proxy have been set out in the Annual Report 2024.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED NEW SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM OF THE COMPANY.

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1. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

Under Paragraph 10.09(2) of the Listing Requirements, KNM may seek a shareholders' mandate in respect of RRPT(s) which are necessary for its day-to-day operations subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(a) of the Listing Requirements;
- (iii) the Company's Circular to Shareholders shall include all information required under the Listing Requirements. The draft Circular to Shareholders must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders mandate, the interested director, interested Major Shareholders and/or interested persons connected with a director or Major Shareholder and where it involves the interest of an interested person connected with a director or Major Shareholder, such director or Major Shareholder, must not vote on the resolution approving the transactions. An interested director or interested Major Shareholder must ensure that persons connected with him/her/it abstain from voting on the resolution approving the transactions; and
- (v) KNM immediately announces to Bursa Securities when the actual value of a RRPT(s) entered into by KNM, exceeds the estimated value of the RRPT(s) disclosed in the Circular to Shareholders by ten percent (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholder mandate pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements will not apply with regard to transactions as detailed in Section 3.3 of this Circular.

Transactions entered between a listed issuer (or any of its wholly owned subsidiaries) and its wholly owned subsidiaries are excluded from the requirements of Chapter 10.09(2) of the Listing Requirements.

The Company had on 17 May 2023 entered into a Corporate Secretarial Services Agreement with Trace, for Trace to provide corporate secretarial services to the Group. These corporate secretarial and related services qualify as RRPT(s), that is recurrent transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business of the KNM Group.

It is anticipated that the KNM Group require the corporate secretarial support services of Trace and would continue to enter into such RRPT(s) referred to in Section 3.3 of this Circular.

In compliance with Chapter 10 and Practice Note No. 12 of the Listing Requirements, KNM now proposes to seek shareholders' approval on the Proposed New Shareholders' Mandate to allow the Company to enter into RRPT(s) with the Related Party. Such mandate will enable the Group to enter into the RRPT(s) without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The Proposed New Shareholders' Mandate will take effect from the date the Ordinary Resolution is passed by the shareholders at the forthcoming 22nd AGM of the Company or at any adjournment thereof and will remain in effect until:

- (i) the conclusion of the next AGM of the Company following the AGM at which such Proposed New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed; or

- (ii) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

Disclosure will be made in accordance with Section 3.1.5 of Practice Note No. 12 issued by Bursa Securities, which requires the breakdown of the aggregate value of the RRPT(s) entered into during the financial year based on, amongst others, the following information:

- (i) types of RRPT(s); and
- (ii) names of Related Party(ies) involved in each type of RRPT(s) entered into and their relationships with the Company,

pursuant to the Proposed New Shareholders' Mandate in the Company's Annual Report, and in the Annual Report for subsequent years that the Proposed New Shareholders' Mandate continues to be in force.

The principal activities of the Company are engaged in investment holding activities and the provision of management services. The principal activities of its subsidiaries and associated companies are as follows:

Subsidiaries of KNM

No.	Name of Company	% Held	Principal Activities
1.	KNM Capital Sdn. Bhd.	100	Provision of funding and treasury services to its related companies.
2.	Prestige International Ltd.	100	Investment holding. Provision of funding and treasury services to all related KNM Group.
3.	KNM Process Systems Sdn. Bhd.	100	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialized structural assemblies and module assemblies for the oil, gas and petrochemical industries.
4.	Splendid Investments Limited	100	Dormant.
5.	KNM Capital Labuan Limited	100	Investment holding. Provision of funding and treasury services to all related KNM Group.
6.	KNM Capital (PIC) Sdn. Bhd.	100	Dormant.
7.	KNM International Sdn. Bhd.	100	Provision of management, technical advisory, license, trademark and business development services to international companies and related international investments.

No.	Name of Company	% Held	Principal Activities
8.	Litwin Asia Pacific Sdn. Bhd.	51	Dormant.
9.	KNM Renewable Energy Sdn. Bhd.	100	Provision of process technology for the biofuels and seeds extraction plants, provision of turnkey services, including operation and maintenance services for biofuels and seeds extraction plants and related investments in the renewable energy industries.

Associate of KNM

No.	Name of Company	% Held	Principal Activities
1.	MAAG	18.43 ^	Investment holding and providing management services.

^ 16.45% equity interest held by MAAG and 1.98% equity interest held by IESB, the sub-subsidiaries of MAAG.

Subsidiaries of KNM Process Systems Sdn. Bhd.

No.	Name of Company	% Held	Principal Activities
1.	Deutsche KNM GmbH	100	Investment holding.
2.	KNM Technical Services Sdn. Bhd.	100	Provision of project management and technical services.
3.	Perwira Awan Sdn. Bhd.	100	Property investment.
4.	KNM OGPET (East Coast) Sdn. Bhd.	100	Property investment.
5.	Sumber Amantech Sdn. Bhd.	100	Principally engaged in management services.
6.	Duraton Engineering Sdn. Bhd.	100	Provision of project management and technical services.
7.	KNM Borsig Services Sdn. Bhd.	100^^	Contractor for oil and gas industry and the provision of technical services.
8.	KNM Exotic Equipment Sdn. Bhd.	100	Design, manufacture, assembly and commissioning 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.

No.	Name of Company	% Held	Principal Activities
9.	KNM Europa BV	100	Investment holding, financing, marketing and business development services to the related companies of KNM Group in Europe.

^{^^} 51% equity interest held by KNM Process Systems Sdn. Bhd. and 49% equity interest held by Deutsche KNM GmbH.

Subsidiary of KNM Capital (PIC) Sdn. Bhd.

No.	Name of Company	% Held	Principal Activities
1.	Petrosab Petroleum Engineering Sdn. Bhd.	100	Provision of services relating to the arrangement of design, engineering, procurement, construction testing and other kinds of services relating to oil, gas, petrochemical, minerals, biofuel and energy industries.

Subsidiaries of KNM International Sdn. Bhd.

