

Circular/Notice to Shareholders

KNM GROUP BERHAD

Subject CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED PRIVATE PLACEMENT OF UP TO 987,517,700 NEW ORDINARY SHARES IN KNM GROUP BERHAD ("KNM" OR THE "COMPANY") ("PLACEMENT SHARE(S)"), REPRESENTING NOT MORE THAN 30% OF THE ISSUED SHARES IN KNM (BEFORE THE EXERCISE OF ESOS OPTIONS AND EXCLUDING TREASURY SHARES) AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")

Please refer attachment below.

Attachments

[KNM - Circular \(Final\).pdf](#)

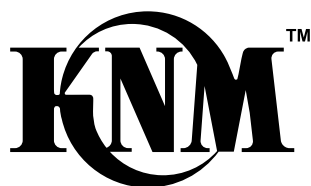
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THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has approved the listing of and quotation for the new shares to be issued under the Proposed Private Placement (as defined herein). The approval of Bursa Securities shall not be taken to indicate that Bursa Securities recommends the Proposed Private Placement (as defined herein) or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Circular. Shareholders should rely on their own evaluation to assess the merits and risks of the Proposed Private Placement.

Bursa Securities is not liable for any non-disclosure on the part of KNM Group Berhad ("**KNM**" or "**Company**"), takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



KNM GROUP BERHAD

Company No. 521348-H
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PROPOSED PRIVATE PLACEMENT OF UP TO 987,517,700 NEW ORDINARY SHARES IN KNM GROUP BERHAD ("KNM" OR THE "COMPANY") ("PLACEMENT SHARE(S)"), REPRESENTING NOT MORE THAN 30% OF THE ISSUED SHARES IN KNM (BEFORE THE EXERCISE OF ESOS OPTIONS AND EXCLUDING TREASURY SHARES) AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M&A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Financial Adviser



NEWFIELDS

NEWFIELDS ADVISORS SDN BHD

(Registration No. 199401010372 (296051-V))
(A Corporate Finance Adviser licensed by Securities Commission Malaysia)

Notice of the Extraordinary General Meeting ("**EGM**") together with the Form of Proxy is enclosed in this Circular. The EGM will be conducted fully virtual via remote participation and electronic voting (RPEV) with the live streaming to be broadcasted from Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Notice of the EGM together with the Form of Proxy, can be viewed and downloaded from the Company's website at www.knm-group.com ("**KNM Website**").

The Form of Proxy must be completed and deposited at the registered office of KNM at 15, Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time fixed for the EGM, or at any adjournment thereof. Alternatively, the Proxy Form can also be lodged electronically via "Boardroom Smart Investor Portal" at <https://boardroomlimited.my> not less than twenty-four (24) hours before the time appointed for holding the meeting. Kindly refer to the procedure for Electronic Lodgement of Form of Proxy from the Administration Notes for the EGM from the Company's website. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy for the EGM: Monday, 28 June 2021 at 11.00 a.m.

Date and time of the EGM: Tuesday, 29 June 2021 at 11.00 a.m. or immediately after the conclusion/adjournment of the 19th Annual General Meeting, whichever is later

This Circular is dated 14 June 2021

DEFINITIONS

In this Circular including the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

"20% General Mandate"	: General mandate authorising the Board to issue new KNM Shares not exceeding 20% of the then total number of issued KNM Shares, obtained under Sections 75 and 76 of the Companies Act 2016, which was approved by our shareholders of KNM at our 18 th AGM held on 13 August 2020
"AGM"	: Annual General Meeting
"Board"	: Board of Directors of KNM
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	: Compound annual growth rate
"Circular"	: This circular to shareholders dated 14 June 2021 in relation to the Proposed Private Placement
"EGM"	: Extraordinary general meeting
"EPS"	: Earnings per Share
"ESOS Options"	: Options of our Company's employee share option scheme
"FPE"	: Financial period ended
"FYE"	: Financial year ended/ending 31 December, as the case may be
"GDP"	: Gross domestic product
"IEA"	: International Energy Agency
"Indicative Issue Price(s)"	: The Indicative Issue Prices for the Placement Shares to be issued to: (a) the Interested Placee(s), of RM0.18 each; and (b) Independent Placee(s), of RM0.16 each, used throughout this Circular for illustrative purposes
"Independent Placee(s)"	: Person(s) or party(ies) who/which qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, who shall be identified at a later date for the Proposed Private Placement
"Interested Placee(s)"	: Gan Siew Liat and/or person(s) connected with her. Gan Siew Liat is our Executive Vice Chairman and major shareholder
"Interested Persons"	: Gan Siew Liat, Ir Lee Swee Eng and/or persons connected with Gan Siew Liat, collectively
"KNM" or "Company"	: KNM Group Berhad (Company No. 521348-H)
"KNM Group" or "Group"	: KNM and its subsidiaries, collectively

DEFINITIONS (Cont'd)

"KNM Share(s)" "Share(s)"	or	:	Ordinary share(s) in KNM
"LAT"		:	Loss after taxation
"LPD"		:	21 May 2021, being the latest practicable date prior to the issuance of this Circular
"M&A Securities" "Principal Adviser"	or	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"MMLR"		:	Main Market Listing Requirements of Bursa Securities
"NA"		:	Net assets
"Newfields" or "Financial Adviser"		:	Newfields Advisors Sdn Bhd (Registration No. 199401010372 (296051-V))
"PAT"		:	Profit after taxation
"Placement Share(s)"		:	Up to 987,517,700 new KNM Share(s) to be issued under the Proposed Private Placement
"Previous Private Placements"	Private	:	Collectively, Previous Private Placement I and Previous Private Placement II
"Previous Placement I"	Private	:	Private placement of up to 269,184,800 KNM Shares representing not more than 10% of the then issued ordinary shares in KNM, which was completed on 20 November 2020
"Previous Placement II"	Private	:	Private placement of up to 296,923,400 KNM Shares representing not more than 10% of the then issued ordinary shares in KNM, which was completed on 3 February 2021
"Proposed Placement"	Private	:	Proposed Private Placement of up to 987,517,700 Placement Shares to the Interested Placee(s) and Independent Placee(s)
"RM" and "sen"		:	Ringgit Malaysia and sen, respectively
"Treasury Share(s)"		:	Treasury share(s) of our Company
"5D-VWAMP"		:	5-day volume weighted average market price

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactments is a reference to that enactment as for the time being amended or re-enacted. For the purpose of this Circular, any reference to time of day shall be a reference to Malaysian time, unless otherwise stated.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION REGARDING THE PROPOSED PRIVATE PLACEMENT. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR, INCLUDING THE APPENDIX, BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

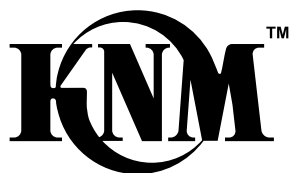
Our Board is recommending the shareholders of KNM to **VOTE IN FAVOUR** of the resolution in relation to the Proposed Private Placement to be tabled at the forthcoming EGM to be convened.

