

General Announcement

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Company Name : **KNM GROUP BERHAD**
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KNM Group Berhad (“KNM” or “Company or “Issuer”)
Proposed Issue of up to RM150.0 Million Murabahah Underwritten Notes
Issuance Facility / Islamic Medium Term

Contents :



Notes

KNM GROUP BERHAD (521348-H)

PRESS RELEASE

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KNM Group Berhad (“KNM” or “Company or “Issuer”)
Proposed Issue of up to RM150.0 Million Murabahah Underwritten Notes Issuance
Facility / Islamic Medium Term Notes (“Proposed MUNIF/IMTN” or “Notes”)

Kuala Lumpur, 4 June 2004

The Company is pleased to announce that it entered into amongst others, a Facility Agreement on 3 June 2004 with Amanah Short Deposits Berhad (ASD) for the proposed issuance of up to RM150.0 million Murabahah Underwritten Notes Issuance Facility/ Islamic Medium Term Notes (“MUNIF/IMTN”). ASD is the Principal Adviser/Lead Arranger for the proposed MUNIF/IMTN.

The proceeds from the proposed MUNIF/IMTN will be utilized for the repayment of KNM Group's existing borrowings, capital expenditure as well as working capital. The tenure of the MUNIF/IMTN is seven years

The rationale for KNM to issue the MUNIF/IMTN is to raise funds through private debt securities at a lower cost, as offered by the Islamic capital market which provides a wider base of investors. Moreover, the participation in the Islamic capital market is in line with the Government's initiative to enhance the development of the domestic Islamic capital market.

The Proposed MUNIF/IMTN will not have any effect on the share capital of the Company. The Proposed MUNIF/IMTN when issued is expected to enhance the earnings of the Company by lowering the borrowing costs of the KNM Group.

The approval from the Securities Commission for the proposed MUNIF/IMTN was obtained on 12 May 2004. The first targeted issuance of the MUNIF/IMTN is expected to take place by end-June 2004.