No.	Name of Company	% Held	Principal Activities
1.	KNM Project (Myanmar) Co., Ltd.	100	Repair and installation of machinery and equipment, construction of buildings and specialized construction activities.
2.	PT KPE Industries	100	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's intended manufacturing facility at the Kabil Industrial Estate in Batam, Indonesia.
3.	Saudi KNM Ltd	51	Dormant.
4.	CNI Engineering & Construction Malaysia Sdn. Bhd.	100	Dormant.
5.	Kimma Thai Co Ltd	49 ^{^^^}	Investment holding.

^{^^^} 48% equity interest held by KNM International Sdn. Bhd. and 1% equity interest held by KNM Renewable Energy Sdn. Bhd.

Subsidiaries of KNM Renewable Energy Sdn. Bhd.

No.	Name of Company	% Held	Principal Activities
1.	Green Energy and Technology Sdn. Bhd.	51	Investment holding and design, engineer, construct, commission and operate waste to energy plants.
2.	Asia Bio-fuels Limited	100	Investment holding.
3.	Asia Biofuels II Ltd	100	Investment holding.

No.	Name of Company	% Held	Principal Activities
4.	Global Green Energy Corporation Ltd	100	Investment holding.

Subsidiaries of Deutsche KNM GmbH

No.	Name of Company	% Held	Principal Activities
1.	Borsig Boiler Systems GmbH	100	Planning, delivery, installation, and implementation of constructions for generating plants as well as provision of maintenance, other services for such constructions.
2.	Borsig GmbH	100	Advisory and administration services as well as acquisition of and holding shares in other companies on behalf and/or its own account, in particular for and to companies of the BORSIG Group.

Subsidiary of KNM Borsig Services Sdn. Bhd.

No.	Name of Company	% Held	Principal Activities
1.	Borsig Services Australia Pty Ltd	100	Contractor for the oil and gas industry and provision of technical and maintenance services.

Subsidiary of Borsig Boiler Systems GmbH

No.	Name of Company	% Held	Principal Activities
1.	BORSIG Boiler Systems Sdn. Bhd.	79.6%	Sales and marketing, design, fabrication and manufacturing of high capacity industrial boilers, heat recovery steam generators and waste heat boiler for oil, gas, petrochemicals, minerals processing and energy industries and provision of manpower services.

Subsidiaries of Borsig GmbH

No.	Name of Company	% Held	Principal Activities
1.	BORSIG ZM Compression GmbH	100	System engineering, industrial fabrication, assembly services as well as the sale of machines and constructions of compressors, containers, silo and conveyor technique.
2.	BORSIG ValveTech GmbH	100	Development, production and distribution of valves, compressor parts, monitoring systems for compressors, provision of

No.	Name of Company	% Held	Principal Activities
			maintenance and repair works of compressors and other assets.
3.	BORSIG Process Heat Exchanger GmbH	100	Processing, planning, fabrication and distribution of and the trading with machines, assets, apparatuses and miscellaneous components, particularly for generating plant, petrochemical and chemical industries.
4.	BORSIG Membrane Technology GmbH	100	Processing, planning, fabrication and distribution of and trading with machines and construction of apparatuses and miscellaneous components in the field of membrane technique.
5.	BORSIG Service GmbH	100	Providing installation, maintenance and other industrial services of machines and construction of apparatuses and other components.

Subsidiary of BORSIG Membrane Technology GmbH

No.	Name of Company	% Held	Principal Activities
1.	GMT Membrantechnik GmbH	51	Development, processing and distribution of membranes, membrane modules and membrane components.

Subsidiary of KNM Exotic Equipment Sdn Bhd

No.	Name of Company	% Held	Principal Activities
1.	KMK Power Sdn Bhd	100	Investment holding.

Subsidiaries of KMK Power Sdn. Bhd.

No.	Name of Company	% Held	Principal Activities
1.	KMK Green Ventures Sdn. Bhd.	100	Dormant.
2.	Poplar Investments Limited	100	Property investment.

Subsidiaries of KNM Europa BV

No.	Name of Company	% Held	Principal Activities
1.	KNM Corporation	100	Investment holding.
2.	KNM Project Services Limited	100	Project management and services and provision of process technology for oil and gas, biomass, biofuels,

			waste to energy and power plants as well as provision of turnkey services including operation and maintenance services.
3.	FBM Icosse SRL	100	Design and construction of fully welded plate type heat exchanger plates, bundle exchangers and jacketed pressure vessels for different fields such as chemical, petrochemical, textile, pharmaceutical, food industry, aerospace and research industries.
4.	FBM Hudson Italiana SpA	100	Design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries.

Subsidiaries of KNM Corporation

No.	Name of Company	% Held	Principal Activities
1.	KNM Process Equipment Inc	100	Design, manufacture, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, column and towers, drums, heat exchangers, air fin coolers, process gas waste heat boilers, specialised shell, tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities for the oil, gas, petrochemicals and mineral processing industries in Canada and the North America Region.
2.	KNM Industries Inc	100	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's manufacturing facility in Edmonton, Alberta, Canada.

Subsidiary of FBM Hudson Italiana SpA

No.	Name of Company	% Held	Principal Activities
1.	FBM Hudson FZE (<i>formerly known as FBM-KNM FZCO</i>)	100	Provision of manufacture of air-cooled heat exchangers, shell and tube heat exchangers, process gas waste heat recovery systems, heavy duty heat exchangers, columns, towers, reactors and other pressure

			vessels for the oil, gas, petrochemicals and desalination industries.
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Subsidiary of Kimma Thai Co Ltd

No.	Name of Company	% Held	Principal Activities
1.	KNM Projects (Thailand) Co Ltd	51	Operate the business of providing the services relating to the arrangement of design, engineering, procurement, construction testing and other kinds of services relating to oil, gas, petrochemical, minerals, biofuel and energy industries.

Subsidiary of Asia Bio-Fuels Limited

No.	Name of Company	% Held	Principal Activities
1.	Impress Ethanol Co., Ltd.	22.14	Manufacturer and distributor of alcohol / ethanol or fuel from agricultural products.