Key information	Description	Reference to Circular										
Summary	: The Proposed Private Placement will involve the issuance of up to 987,517,700 new KNM Shares representing not more than 30% of the issued ordinary shares of our Company as at LPD (before the exercise of ESOS Options and excluding Treasury Shares). The Placement Shares of up to 493,758,800 Placement Shares, representing 50% of the total Placement Shares will be placed to the Interested Placee(s) and the balance Placement Shares will be placed to Independent Placee(s). However, the actual number of KNM Shares to be issued pursuant to the Proposed Private Placement will be determined at a later date, after obtaining the relevant approvals.	Section 2										
Utilisation proceeds	<p>of : The issue price to the Interested Placee(s) shall be based on the 5D-VWAMP of KNM Shares immediately preceding the price fixing date(s), rounded up to the nearest sen. The issue price to the Independent Placee(s) shall not be at a discount of more than 10% from the 5D-VWAMP of KNM Shares immediately preceding the price-fixing date. The mechanism to determine the issue price of the Placement Shares is in accordance with market based principles.</p> <p>Based on the proposed placement size of 987,517,700 KNM Shares and the Placement Shares are issued at the Indicative Issue Price which is RM0.18 to the Interested Placee(s) and RM0.16 to Independent Placee(s), the Proposed Private Placement is expected to raise gross proceeds of RM167.9 million. The proceeds raised are expected to be utilised in the following manner:</p> <table><thead><tr><th>Details</th><th>RM'000</th></tr></thead><tbody><tr><td>Working capital</td><td>44,078</td></tr><tr><td>Repayment of bank borrowings</td><td>120,000</td></tr><tr><td>Estimated expenses for the Proposed Private Placement</td><td>3,800</td></tr><tr><td>Total estimated proceeds</td><td>167,878</td></tr></tbody></table>	Details	RM'000	Working capital	44,078	Repayment of bank borrowings	120,000	Estimated expenses for the Proposed Private Placement	3,800	Total estimated proceeds	167,878	Section 2.5
Details	RM'000											
Working capital	44,078											
Repayment of bank borrowings	120,000											
Estimated expenses for the Proposed Private Placement	3,800											
Total estimated proceeds	167,878											
Rationale	: The Proposed Private Placement will enable our Group: (i) Provide an immediate funding solution to meet our financial needs for the next 12 months as opposed to other fund raising options as well as to reduce our Group's overall bank borrowings;	Section 3										

EXECUTIVE SUMMARY (Cont'd)

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>
	(ii) to strengthen the shareholders and capital base of our Group;	
	(iii) to serve as additional source of funding for our Group without incurring interest expenses as compared to borrowings; and	
	(iv) to improve the liquidity and financial flexibility of our Group in order to strengthen our financial position.	
Inter- conditionality	The Proposed Private Placement is not conditional upon any other corporate proposals of our Company.	Section 8

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KNM GROUP BERHAD

Company No. 521348-H
(Incorporated in Malaysia)

Registered Office:

15 Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia

14 June 2021

Board of Directors:

YBhg Dato' Ab Halim Bin Mohyiddin, DPMS (*Non-Independent Non-Executive Chairman*)

Gan Siew Liat (*Executive Vice Chairman*)

Tan Koon Ping (*Group Chief Executive Officer / Executive Director*)

YBhg Dato' Dr Khalid Bin Ngah (*Senior Independent Non-Executive Director*)

Soh Yoke Yan (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sirs,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 24 May 2021, M&A Securities on behalf of our Board, announced that KNM proposes to undertake the Proposed Private Placement.

On 11 June 2021, M&A Securities on behalf of our Board, announced that Bursa Securities had vide its letter dated 9 June 2021 approved the Proposed Private Placement subject to the following conditions:

No.	Conditions	Status of compliance
(a)	KNM and M&A Securities must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed Private Placement;	To be complied
(b)	KNM and M&A Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(c)	KNM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;	To be complied

No.	Conditions	Status of compliance
(d)	M&A Securities to furnish Bursa Securities with details of the places in accordance with Paragraph 6.15 of the MMLR as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement; and	To be complied
(e)	To incorporate Bursa Securities' comments in respect of the draft circular to shareholders	Complied

The purpose of this Circular is to provide you with details of the Proposed Private Placement, to set out our Board's opinion and recommendation in relation thereto and to seek your approval for the resolutions pertaining to the Proposed Private Placement to be tabled at our forthcoming EGM. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

We have on 24 May 2021, also appointed Newfields as our financial adviser in respect of the Proposed Private Placement to advise on, among others, the structure, timing, procedures and other matters pertaining to the Proposed Private Placement which are within its scope.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE ENTIRE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

As at LPD, our Company has:

- (a) An issued share capital of RM2,011,106,883 comprising 3,291,725,680 KNM Shares (excluding 1,841,275 Shares held as Treasury Shares); and
- (b) 210,874,300 ESOS Options.

We propose to undertake an issuance of up to 987,517,700 new Placement Shares, representing not more than 30% of the existing number of issued Shares as at LPD (before the exercise of ESOS Options and excluding Treasury Shares). For avoidance of doubt, any increase in the number of issued Shares arising from the resale of Treasury Shares or exercise of ESOS Options will not affect the number of Placement Shares to be issued under the Proposed Private Placement.

Subject to the prevailing market conditions and depending on investors' interest at the point of implementation, the Proposed Private Placement may be implemented in a single or multiple tranche(s) within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or such other approved extended period.

M&A Securities has also been appointed as the Placement Agent for the Proposed Private Placement.

2.1. Placement arrangement

The Placement Shares will be placed as follows:

- (a) up to 493,758,800 Placement Shares, representing 50% of the total Placement Shares will be placed to the Interested Placee(s); and
- (b) the balance Placement Shares will be placed to Independent Placee(s).

