

Circular

Reference No **JM-080526-37527**

Company Name : **KNM GROUP BERHAD**

Stock Name : KNM

Date Announced : 26/05/2008

Subject : CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND
PROPOSED NEW SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING
NATURE

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KNM GROUP BERHAD

(Company No. 521348-H)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The ordinary resolution in respect of the above Proposal shall be tabled at the 6th Annual General Meeting of the Company, which will be held at the Unity Room, Lower Ground Level, Palace of the Golden Horses, MINES Resort City, Jalan Kuda Emas, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia at 10.00 a.m. on 17 June 2008. Notice of the 6th Annual General Meeting together with the Form of Proxy are enclosed in the 2007 Annual Report.

The Form of Proxy must be completed and lodged at the Registered Office of the Company at 15 Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time stipulated for holding the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending the 6th Annual General Meeting and voting in person if you are able to do so.

For the purpose of this Circular, the following definitions shall apply unless otherwise specified -

Act	Companies Act, 1965, as amended from time to time and any re-enactment thereof.
AGM	Annual General Meeting.
Annual Report	The Annual Report of the Company for the financial year ended 31 December 2007.
Asiavertek	Asiavertek Sdn Bhd.
AUD	Australian Dollar
Audit Committee	The audit committee established and appointed by the Board pursuant to Chapter 15, Part C of the Listing Requirements.
Board	The Board of Directors of the Company.
Bursa Securities	Bursa Malaysia Securities Berhad.
Company	KNM Group Berhad.
Decomecc	Decomecc NV, a company incorporated in Belgium.
Directors	Includes a director of a management company of a real estate investment trust.
Ellimetal	Ellimetal N.V., a company incorporated in Belgium.
EUR	Euro Dollar.
Group	The Company and its subsidiary and associate companies.
IM Bina	IM Bina Sdn Bhd.
IMRD	Inter Merger Realty & Development Sdn Bhd
IMSB	Inter Merger Sdn Bhd.
IMT	Inter Merger Trading Sdn Bhd.
KNM	Shall have the same meaning as Company.
Listing Requirements	Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof.
Major Shareholder	Means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting shares in that company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act.
Maxtrans	Maxtrans NV, a company incorporated in Belgium.
NA	Net assets.
Nasser Hazza	Nasser Hazza Brothers Co, a company incorporated in Saudi Arabia.
Persons Connected	Persons deemed to be connected with a Director or major shareholder pursuant to Section 122A of the Act.
Proposed Shareholders' Mandate	Proposed renewal of shareholders' mandate and proposed new shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements for the Group to enter into RRPT as set out in Section 4 of this Circular.
Related Party	A Director, Major Shareholder or a person connected with such Director or Major Shareholder

RM and sen	Ringgit Malaysia and sen respectively.
RRPT	Recurrent related party transactions of a revenue or trading nature to be entered into by the Group which are necessary for the day-to-day operations of the Group and involve the interest, direct or indirect, of a Related Party, in the course of the Group's business.
Shares(s)	Ordinary shares of RM0.25 each in the Company.
Shareholders	Shareholders of the Company.
SR	Saudi Riyals.
TKSB	Tegas Klasik Sdn Bhd.
Tofield Construction	Tofield Construction Inc, a company incorporated in Canada.
Tofield Realty	Tofield Realty Development Corporation, a company incorporated in Canada.
Transacting Company	The Company or companies transacting with the Group for which the Proposed Shareholders' Mandate is sought.
USD	United States Dollar
Validity Period	<p>The period where authority is given by the Shareholders for the Proposed Shareholders' Mandate which is effective upon the passing of the Ordinary Resolution at the forthcoming AGM and may continue in force until -</p> <ul style="list-style-type: none"> (a) the conclusion of the next AGM of the Company, to be held in 2008; or (b) the expiration of the period within which the next AGM after that date is required by law to be held; or (c) revoked or varied by ordinary resolution passed by the Shareholders in general meeting, <p>whichever occurs first.</p>

Definitions of companies within the Group

DESB	- Duraton Engineering Sdn Bhd
Ellimetal	- Ellimetal NV, a company incorporated in Belgium
FBM SpA	- FBM Hudson Italiana SpA, a company incorporated in Italy
FBM ICOSS	- FBM ICOSS s.r.l, a company incorporated in Italy
FZCO	- FBM-KNM FZCO, a company incorporated in the United Arab Emirates
Hasil Wira	- Hasil Wira Sdn Bhd
HEA	- HEA Pty Ltd, a company incorporated in Australia
KEE	- KNM Exotic Equipment Sdn Bhd (formerly known as MKE Engineering Sdn Bhd)
KEE Entities	- KEE, Hasil Wira, KMK and Pancaran Ribu.
KMK	- KMK Power Sdn Bhd
KNM Cap	- KNM Capital Sdn Bhd
KNM-CIW	- KNM-CIW Sdn Bhd (formerly known as Kosmo Sawit Sdn Bhd)
KNM Corp	- KNM Corporation, a company incorporated in Canada
KNM Corp Entities	KNM Corp, KNM Ind, KNMPE, KPS and KTE.
KNME	- KNM Europa BV (formerly known as FBM Hudson Italiana BV), a company incorporated in the Netherlands
KNMES	- KNM Engineering Services Pty Ltd
KNM Global	- KNM Global Ltd, a company incorporated in the British Virgin Islands
KNM Labuan	- KNM Capital Labuan Limited, a company incorporated in Federal Territory of Labuan, Malaysia
KNM OGPET	- KNM OGPET (East Coast) Sdn Bhd
KNMI	- KNM International Sdn Bhd
KNMIB	- KNM Industrial Boilers Sdn Bhd (formerly known as KNM Macchi Boilers Sdn Bhd)
KNM Ind	- KNM Industries Inc, a company incorporated in Canada
KNMMS	- KNM Management Services Sdn Bhd
KNMPE	- KNM Process Equipment Inc, a company incorporated in Canada
KNMRE	- KNM Renewable Energy Sdn Bhd
KNM Sistemas	- KNM Sistemas de Processamento do Brasil Ltda, a company incorporated in Brazil
KNMPB	- KNM Plant (Bintulu) Sdn Bhd
KNMPG	- KNM Plant (Gebeng) Sdn Bhd
KNMPM	- KNM Plant (Melaka) Sdn Bhd
KNMOC	- KNM Overseas (China) Sdn Bhd