Subsidiary of Asia Biofuels II Ltd.

No.	Name of Company	% Held	Principal Activities
1.	Impress Ethanol Co., Ltd.	49.86	Manufacturer and distributor of alcohol / ethanol or fuel from agricultural products.

Subsidiary of Global Green Energy Corporation Ltd

No.	Name of Company	% Held	Principal Activities
1.	Peterborough Green Energy Ltd	100	Develop, build, own and operate the total capacity of 80MW Biomass Waste to Energy Power Plant Project in Peterborough, United Kingdom.

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2. CLASSES OF RELATED PARTY(IES) WITH WHOM TRANSACTIONS WERE AND WILL BE CARRIED OUT

The Proposed New Shareholders' Mandate would apply to transactions with Related Party(ies) as described below:

(i) Substantial Shareholder

Name of Companies / Person	Principal Activities	Relationship
TY	-	TY is deemed interested in Trace by virtue of his major interest in Melewar Group Berhad, who in turn is the holding company of Trace. Melewar Group Berhad is the family-owned investment holding company of TY.

(ii) Persons Connected to Interested Directors of the Company and/or the Interested Substantial Shareholders of the Company

Name of Companies / Person	Principal Activities	Relationship
Trace	Providing corporate secretarial services.	TY is deemed interested in Trace by virtue of his major interests in Melewar Group Berhad who in turn is the holding company of Trace. Melewar Group Berhad is the family-owned investment holding company of TY.

The direct and indirect interest of interested Director and interested Substantial Shareholder in KNM as at LPD are as follows:

Name	Direct Interest	% ^(a)	Indirect Interest	% ^(a)
<u>Interested Director / Substantial Shareholder:</u> TY ⁽¹⁾	Nil	Nil	783,535,900	19.37

Notes:-

(a) Total percentage of shareholdings as at LPD. The percentages of shareholdings of the Director and Substantial Shareholder are calculated by dividing the shares held by the said Director/Substantial Shareholders with the total number of issued shares (excluding 1,841,275 treasury shares).

(1) TY is deemed interested by virtue of his indirect interest in MAAG, IESB and Melewar Industrial Group Berhad.

3. NATURE OF RECURRENT RELATED PARTY TRANSACTIONS

3.1 GENERAL DETAILS OF RRPT(S)

The types of RRPT(s) to be covered by the Proposed New Shareholders' Mandate relate principally to transactions for the provision of services from the Related Party which are necessary for the Group's day-to-day operations and in the ordinary course of the KNM Group's business.

The details of the Proposed New Shareholders' Mandate to be sought, are set out in Section 3.3 of this Circular. The estimated aggregate value of the transactions may vary from time to time subject to changes.

3.2 AMOUNT DUE AND OWING TO THE COMPANY BY RELATED PARTY(IES)

As at 31 December 2024, there was no amount owing to the Company by its Related Party that has exceeded the credit term given under the RRPT(s) as per Section 3.3 of this Circular.

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3.3 CLASS AND NATURE OF RRPT(s)

Nature of Transaction	Related Party	Interested Related Party	Manner of Relationship with the Related Party		Estimated Value of Transaction (from 5 June 2025 till next AGM)
			Director	Major / Substantial Shareholder	
Corporate secretarial and related services provided to the KNM Group by Related Party	Trace	Interested Director: TY	TY is deemed interested by virtue of his major interests in Melewar Group Berhad who in turn is the holding company of Trace. Melewar Group Berhad is the family-owned investment holding company of TY.	NIL	600,000

4. BASIS OF ESTIMATES

The estimated fee chargeable was based on:

- (i) arm's length basis and on normal commercial terms and on terms not more favourable to the related party(ies) than those generally available to the public and are not detrimental to the minority shareholders of the Company. Due consideration based on prevailing market rates under usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms was given to the fee chargeable, payment, quality, delivery and service in order to maximise benefits for the services rendered by Trace to the Group.
- (ii) competitive commercial terms based on quotations from other sources of supply of the services required by the Group. Reference shall also be made to published market reports, if available, pertaining to transactions of similar services concluded in other markets.

The total estimated fee chargeable referred to above is based on accounting records which in turn are based on prevailing prices obtained from the Related Party which are reasonably market-competitive prices and based on the expected level of services to be entered into by the Group. The estimated amounts are further based on the assumptions that current level of operations will continue and all external conditions remain constant.

At least 2 other contemporaneous transactions with unrelated third parties for similar services will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of services.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the service is a proprietary item), Management will ensure the RRPT(s) will only be entered with the Related Party after taking into account the pricing, level of services, quality of services and other related factors to ensure that the RRPT is not detrimental to KNM Group.

5. REVIEW PROCEDURES FOR THE RECURRENT RELATED PARTY TRANSACTIONS

KNM has established adequate procedures to ensure that the RRPT(s) are conducted at arm's length and on normal commercial terms and transaction prices consistent with the Group's usual business practices and policies; are not more favourable to the Related Party than those generally available to the public; and are not to the detriment of minority shareholders.

The procedures, *inter alia*, are as follows:

- (i) The management of the Group is kept informed of the procedures applicable to the RRPT(s) to ensure that RRPT(s) will be entered into after taking into account the exclusivity of the distributorship, pricing, quality, expertise required and other related factors.
- (ii) Records of all RRPT(s) are maintained and reports thereof are circulated to the Audit Committee on quarterly basis for the Audit Committee's notation, review and monitoring of such RRPT(s).
- (iii) Review of the procedures governing RRPT(s) entered into by the Group, the approval required, compliance and reporting of such RRPT(s) are incorporated in the annual internal audit plan.
- (iv) In the event a RRPT(s) to be entered into by the Group involves the interest, direct or indirect of a member of the Board and/or Audit Committee, the Director concerned shall abstain from deliberation and voting in respect of this RRPT(s).