Other than the proposed placement to the Interested Placee(s), the Placement Shares will not be placed to the following parties:

- (a) the interested director, interested major shareholder or interested chief executive of KNM or a holding company of KNM (if applicable), or interested person(s) connected with such director, major shareholder or chief executive; and
- (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

As at LPD, the Interested Placee(s) have yet to confirm that it has sufficient financial resources available to subscribe for the 493,758,800 Placement Shares allocated to them.

While it is the intention of the Interested Placee(s) to subscribe for the 493,758,800 Placement Shares allocated to them, their subscription of such Shares will depend on various factors including the pricing for such Shares and their sufficiency of financial resources at the relevant point in time. As such, in the event of any inadequacies or unfavourable circumstances with regard to the foregoing factors such that the Interested Placee(s) are unable to subscribe for all or part of the 493,758,800 Placement Shares, such number of Placement Shares not subscribed by them shall be placed out to Independent Placee(s) to be identified at a later date. On the contrary, the number of Placement Shares allocated to Independent Placee(s) will not be placed out to the Interested Placee(s).

2.2. Basis of determining the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares, where applicable, shall be determined separately and fixed by our Board at a later date after obtaining the relevant approvals for the Proposed Private Placement. Our Board will take into consideration amongst others, the prevailing market conditions and provisions of Paragraph 6.04(a) of MMLR, in determining the issue price of the Placement Shares.

The issue price of the Placement Shares to the Interested Placee(s) shall be based on the 5D-VWAMP of KNM Shares immediately preceding the price fixing date(s), rounded up to the nearest sen. The issue price of the Placement Shares to the Independent Placee(s) shall be at a discount of not more than 10% to the 5D-VWAMP of KNM Shares immediately preceding the price fixing date(s).

For illustrative purposes, based on the 5D-VWAMP of KNM Shares up to and including LPD of RM0.1763 per KNM Share:

- (a) the issue price of the Placement Shares to the Interested Placee(s) shall be RM0.18 each; and
- (b) the issue price of the Placement Shares to the Independent Placee(s) shall be RM0.16 each, representing a discount of approximately 9.25% to the said 5D-VWAMP of KNM Shares.

Based on the Indicative Issue Prices above, the Proposed Private Placement will raise gross proceeds of approximately RM167.9 million.

The issue price of each tranche of the Placement Shares shall be determined separately in accordance with market-based principles and the above parameters.

2.3. Ranking of Placement Shares

The Placement Shares shall, upon issuance and allotment, rank equally in all respects with the then existing issued KNM Shares, save and except that the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of our Company, for which the relevant entitlement date is prior to the date of issuance and allotment of the Placement Shares.

2.4. Listing of Placement Shares

The approval-in-principle of Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities was obtained on 9 June 2021.

2.5. Utilisation of proceeds

For illustrative purposes, the placement proceeds to be raised from the Proposed Private Placement of approximately RM167.9 million will be utilised by our Group in the following manner:

Details	Notes	Amount RM'000	#Expected timeframe for utilisation of proceeds
Working capital	(a)	44,078	Within 6 months
Repayment of bank borrowings	(b)	120,000	Within 6 months
Estimated expenses for the Proposed Private Placement	(c)	3,800	Within 1 month
Total		<u>167,878</u>	

Notes:

From the listing date of Placement Shares on the Main Market of Bursa Securities.

(a) During the 12 months preceding LPD, our Company has issued a total of 566,108,200 new KNM Shares under the Previous Private Placements. A total of approximately RM96.5 million was raised from the Previous Private Placements, which was mainly used for our Group's fabrication works of process equipment contracts being works undertaken in Malaysia for global projects. Further details of the Previous Private Placements including the intended utilisation of proceeds and status of such utilisation are set out in Section 4.

We plan to utilise the proceeds from the Proposed Private Placement to support our working capital for our Group's ongoing fabrication works of process equipment contracts which are expected to grow with the expected industrial boom after the global roll out of the COVID-19 vaccine, the breakdown of which has not been determined at this juncture and will be dependent on the operating and funding requirements of each contracts at the time of utilisation. Nevertheless, on best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows, subject to the operating and funding requirements of our Group at the time of utilisation:

No.	Details	Estimated allocation	RM'000
(i)	Purchase of raw materials and consumables such as steel plates used to fabricate the pressure vessels, fitting, forgings, electrodes for welding, sand blasting materials, industrial gas and related components for its fabrication works, and applicable import duties	60%	26,447
(ii)	Payment to subcontractors and other suppliers engaged by our Group for performing fabrication and site works as well as related services in the process equipment contracts secured, such as project management fees, product certification fees, engineering design cost, non-destructive testing and other related services	30%	13,223
(iii)	Payment of logistical expenses for shipping of raw materials and delivery of process equipment which includes port clearance charges, forwarding and shipping fees, transportation cost and other related costs	10%	4,408
		100%	44,078

(b) We intend to utilise up to RM120.0 million of the proceeds to repay our bank borrowings. As at 31 March 2021, we have total bank borrowings of RM1.33 billion, which comprise mainly bank overdrafts, bankers acceptances, bill payables, revolving credit, term loans and hire purchase. Based on an average annual interest rate of 4.5%, the said repayment of bank borrowings is expected to result in annual gross interest savings of approximately RM5.4 million. However, the repayment priority of the bank borrowings has not been determined at this juncture and will depend on the relative cost of borrowing of the facilities at the time of utilisation.

(c) The estimated expenses comprise fees payable to the relevant authorities, advisory and placement fees as well as other miscellaneous expenses to be incurred for the Proposed Private Placement. Any excess or deficit in the amount allocated for estimated expenses will be adjusted against the utilisation for our Group's working capital. The breakdown of the estimated expenses for the Proposed Private Placement is illustrated below:

Description	RM'000
Professional fees ⁽¹⁾	3,600
Fees to authorities	44
Miscellaneous charges (Printing, meeting expenses and advertising)	156
	3,800

Note:

⁽¹⁾ Comprises the professional fees of the Principal Adviser, Financial Adviser, company secretary, share registrar and placement fees in relation to the Proposed Private Placement.

The actual proceeds to be raised from the Proposed Private Placement will be dependent on the issue price of the Placement Shares and actual number of Placement Shares issued. Any variation of the actual proceeds raised will be adjusted against the utilisation for our Group's working capital.

Pending full utilisation of the proceeds, we will place such proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institutions or in short-term money market instruments. Interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used for our Group's working capital.