KNMOG	-	KNM Oil & Gas (B) Sdn Bhd, a company incorporated in Brunei
KNMPS	-	KNM Process Systems Sdn Bhd
KNMPS Malaysia Entities		KNMPS, KEE Entities, KNM OGPET, KNMTS, DESB, KNMPG, KNMPB, KNMPM, Sumber and KNMIB.
KNM Saudi	-	KNM Saudi Limited Co., a company incorporated in Saudi Arabia
KNMSPEC	-	KNM Special Process Equipment (Changshu) Co Ltd, a company incorporated in the People's Republic of China
KNMTS	-	KNM Technical Services Sdn Bhd
KNM-DP	-	KNM-DP Fabricators Sdn Bhd
KNM-DP HB	-	KNM-DP Harta Bina Sdn Bhd
KPL	-	KNM Pty Ltd, a company incorporated in Australia
KPS	-	KPS Inc, a company incorporated in Canada
KTE	-	KPS Technology & Engineering LLC, a company incorporated in United States of America
Pancaran Ribu	-	Pancaran Ribu Sdn Bhd
PASB	-	Perwira Awan Sdn Bhd
PT HEI	-	PT Heat Exchangers Indonesia, a company incorporated in Indonesia
PT KPE	-	PT KPE Industries, a company incorporated in Indonesia
Sumber	-	Sumber Amantech Sdn Bhd
WES	-	W E Smith Engineering Pty Ltd, a company incorporated in Australia

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KNM GROUP BERHAD

(Company No. 521348-H)
(Incorporated in Malaysia)

Registered Office -
15 Jalan Dagang SB4/1,
Taman Sungai Besi Indah,
43300 Seri Kembangan,
Selangor Darul Ehsan

26 May 2008

Directors -

YBhg Dato' Mohamad Idris bin Mansor	(Independent Non-Executive Chairman)
Ir Lee Swee Eng	(Managing Director)
Lim Yu Tey	(Senior Independent Non-Executive Director)
YBhg Dato' Ab. Halim bin Mohyiddin	(Independent Non-Executive Director)
Lee Hui Leong	(Executive Director)
Gan Siew Liat	(Executive Director)
Chew Fook Sin	(Executive Director)
Ng Boon Su	(Executive Director)

To the Shareholders of KNM Group Berhad

Dear Sir/Madam,

Proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature (Proposal)

1. Introduction

At the 5th AGM of the Company held on 28 June 2007, the Shareholders approved the mandate on RRPT of the Group, which will expire at the conclusion of the 6th AGM of the Company, scheduled on 17 June 2008.

Accordingly, the Board had on 23 May 2008 announced its intention to seek Shareholders' approval for the Proposal at the forthcoming 6th AGM, as set out in Section 4 of this Circular.

This Circular serves to provide you with the relevant information on the Proposal, sets out your Board's recommendation and seeks your approval for the Proposal to be tabled at the forthcoming 6th AGM. The Notice of AGM and the Form of Proxy are enclosed in the Annual Report.

2. The Listing Requirements

Under Paragraph 10.09 of the Listing Requirements, the Company may seek a shareholders' mandate in respect of RRPT which are necessary for its day to day operations such as supplies of materials, subject to the following -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where -
 - (i) the consideration, value of assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the lower;

- (c) the listed issuer's circular to shareholders for the shareholders for the shareholders' mandate shall include the information set out in Part B of Appendix 10D and Appendix PN12/2001-A of Practice Note No. 12/2001. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with Part B of Appendix 10D and Appendix PN12/2001-A of Practice Note No. 12/2001;
- (d) in a meeting to obtain shareholders' mandate, the interested Directors, interested Major Shareholders or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that the Persons Connected with him abstain from voting on the resolution approving the transactions.

3. Proposed Shareholders' Mandate for recurrent related party transactions

KNM is an investment holding company while 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 specialised shell and tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities and providing technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and energy industries worldwide, license and trademark services to international related companies and related international investments, providing project manpower, engineering, non-destructive testing and technical consultancy services, marketing services, property investment and investment holding.

The subsidiaries and associated companies of KNM and their respective principal activities at the date of this Circular are –

Name	Date and place of incorporation	Effective equity interest %	Principal activities
Subsidiaries			
KNMPS	28.06.1990 Malaysia	100	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 turnkeys 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 energy industries worldwide.
KNM Cap	24.04.2006 Malaysia	100	Provision of funding and treasury services and all related functions.
KNMMS	19.05.2006 Malaysia	100	Provision of qualifying services under the overseas head quarters (OHQ) concept which includes management, treasury, financial advisory, technical support, marketing, business development and procurement and all related functions.
KNM Labuan	14.03.2008 Federal Territory of Labuan Malaysia	100	Provision of funding and treasury services and all related functions.