- (v) Going forward, the Audit Committee will monitor on quarterly basis actual transacted values of RRPT(s) under the Proposed New Shareholders' Mandate to ensure that the Company makes an announcement to Bursa Securities if the actual value exceeds 10% or more of the estimated value disclosed in the Circular for a particular group of Related Party.

6. THRESHOLD OF AUTHORITY

There are no specific thresholds for approval of RRPT(s) within the Group. However, all RRPT(s) are subject to the review and/or approval of the appropriate level of authority pursuant to the procedures as disclosed in Section 5 of this Circular set by the Executive Director and/or senior management (such as delegated general managers or department managers, depending on the type of transactions), to ensure the RRPT(s) will be carried out on arm's length basis; on transaction price and on terms not more favourable to the Related Party than those generally available to the public; and are not to the detriment of the minority shareholders.

7. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee has seen and reviewed the procedures set forth in Section 5 above and is of the view that:

- (a) the said procedures are sufficient to ensure that the RRPT(s) are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders; and
- (b) the Group has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner, and such procedures and processes are being reviewed quarterly or as and when necessary so as to ensure the procedures are in compliance with the relevant guidelines and policies.

8. RATIONALE FOR AND BENEFITS TO THE GROUP

The rationale for and benefits of the Proposed New Shareholders' Mandate to KNM Group are as follows: -

- (i) The Proposed New Shareholders' Mandate will facilitate transactions with Related Party which are carried out in the ordinary course of business of KNM Group and are made on an arm's length basis and on terms not more favourable to the Related Party than those generally available to the public and not in the Company's opinion detrimental to the minority shareholders;
- (ii) The Proposed New Shareholders' Mandate will eliminate the need to make regular announcements or convene separate general meetings from time to time to seek shareholders' mandate approval as and when potential RRPT with a mandated Related Party arise, thereby reducing the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

9. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

9.1 Share Capital

The Proposed New Shareholders' Mandate will not have any effect on the issued share capital and shareholding structure of KNM.

9.2 Net Assets and Working Capital

The Proposed New Shareholders' Mandate will not have any effect on the net assets and working capital of KNM.

9.3 Earnings

The Proposed New Shareholders' Mandate will not have any effect on the earnings of KNM.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save and except for the following, none of the Directors, Substantial Shareholder and/or persons connected to them as defined in the Listing Requirements has any interest either directly or indirectly in the Proposed New Shareholders' Mandate:

- (i) TY is deemed interested in Trace by virtue of his major interests in Melewar Group Berhad who in turn is the holding company of Trace. Melewar Group Berhad is the family-owned investment holding company of TY.

The details of the direct and indirect shareholdings of the interested directors and Substantial Shareholder are reflected in the tables on Page 11 of this Circular.

Accordingly, TY is deemed interested in the RRPT(s) entered into and to be entered into between KNM Group with the Related Party by virtue of his interest in these companies as disclosed in Section 3.3 of this Circular.

TY has abstained on the respective RRPT(s) and will continue to abstain from deliberation and voting at Board meetings of KNM on the Proposed New Shareholders' Mandate.

TY is Related Party in respect of the RRPT(s) with the Related Party referred to under Section 3.3 of this Circular and will abstain from voting at the forthcoming AGM in respect of their direct and/or indirect shareholdings on the Ordinary Resolution 8 under Special Business as given in the Notice of 22nd AGM enclosed in the Annual Report 2024 of the Company for the financial year ended 31 December 2024.

Further, TY has undertaken that he will ensure that the persons connected to him will abstain from voting, deliberating or approving on the same at the forthcoming AGM.

Save as disclosed herein, none of the other Directors, Substantial Shareholder and/or person connected to them as defined in the Listing Requirements have any interest, direct or indirect in the Proposed New Shareholders' Mandate.

11. DIRECTORS' RECOMMENDATION

The Board (save and except for TY who is deemed to be interested in the Proposed New Shareholders' Mandate), having considered all aspects of the Proposed New Shareholders' Mandate is of the opinion that the Proposed New Shareholders' Mandate is fair, reasonable and is in the best interest of the Company and its shareholders. Accordingly, the Board (save and except for TY who is deemed to be interested in the Proposed New Shareholders' Mandate) recommends that you vote in favour of the resolution pertaining to the Proposed New Shareholders' Mandate contained herein to be tabled at the forthcoming AGM.

(II) APPROVAL REQUIRED

The said Proposed New Shareholders' Mandate is subject to the approval of the shareholders at the forthcoming 22nd AGM to be convened on 5 June 2025.

(III) ANNUAL GENERAL MEETING

The 22nd AGM, the Notice of which is enclosed together with the Annual Report for the financial year ended 31 December 2024 will be held at **Royal Ballroom 3, Palace of the Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan** on **Thursday, 5 June 2025 at 10.30 a.m.** for the purpose of considering and, if thought fit, passing the Ordinary Resolutions as set out in the notice.

If you are unable to attend and vote in person at the 22nd AGM, you are requested to complete and return the Form of Proxy enclosed together with the said Annual Report in accordance with the instructions therein as soon as possible so as to arrive not less than 24 hours before the time set for the 22nd AGM or any adjournment thereof. The completion and the return of the Form of Proxy does not preclude you from attending and voting in person at the 22nd AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the 22nd AGM.

Please be informed that where all the shares have been sold or transferred by the addressee, the Circular and any other relevant document should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Should there be any doubt as to what action to take, kindly consult appropriate independent professional advisers.

(IV) FURTHER INFORMATION

Shareholders are advised to refer to **Appendix 1** attached for further information.

Yours faithfully,
For and on behalf of the Board of
KNM GROUP BERHAD

RAVINDRASINGHAM A/L BALASINGHAM
Group Chief Executive Officer / Executive Director

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ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by KNM or any of its subsidiaries within the past two (2) years immediately preceding the date of this Circular:

- (a) On 20 January 2023, on behalf of the Board of Directors of the Company, M&A Securities Sdn. Bhd. announced that the Company proposes to undertake a private placement of up to 367,642,100 new ordinary shares in the Company ("**Placement Share(s)**"), representing not more than 10% of the issued ordinary shares in the Company ("**Private Placement**"). Subsequently on 31 January 2023, the Company had announced that approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") had been obtained vide its letter dated 31 January 2023.

