

General Announcement

Reference No **OS-060329-62724**

Submitting Merchant Bank : AVENUE SECURITIES SDN BHD
Company Name : **KNM GROUP BERHAD**
Stock Name : KNM
Date Announced : 29/03/2006

Type : **Announcement**
Subject : **KNM GROUP BERHAD (“KNM” OR “COMPANY”)**
· **PROPOSED FBM ACQUISITION; AND**
· **PROPOSED MANAGEMENT OPTION SCHEME**
(COLLECTIVELY, THE “PROPOSALS”)

Contents :

Further to the announcement dated 28 March 2006, Avenue Securities Sdn Bhd, on behalf of the Board of Directors of KNM wishes to announce that Bank Negara Malaysia (“BNM”) had vide its letter dated 28 March 2006 given its permission for the following in relation to the Proposed FBM Acquisition:-

(a) Remittance of funds amounting to Euro6.8 million for the acquisition of the entire equity interest in FBM-Hudson Italiana BV (“Newco”), a company incorporated in the Netherlands to serve as KNM’s special purpose vehicle for the acquisition of the entire equity interest in FBM-Hudson Italiana SpA (“FBM”); and

(b) Newco shall utilise the Euro6.8 million funds to finance the Proposed FBM Acquisition.

The aforesaid permission is subject to, inter-alia, the following salient conditions:-

(i) KNM Process Systems Sdn Bhd (“KNMPS”), a wholly-owned subsidiary of KNM is required to repatriate all dividends, profits and proceeds from the disposal of investment received immediately after the said dividends and profits are paid, or when the foreign equity investment is disposed and to inform the Foreign Exchange Administration accordingly;

(ii) KNMPS is required to submit the Quarterly Report on External Assets and Liabilities of Resident Companies in Malaysia from the first quarter of 2006; and

(iii) KNMPS and its foreign subsidiaries are required to submit copies of their financial statements when available.

In the event that KNMPS has not remitted the said funds on or before May 2006, KNMPS is required to inform BNM prior to the remittance of the balance funds.

This announcement is dated 29 March 2006.