

General Announcement

Reference No **KG-070731-65896**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **31/07/2007**

Type : **Announcement**
Subject : **Incorporation of new subsidiary in Indonesia**

Contents :

The Board of Directors of KNM Group Berhad (**KNM** or **Company**) is pleased to announce that KNM International Sdn Bhd (**KNMI**), a wholly-owned subsidiary of the Company received a confirmation on 31 July 2007 from Maria Anastasia Halim SH of Gedung M3G, Jalan Yos Sudarso, Batam, 29432, Indonesia, KNMI's appointed notary/conveyancer in Batam, Indonesia that PT KPE Industries (**PT KPE**) has been incorporated on 27 July 2007 as a subsidiary of KNM International Sdn Bhd.

1. Information on PT KPE

(a) Incorporation

PT KPE was incorporated in Batam, Indonesia, on 27 July 2007. KNM Corp has not commenced operations since its date of incorporation.

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

PT KPE has an authorised, issued and paid up share capital of 5,000 shares of United States Dollar (**USD**) 100.00 each. KNMI subscribed for 4,999 shares in PT KPE. The balance 1 share was subscribed by KNM Process Systems Sdn Bhd (**KNMPS**), a wholly-owned subsidiary of KNM.

(c) Registered address

PT KPE's registered address is in the Kabil Industrial Estate in Batam, Indonesia, the details of which shall be provided by KNMI's appointed notary/conveyancer in Batam, Indonesia in due course.

(d) Principal activities

PT KPE 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 intended manufacturing facility at the Kabil Industrial Estate in Batam, Indonesia.

2. Information on KNMI

(a) Incorporation

KNMI was incorporated on 10 May 2002 and commenced operations in 2003.

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

KNMI has an authorised share capital of RM5,000,000 comprising 4,700,000 ordinary shares of RM1.00 each and 300,000 redeemable preference shares of RM1.00 each, of which 1,000,000 ordinary shares are issued and fully paid up.

(c) Registered address

KNMI's registered address is 15, Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

(d) Principal activities

KNMI is principally involved in the provision of management, technical advisory, license and trademark services to related companies and related investments abroad.

3. Information on KNMPS

(a) Incorporation

KNMPS was incorporated on 28 June 1990 and commenced operations the same year.

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

(i) Authorised share capital

KNMPS has an authorised share capital of RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each.

(ii) Issued and paid-up share capital

KNMPS has an issued and fully paid up share capital of RM3,100,000.00 comprising 3,100,000 ordinary shares of RM1.00 each.

(c) Registered address

KNMPS's registered address is at 15, Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

(d) Principal activities

KNMPS is principally involved 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 as well as technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and renewable energy industries worldwide.

5. Effect of the incorporation of PT KPE

(a) Issued and paid-up share capital

The incorporation of PT KPE will not have a material effect on the issued and paid-up share capital of the KNM Group.

(b) Earnings

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

(c) Substantial shareholders' shareholding

The incorporation of PT KPE will not have any effect on the shareholdings of the substantial shareholder of the Company.

(d) Net tangible assets (NTA)

The incorporation of PT KPE 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 PT KPE.

This announcement is dated 31 July 2007.