On 19 April 2023, the Company had allotted 37,500,000 Placement Shares at an issue price of RM0.0500 per Placement Share ("**Tranche 1 of the Private Placement**"). The Tranche 1 of the Private Placement was completed on 20 April 2023 with the listing of and quotation for the said placement shares on the Main Market Listing Requirements of Bursa Securities.

On 6 June 2023, the Company had allotted 330,142,100 Placement Shares at an issue price of RM0.0541 per Placement Share ("**Tranche 2 of the Private Placement**"). The Tranche 2 of the Private Placement was completed on 7 June 2023 with the listing of and quotation for the said placement shares on the Main Market Listing Requirements of Bursa Securities, marking the completion of the Private Placement.

- (b) On 26 May 2023, the Company announced the proposed disposal of the total equity of FBM Hudson Italiana S.p.A. ("**FBMHI**") to British Midland FZE for an indicative sale consideration equal to Euro 12,000,000.00 (Twelve Million Only).

On 7 September 2023, KNM Europa B.V. ("**KNME**") entered into a conditional Share Purchase Agreement ("**SPA**") with Petro MAT FZCO, a company incorporated under the laws of the United Arab Emirates ("**Petro MAT**" or the "**Purchaser**") to dispose its 100% equity interest in FBMHI ("**Proposed Disposal I**") for a total cash consideration of EUR12,000,000 with the intercompany outstanding debt for an amount of EUR10,000,000 to be waived as agreed by the Purchaser, as announced by the Company on 8 September 2023 and 12 September 2023.

Petro MAT was appointed by British Midland FZE to replace it as the Purchaser in this transaction.

The Company had also on 12 September 2023 and 13 September 2023 made announcements providing further information in relation to the Proposed Disposal.

On 9 November 2023, the Company announced that one of the conditions precedent in the SPA for the Proposed Disposal I which is to obtain the Golden Power Clearance, was rejected by the Italian Government, vide its letter dated 7 November 2023, which was received by the Company on 8 November 2023.

On 16 February 2024, the Company announced that the Company could not proceed with the completion of the Proposed Disposal I to Petro MAT and therefore all parties mutually terminated the SPA.

The Company also had on 16 February 2024 announced that KNME had received two binding and irrevocable offers from the following parties on a joint basis:

- (i) BM Carpenterie Oil & Gas S.R.L. ("**BM Carpenterie**"), registered at Companies' Registry of Milan with number MI-2693046, represented by its legal representative and sole director Mr Domenico Colloca (tax code CLLDNC82H02F537W), for the acquisition of the shares representing 60% share capital of FBMHI, at an indicative consideration of up to EUR 9,900,000.00 (Nine Million Nine Hundred Thousand); and
- (ii) Officine Piccoli S.p.A. ("**Officine Piccoli**"), registered at Companies' Registry of Verona with number VR-173358, represented by its legal representative pro tempore Mr Pierluigi Piccoli (Tax Code PCCPLG66C28L7810), for the acquisition of the shares representing 40% share capital of FBMHI, at an indicative consideration of up to EUR 6,600,000.00 (Six Million Six Hundred Thousand Only).

On 27 March 2024, the Company announced that KNME had on 27 March 2024 entered into a Share Purchase Agreement with BM Carpenterie and Officine Piccoli, to dispose of its 100% equity in FBMHI comprising 746,501 ordinary shares for an aggregate cash consideration of EUR 16,500,000.00 ("**Proposed Disposal II**").

Following the Proposed Disposal II, BM Carpenterie shall acquire shares representing 60% of the share capital of FBMHI, while Officine Piccoli shall acquire shares representing the remaining 40% of the share capital of FBMHI.

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal II was expected to be completed on the 30 June of 2024.

On 6 June 2024, the Company announced that one of the conditions precedent for the Proposed Disposal II was not fulfilled, as the Golden Power Clearance was rejected by the Italian Government, with its letter dated 4 June 2024.

On 2 July 2024, the Company announced that the Share Purchase Agreement entered by the KNME with BM Carpenterie and Officine Piccoli to dispose of its 100% equity interest in FBMHI expired on 30 June 2024.

The Company has since then received indicative offers of purchase from other interested parties and is currently in negotiation of the offers.

- (c) On 9 May 2024, the Company announced that MAA Credit Berhad, a sub-subsidiary of MAA Group Berhad, has agreed to grant a loan of up to RM13.5million via a Letter of Offer dated 8 May 2024 (the "**Loan**") to KNM Process Systems Sdn Bhd, a wholly-owned subsidiary of the Company.

The Loan is for funding of the Company's working capital requirements.

- (d) On 17 December 2024, the Company announced that in place of a Facility Agreement dated 2 May 2019 with IKB Deutsche Industriebank AG, which expired on 16 December 2024, Borsig GmbH, Deutsche KNM GmbH, both wholly owned subsidiaries of the Company, and other companies in the Borsig Group, have entered into a new replacement Facility Agreement with Landesbank Baden-Württemberg and other participating financial institutions of EUR60,000,000 Multicurrency Guarantee facility.

The facility is granted to ensure Borsig Group is able to continue with its operations as normal.

- (e) On 27 February 2025, the Company announced that the subsidiary KNM Process Systems Sdn Bhd entered into a conditional sale, purchase and transfer agreement with NGK Insulators, Ltd for the proposed disposal of 1 share in Deutsche KNM GmbH ("**DKNM**"), representing 100% equity interest in DKNM for a disposal consideration of EUR270.00 million. DKNM is the holding company of Borsig GmbH.

