

## General Announcement

Reference No **KG-100323-63169**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **23/03/2010**

Type : **Announcement**  
Subject : **INVESTMENT IN LITWIN ASIA PACIFIC SDN BHD**

Contents : **1. INTRODUCTION**

The Board of Directors of KNM Group Berhad (“KNM” or “the Company”) is pleased to announce that the Company had on 22 March 2010 completed its investment and subscription for 51 ordinary shares of RM1.00 each in Litwin Asia Pacific Sdn Bhd (“LAPSB”), representing 51% equity interest of the enlarged share capital of LAPSB for a total cash consideration of RM51.00 only (“the Investment”) while the other 49% equity interest is owned by Litwin SA.

### 2. INFORMATION ON LAPSB, LITWIN SA AND KNM

LAPSB was incorporated on 27 January 2010 as a private limited company and having its registered address at Suite 11-03 11th Floor MCB Plaza, No. 6 Changkat Raja Chulan, 50200 Kuala Lumpur. Its authorised share capital is RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is presently RM100.00. It is currently dormant but will principally be involved in screening and marketing of turnkey power projects and such other projects which do present interests for Litwin SA and the Company in the Asia Pacific area.

Litwin SA, a company incorporated in France and having its registered address at No. 13/15 Rue Edouard Manet 92504 Rueil Malmaison Cedex, France, is a renowned turnkey contractor for power, oil, gas, petrochemical and chemical projects worldwide.

KNM was incorporated on 22 July 2000 and became publicly listed on the Bursa Malaysia Securities Berhad (“Bursa Securities”) since 11 August 2003. Its authorised share capital is presently RM1,250,000,000.00 comprising of 5,000,000,000 ordinary shares of RM0.25 each; whereas its issued and fully paid up share capital is currently RM1,001,092,593.75, comprising

4,004,370,375 ordinary shares of RM0.25 each. The Company is principally an investment holding company whilst its subsidiary and associate companies are 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 specialized 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 and minerals processing and general industries worldwide.

### 3. DETAILS OF THE INVESTMENT

The shares are subscribed for in cash at nominal value of RM1.00 each through internally generated funds.

There are no other liabilities to be assumed by KNM.

### 4. RATIONALE FOR THE INVESTMENT

The Investment will enable Litwin SA and the Company to co-operate and exert their best efforts on a mutually beneficial and exclusive basis in relation to securing and executing steam power plants, coal-fired power plants, cogeneration and trigeneration plants, combined cycle plants, waste-to-energy plant, and such other business opportunities and projects in the Asia Pacific region.

### 5. FINANCIAL EFFECTS OF THE INVESTMENT

#### 5.1 Share Capital

The Investment will not affect the share capital of KNM.

#### 5.2 Earnings Per Share

The Investment is not expected to have any material effect on the consolidated earnings of KNM and its group of companies for the financial year ending 31 December 2010.

#### 5.3 Substantial Shareholders' Shareholdings

The Investment will not affect the substantial shareholders' shareholdings in KNM.

#### 5.4 Net Assets and Gearing

The Investment is not expected to have any material effect on the consolidated net assets and gearing of KNM and its group of companies for the year ending 31 December 2010.

### 6. RISK FACTORS

The Investment is subject to certain risks mainly in the oil, gas, petrochemical, mineral processing, biofuel and energy industries in Asia Pacific region. These include changes in general economic conditions such as, but not limited to inflation, taxation, foreign exchanges, interest rates, labour and material supply, changes in business and operating conditions such as, but not limited to government and statutory regulations and deterioration in prevailing market conditions.

The Investment does not alter the risk profile of KNM as KNM Group is already operating in these industries and hence would continue to be exposed to risk factors that they currently face whilst operating in the industry.

Although KNM Group with its vast experience may undertake efforts to mitigate the various risks, there is no assurance that any change in the above factors will not have a material adverse effect on the business and operations of KNM and/or LAPSB.

### 7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders, persons connected to the Directors or persons connected to the major shareholders of the Company has any interest, direct or indirect, in the Investment.

### 8. DIRECTORS' STATEMENT

Having considered all aspects of the Investment, the Board of Directors is of the opinion that the Investment is in the best interest of the Company.

### 9. CONDITION OF THE INVESTMENT

The Investment is not subject to the approvals of any governmental

authority and the shareholders of KNM.

#### 10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio pursuant to paragraph 10.02(g) of the Bursa Securities Main Market Listing Requirements applicable to the Investment is 0.0000000281%.

This announcement is dated 23 March 2010.

Announcement Details :