

## General Announcement

Reference No **KG-080528-42621**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **28/05/2008**

Type : Announcement  
Subject : **KNM Group Berhad**  
Incorporation of new subsidiary in Germany  
Contents : The Board of Directors of **KNM Group Berhad (KNM or Company)** is pleased to announce that **KNM Process Systems Sdn Bhd (KNMPS)**, a direct wholly-owned subsidiary of the Company received a confirmation on 27 May 2008 from **Holters & Elsing of Immermannstrasse 40, 40210 Dusseldorf, Germany**, the Company's appointed solicitors in Dusseldorf, Germany that **KNMPS** had on 27 May 2008 acquired the entire issued and paid up shares in **Deutsche KNM GmbH (formerly known as Hauptstadtsee 746 V V GmbH)**, for a cash consideration of Euro Dollar (EUR) 27,500.00, equivalent to RM140,250.00 based on an exchange rate of RM5.10 : EUR1.00.

### Announcement Details :

The Board of Directors of **KNM Group Berhad (KNM or Company)** is pleased to announce that **KNM Process Systems Sdn Bhd (KNMPS)**, a direct wholly-owned subsidiary of the Company received a confirmation on 27 May 2008 from **Holters & Elsing of Immermannstrasse 40, 40210 Dusseldorf, Germany**, the Company's appointed solicitors in Dusseldorf, Germany that **KNMPS** had on 27 May 2008 acquired the entire issued and paid up shares in **Deutsche KNM GmbH (formerly known as Hauptstadtsee 746 V V GmbH)**, for a cash consideration of Euro Dollar (EUR) 27,500.00, equivalent to RM140,250.00 based on an exchange rate of RM5.10 : EUR1.00.

## 1. Information on Deutsche KNM GmbH

### (a) Incorporation

Deutsche KNM GmbH was incorporated in Berlin, Germany on 8 May 2008 and has not commenced operations since its date of incorporation.

### (b) Registered capital

Deutsche KNM GmbH has a registered capital of EUR25,000.00, which is fully paid up.

**KNMPS** had on 27 May 2008 acquired the entire registered capital in **Deutsche KNM GmbH** for a consideration of EUR27,500.00, which is

equivalent to RM140,250.00 based on an exchange rate of RM5.10 : EUR1.00, from Foratis AG of Kurt-Schumacher-Straße 18-20 53113 Bonn, Germany.

**(c) Registered address**

Deutsche KNM GmbH registered address is at Egellsstraße 21, 13507 Berlin, Germany.

**(d) Principal activities**

Deutsche KNM GmbH is intended to be involved principally as a holding company and administration of assets.

**2. 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.

### **3. Effect of the incorporation of Deutsche KNM GmbH**

#### **(a) Issued and paid-up share capital**

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

#### **(b) Earnings**

The incorporation of Deutsche KNM GmbH is expected to contribute positively to the earnings of the KNM Group in future years.

#### **(c) Substantial shareholders' shareholding**

The incorporation of Deutsche KNM GmbH will not have any effect on the shareholdings of the substantial shareholder of the Company.

#### **(d) Net assets (NA)**

The incorporation of Deutsche KNM GmbH is expected to enhance the NA of the KNM Group in future years.

### **4. 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 Deutsche KNM GmbH.

This announcement is dated 28 May 2008.