

WINDING UP / RECEIVER & MANAGER / RESTRAINING ORDER / SPECIAL ADMINISTRATOR KNM GROUP BERHAD ("KNM" or "the Company") PROPOSED SCHEME OF ARRANGEMENT (SOA) AND RESTRAINING ORDER (RO) FROM HIGH COURT OF KUALA LUMPUR ORIGINATING SUMMONS NO. WA-24NCC-1062-12/2022

KNM GROUP BERHAD

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| Type | Announcement |
| Subject | WINDING UP / RECEIVER & MANAGER / RESTRAINING ORDER / SPECIAL ADMINISTRATOR |
| Description | KNM GROUP BERHAD ("KNM" or "the Company") PROPOSED SCHEME OF ARRANGEMENT (SOA) AND RESTRAINING ORDER (RO) FROM HIGH COURT OF KUALA LUMPUR ORIGINATING SUMMONS NO. WA-24NCC-1062-12/2022 |

Reference is made to the Company's announcement dated 31 October 2022 in relation to the admission of the Company into Practice Note 17.

The Board of Directors of the Company wishes to announce that on 15 December 2022, KNM and KNM Process Systems Sdn Bhd (collectively referred to as "Applicants"), as part of proactive measures to address the Applicants' debt obligations in an orderly manner, have applied to the High Court of Kuala Lumpur ("the Court") for the followings:

(a) leave to be granted to the Applicants to call for a Court convened meeting(s) pursuant to Section 366(1) of the Companies Act, 2016 ("Act") with the creditors of the Applicants or any class of them ("Scheme Creditors") ("Scheme Meeting(s)") for the purpose of considering and, if thought fit, approving with or without modification (which modification can be made any time prior to and/or at the Scheme Meeting(s)) the proposed scheme of arrangement and compromise between the Applicants and the Scheme Creditors ("Proposed Scheme of Arrangement"); and

(b) a RO pursuant to Section 368(1) of the Act in conjunction with the debt restructuring effort by the Applicants to address its outstanding financial obligations without having the threat of any proceedings and actions being brought against the Applicants.

(collectively, "Application")

The Court had on 15 December 2022, allowed the Applicants' Application which was made pursuant to Sections 366 and 368 of the Act ("Order").

Pursuant to the RO, all existing proceedings and /or any new/future actions or proceedings against the Applicants and/or their assets (whether located in Malaysia or outside of Malaysia and whether held by the Applicants or any trustee in whole or in part, directly or indirectly, as principal or agent, beneficially or otherwise) by all creditors of the Applicants (including but not limited to contingent or prospective creditors), including but not limited to actions and proceedings in respect of:

(a) Court, winding-up and arbitration proceedings as well as any intended or future proceedings;

(b) execution or enforcement process, extra-judicial proceedings or other proceedings;

- (c) any proceedings in the Industrial Court and/or Labour Court;
- (d) any proceedings under the Construction Industry Payment and Adjudication Act 2012;
- (e) any proceedings in any tribunal/authority under any statute (including any mediation proceedings);
- (f) to restrain all creditors (including Scheme Creditors of the Applicants) from taking any actions or proceedings in respect of the demands for any payment, exercise/enforcement or intended exercise/enforcement of any liens, securities, undertakings and guarantees under any documents or security documents relating to the Applicants or otherwise (including exercise/enforcement of any securities [whether located in Malaysia or outside of Malaysia] provided by other companies for facilities granted / services provided by the Scheme Creditors);
- (g) appointment of liquidator(s), receiver (s) and/or manager(s), nominee(s) / supervisor(s) (pursuant to an application for corporate voluntary arrangement) and/or judicial manager(s) over the Applicants and/or the Applicants' assets; and
- (h) any dealing with the assets of the Applicants in any way or entering upon any premises upon which such assets may be located except with the prior consent of the Applicants or upon further order of the Court.

be and is hereby forthwith restrained and stayed except by leave of the Court for a period of three (3) months from the date of the RO and subject to such terms as the Court may impose. Therefore, the RO allows the Applicants and the Scheme Creditors to negotiate and finalise the terms of the SOA without the potential threat of any proceedings and actions being brought against the Applicants in the interim.

The Order is not envisaged to have any material adverse financial and operational impact to the Applicants as:

1. the RO does not prevent the Applicants from continuing with their day-to-day business and operations as usual;
2. the RO will mitigate the potential disruptions to the operations of the Company and its subsidiaries ("the Group") arising from legal proceedings against the Applicants while pending the finalisation and approval of the Proposed Scheme of Arrangement, and
3. Although the issuance of the RO might potentially give a contractual counterparty a right to review its contract with the Applicant, the Applicants do not thereby anticipate any material adverse impact on the finances or operations of the Group, either because the Applicants have been engaging with the relevant counterparties (or will do so) to mitigate this risk, or because the termination of the relevant contract is not expected to have any material impact.

Further development in relation to the RO and SOA will be announced in due course.

This announcement is dated 16 December 2022.

Announcement Info

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| Company Name | KNM GROUP BERHAD |
| Stock Name | KNM |
| Date Announced | 16 Dec 2022 |
| Category | General Announcement for PLC |
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