

PRACTICE NOTE 17 / GUIDANCE NOTE 3 : REGULARISATION PLAN

KNM GROUP BERHAD

Type	Announcement
Subject	PRACTICE NOTE 17 / GUIDANCE NOTE 3 REGULARISATION PLAN
Description	KNM GROUP BERHAD ("KNMG" OR "COMPANY") PROPOSED REGULARISATION PLAN

*Reference is made to the earlier announcement dated 19 August 2025 in relation to the Proposed Regularisation Plan ("**Requisite Announcement**"). Unless stated otherwise, abbreviations and definitions used throughout this announcement shall bear the same meaning as those defined in the Requisite Announcement.*

On behalf of the Board, KAF IB wishes to announce that Bursa Securities had vide its letter dated 3 October 2025 ("**Letter**") decided to reject the Proposed Regularisation Plan as the Company and its Principal Adviser have not demonstrated to the satisfaction of Bursa Securities on the ability of the Proposed Regularisation Plan to comply with Paragraphs 5.4 and 5.5 of Practice Note 17 ("**PN17**") of the Main LR as there are concerns on the comprehensiveness of the Proposed Regularisation Plan in addressing the issues that caused KNMG to trigger the Prescribed Criteria of PN17 and Paragraph 8.03A and to sustain and grow the business operations of KNMG given the following:

(a) Based on the tentative implementation timeline, the Proposed Regularisation Plan is expected to be completed by mid-February 2026. Subsequent to the proposed disposal of 100% equity interest in Deutsche KNM GMBH ("**DKNM**") ("**Proposed Disposal of DKNM**"), KNMG is left with its remaining Malaysian based operations, whereby revenue for FYE 31 December 2024 and 6-month FPE 30 June 2025 was RM6.44 million and RM1.38 million respectively, which would represent 2.3% and 0.5% respectively (of the restructured share capital of RM275.97 million upon completion of the Proposed Regularisation Plan).

Taking into consideration KNMG's remaining orderbook as at 31 July 2025 of RM2.83 million, which is expected to be recognised by end-2025, the Group's revenue for the FYE 31 December 2025 is projected to be RM4.21 million. This represents approximately 1.5% of the restructured share capital of RM275.97 million upon completion of the Proposed Regularisation Plan. Hence, KNMG's remaining business operations continue to trigger Paragraph 8.03A(2)(b) of the Main LR upon completion of implementation of the Proposed Regularisation Plan.

(b) The Group's remaining continuing operations (i.e. excluding DKNM) have been lossmaking for FYE 31 December 2024 and 6-month FPE 30 June 2025 respectively. There are concerns on the viability of the remaining continuing operations of KNMG, whereby its revenue is insufficient to cover production overheads given that the remaining operations generated gross loss for FYE 31 December 2024 and 6-month FPE 30 June 2025 respectively. In addition, the Group has been incurring idle capacity costs for its fabrication yards in Malaysia, Canada and Italy which are under-utilised, and such idle capacity costs are expected to be incurred continuously until the recommencement of Malaysia operations for and upon the disposal of the Italy assets.

(c) Furthermore, on 1 September 2025, Petroliaam Nasional Berhad ("**PETRONAS**") designated KNMPS as non-compliant with its special licensing conditions for supplying products/services to exploration and oil/gas companies in Malaysia. Although KNMG has stated that KNMPS historically operated with an international presence and intends to rebuild its international customer base, and that KNMPS may still undertake subcontracted work for PETRONAS projects, its current non-compliant status prevents direct participation in PETRONAS-related project bids.

The securities of the Company shall be removed from the Official List of Bursa Securities on such date as may be specified by Bursa Securities, subject to the Company's right to appeal against the rejection of the regularisation plan pursuant to Paragraph 8.04(4) of the Listing Requirements.

This announcement is dated 3 October 2025.

Announcement Info	
Company Name	KNM GROUP BERHAD
Stock Name	KNM
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