3. RATIONALE

The Proposed Private Placement will enable our Group to raise additional funds as set out in Section 2.5 above. Notwithstanding the funds raised in the Previous Private Placements, all of which have been fully utilised, our Board expects an increase in working capital requirements, leading to the need to raise additional funds. The utilisation of these proceeds towards the additional working capital is expected to be earnings accretive and support the future growth of our Group amidst the current pandemic situation. Further, the intended repayment of bank borrowings will also enable our Group to enjoy interest savings. Additionally, the investment by the Interested Placee(s) reflects the commitment of the major shareholder towards strengthening our Group's financial position.

After due consideration of the various options available, our Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for our Group for the following reasons:

- (a) the Proposed Private Placement will provide our Group with an immediate funding solution to meet our financial needs for the next 12 months as opposed to other fund raising options as well as to reduce our Group's overall bank borrowings;
- (b) the Proposed Private Placement is expected to strengthen the shareholders and capital base of our Group;
- (c) the Proposed Private Placement will serve as additional source of funding for our Group without incurring interest expenses as compared to borrowings; and
- (d) the Proposed Private Placement will improve the liquidity and financial flexibility of our Group by strengthening our financial position.

In relation to the placement of KNM Shares to the Interested Placee(s), Gan Siew Liat is our existing major shareholder with total direct and indirect interest of 9.7% as at LPD.

The Placement Shares are proposed to be placed to the Interested Placee(s) for the following reasons:

- (a) The Interested Placee(s) wish to increase their collective equity participation in our Company;
- (b) The Interested Placee(s) wish to lend their financial support to our Group;
- (c) Alignment of interest and commitment of Gan Siew Lat, being the major shareholder and Executive Vice Chairman, to enhance the future financial performance of our Group; and
- (d) To demonstrate their confidence in our Group and our Group growth potential to encourage potential investors to participate in the Proposed Private Placement.

Our Board decided to undertake the Proposed Private Placement to finance our Group's working capital requirements and repay our Group's bank borrowings instead of using the cash flows from our Group's operations as it is our Board intention to conserve our Group's cash flows in the coming FYE 2021 for our existing and new projects.

4. PREVIOUS FUND-RAISING EXERCISES UNDERTAKEN

Save as disclosed below, our Board confirms that we have not implemented any other fund raising exercise within the 12 months preceding the date of the announcement of the Proposed Private Placement.

4.1 Previous Private Placements

- (a) On 29 September 2020, we announced the Previous Private Placement I. On 20 November 2020, the Previous Private Placement I was completed with the issuance of 269,184,800 Placement Shares raising approximately RM44.5 million. As at LPD, the said proceeds have been utilised as follows:

Proposed utilisation of proceeds	Expected timeframe for utilisation	Proposed utilisation (based on actual amount raised) RM'000	Actual utilisation up to LPD RM'000	Balance to be utilised RM'000
Payment for procurement of raw materials and consumables, payment to sub-contractor/suppliers for fabrication and site works, professional services and logistic expenses	Within 6 months	43,369	43,369	-
Expenses for the Previous Private Placement I	Within 1 month	1,180	1,180	-
		44,549	44,549	-

- (b) On 15 January 2021, we further announced the Previous Private Placement II. On 3 February 2021, the Previous Private Placement II was completed with the issuance of 296,923,400 KNM Shares raising approximately RM52.0 million. As at LPD, the said proceeds have been utilised as follows:

Proposed utilisation of proceeds	Expected timeframe for utilisation	Proposed utilisation (based on actual amount raised) RM'000	Actual utilisation up to LPD RM'000	Balance to be utilised RM'000
Payment for procurement of raw materials and consumables, payment to sub-contractor/suppliers for fabrication and site works, professional services and logistic expenses	Within 6 months	30,662	30,662	-

Proposed utilisation of proceeds	Expected timeframe for utilisation	Proposed utilisation (based on actual amount raised) RM'000	Actual utilisation up to LPD RM'000	Balance to be utilised RM'000
Repayment of bank borrowings	Within 3 months	20,000	20,000	-
Expenses for the Previous Private Placement I	Within 1 month	1,300	1,300	-
		51,962	51,962	-

4.2 Exercise of the ESOS Options

We have raised a total amount of approximately RM10.6 million from the exercise of 96,044,200 ESOS Options into 96,044,200 KNM Shares from 1 January 2020 up to LPD. The proceeds from the exercise of the ESOS Options were used for our Group's working capital.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Outlook and overview of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronic ("E&E") products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("MCO 2.0") and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors.

The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's GDP is expected to contract by 4.5% in 2020 (2019: expanded by 4.3%), before rebounding between 6.5% and 7.5% in 2021.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.2 Outlook and prospect of the oil and gas industry in Malaysia

COVID-19 has resulted in far-reaching consequences for most sectors of businesses, including the energy sector, societies, economies and governments.

The COVID-19 pandemic and the collapse in oil prices have hastened the transition towards a low-carbon economy, spurring policy intervention and global collaboration across industries. Investments in clean energy are estimated to have increased by 5 per cent in the first half of 2020 as opposed to 2019. This is further supported by the rapidly falling costs of renewable energy, which is now half of the cost of coal-fired generation, making it a favourable source of cleaner power.

Countries and companies are embedding the United Nations Sustainable Development Goals as part of their aspirations amid rising calls from stakeholders for actions to address climate change. More and more governments are translating these into national strategy, setting out visions of a carbon neutral future.

Banks and lenders have included elements of sustainability as part of their financing criteria, contributing to the establishment of an ecosystem that demands accountability in emissions. Without the accountability, companies stand to lose their social license to operate. Automotive manufacturers across the world are now increasingly widening their range of offerings of electric models that would change the shape and size of the global car fleet in the next decade. This is supported by falling cost of battery. Airlines are prioritising investment in more fuel-efficient aircraft and the development of sustainable aviation fuels. The leading players in the shipping industry have pledged to continuously reduce emissions to meet the more stringent regulations by International Maritime Organisation. The sector agreed to halve emissions by 2050.