Name	Date and place of incorporation	Effective equity interest %	Principal activities
KNMRE	04.10.2006 Malaysia	100	Provision of process technology for the biofuels and seeds extraction plants, provision of turnkey services, including operation and maintenance services for biofuels and seeds extraction plants and related investments in the renewable energy industries.
KNMI	10.05.2002 Malaysia	100	Provision of management, technical advisory, licence and trademark services to international related companies and related investments abroad.
Subsidiaries of KNMPS			
KNM OGPET	30.05.1994 Malaysia	100	Fabrication and maintenance of oil, gas and petrochemical process equipment, storage tanks, modular assemblies and structural assemblies for oil, gas and petrochemical industries.
PASB	17.10.1992 Malaysia	100	Property investment.
KNMTS	24.03.2005 Malaysia	100	Provision of technical services and other associated services related to the oil, gas and petrochemical industries.
DESB	14.11.2000 Malaysia	100	Provision of project manpower, engineering, non-destructive testing and technical consultancy services.
KNMPG	10.07.1995 Malaysia	100	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries.
KNMPB	16.02.2005 Malaysia	100	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries.
KNMPM	10.03.2005 Malaysia	100	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries.
Sumber	17.06.2004 Malaysia	100	Provision of project management and technical services.
KNMIB	05.07.2006 Malaysia	100	Design, manufacture and fabricate and engage in sales and marketing of high capacity industrial boilers, heat recovery steam generators and waste heat boilers for the oil, gas, petrochemicals, minerals processing and energy industries.
KPL	28.11.2000 Australia	100	Design, manufacture, sale and service of heat exchange systems for use throughout the world.

Name	Date and place of incorporation	Effective equity interest %	Principal activities
KEE	19.07.1991 Malaysia	100	Thermal insulation, mechanical piping contracts, fabrication and installation of steel tanks, vessels and structural steel works.
KNME	23.03.2006 Netherlands	100	Investment holding.
Ellimetal *	05.09.1964 Belgium	See note below	Design, engineering, procurement and manufacturing of process equipment, including without limitation pressure aluminium silos in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals and chemicals industries worldwide.
Subsidiaries of KPL			
WES	08.03.2001 Australia	100	Thermal and mechanical design, drafting, manufacture of shell and tube heat exchangers, vessels, columns and feedwater heaters.
HEA	28.05.2003 Australia	100	Manufacture of air cooled, shell and tube, and plate heat exchangers, vessels and columns.
PT HEI	19.05.1994 Indonesia	100	Manufacture of air-cooled, shell and tube, and plate and frame heat exchangers, vessels and columns
Subsidiaries of KEE			
Pancaran Ribu	08.06.1990 Malaysia	100	Contractor for the oil and gas industries and provision of technical services.
Hasil Wira	28.02.1992 Malaysia	100	Provision of technical drafting and detailed services for structural and mechanical engineering.
KMK	30.07.1994 Malaysia	100	Design, fabrication and installation of power plants and equipment and the provision of technical services.
Subsidiaries of FBM BV			
KNM Corp	12.01.2007 Canada	100	Investment holding.
FBM SpA	30.05.1997 Italy	100	Design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries.

Name	Date and place of incorporation	Effective equity interest %	Principal activities
FBM ICOSS	08.08.1974 Italy	100	Design and construction of fully welded plate type heat exchangers, plates bundle exchangers and jacketed pressure vessels for different fields such as chemical, petrochemical, textile, pharmaceutical, food industry, aerospace and research industries.
Subsidiaries of KNM Corp			
KNM Ind	12.01.2007 Canada	100	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's manufacturing facility in Edmonton, Alberta, Canada.
KNMPE	12.01.2007 Canada	100	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 for the oil, gas, petrochemicals and minerals processing industries in Canada and the North America region.
KPS	20.02.2008 Canada	100	Investment holding.
Subsidiary of KPS			
KTE	01.02.2008 United States of America	60	Provision of services to clients in the oil, gas and energy/power industries in relation to sulphur removal and sulphur recovery technology.
Associate Company of FBM SpA			
FZCO	01.09.2004 United Arab Emirates	49	Design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries.

Name	Date and place of incorporation	Effective equity interest %	Principal activities
Subsidiary of KNMRE			
KNM-CIW	31.01.2007 Malaysia	100	Provision of process technology for the biofuels and seeds extraction plants, provision of turnkey services, including operation and maintenance services for biofuels and seeds extraction plants and related investments in the renewable energy industries.
Subsidiaries of KNMI			
KNM Global	10.06.2004 British Virgin Islands	100	Provision of marketing services.
KNMOG	10.05.2005 Brunei Darussalam	95	Provision of management, technical advisory, licence and trademark services to related companies and related investments abroad.
KNMOC	21.10.2002 Malaysia	100	Investment holding.
KNM Sistemas	21.08.2006 Brazil	100	Design, manufacture and fabricate process equipment, including without limitation pressure vessels, air finned coolers, process gas waste heat boilers and specialized shell and tube heat exchangers for the oil, gas, petrochemicals and minerals processing industries in Brazil and its surrounding regions.
KNMES	04.10.2006 India	100	Provision of design, engineering, technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and general industries.
PT KPE	27.07.2007 Indonesia	100	Asset holding company.
FZCO	01.09.2004 United Arab Emirates	51	Design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries.
KNM Saudi	05.04.2008 Saudi Arabia	51	Design, manufacture, fabricate, construct, assemble, commission and maintain process equipment, mounted bullets, pressure vessels, heat exchangers, skid mounted assemblies, process piping systems, storage tanks, specialized structural assemblies and module assemblies for oil, gas and petrochemicals industries.