3. MATERIAL LITIGATIONS

As at the LPD, other than as disclosed below, none of the companies within the Group are engaged in any litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group and there are no proceeding, pending or threatened against our Group, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Group:

- (a) On 15 December 2022, the Company and KNM Process Systems Sdn Bhd ("**KNMPS**") (collectively referred to as "**Applicants**") applied to and obtained from the High Court of Kuala Lumpur (the "**Court**") (*vide* Originating Summons No. WA-24NCC-1062-12/2022) the following:
 - (i) leave to be granted to call for a Court convened meeting(s) pursuant to Section 366(1) of the Companies Act, 2016 ("**Act**") with the creditors of the Applicants or any class of them for the purpose of considering and, if thought fit, approving with or without modification the proposed scheme of arrangement and compromise between the Applicants and the Scheme Creditors ("**First Scheme of Arrangement**"); and
 - (ii) a Restraining Order ("**First RO**") for three (3) months pursuant to Section 368(1) of the Act in conjunction with the debt restructuring effort by the Applicants to address its outstanding financial obligations without having the threat of any proceedings and actions being brought against the Applicants

(collectively, "**First Application**"). Particulars of the First Application were disclosed in the announcement *via* Bursa Securities on 16 December 2022.

The Court subsequently granted a series of extensions of the First RO from 15 March 2023 to 14 August 2023, 20 September 2023, 30 October 2023 and then 2 November 2023.

On 2 November 2023, the Court dismissed the Company's application to extend the First RO and further set aside the previous court order dated 15 December 2022 in respect of the First Scheme of Arrangement. The Court granted the Applicants an *ad interim* RO (Erinford Injunction) until 14 November 2023 to allow the Applicants to appeal against the Court's decision to the Court of Appeal. The *ad interim* RO was subsequently extended to 24 November 2023.

On 21 November 2023, the Applicants applied to and obtained from the Court (*vide* Originating Summons No. WA-24NCC-643-11/2023) the following:

- (i) leave to be granted to call for a Court convened meeting(s) pursuant to Section 366(1) of the Act with the creditors of the Applicants or any class for the purpose of considering and, if thought fit, approving with or without modification the proposed scheme of arrangement and compromise between the Applicants and the Scheme Creditors ("**Second Scheme of Arrangement**"); and
- (ii) a Restraining Order ("**Second RO**") for three (3) months pursuant to Section 368(1) of the Act in conjunction with the debt restructuring effort by the Applicants to address its outstanding financial obligations without having the threat of any proceedings and actions being brought against the Applicants

(collectively, “**Second Application**”). Particulars of the Second Application were disclosed in the announcement *via* Bursa Securities on 22 November 2023.

The Court subsequently granted a series of extensions of the Second RO from 19 February 2024 to 7 March 2024, 13 March 2024 and 8 April 2024.

On 8 April 2024, the Court dismissed the Company’s application to extend the Second RO and further set aside the previous court order dated 21 November 2023 in respect of the Second Scheme of Arrangement. The Court granted the Applicants an *ad interim* RO (Erinford Injunction) until 26 April 2024 to allow the Applicants to appeal against the Court’s decision to the Court of Appeal.

On 26 April 2024, the Applicants filed a third application to the Court under Sections 366 and 368 of the Act (Originating Summons No. WA-24NCC-201-04/2024) to sanction a new Third Scheme of Arrangement with its creditors (“**Third Scheme of Arrangement**”) and for a Restraining Order (“**Third RO**”) (collectively, “**Third Application**”). Particulars of the Third Application were disclosed in the announcement *via* Bursa Securities on 26 April 2024.

An automatic moratorium under Section 368(1A) of the Act took effect from 26 April 2024 (the date of filing of the Third Application) for a maximum of two months or until the High Court decides on the application, whichever is earlier.

On 25 June 2024 the Court granted an *ad interim* restraining order until the Court delivers its decision on the Third Application.

The Court subsequently heard the Third Application on 21, 23 and 24 January 2025 and decision was reserved until 12 March 2025. On 12 March 2025, the Court allowed the Third Application but not the Third RO.

On 14 March 2025, the Applicants filed an application for an extension of the Third RO under Section 368(2) of the Act and/or under the Court’s inherent powers. The Court has fixed further Case Management dates for the above application on 21 March 2025 and 26 March 2025.

On 26 March 2025, the Applicants filed an application for an Erinford Order to restrain all proceedings and/or enforcements by all creditors pending the disposal of the Applicants’ appeal to the Court of Appeal. The Applicants filed an appeal to the Court of Appeal against the RO decision of the High Court. On 27 March 2025, the Court granted the Applicants an *Ad Interim* Restraining Order pending the disposal of the Applicants’ application to the Court of Appeal under Section 44 of the Courts of Judicature Act 1964.

For the rest of this section on Material Litigations, the word “**ROs**” shall mean the successive First, Second and Third ROs and the *ad interim* restraining order(s) granted by the Court as described above and includes the automatic moratorium under Section 368(1A) of the Act.

- (b) On 24 February 2022, Ceca Gold Company Limited (“**Ceca Gold**”) commenced an arbitration claim at the Singapore International Arbitration Centre against KNMPS for the sum of USD17,579,400 as liquidated damages and alleged losses for wasted costs and expenditures. KNMPS filed a counter-claim against Ceca Gold for loss, expenses and damages suffered as a result of Ceca Gold’s breach of contract, in the sum of USD32,847,474 or in the alternative, USD27,054,854.79.

Due to the RO, no further dates have been fixed after 7 January 2025.

- (c) On 26 October 2022, KNMPS was served with a Winding-up Petition issued by the Shah Alam High Court dated 23 September 2022 (the “**Petition**”), taken out by IPL Middle East DMCC (the “**Petitioner**”).

Particulars of the Petition are disclosed in the announcement *via* Bursa Securities on 27 October 2022.

The first hearing date for the Petition was fixed on 19 January 2023. However, due to the ROs, all proceedings on the Petition could not proceed beyond a series of case management dates, the latest of which was fixed on 6 March 2025. The Court has also fixed the next case management date on 18 April 2025 and the hearing date on 14 May 2025.

