

## General Announcement

Reference No **KG-100208-750E6**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **08/02/2010**

Type : Reply to query  
Reply to Bursa : IJ-100205-37531  
Malaysia's Query  
Letter - Reference  
ID  
Subject : Proposed Acquisition of the Entire Business and Undertakings of  
the Company  
- Reply to Bursa Malaysia Securities Berhad's queries dated 5  
February 2010  
  
Contents : Reply to Bursa Malaysia Securities Berhad's queries dated 5  
February 2010 as follows:  
  
Query Letter : We refer to your Company's announcements dated 4 February  
content 2010, in respect of  
the aforesaid matter.

In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:-

The total equity interests held by BlueFire Capital Group Ltd ("Bidco") in the Company as at the latest practicable date;  
The total purchase consideration involved in the Proposed Acquisition;  
Whether Bidco has sufficient financial resources or has procured any financial commitment in undertaking the Proposed Acquisition;  
The rationale for Bidco in undertaking the Proposed Acquisition;  
The information on GS Capital Partners VI Fund L.P. and Mettiz Capital Limited together with its role in the Proposed Acquisition;  
To provide further clarification on the statement "Bidco is acting in collaboration with GS Capital Partners VI Fund L.P. and Mettiz Capital Limited"; and

Whether Bidco has expressed its intention on the listing status of the Company.

Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.

Yours faithfully

CHONG FUI TZY  
Head, Issuers  
Listing Division  
Regulation

HTH/IJ  
copy to:- Head, Market Surveillance, Securities Commission (via fax)

Announcement Details :

In reply to the queries received from Bursa Securities Malaysia Berhad vide its letter dated 5 February 2010 (ref: IJ-100205-37531), the Company wishes to inform that:-

**Question 1. The total equity interests held by BlueFire Capital Group Ltd ("Bidco") in the Company as at the latest practicable date**

Reply: Bidco has no equity interest in the Company as at to-date.

**Question 2. The total purchase consideration involved in the Proposed Acquisition**

Reply: Subject to due diligence, the total proposed price for the Business/ Enterprise Value is RM4,326 million. After deducting, total debt of RM1,306.967 million, a minority interest of RM8.732 million and adding total cash of RM540.943 million the equity valuation is RM3,552 million, which is equivalent to RM0.90 per issued ordinary share of the Company. This is based on 3,946,291 million issued ordinary shares (excluding treasury shares) as at 2 January 2010

and, as set out in the Interim Financial Report on Consolidated Results for the Period ended 30 September 2009.

**Question 3. Whether Bidco has sufficient financial resources or has procured any financial commitment in undertaking the Proposed Acquisition**

Reply: Goldman Sachs (Singapore) Pte. has been engaged as Bidco's adviser, arranger and manager for equity and debt financing and underwriting of this proposed transaction. Goldman Sachs has reviewed the Company's business, operations and prospects in order to evaluate various investment and financing alternatives on a preliminary basis. In connection with this review, a fund managed by Goldman Sachs has previewed an equity financing proposal with its investment committee and the firm's investment banking division has also expressed an interest in arranging debt financing. In respect of both equity and debt financing, Goldman Sachs is prepared to arrange such financing subject to satisfactory due diligence and agreeing terms.

**Question 4. The rationale for Bidco in undertaking the Proposed Acquisition**

Reply: The Company will require future fundings and increase gearing to finance its restructuring and improve its position in the market. Bidco intends to tap on the funding resources and financial strengths and capabilities of its equity partners.

**Question 5. The information on GS Capital Partners VI Fund LP and Mettiz Capital Limited together with its role in the Proposed Acquisition**

Reply: GS Capital Partners VI Fund LP is managed by the Principal Investment Area (PIA) of The Goldman Sachs Group, Inc., which is actively involved in privately negotiated corporate equity investment activities. Since 1986, GS Capital Partners has raised corporate investment vehicles aggregating over US\$56 billion of capital. GS Capital Partners is currently investing its US\$20.3 billion GS Capital Partners VI Fund, PIA's sixth global, diversified fund formed in 2007. PIA has over 120 investment professionals in New York, London, Hong Kong, Tokyo and San Francisco with expertise in a wide variety of industries. GS Capital Partners VI Fund LP is a potential provider of equity finance for the Proposed Acquisition.

Mettiz Capital Limited is a potential provider of equity finance for the Proposed Acquisition.

**Question 6. To provide further clarification on the statement "*Bidco is acting in collaboration with GS Capital Partners VI Fund LP and Mettiz*"**

***Capital Limited"***

Reply: The collaboration between Bidco and these parties is to secure a suitable financing arrangement for the purposes of this Proposed Acquisition.

**Question 7. Whether Bidco has expressed its intention on the listing status of the Company**

Reply: Bidco has not expressed any intention on the listing status of the Company.