Name	Date and place of incorporation	Effective equity interest %	Principal activities
Subsidiary of KNMOC			
KNMSPEC	14.06.2002 China	100	Design, manufacture, assembly, commissioning and maintenance of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialized structural assemblies and module assembling for the oil, gas and petrochemical industries within the market in China.
Associates of KNMPS			
KNM-DP	22.01.1992 Malaysia	28	Fabrication and maintenance of process equipment, storage tanks, modular assemblies and steel structural components for oil, gas and petrochemical industries.
KNM-DP HB	24.09.1994 Malaysia	49	Dormant (intended principal activity is property investment).

* Note -

KNM is proposing to acquire 100% of Ellimetal, details of which are set out in an announcement dated 9 January 2008. The proposed acquisition of Ellimetal is subject to the signing of a shares sale agreement and completion thereof. Ellimetal may upon completion become a subsidiary of KNMPS.

The Board seeks your mandate to allow the Group, in its ordinary course of business, to enter into RRPT with the Related Parties set out in Section 4 below provided such transactions are in the opinion of your Directors (other than those deemed interested as disclosed in Section 4(a)) made at arm's length and on normal commercial terms of the Group and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. The review procedures for RRPT are set out in Section 6 of this Circular.

If approved at the AGM, the Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until -

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the said AGM, the mandate is again renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of KNM in general meeting,

whichever is the earlier.

4. Class and nature of recurrent related party transactions

(a) Class of Related Parties

The Proposed Shareholders' Mandate shall apply to transactions as set out in Section 4(b) hereafter with the following Related Parties –

	Transacting Parties	Principal Activity	Date of incorporation / establishment	Issued and Paid-up capital	Period of business relationship with the Group
1.	IMSB	Investment and provision of management and technical consultancy services	17 June 1987	RM3.0 mil	> than 10 years
2.	IMT	General merchants and agent for supplying of equipment and accessories	3 October 1991	RM100,000.00	> than 10 years
3.	I M Bina	Undertaking of civil construction and engineering works	18 May 1990	RM1.0 mil	> than 10 years
4.	Tofield Construction	Undertaking of civil construction and engineering works	12 January 2007	CAN10.00	< than 5 years
5.	Tofield Realty	Undertaking of civil construction and engineering works	12 January 2007	CAN10.00	< than 5 years
6.	Nasser Hazza	Provision of general construction, civil and mechanical and engineering work	15 June 1953	SR10,152,000	< than 5 years
7.	Decomecc	Provision of subcontract services	31 May 1995	EUR456,124.09	< than 5 years
8.	Maxtrans	Provision of transport services	1 July 2001	EUR125,000.00	< than 5 years

Notes -

1. *IMSB is a major shareholder of KNM.*
2. *IMT is a wholly-owned subsidiary of IMSB.*
3. *IM Bina is a 98% subsidiary of IMSB.*
4. *Tofield Construction is a wholly-owned subsidiary of Asiavertek, of which Lee Swee Eng and Gan Siew Liat are shareholders and directors.*
5. *Tofield Realty is a wholly-owned subsidiary of Asiavertek, of which Lee Swee Eng and Gan Siew Liat are shareholders and directors.*
6. *Nasser Hazza is an entity controlled by Mohammed Nasser Hazza Al Fehaid Al Subaei, a director of KNM Saudi.*
7. *Mr Lambert Geerkens is the Managing Director of Decomecc. He is also Managing Director for Ellimetal.*
8. *Mr Lambert Geerkens is the Managing Director of Maxtrans. He is also Managing Director for Ellimetal.*

The Interested Related Parties are as follows –

Interested Related Parties	Shareholding in KNM				Nature of Interest
	Direct		Indirect		
	No. of shares	%	No. of shares	%	
Mr Lee Swee Eng	11,910,000	1.13	281,688,000	26.72	By virtue of his major shareholding in IMSB, TKSB, Tofield Construction and Tofield Realty his spouse, Gan Siew Liat's interests in IMSB, TKSB, KNM and KNM-DP and his directorships in IMSB and KNM.
Lee Hui Leong	-	-	23,947,636	2.27	By virtue of his major shareholding and directorship in TKSB, his deemed major shareholding in KNM and KNM-DP and his directorships in KNM, and KNM-DP.
Gan Siew Liat	1,320,000	0.13	281,688,000	26.72	By virtue of her major shareholding in IMSB Tofield Construction and Tofield Realty, her deemed major shareholding in TKSB, her spouse, Mr Lee Swee Eng's interests in IMSB and TKSB, KNM and KNM-DP and her directorship in IMSB and KNM.
Chew Fook Sin	2,220,800	0.21	281,688,000	26.72	By virtue of his major shareholding and directorship in TKSB, his sister-in-law, Gan Siew Liat's indirect interest in IMSB and his directorships in TKSB and KNM.
Mohammed Nasser Hazza Al Fehaid Al Subaei	-	-	-	-	By virtue of his major shareholding and directorship in Nasser Hazza.
Lambert Geerkens	-	-	-	-	By virtue of his directorship in Decomecc and Maxtrans and his directorship in Ellimetal.
IMSB	257,740,364	24.45	23,947,636	2.27	Major shareholder of KNM.
TKSB	23,947,636	2.27	-	-	By virtue of the major shareholdings of Lee Swee Eng, Lee Hui Leong and Chew Fook Sin in TKSB.