(Source: Industry Overview, PETRONAS Activity Outlook 2021-2023)

Separately, the management has also observed the following indicators that the outlook for oil and gas industries will be recovering:

- (a) In respect of global outlook, the International Monetary Fund has revised its forecast that the global GDP would grow by +6% and +4.4% for year 2021 and 2022 respectively;
- (b) Crude oil price rose 39% in Q1 2021 as compared to the corresponding period last year *(Source: S&P Global)*;
- (c) Oil demand is expected to rise as much as 5.4 million barrels per day as forecasted by IEA in its May 2021 Monthly Oil Market Report. This upward revision is backed by improved economic outlook despite concerns on the strength of the recovery led by demand growth as there were surge in COVID-19 cases in countries such as Brazil and India despite vaccine roll-out in most countries *(Source: IEA)*;
- (d) In relation to global petrol chemicals market, it is expected to grow from USD365 billion in 2020 to USD429 billion in 2021 at a CAGR of 17.6%. The market is expected to reach the size of USD478 billion in 2025 with CAGR of 3% *(Source: The Business Research Company 10 March 2021)*.

5.3 Prospects of our Group

Based on the outlook of the economy, and the oil and gas industry set out above, our Group envisages its business and earning visibility to gradually recover from the slowdown caused by the global outbreak of COVID-19 and the implementation of the Movement Control Order in Malaysia.

On a positive note, our Group believes that COVID-19 and the fluctuations in oil prices in the last few years have accelerated long term trends with energy demands, transitioning to low carbon solutions and digital transformations. With the strategies already put in place by the management, our Group is ready to capitalise on these new business opportunities.

Notwithstanding the above, we remain cautious and aim to maintain profitability during this challenging period, as the full impact of the COVID-19 pandemic gradually becomes observable.

5.4 The adequacy of the Proposed Private Placement in addressing our Group's financial requirements and steps taken by our Group to improve its financial condition

Premised on the utilisation of proceeds as set out in Section 2.5 above as well as the effects of the Proposed Private Placement as set out below, our Board is of the view that the Proposed Private Placement is adequate in addressing our Group's financial requirements in the next 12 months together with other refinancing activities which have been initiated.

The Proposed Private Placement is the most appropriate avenue, in line with our Group's strategy to focus on operational savings, to raise funds for our Group's ongoing fabrication and site works. These works relate to our Group's process equipment contracts secured by our Group's Malaysian operations. Additionally, the funds will be used to repay our Group's bank borrowings to reduce gearing and finance cost in FYE 2021.

Moving forward, our Group intends to focus on its strength and expertise, and expects to continue securing new business opportunities in the oil and gas and petrochemicals industries. Combined with the optimistic industry outlook, our Board expects this to deliver sustainable value to its shareholders.

In addition, our Group shall continue to explore new potential business opportunities or venture, particularly in the renewable energy sector, which provides recurring income in line with our Group's long term business strategies. This is expected to supplement its existing business activities in the oil and gas and petrochemical industries. To this end, our Group plans to work with various joint venture partners, various oil and gas players and project owners regionally to secure contracts in the oil and gas and petrochemicals industries.

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5.5 Impact of the Proposed Private Placement and value creation to our Group and its shareholders

The Proposed Private Placement will enable our Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving our Group's cash flows. As set out in Section 2.5, the proceeds will be primarily used to repay our Group's bank borrowings and supplement an expected increase in working capital.

As illustrated in Section 6.1, the Proposed Private Placement is expected to enlarge the issued share capital of our Group and in turn increase shareholder's equity and enhance our overall financial position. Based on the audited consolidated financial statements of KNM for the FYE 2020 and the indicative issue prices set out in Section 2.2, the NA position of RM1.8 billion and gearing level of 0.78 times is expected to improve to RM2.0 billion and 0.63 times, respectively, upon completion of the Proposed Private Placement.

Notwithstanding the above, the consolidated EPS of our Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the NA and gearing as well as the earnings and EPS of our Group are set out in Section 6.3.

Despite the expected dilution in the consolidated EPS of our Group, the Proposed Private Placement is expected to generate the benefits as set out in Sections 2.5 and 3. This will aid our Group's effort to continuously improve its financial performance and to enhance value to our shareholders moving forward.

Dilution to existing shareholders

For illustrative purposes, the following table illustrates the dilutive effects of the Previous Private Placements and the Proposed Private Placement. This illustration is based on an example where a shareholder holds 10.0% of the issued Shares in KNM prior to the Previous Private Placements.

	No. of KNM Shares '000	Shareholdings '000	%
Issued share capital prior to Previous Private Placements	2,725,618	272,600	10.0
KNM Shares issued under Previous Private Placement I	269,185	-	-
	<u>2,994,803</u>	<u>272,600</u>	9.1
KNM Shares issued under Previous Private Placement II	296,923	-	-
Issued shares capital after Previous Private Placements	<u>3,291,726</u>	<u>272,600</u>	8.3
Placement Shares to be issued under Proposed Private Placement	987,518	-	-
Enlarged issued share capital	<u>4,279,244</u>	<u>272,600</u>	6.4

5.6 Historical financial performance and current financial position of our Group

The financial summary of our Group for the past 3 financial years up to the latest audited FYE 2020 and for the latest unaudited 3-month FPE 31 March 2021 together with the commentaries are set out below:

	Audited			Unaudited
	FYE 2018	FYE 2019	FYE 2020	3-month FPE
	RM'000	RM'000	RM'000	31 March 2021
Revenue	1,432,333	1,632,595	1,351,447	231,237
Gross profit	117,135	293,780	290,707	47,842
(LAT)/ PAT	(784,676)	35,057	56,571	(4,162)
(Loss per Share)/ EPS (sen) ⁽¹⁾	(33.45)	1.34	1.91	(0.13)
Non-current assets	2,657,270	2,841,426	2,885,593	3,024,816
Current assets	1,191,919	1,056,853	972,445	899,513
Non-current liabilities	1,257,279	1,271,863	921,562	987,976
Current liabilities	1,053,586	976,562	1,184,224	1,160,564
Shareholders' funds/NA	1,540,778	1,664,069	1,775,076	1,800,939
Total equity	1,538,324	1,649,854	1,752,252	1,775,789
Gross profit margin (%)	8.2	18.0	21.5	20.7
Number of shares ('000)	2,346,096	2,608,073	2,969,234	3,269,936
NA per Share (RM)	0.66	0.64	0.60	0.60
Current ratio (times)	1.13	1.08	0.82	0.78
Gearing ratio (times)	0.95	0.88	0.78	0.75

Note :

⁽¹⁾ Derived based on the (LAT)/PAT divided by the number of ordinary shares.

Comparison between FYE 2018 and FYE 2019

Our Group achieved higher revenue by approximately 14.0% from RM1.43 billion in FYE 2018 to RM1.63 billion in FYE 2019. This increment was mainly due to higher revenues contributed from our Malaysia and Europe operations.