- (d) On 9 November 2022, KNMPS received a notification from its lawyer, Messrs. Aceris Law LLC, that it has received a letter dated 8 November 2022 from Lukoil Uzbekistan Operating Company LLC (“**LUOC**”)’s lawyer, Akin Gump LLP, informing that the amount payable to LUOC by KNMPS pursuant to the final arbitration award (“**the Award**”) dated 29 September 2022 issued by the Arbitration Tribunal (Stockholm Chamber of Commerce) is USD1,865,334.57, subject to the additional post-award interest rate of 2.5% per annum starting to run 30 days from the issuance date of the Award. This marks the end of the dispute among the parties.

The Award is not expected to have any material additional financial losses to the Group for the financial year ending 30 June 2023 as KNMPS has already provided approximately USD1.87 million in relation to this Arbitration during the financial period ended 30 June 2022.

In view of the ROs, all proceedings/settlement payments of the Award have been put on hold until further notice.

- (e) On 7 December 2022, KNMPS was served with a Winding-up Petition issued by the Shah Alam High Court (“**Petition**”), taken out by TransAsia Private Capital Ltd in respect of a claim for USD12,235,860.42 arising from the alleged amount owing under a facility granted to Splendid Investment Limited, which KNMPS had guaranteed as a corporate guarantor.

Due to the ROs, all proceedings on the Petition could not proceed beyond a series of case management dates, the latest of which was on 14 March 2025. The Court has fixed the next case management date on 18 April 2025 and the hearing date on 14 May 2025.

- (f) On 9 December 2022, the Company was served with the following winding up petitions:
 - (i) Winding up petition issued by the Shah Alam High Court dated 5 December 2022 taken out by Ann Joo Metals Sdn Bhd to claim the total outstanding debt of RM10,795,481.98, comprising RM9,841,364.12 for provision of goods and interest of RM954,117.86 as of 31 October 2022 with interest rates ranging from 8% to 18% per annum.
 - (ii) Winding up petition issued by the Shah Alam High Court dated 5 December 2022 taken out by Ann Joo Metal (Singapore) Pte Ltd to claim the total outstanding debt of USD1,215,048.46, comprising USD1,064,902.64 for provision of goods and interest of USD150,145.82 as of 31 October 2022 with interest rates ranging from 8% to 18% per annum.

In view of the ROs, all proceedings on the Petitions could not proceed beyond a series of case management and court hearing dates. The latest case management date is set on 18 April 2025 while the hearing date is fixed for 25 July 2025.

- (g) On 18 September 2023 MBSB Bank Berhad (“**MSBS**”) commenced a suit *vide* Civil Suit No. BA-22M-223-09/2023 against KNM Process Systems Sdn Bhd (“**KNMPS**”) and the Company at the Shah Alam High Court, wherein MBSB claims RM118,676,780.23 and USD2,487,200.00 and interest from the KNMPS as the borrower and the Company as the guarantor.

The action is stayed because of the RO and the trial is yet commence. The Company is negotiating with MBSB on the withdrawal of the suit.

- (h) On 11 October 2023, the Company, Deutsche KNM GmbH and Borsig GmbH (“**Plaintiffs**”) filed a writ action at the High Court of Malaya at Kuala Lumpur *vide* Civil Suit No. WA-22NCC-731-10/2023 against Flavio Porro (“**1st Defendant**”) and Terence Tan Koon Ping (“**2nd Defendant**”) (collectively

referred to as “**Defendants**”) for damages of EUR3,444,832. The claim made was based on conspiracy to injure, breach of duty of loyalty and fidelity, negligence, and breach of statutory duties in respect of the intended sale of Borsig GmbH to Vorsprung Industries GmbH which was later terminated in December 2022.

The parties have filed their pleadings which includes:

- (i) Plaintiffs’ Statement of Claim dated 11 October 2023;
- (ii) 1st Defendant’s Statement of Defence and Counterclaim dated 16 November 2023;
- (iii) 2nd Defendant’s Statement of Defence dated 29 November 2023;
- (iv) Plaintiffs’ Amended Reply to 2nd Defendant’s Defence dated 5 January 2024;
- (v) Plaintiffs’ Amended Reply to 1st Defendant’s Statement of Defence and Counterclaim dated 8 January 2024.

The 2nd Defendant has filed an application to strike out the Plaintiffs’ claim on 4 March 2024.

On 6 August 2024, the Court dismissed the 2nd Defendant’s Striking-out Application.

On 18 February 2025, the Court allowed the 2nd Defendant’s application to amend his Statement of Defence but awarded the Plaintiffs costs of RM3,000.00 to compensate for the prejudice and/or inconvenience caused.

On 27 March 2025, the Court directed the parties to file pre-trial Case Management documents and the next case management has been scheduled on 30 April 2025.

- (i) On 6 February 2025, Affin Bank Berhad (“**Affin**”) initiated foreclosure proceedings under Originating Summons No. WA-24FC-198-02/2025 against KNM OGPET (East Coast) Sdn. Bhd. (“**KNM OGPET**”), seeking to foreclose the Gebeng Plant (Title No. PN7099, Lot 8936, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang), an asset owned by KNM OGPET, being a 100% owned subsidiary of KNMPS.

The foreclosure proceedings initiated by Affin against KNM OGPET stem from a default on term loan facilities totaling RM21 million granted to KNMPS. KNM OGPET, as the chargor, had executed a third-party charge over the Gebeng Plant (Title No. PN7099, Lot 8936, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang) as security for the loan. Affin is seeking to recover RM15,601,414.84 from KNM OGPET through the foreclosure proceedings.

In view of the ROs, the High Court has directed that the foreclosure proceedings under Originating Summons No. WA-24FC-198-02/2025 shall await the outcome of the Applicants’ RO application on 12 March 2025 before any further directions are given.

On 13 March 2025, the High Court ordered the parties to file their respective affidavits within prescribed times and fixed the next Case Management date on 18 April 2025. The Company will be filing an affidavit to oppose foreclosure proceedings on the ground that the (*ad interim*) RO granted on 27 March 2025 restrains Affin from all further proceedings.