(b) Nature of the Recurrent Related Party Transactions

The Recurrent Related Party Transactions which are the subject of the Proposed Shareholders' Mandate are transactions by the Group relating to the provision of, or the obtaining from, the Related Parties, services which are in the normal course of the business of the Group, are as follows -

(1) Companies within the Group transacting with the Transacting Company	(2) Nature of transaction	(3) Transacting Company	(4) Interested Related Party	(5) Estimated value payable / (receivable) during the Validity Period of the Proposed Shareholders Mandate (new) (RM)	(6) Estimated value payable / (receivable) during the Validity Period of the Proposed Shareholders Mandate (renewal) (RM)
KNMPS Malaysia Entities	Land and office rental, related charges and administrative expenses.	IMSB - Landlord/provider of office space.	Mr Lee Swee Eng, Gan Siew Liat, Chew Fook Sin and IMSB.	-	3,500,000.00

(1) Companies within the Group transacting with the Transacting Company	(2) Nature of transaction	(3) Transacting Company	(4) Interested Related Party	(5) Estimated value payable / (receivable) during the Validity Period of the Proposed Shareholders Mandate (new) (RM)	(6) Estimated value payable / (receivable) during the Validity Period of the Proposed Shareholders Mandate (renewal) (RM)
KNMPS Malaysia Entities	Purchases of production materials and fixed assets, which include but are not limited to bending, rolling and lathe machines, generators, electrode ovens and Time of Flight Diffraction equipment.	IMT - Supplier of production materials and fixed assets.	Ir Lee Swee Eng, Gan Siew Liat, Chew Fook Sin and IMSB.	-	1,000,000.00
KNMPS Malaysia Entities	Receipt of general construction, civil and related mechanical and engineering work.	IM Bina - General and civil contractor.	Ir Lee Swee Eng, Gan Siew Liat, Chew Fook Sin and IMSB		47,000,000.00
KNM Corp Entities	Receipt of general construction, civil and related mechanical and engineering work and rental of staff housing	Tofield Realty – General and civil contractor and provider of staff accommodation. Tofield Construction – General and civil contractor and provider of staff accommodation.	Ir Lee Swee Eng, Gan Siew Liat and Asiavertek		30,000,000.00
PT KPE	Receipt of general, construction, civil and related mechanical and engineering contractor.	IM Bina - General and civil contractor.	Ir Lee Swee Eng, Gan Siew Liat, Chew Fook Sin and IMSB.	13,000,000.00	
KNM Saudi	Receipt of general construction, civil and related mechanical and engineering work.	Nasser Hazza - General and civil contractor.	Mohammed Nasser Hazza Al Fehaid Al Subaei	25,000,000.00	
Ellimetal	Receipt of subcontract services.	Decomecc – General Subcontractor	Lambert Geerkens	5,000,000.00	
Ellimetal	Receipt of transport services.	Maxtrans – Transportation subcontractor	Lambert Geerkens	10,000,000.00	

5. Benefits

The Group has a long-standing business relationship with the Transacting Companies. The services provided by and/or supplied to the Transacting Companies are in the view of your Directors (other than those deemed interested as disclosed in Section 4(a) and Audit Committee priced competitively and all transactions between Group and the Transacting Parties are carried out on an arm's length basis.

Although the Group also sources and/or supply similar services from/to third parties, the Group proposes to seek shareholders' mandate as the close co-operation with the Transacting Parties is in the view of your Directors (other than those deemed interested as disclosed in Section 4(a) expected to continue to be of benefit to the Group.

Some of the key benefits which are in view of your Directors (other than those deemed interested as disclosed in Section 4(a)) derived from the transactions are –

(a) Office rental, related charges and administrative expenses

The Group requires office premises to house its operations. As IMSB offers office space which are in view of your Directors (other than those deemed interested as disclosed in Section 4(a)) is in the right vicinity and of desired quality yet meeting cost-effective operating reasons, the Group entered into Tenancy Agreements with IMSB dated 21 November 2000 which was subsequently renewed, with the latest extended 3-year term from 1 January 2008 to 31 December 2010 at a monthly rental of RM75,240.00, based on RM3.00 per square foot for office space at Nos. 11 to 19, Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Rates formulation has taken into account factors like quality renovation, air-conditioning, furnishings and fittings.

A piece of land with jetty facilities made available by IMSB will be identified to facilitate KNM's needs for equipment delivery from its manufacturing facility at Bukit Rambai, Melaka at a rate your directors view is low and on an arms length basis. The rent is payable on a monthly basis.

In addition, IMRD and IMSB are respectively owner and main tenant of the office premises described above which provides utility, maintenance and related professional services, including telephone, fax lines, electricity and water whereas KNMPS is a sub-tenant of IMSB. Such charges represent purely disbursements that are re-chargeable periodically to the Group, calculated based on actual sale revenue achieved, with no profit mark-up on such charges. The re-charging to the Group is common and necessary to reflect the usage by the Group for its daily operations and business activity.