Our gross profit margin had also improved from 8.2% in FYE 2018 to 18.0% in FYE 2019 attributed to better profit margins from new orders secured and rigorous cost controls. Consequently, our Group attained a PAT of RM35.1 million in FYE 2019 as compared to a loss after taxation in FYE 2018 of RM0.78 billion.

Comparison between FYE 2019 and FYE 2020

Amid the infectious pandemic, our Group's revenue reduced by RM0.28 billion or approximately 17.2% from RM1.63 billion in the FYE 2019 to RM1.35 billion in FYE 2020 mainly due to low revenue recognition from the Asia and Oceania segment affected by the temporary closure of operations in China and Malaysia following the lockdown restrictions and nationwide Movement Control Order ("MCO"), coupled with the low bio-ethanol production in our Thailand's operations.

Our Group attained a higher PAT of RM56.57 million in FYE 2020 as compared with RM35.06 million in FYE 2019, representing an increase of RM21.51 million or approximately 61.3%. The improvement in profitability was mainly attributable to leaner operational costs, disposal of a non-performing operation in China and a lower finance cost as a result of repayment of borrowings during FYE 2020.

Comparison between FPE 31 March 2020 and FPE 31 March 2021

Our Group posted a lower revenue of approximately RM231.24 million for the first quarter of 2021 ("**Q1 2021**") as compared with RM336.56 million achieved in the corresponding quarter in financial year 2020 ("**Q1 2020**"). The lower revenue recognition in Q1 2021 was mainly due to depressed economic activities worldwide caused by the health pandemic resulting in lower orders secured.

Consequently, our Group registered a lower gross profit of approximately RM47.84 million in Q1 2021 as compared with RM66.29 million in Q1 2020. It is noticeable that the gross profit margin had improved from 19.7% in Q1 2021 to 20.7% in Q1 2020 mainly attributable to effective cost management in process equipment fabrication projects.

Our Group recorded a LAT of approximately RM4.16 million in Q1 2021 as compared with a PAT of approximately RM17.46 million in Q1 2020 partly due to finance costs incurred for certain construction projects being expensed off in our income statement in Q1 2021.

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1. Share capital

The pro forma effects of the Proposed Private Placement on our issued share capital of our Company are set out below:

	No. of KNM Shares '000	RM'000
Issued share capital as at LPD (excluding 1,841,275 Treasury Shares)	3,291,726	2,011,107
Placement Shares to be issued pursuant to the Proposed Private Placement	987,518	⁽¹⁾ 167,878
Enlarged issued share capital	4,279,244	2,178,985

Note:

⁽¹⁾ Based on the Indicative Issue Prices.

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6.2. NA and gearing

The pro forma effects of the Proposed Private Placement on the NA and gearing of our Company is set out below:

	Audited as at FYE 2020	⁽¹⁾Subsequent events	⁽²⁾After Proposed Private Placement
	RM'000	RM'000	RM'000
Share capital	2,005,665	2,011,107	2,178,985
Treasury shares	(53,425)	(4,214)	(4,214)
Reserves	(177,164)	(177,188)	⁽³⁾ (180,988)
Shareholders equity/NA	1,775,076	1,829,705	1,993,783
Non-controlling interest	(22,824)	(22,824)	(22,824)
Total equity	1,752,252	1,806,881	1,970,959
No. of Shares ('000) (excluding Treasury Shares)	2,969,234	3,291,726	4,279,244
NA per share (RM) ⁽⁴⁾	0.60	0.56	0.47
Total borrowings (RM'000)	1,362,604	1,362,604	1,242,604
Gearing (times) ⁽⁵⁾	0.78	0.75	0.63

Notes:

- (1) After adjusting the following subsequent events since FYE 2020 up to LPD:
- (a) Issuance of 4,068,000 new KNM Shares from the exercise of ESOS Options since 1 January 2021 up to LPD;
 - (b) Issuance of 296,923,400 new Shares pursuant to Previous Private Placement II;
 - (c) After adjusting for the total expenses incurred for the Previous Private Placement of approximately RM1.83 million as share-based expenses on the Group's issued share capital;
 - (d) Disposal of 9,000,000 Treasury Shares on 2 April 2021 for a total disposal consideration of RM1,755,000, resulting in a one-off loss on disposal of RM18,844,774, debited into the share capital of KNM; and
 - (e) Disposal of 12,500,000 Treasury Shares on 23 April 2021 for a total disposal consideration of RM2,312,500, resulting in a one-off loss on disposal of RM26,298,298, debited into the share capital of KNM.
- (2) Based on the Indicative Issue Prices.
- (3) After adjusting for the estimated expenses of the Proposed Private Placement of approximately RM3.8 million.
- (4) Computed based on total NA divided by the number of Shares in issue.
- (5) Computed based on total borrowings over total equity.

6.3. Earnings and EPS

The Proposed Private Placement is expected to contribute positively to the earnings of the Group for the future years as and when the benefit of the utilisation of proceeds are realised. Notwithstanding the above, the EPS of the Group may however be proportionately diluted as a result of the increase in the number of Shares after the Proposed Private Placement.

For illustrative purposes, assuming that the Proposed Private Placement was completed at the beginning of the FYE 2020 of, the pro forma effects on the earnings and EPS of KNM Group are as follows:

	FYE 2020	Subsequent events	After Proposed Private Placement
PAT (RM'000)	(1)56,571	56,571	(3)58,171
No. of Shares ('000) (excluding Treasury Shares)	2,969,234	(2)3,291,726	4,279,244
EPS (sen)	1.91	1.72	1.36

Notes:

- (1) Based on our audited consolidated financial statements for FYE 2020.
- (2) After adjusting for the following subsequent events since FYE 2020 up to LPD:
- (a) Issuance of 4,068,000 new KNM Shares from the exercise of ESOS Options since 1 January 2021 up to LPD;
 - (b) Issuance of 296,923,400 new Shares pursuant to Previous Private Placement II; and
 - (c) Disposal of 9,000,000 Treasury Shares on 2 April 2021 and 12,500,000 Treasury Shares on 23 April 2021.
- (3) After deducting the estimated expenses of the Proposed Private Placement of RM3.8 million and the estimated annual gross interest savings of RM5.4 million per annum from the repayment of bank borrowings of RM120.0 million as set out in Section 2.5.

