

General Announcement

Reference No **KG-070116-66667**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **16/01/2007**

Type : **Announcement**
Subject : **Incorporation of new subsidiaries in Canada**

Contents :

The Board of Directors of KNM Group Berhad (**KNM** or **Company**) is pleased to announce that FBM Hudson Italiana BV, (**FBM BV**), an indirect wholly-owned subsidiary of the Company received a confirmation on 15 January 2007 from Fraser Milner Casgrain LLP of 2900 Manulife Place, 10180-101 Street, Edmonton, Alberta, Canada T5J 3V5, the Company's appointed solicitors in Edmonton, Alberta, Canada, that KNM Corporation, KNM Process Equipment Inc and KNM Industries Inc were incorporated on 12 January 2007 as either direct or indirect wholly-owned subsidiaries of FBM BV.

1. Information on KNM Corporation (KNM Corp)

(a) Incorporation

KNM Corp was incorporated in Edmonton, Alberta, Canada on 12 January 2007. KNM Corp has not commenced operations since its date of incorporation.

(b) Authorised, issued and paid-up share capital

KNM Corp has an authorized, issued and paid up share capital of 100 Class A shares of Canadian Dollars (CAN) 0.10 each. FBM BV is the sole subscriber of the 100 Class A shares.

(c) Registered address

KNM Corp's registered address is at 2900, 10180-101 Street, Edmonton, Alberta, Canada T5J 3V5.

(d) Principal activities

KNM Corp is intended to be involved principally as an investment holding company in Canada

2. Information on KNM Process Equipment Inc (KNMPE)

(a) Incorporation

KNMPE was incorporated in Edmonton, Alberta, Canada on 12 January 2007. KNMPE has not commenced operations since its date of incorporation.

(b) Authorised, issued and paid-up share capital

KNMPE has an authorized, issued and paid up share capital of 100 Class A shares of CAN 0.10 each. KNM Corp is the sole subscriber of the 100 Class A shares.

(c) Registered address

KNMPE's registered address is at 2900, 10180-101 Street, Edmonton, Alberta, Canada T5J 3V5.

(d) Principal activities

KNMPE is intended to be involved principally in the design, engineering, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, columns and towers, drums, heat exchangers, air finned coolers, process gas waste heat boilers and specialised shell and tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities for the oil, gas, petrochemicals and minerals processing industries in Canada and the North America region.

3. Information on KNM Industries Inc (KNM Ind)

(a) Incorporation

KNM Ind was incorporated in Edmonton, Alberta, Canada on 12 January 2007. KNM Ind has not commenced operations since its date of incorporation.

(b) Authorised, issued and paid-up share capital

KNM Ind has an authorized, issued and paid up share capital of 100 Class A shares of CAN 0.10 each. KNM Corp is the sole subscriber of the 100 Class A shares.

(c) Registered address

KNM Ind's registered address is at 2900, 10180-101 Street, Edmonton, Alberta, Canada T5J 3V5.

(d) Principal activities

KNM Ind is intended to be involved principally as 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.

4. Information on FBM BV

(a) Incorporation

FBM BV was incorporated in Amsterdam, the Netherlands on 23 March 2006.

(b) Authorised, issued and paid-up share capital

FBM BV has an authorised share capital of Euro Dollars (EUR) 720,000 comprising 720,000 ordinary shares of EUR1.00, of which 180,000 ordinary shares are issued and fully paid up.

(c) Registered address

FBM BV's registered address is at c/o Equity Trust Co NV, Strawinskylaan 3105 Atrium, 1077ZX Amsterdam, the Netherlands.

(d) Principal activities

FBM BV is an investment holding company.

5. Effect of the incorporation of KNM Corp, KNMPE and KNM Ind

(a) Issued and paid-up share capital

The incorporation of KNM Corp, KNMPE and KNM Ind (collectively referred to as the Canadian Subsidiaries) will not have a material effect on the issued and paid-up share capital of the KNM Group.

(b) Earnings

The incorporation of the Canadian Subsidiaries is expected to contribute positively to the earnings of the KNM Group in the medium and long term.

(c) Substantial shareholders' shareholding

The Canadian Subsidiaries will not have any effect on the shareholdings of the substantial shareholder of the Company.

(d) Net tangible assets (NTA)

The incorporation of the Canadian Subsidiaries is expected to enhance the NTA of the KNM Group in the medium and long term.

6. Directors' and substantial shareholders' interest

None of the directors and/or substantial shareholders of the Company and/or persons connected to directors and/or substantial shareholders of the Company have any interest, direct or indirect, in the incorporation of the Canadian Subsidiaries.

This announcement is dated 16 January 2007.