Based on the above, in view of your Directors (other than those deemed interested as disclosed in Section 4(a)), the rental rates and basis for charging are financially fair and reasonable.

(b) Purchases of production materials and fixed assets

IMT is a trading company that professionally sources and supplies production materials and fixed assets in the most competitive and cost effective manner for the Group. IMT adopts a focused and specialised methodology and process of sourcing competitively, including using commercial bid evaluation methods and capitalising on amongst others, economies of scale orders and centralising its procurement and distribution functions to enable it to lower purchase prices for the mutual benefit of both parties. A very minimal percentage profit mark-up is imposed in certain cases where appropriate on re-sale to the Group to represent consideration for such services. This ensures the pricing to the Group is always low and competitive in comparison to the general market. However, in some case, where transactions are unable to meet competitive pricing objectives, no mark-up is imposed on such sale transactions with the Group. In addition, IMT has since been part of a focused, synergistic relationship with the Group. The Directors (other than those deemed interested as disclosed in Section 4(a)) have considered all factors above to ensure such transactions and prices are made at arm's range and hence it is financially fair and acceptable.

(c) Provision of general construction and civil works

IM Bina is a company involved in providing civil engineering work for the Group. IM Bina functions in a similar capacity and concept as IMT above, where focused and specialised delivery of professional services is emphasised. The pricing is arms-length based, having regard to stringent demand and schedule factors as required by Group. The profit margin is variable and low so that such transaction is favourable to the Group on a symbiotic basis while still cost effective to Group. The Directors (other than those deemed interested as disclosed in Section 4(a)) have considered all factors above to ensure such transactions and prices are made at arm's range and hence it is financially fair and acceptable.

(d) Provision of general construction and staff accommodation

Tofield Construction and Tofield Realty are involved in the construction and civil works in relation to the Group's manufacturing facility in Tofield, Alberta, Canada, as well as construction of accommodation for the Group's employees in Tofield, Alberta, Canada. Tofield Realty functions in a similar capacity and concept as IM Bina. In addition, Asiavertek, which is the holding company of Tofield Construction and Tofield Realty owns the apartments that houses the Group's employees in Tofield, Alberta, Canada.

The pricing is arms-length based, having regard to stringent demand and schedule factors as required by Group. The profit margin is variable and low so that such transaction is favourable to the Group on a symbiotic basis while still cost effective to Group.

Based on the above, in view of your Directors (other than those deemed interested as disclosed in Section 4(a)), the rates and basis for charging are financially fair and reasonable.

(e) Provision of general construction, civil and mechanical and engineering work and related machinery and equipment

IM Bina and Nasser Hazza are involved in the construction, civil and mechanical and engineering work in relation to the Group's manufacturing facility in Jubail, Saudi Arabia. Nasser Hazza functions in a similar capacity and concept as IM Bina and Tofield Realty. The pricing is arms-length based, having regard to stringent demand and schedule factors as required by Group. The profit margin is variable and low so that such transaction is favourable to Group on a symbiotic basis while still cost effective to the Group. The Directors (other than those deemed interested as disclosed in Section 4(a)) have considered all factors above to ensure such transactions and prices are made at arm's range and hence it is financially fair and acceptable

(f) Provision of subcontract services

Decomecc is involved in the provision of services in relation to the decoiling of aluminium and stainless steel coils and the sawing and water jet cutting of steel plates in relation to the Group's intended operations in Belgium. The pricing is arms-length based, having regard to stringent demand and schedule factors as required by Ellimetal. The profit margin is variable and low so that such transaction is favourable to Ellimetal on a symbiotic basis while still cost effective to Ellimetal.

Based on the above, in view of your Directors (other than those deemed interested as disclosed in Section 4(a)), the rates and basis for charging are financially fair and reasonable.

(g) Provision of subcontract services

Maxtrans is involved in the transportation of aluminium silos and pressure vessels which includes road transport and hiring of cranes and ships for the Group's intended operations in Belgium. The pricing is arms-length based, having regard to stringent demand and schedule factors as required by Ellimetal. The profit margin is variable and low so that such transaction is favourable to Ellimetal on a symbiotic basis while still cost effective to Ellimetal.

Based on the above, in view of your Directors (other than those deemed interested as disclosed in Section 4(a)), the rates and basis for charging are financially fair and reasonable.

6. Review procedures

The following procedures have been formulated to ensure that RRPT are undertaken on an arm's length basis and on commercial terms consistent with the Group's usual business practices and policies, which are no more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority Shareholders -

- (a) Identification -

A list of RRPT and Related Parties will be circulated to the Audit Committee for review to ensure that the RRPT are undertaken on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority Shareholders.
- (b) Authorisation -
 - (i) If a member of the Audit Committee has an interest, direct or indirect in any RRPT, he shall abstain from any recommendation or decision by the Audit Committee in respect of such RRPT.
 - (ii) The Audit Committee shall also review conflict of interest situations that may arise within the Group as a result of the RRPT.
- (c) Monitoring and reporting -
 - (i) A list shall be maintained by the Company to record all RRPT which are entered pursuant to the shareholders' mandate. All RRPT shall be reported to the Audit Committee on a quarterly basis together with the quarterly financial reports.
 - (ii) The annual internal audit plan shall incorporate in its corporate governance audit a review of all RRPT entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Any divergence shall be reported to the Audit Committee.
 - (iii) The Audit Committee shall review the adequacy and appropriateness of the procedures as and when required.
 - (iv) If the Audit Committee is of the opinion that the procedures are no longer sufficient to ensure that the RRPT are undertaken –
 - (aa) on an arm's length basis;
 - (bb) under normal commercial terms consistent with the Group's business practices and policies;
 - (cc) on terms not more favourable to the Related Parties than those generally available to the public; and
 - (dd) not to the detriment of the minority Shareholders,

the Audit Committee may request for additional procedures to be imposed on all RRPT. In such event, such procedures may be implemented without the approval of the Shareholders provided such procedures are more stringent than the existing procedures.
- (d) Board -
 - (i) The Audit Committee will report its review of all Recurrent Related Party Transactions to the Board.
 - (ii) The procedures set out in paragraphs 6(a) to (c) is likewise undertaken by the Board.