6.4. Substantial shareholders' shareholding

The pro forma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of KNM are set out in the table below:

Substantial shareholders	As at LPD			
	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
Ir Lee Swee Eng	109,608,838	3.3	169,866,459	(3)5.2
Gan Siew Liat	39,045,000	1.2	279,475,297	(4)8.5
Independent Placee(s) (collectively)	-	-	-	-
Substantial shareholders	After Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	(2)%	No. of Shares	(2)%
Ir Lee Swee Eng	109,608,838	2.6	169,866,459	(3)4.0
Gan Siew Liat	(5)532,803,800	12.5	279,475,297	(4)6.5
Independent Placee(s) (collectively)	493,758,900	11.5	-	-

Notes:

- (1) Based on the existing share capital of 3,291,725,680 Shares (excluding Treasury Shares) as at LPD.
- (2) Based on the enlarged share capital of 4,279,243,380 Shares after the Proposed Private Placement.
- (3) Deemed interested by virtue of his indirect interest in Inter Merger Sdn Bhd, direct interest in Tegas Klasik Sdn Bhd, direct interest in Aveda Assets Capital Inc. and interest of his children in KNM.
- (4) Deemed interested by virtue of her indirect interest in Inter Merger Sdn Bhd, and interest of her spouse in Tegas Klasik Sdn Bhd and Aveda Assets Capital Inc. and interest of her spouse and children in KNM.
- (5) Assuming that Gan Siew Liat will subscribe for 50% of the Placement Shares to be issued under the Proposed Private Placement.

6.5. Convertible securities

As at LPD, save for 210,874,300 outstanding ESOS Options, our Company does not have any outstanding convertible securities.

The Proposed Private Placement will not give rise to any adjustment to the outstanding ESOS Options pursuant to the provisions of the by-laws governing our Company's ESOS Options.

6.6. Dividends

The Proposed Private Placement will not have any effect on the dividend policy of our Company, if any. Future dividends to be declared by our Company will depend on, among others, the future financial performance as well as cash position of the Group, after taking into consideration its working capital requirements, capital expenditures needed for future growth and business expansion.

7. HISTORICAL SHARE PRICES

The following table sets out the monthly highest and lowest market prices of KNM Shares for the past 12 months as transacted on Bursa Securities:

	<u>High (RM)</u>	<u>Low (RM)</u>
<u>2020</u>		
June	0.275	0.190
July	0.245	0.210
August	0.260	0.205
September	0.240	0.180
October	0.195	0.145
November	0.215	0.140
December	0.240	0.200
<u>2021</u>		
January	0.220	0.180
February	0.220	0.180
March	0.220	0.190
April	0.200	0.180
May	0.195	0.160

The last transacted price of KNM Shares on 21 May 2021, being the market day immediately preceding the date of announcement of the Proposed Private Placement on 24 May 2021 was RM0.17 per KNM Share.

The last transacted price of KNM Shares on LPD was RM0.17 per KNM Share.

8. APPROVALS REQUIRED

The Proposed Private Placement is subject to the approvals being obtained from the following:

- (a) Bursa Securities, for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities, which was obtained on 9 June 2021;
- (b) shareholders of KNM at the forthcoming EGM; and
- (c) any other relevant persons or authorities, if required.

The Proposed Private Placement is not conditional upon any other corporate proposals undertaken or to be undertaken by KNM.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders, chief executive and/or persons connected with them have any interest, either direct or indirect, in the Proposed Private Placement:

- (a) Gan Siew Liat is an Interested Placee. She is Executive Vice Chairman of our Company. She is also a major shareholder of our Company with direct and indirect interest.
- (b) Ir Lee Swee Eng is a person connected with Gan Siew Liat. He is a major shareholder of our Company with direct and indirect interests. Both Gan Siew Liat and Ir Lee Swee Eng are spouses.
- (c) Inter Merger Sdn Bhd is a person connected with Gan Siew Liat and Ir Lee Swee Eng, both of whom are its major shareholders.
- (d) Tegas Klasik Sdn Bhd and Aveda Assets Capital Inc. are persons connected with Ir Lee Swee Eng, who is their Director and major shareholder. Due to this relationship, they are also persons connected with Gan Siew Liat as she is Ir Lee Swee Eng's spouse.
- (e) Sara Lee Mei Ching and Sarita Lee Mei Ling are children of Gan Siew Liat and Ir Lee Swee Eng, and therefore are persons connected with her.
- (f) Chew Fook Sin and Gan Cheng Gey are husband and wife, and they are brother-in-law and sister to Gan Siew Liat, and therefore are persons connected with her.

Details of the shareholdings of Interested Persons in our Company are set out in Section 6.4.

Save for the above, none of the other Directors, major shareholders, chief executive of KNM and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

Gan Siew Liat has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Private Placement.

In addition, the Interested Persons will also abstain from voting in respect of their direct and/or indirect shareholdings in KNM, if any, on the resolution for the Proposed Private Placement to be tabled at the forthcoming EGM.

The Interested Persons have also undertaken to ensure that persons connected with them shall abstain from voting in respect of their direct and/or in direct shareholdings in our Company, if any, on the resolution for the Proposed Private Placement to be tabled at the forthcoming EGM.

10. DIRECTORS' RECOMMENDATION

Our Board (save for Gan Siew Liat), after having considered all aspects of the Proposed Private Placement (including, but not limited to the proposed utilisation of proceeds, rationale and the effects of the Proposed Private Placement), is of the opinion that the Proposed Private Placement is in the best interest of the Group and its shareholders. Accordingly, our Board (save for Gan Siew Liat) recommends that you vote in favour of the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

11. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timetable for the implementation of the Proposed Private Placement is as follows:

Tentative dates	Events
29 June 2021	EGM to approve the Proposed Private Placement
December 2021	Listing of and quotation for all the Placement Shares on the Main Market of Bursa Securities

Barring any unforeseen circumstances, the Proposed Private Placement are expected to be completed/effected by the fourth quarter of 2021.

12. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed Private Placement, as at LPD, there is no other corporate exercise which has been announced but not yet completed.

13. EGM

An EGM, the notice of which is enclosed together with this Circular, will be conducted entirely on a fully virtual basis through live streaming and online remote voting from the broadcast venue at Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 29 June 2021 at 11.00 a.m. or immediately after the conclusion/adjournment of its 19th AGM, whichever is later, for the purpose of considering and, if thought fit, passing the resolutions so as to give effect to the Proposed Private Placement.

