

General Announcement
Reference No **KG-110411-B6054**

Amended Announcement

(Please refer to the earlier announcement reference number: KG-110407-70284)

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **11/04/2011**

Type : **Announcement**
Subject : **OTHERS**
Description : **INVESTMENT IN KNM OGPET (SABAH) SDN BHD**

Announcement Details/Table Section :

1. INTRODUCTION

The Board of Directors of KNM Group Berhad (“KNM” or “the Company”) is pleased to announce that its wholly-owned subsidiary KNM Process Systems Sdn Bhd (“KNMPS”), had on 11 April 2011 invested and subscribed for 800 ordinary shares of RM1.00 each in KNM OGPET (Sabah) Sdn Bhd (“KNMOS”), representing 80% equity interest in KNMOS for a total cash consideration of RM800.00 (“Investment”).

2. INFORMATION ON KNMOS, KNMPS AND INDASABAH SDN BHD

KNMOS was incorporated on 23 March 2011 as a private limited company under the laws of Malaysia and having its registered address at Suite 1-10-E1A, 10th Floor, CPS Tower, Centre Point Sabah, No. 1 Jalan Centre Point, P.O. Box 11209, 88813 Kota Kinabalu, Sabah. Its authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each and its current issued and paid-up share capital is RM1,000.00. KNMOS will be principally involved in investment holding and provision of management services and process equipment for oil, gas, petrochemical, mineral processing, energy and related sectors. Upon completion of the Investment, KNMOS will be 80% owned by KNM through KNMPS. The balance 20% equity interest is held by Indasabah Sdn Bhd.

KNMPS was incorporated as a private limited company under the laws of Malaysia on 28 June 1990. Its registered address is at 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. 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. Its authorised share capital is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each and its issued and paid-up is RM3,100,000. KNMPS is a wholly-owned subsidiary of KNM.

Indasabah Sdn Bhd (“ISB”) was incorporated on 26 November 2010 as a private limited company under the laws of Malaysia and having its registered address at 4th Floor, Lot 12, Block A, Warisan Square, 88000 Kota Kinabalu, Sabah. Its authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and its current issued and paid-up share capital is RM2.00. ISB is principally involved in general trading and provision of management services in relation to timber, agriculture and seafood products, and general construction.

3. DETAILS OF THE INVESTMENT

The shares are subscribed for at par value of RM1.00 each and the total consideration of RM800.00 shall be fully settled in cash through internally generated funds and/or shareholders’ advances.

There are no further liabilities to be assumed by KNMPS or KNM.

4. RATIONALE FOR THE INVESTMENT

The Investment is generally aimed to tap into various existing and future capital expenditure for oil, gas and petrochemical projects in Sabah which is in line with KNM’s overall objective of expanding and growing the businesses of KNM and its group of companies (“KNM Group”) throughout Malaysia.

5. FINANCIAL EFFECTS OF THE INVESTMENT

5.1 Share Capital

The Investment does not affect the share capital of KNM.

5.2 Earnings

The Investment is not expected to have any material effect on the consolidated earnings of KNM and KNM Group for the financial year ending 31 December 2011.

5.3 Substantial Shareholders’ Shareholdings

The Investment does not affect the shareholdings of the substantial shareholders in KNM.

5.4 Net Assets and Gearing

The Investment will not have any material effect on the consolidated net assets and gearing of KNM and KNM Group for the year ending 31 December 2011.

6. RISK FACTORS

The Investment is subject to certain risks mainly in the oil, gas, petrochemicals, mineral, power, environmental, renewable energy and biotechnology industries in the market places. 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 KNMPS.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders or persons connected to the Directors and/or 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 approval of any governmental authority and/or the shareholders of KNM.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the Investment is 0.00004%.

This announcement is dated 11 April 2011.