7. Financial effects

Save as disclosed in Section 4 of this Circular, the Proposed Shareholders' Mandate will not have any financial effect on the earnings, share capital, NA and shareholding structure of the Group.

8. Statement from the Audit Committee

The Audit Committee has reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the procedures for RRPT are sufficient to ensure that RRPT will be made at arm's length and in accordance with the Group's normal commercial terms, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders, and hence will not be prejudicial to the Shareholders or disadvantageous to the Group.

9. Rationale for the proposal

The RRPT to be entered into by the Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions and may be impractical to seek Shareholders' approval on a case by case basis before entering into such RRPT.

As such, the Board seeks shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements for the RRPT described in Section 4(b) above to allow the Group to enter into such RRPT on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the Company's shareholders. The Proposed Shareholders' Mandate would also reduce substantial administrative time, inconvenience and expenses of having to frequently convene a separate general meeting for approval of each transaction without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

10. Conditions of the Proposal

The Proposal is conditional upon Shareholders' approval at the forthcoming 6th AGM.

11. Directors' and major shareholders' interests

Save as disclosed in Section 4(a), none of the other Directors and/or major shareholders or Persons Connected as defined in the Listing requirements have any interest, direct or indirect, in the Proposed Shareholders' Mandate. The Interested Directors, namely Ir Lee Swee Eng, Lee Hui Leong, Gan Siew Liat and Chew Fook Sin have abstained and will continue to abstain from Board deliberations of the Proposed Shareholders' Mandate in respect of the transactions in which they have an interest. The Interested Directors, Interested Major Shareholders and Persons Connected, namely Ir Lee Swee Eng, Lee Hui Leong, Gan Siew Liat and Chew Fook Sin, IMSB and TKSB shall abstain from voting in respect of their direct and indirect shareholdings on the resolutions, on the transactions which they have an interest, at the AGM and ensure that Persons Connected shall likewise abstain from voting in respect of their direct and indirect shareholding on the resolution approving the Proposed Shareholders' Mandate in respect of the transactions which they have an interest.

12. Directors' recommendation

Having considered all aspects of the Proposal, your Directors (except for the Interested Directors who have abstained from giving any recommendation and opinion in respect of the same in respect of the transactions in which they have an interest) are of the opinion that the Proposal is fair, reasonable and in the best interest of the Company and its Shareholders and accordingly, they recommend that you vote in favour of the resolution on the Proposal to be tabled at the forthcoming AGM.

13. AGM

The 6th AGM of the Company, the notice of which is enclosed in the Annual Report will be held at the Unity Room, Lower Ground Level, Palace of the Golden Horses, MINES Resort City, Jalan Kuda Emas, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia at 10.00 a.m. on 17 June 2008 for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed Shareholders' Mandate contained herein, and if thought fit, passing with or without modifications the ordinary resolution on the Proposal.

You will find enclosed in the Annual Report, the Notice of the 6th AGM of the Company together with a Form of Proxy. If you are unable to attend and vote in person at the AGM and wish to appoint a person to attend and vote in your stead, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions set out therein and forward the same to the Registered Office of the Company at 15 Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia so as to arrive not less than 48 hours before the time set for holding the AGM. The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the AGM if you are able to do so.

14. Further information

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
KNM Group Berhad

YBhg Dato' Mohamad Idris bin Mansor
Independent Non-Executive Chairman

1. Responsibility statement

This Circular has been approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts the omission of which would make any statement in this Circular misleading.

2. Material contracts

Save as disclosed below, neither KNM nor any of its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Company or its subsidiaries) during the 2 years immediately preceding the date of this Circular:

- (a) A memorandum of agreement between KNM and Sofinter SpA of Italy dated 30 May 2006 to enter into joint ventures in Malaysia and China in relation to the designing, manufacturing and fabricating industrial boilers and heat recovery steam generators, involving the incorporation of joint venture companies in Malaysia and China to be controlled by KNM and Sofinter SpA respectively;
- (b) A memorandum of agreement between KNM and the existing shareholders of Virgo Pulse Sdn Bhd ("VPSB") dated 5 July 2006, whereby KNM proposes to acquire 90% of the equity interest of VPSB comprising 9,000 ordinary shares of RM1.00 each from the existing shareholders of VPSB for a cash consideration of RM27,500,000;
- (c) A Programme Agreement between KNM Capital Sdn Bhd (KNM Cap), Aseambankers and AmMerchant Bank Berhad dated 26 September 2006, Underwriting Facility Agreement between KNM Cap, Aseambankers and AmMerchant dated 25 September 2006, Trust Deed between KNM, KNM Cap and Equity Trust (Malaysia) Berhad ("Equity Trust") dated 25 September 2006, Depository and Paying Agency Agreement between KNM Cap, Bank Negara Malaysia, Aseambankers and Equity Trust dated 25 September 2006, Security Agency Agreement between KNM Cap and Equity Trust dated 25 September 2006, Mudharabah Agreement between KNM and KNM Cap dated 25 September 2006, Asset Purchase Agreement between KNM Cap and Aseambankers dated 25 September 2006, Asset Sale Agreement between KNM Cap and Aseambankers dated 25 September 2006 and Accounts Agreement between KNM Cap and Equity Trust dated 25 September 2006 in relation to the issuance of up to RM300.0 million in nominal value of Islamic commercial papers/Islamic medium term notes;
- (d) A conditional share purchase agreement between KNMPS, shareholders of Process Heat Transfer Pty Ltd and Process Heat Transfer Pty Ltd dated 27 November 2006 for the acquisition of 49% (less 1 share) equity interest in KNM Pty Ltd, comprising 2,107,000 fully paid-up ordinary shares and 1 partially paid-up ordinary share for a cash consideration of Australian Dollars 5,445,000 by KNMPS;
- (e) An exclusive shareholders agreement dated 9 February 2007 between KNM Renewable Energy Sdn Bhd ("KNMRE") and Crown Iron Works Company ("Crown"), a company based in Delaware, United States of America to incorporate and subscribe for shares in a joint venture company which will advertise, promote, tender and engage in the sale of engineering procurement construction and commissioning bases for biodiesel, oleochemicals, refining and solvent extractions plants in Malaysia, Indonesia, Thailand, Vietnam, Australia, Singapore, New Guinea, New Zealand, Philippines, Myanmar, Laos, Cambodia and Brunei. 60% equity interest in the joint venture company will be held by KNMRE and 40% equity interest will be held by Crown;
- (f) A joint venture and shareholders agreement between KNMI and Themar Ltd Co ("Themar") of Saudi Arabia dated 12 April 2007 to incorporate and subscribe for shares in a joint venture company which will undertake the design, manufacture, fabricate, construct, assembly, commission and maintenance of process equipment, mounted bullets, pressure vessels, heat exchangers, skid mounted assemblies, process piping systems, storage tanks, specialized structural assemblies, and module assemblies for the oil, gas and petrochemical industries. 51% equity interest in the joint venture company will be held by KNMI and the balance equity interest will be held by Themar;
- (g) A memorandum of agreement dated 4 September 2007 between KNMRE and Yee Kin Kong and Teh Choo Khim to register KNM's intention to acquire 100% equity interest in Pisces Engineering Sdn Bhd comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM50.0 million;

- (h) A memorandum of agreement dated 12 December 2007 between KNMI and Joao Ronaldo Periera, Jose Maria Vieira de Novaes and Rozimiro Ferreira Lopes to register KNMI's intention to acquire 80% equity interest in HZM Companies (namely HZM Industrial Ltda, HZM Servicos Ltda and HZM S.A Ltda) for a consideration of up to Brazilian Real 27.0 million;
- (i) A master agreement dated 8 January 2008 between KNM and Ellimetal International N.V. to acquire 100% equity interest in Ellimetal NV for a consideration sum of Euro 20.0 million;
- (j) A memorandum of agreement dated 12 February 2008 between KNMPS and David K. Stevens for the parties to exclusively co-operate and set up KPS Technology & Engineering LLC in Kansas, United States of America for the purposes of owning and providing services to clients in the oil and gas industries and energy/power industries in the fields of sulphur removal and sulphur recovery technologies; and
- (k) A sale and purchase agreement dated 29 February 2008 between KNMPS with several vendors to acquire 100% equity interest in Borsig Beteiligungsverwaltungsgesellschaft MBH (Borsig) comprising 12 fully paid-up ordinary shares for a total cash consideration of Euro350,000,000 ("Cash Consideration"). The Cash Consideration is equivalent to approximately RM1,669,500,000 based on an exchange rate of RM4.77:Euro1.00.

3. Material litigation

The Directors confirm that as at the date of this Circular, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

4. Documents available for inspection

Copies of the following documents will be available for inspection at the Registered Office of the Company at 15 Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays but excluding public holidays for the period commencing from the date of this Circular to the date of the forthcoming AGM -

- 4.1 Memorandum and Articles of Association of KNM;
- 4.2 the audited accounts of the Group for the past 2 financial years ended 31 December 2006 and 31 December 2007; and
- 4.3 the material contracts set out in paragraph 2 of Appendix 1.

KNM GROUP BERHAD

(Company No. 521348-H)

(Incorporated in Malaysia)

Extract of resolution to be tabled at the 6th Annual General Meeting of the Company

Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue Nature (Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate)

"THAT approval be and is hereby given for the renewal of Shareholders' Mandate and new Shareholders' Mandate for the Company and its subsidiaries and associate companies (**KNM Group**) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the KNM Group's day-to-day operations with the parties set out in Section 4(b) of the Circular to Shareholders of the Company dated 26 May 2008, subject to the following -

1. the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
2. disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year based on the following information -
 - (a) the type of recurrent related party transactions made; and
 - (b) the names of the related parties involved in each type of recurrent related party transaction made and their relationships with the Company,

and any other arrangements and/or transactions as are incidental thereto;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution until -

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the said AGM, the mandate is again renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be empowered to complete and do all such acts and things as they may be consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate and transactions contemplated and/or authorised by this Ordinary Resolution.