- (j) On 21 March 2025, Perwira Awan Sdn Bhd (“**Perwira Awan**”) was served with an Originating Summons No. CA-24MFC-35-03/2025 dated 11 March 2025 (the “**OS**”) filed by MBSB Bank Berhad (“**MBSB**”) against Perwira Awan.

Perwira Awan, as the registered owner of the land held under H.S(D) 17934 PT 7552 Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang (the “**Land**”), charged the Land to MBSB as security for the Islamic Term Financing-i of RM123 million granted by MBSB to KNMPS (“**Financing-i**”). This is the same subject matter in the civil suit commenced by MBSB against KNM Process Systems Sdn Bhd and the Company, as disclosed in paragraph (g) above.

By the OS, MBSB is seeking, *inter alia*, for an order for sale (by public auction) of the Land based on the alleged failure of KNMPS to settle the amount of RM116,132,228.16 owing to MBSB (as at 31 January 2025) under the Financing-i.

The date set for the hearing of the OS is 15 April 2025. The Company is negotiating with MBSB on the withdrawal of the OS.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company during the normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular to the date of the forthcoming AGM:

- (a) the Constitution of KNM;
- (b) the Statutory Financial Statements of KNM for the two (2) financial years ended 31 December 2023 and 31 December 2024;
- (c) the material contracts referred to under item 2 above; and
- (d) the relevant cause papers in respect of the material litigations referred to in item 3 above.



KNM GROUP BERHAD

Registration No.: 200001018741 (521348-H)

Incorporated in Malaysia

NOTICE IS HEREBY GIVEN that the **22ND ANNUAL GENERAL MEETING (“AGM”)** of the Company will be held at the **Royal Ballroom 3, Palace of the Golden Horses, Jalan Kuda Emas, MINES Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan** on **Thursday, 5 June 2025 at 10.30 a.m.** for the following purposes:

AGENDA

RESOLUTION

AS ORDINARY BUSINESS

- | | | |
|-----|---|----------|
| (1) | To receive the Audited Financial Statements for the financial period ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.
<i>[Please refer to Explanatory Note A]</i> | |
| (2) | To approve the payment of Directors' fees of RM600,000.00 to the Directors of the Company for the period from 1 June 2025 until 30 June 2026. | 1 |
| (3) | To approve an amount of up to RM180,000.00 as benefits payable to the Directors of the Company for the period from 1 June 2025 until 30 June 2026.
<i>[Please refer to Explanatory Note B]</i> | 2 |
| (4) | To re-elect the following Directors who are retiring in accordance with Article 113 of the Company's Constitution and who, being eligible, offer themselves for re-election: | |
| | (i) Ravindrasingham A/L Balasingham | 3 |
| | (ii) Dato' Sri Naresh Mohan | 4 |
| | (iii) James Beltran | 5 |
| (5) | To re-appoint Messrs. KPMG PLT as Auditors of the Company, to hold office until conclusion of the next AGM and to authorise the Directors to fix their remuneration. | 6 |

AS SPECIAL BUSINESS

- | | | |
|-----|---|----------|
| (6) | To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions: - | |
| (a) | Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 | 7 |
| | “THAT, subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also | |

empowered to obtain the approval from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the additional shares so issued.”

(b) Proposed New Shareholders’ Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd (“Proposed New Shareholders’ Mandate”)

8

“THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries (“the Group”) to enter into recurrent related party transaction of a revenue or trading nature with Trace Management Services Sdn Bhd, details as set out in the Circular to Shareholders of the Company dated 30 April 2025, which are necessary for the Group’s day-to-day operations, in its ordinary course of business, made on an arm’s length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company.

THAT the Proposed New Shareholders’ Mandate is subject to annual review and any authority conferred by the Proposed New Shareholders’ Mandate, shall only continue to be in force until: -

- (i) the conclusion of the next AGM of the Company, following this AGM at which such mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at a general meeting, the authority of the Shareholders’ Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting of the Company;

whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to this resolution.”

- (7) To transact any other business of which due notice shall have been given.

By Order of the Board

KENNETH GOH KWAN WENG (BC/G/88)
Company Secretary

Seri Kembangan,
Selangor Darul Ehsan

30 April 2025

NOTES: -

1. *The 22nd AGM of the Company will be held physically whereby shareholders/proxies/corporate representatives will have to be physically present at the Meeting Venue and there will be no option for shareholders to participate virtually.*
2. *A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy (must be in hard copy) must be deposited at the Company's Registered Office, 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.*
6. *Any alteration in the Form of Proxy must be initialled.*
7. *Form of Proxy sent through facsimile transmission shall not be accepted.*
8. *For the purpose of determining a member who shall be entitled to attend this 22nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 78(i), 78(ii) and 78(iii) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 29 May 2025. Only a depositor whose name appears on the Record of Depositors as at 29 May 2025 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
9. *Explanatory Notes to the Agenda:*

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Benefits Payable to the Directors of the Company (Ordinary Resolution 2)

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 2 is to seek shareholders' approval for payment of Directors' benefits (excluding Directors' fees) to the Directors of the Company for the period from 1 June 2025 until 30 June 2026.

The benefits comprises the meeting allowances, benefits-in-kind and other emoluments payable to the Directors of the Company.

In determining the estimated total amount of remuneration (excluding Directors' fees) for the Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' remuneration (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the relevant period.

10. *Explanatory Notes to Special Business of Agenda 6:*

(C) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 7)

The Ordinary Resolution proposed under Resolution 7 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, there were no new shares issued pursuant to the Mandate granted to the Directors at the 21st AGM held on 6 June 2024 and which will lapse at the conclusion of the 22nd AGM to be held on 5 June 2025.

(D) Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature

The proposed Resolution No. 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading in nature which are necessary for KNM Group's day to day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholder' approval.

The details on the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 30 April 2025.

11. *Poll Voting*

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of the 22nd AGM will be put to vote by way of poll.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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