

General Announcement

Reference No **KG-071008-65405**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **08/10/2007**

Type : **Announcement**
Subject : **Substantial minerals processing order secured by a subsidiary of KNM Group Berhad**

Contents :

1. Introduction

KNM Group Berhad (**KNM**) is pleased to announce that KNM Process Systems Sdn Bhd (**KNMPS**), a wholly owned subsidiary of KNM secured a substantial new order from an international client for an overseas project.

2. The secured orders

On 5 October 2007, KNMPS secured a substantial order from SNC-Lavalin Engineers and Constructors Inc on behalf of Dynatec Madagascar S A to design, manufacture and supply brick lining vessels and autoclaves for the Ambatovy nickel and cobalt refinery project located in Madagascar, Africa (**Ambatovy Project**).

The Ambatovy project signifies the KNM Group's further expansion into the minerals processing industry and represents the KNM Group's first exposure to minerals processing projects in Africa.

The delivery of the brick lining vessels and autoclaves is on a free on board (**FOB**) basis at KNM's manufacturing facility in Changshu, China.

The value of the above substantial order secured amounts to United States Dollar (**USD**) 25.02 million, or equivalent to approximately RM85.0 million.

3. Information on KNMPS

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 energy industries worldwide.

4. Approvals

The award is not subject to the approval of the shareholders of KNM or KNMPS or any regulatory authority in Malaysia or elsewhere.

5. Directors' and major shareholders' interest

None of the directors or substantial shareholders of KNM, or any persons connected to them, has any direct or indirect interest in the above secured orders.

6. Effects of the orders

The above orders are expected to contribute positively to the KNM Group's earnings and net tangible assets for the financial year ending 31 December 2008.

This announcement is dated 8 October 2007.