If you are unable to attend and vote in person at the forthcoming EGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Form of Proxy that can be downloaded from the KNM Website, in accordance with the instructions contained therein and deposit the Form of Proxy at the registered office of the Company no less than twenty-four (24) hours before the time set for the EGM or any adjournment thereof. Alternatively, the Proxy Form can also be lodged electronically via "Boardroom Smart Investor Portal" at <https://boardroomlimited.my> not less than twenty-four (24) hours before the time appointed for holding the meeting. Kindly refer to the procedure for Electronic Lodgement of Form of Proxy from the Administration Notes for the AGM from the Company's website. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 19th AGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of
KNM GROUP BERHAD

DATO' AB HALIM BIN MOHYIDDIN
NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

APPENDIX I - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS AND DECLARATIONS

(a) Consents

M&A Securities, being the Principal Adviser for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references in the form and context in which they appear in this Circular.

Newfields, being the Financial Adviser for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references in the form and context in which they appear in this Circular.

(b) Declarations

M&A Securities and Newfields have given their confirmation that no conflict of interest exist or is likely to exist in relation to their respective roles.

3. MATERIAL LITIGATION

Save as disclosed below, our Group is not involved in any material litigation, claims or arbitration which may have a material adverse effect on the business and financial position of our Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any proceeding which might adversely and materially affect the business and financial position of our Group.

On 11 March 2019, our Group's wholly-owned subsidiary, KNM Process Systems Sdn. Bhd. ("**Claimant**") had issued and submitted a Request for Arbitration (the "**Request**") against Lukoil Uzbekistan Operating Company LLC ("**Respondent**") with the Institute of the Stockholm Chamber of Commerce, in Sweden ("**SCC**"), seeking for claims and damages in excess of USD96 million in relation to unpaid invoices for work done, costs arising from breach of the Contract, costs arising from design changes, additional works performed, prolongation of contract and financial losses.

The final hearings of the arbitration proceedings are currently scheduled to take place between 6 September 2021 to 24 September 2021.

The solicitors are of the opinion both parties will likely be partially successful in their claims. However, the solicitors are optimistic that the Claimant will recover more than the Respondent in this arbitration, meaning a net positive outcome in favour of the Claimant but it is premature to speculate on the outcome of the arbitration

4. MATERIAL COMMITMENTS

There are no material commitments incurred or known to be incurred by our Group as at LPD.

APPENDIX I - FURTHER INFORMATION (Cont'd)

5. CONTINGENT LIABILITIES

Save as disclosed below, as at 31 March 2021, there are no contingent liabilities incurred or known to be incurred, which may have a material impact on the results or financial position of our Group:

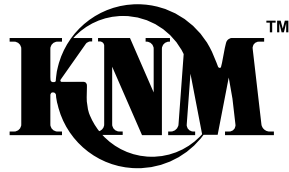
	RM'000
Corporate guarantees extended to financial institutions for facilities granted to subsidiaries	<u>597,683</u>

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at KNM's registered office at 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan Malaysia, during normal business hours from Mondays to Fridays (except public holidays), from the date of this Circular up to and including the date of the EGM:

- (a) Constitution of our Company;
- (b) Audited consolidated financial statements of our Company for the past 2 FYE 2019 and 2020 as well as the unaudited consolidated financial statements of our Company for the 3-month FPE 31 March 2021;
- (c) Letters of consents and declarations referred to in Section 2 above; and
- (d) The cause papers for the material litigation referred to in Section 3 above.

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KNM GROUP BERHAD

Company No. 521348-H
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of KNM Group Berhad ("KNM" or "Company") will be conducted fully virtual via remote participation and electronic voting (RPEV) with the live streaming to be broadcasted from Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 29 June 2021 at 11.00 a.m. or immediately after the conclusion/adjournment of its 19th Annual General Meeting, whichever is later, for the purpose of considering and if thought fit, passing or without modifications the following resolution:

ORDINARY RESOLUTION

PROPOSED PRIVATE PLACEMENT OF UP TO 987,517,700 NEW ORDINARY SHARES IN KNM TO INTERESTED PLACEE(S) AND INDEPENDENT PLACEE(S) ("PROPOSED PRIVATE PLACEMENT")

"**THAT**, subject to the approvals from the relevant authorities being obtained where necessary, approval be and is hereby given for the Company to issue by way of special issue up to 987,517,700 new ordinary shares in KNM ("**Placement Shares**") to the following parties:

- (a) up to 493,758,800 Placement Shares, representing 50% of the total Placement Shares will be placed to Gan Siew Liat and/or persons connected with her ("**Interested Placee(s)**"); and
- (b) the balance Placement Shares and any part of the Placement Shares not subscribed by the Interested Placee(s) will be placed to independent investor(s) ("**Independent Placee(s)**"), where the Independent Placee(s) shall be person(s) or party(ies) who/which qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, who shall be identified at a later date;

THAT the proceeds of the Proposed Private Placement be utilised for the purposes as set out in the circular to shareholders of the Company dated 14 June 2021, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby authorised to fix the final issue price of the Placement Shares at a later date after obtaining the relevant approvals for the Proposed Private Placement, at the following basis:

- (a) the issue price of the Placement Shares to the Interested Placee(s) shall be based on the volume weighted average market price of KNM Shares for the 5 market days ("**5D-VWAMP**") immediately preceding the price fixing date(s), rounded up to the nearest sen; and
- (b) the issue price of the Placement Shares to the Independent Placee(s) shall be at a discount of not more than 10% to the 5D-VWAMP of KNM Shares immediately preceding the price fixing date(s);

THAT all the new Placement Shares shall upon allotment and issuance, rank equally in all respects with the existing ordinary shares in KNM in issue, save and except that they will not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is prior to the date of allotment of the Placement Shares.

AND THAT the Board be and is hereby authorised to give effect to the Proposed Private Placement with full power to assent to or make any conditions, modifications, variations and/or amendments in any manner as may be imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company and to take all steps as it may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Private Placement.”

BY ORDER OF THE BOARD

HANI SYAMIRA BINTI ABDUL HAMID
(SSM PC No. 201908003098) (LS 0009872)
Company Secretary

Kuala Lumpur

14 June 2021

Notes:

- (i) A proxy may but need not be a member of the Company.
- (ii) A member shall not, subject to paragraph (iv) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- (iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iv) To be valid, the duly completed form of proxy must be deposited at the registered office of the Company at 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can also be lodged electronically via “Boardroom Smart Investor Portal” at <https://boardroomlimited.my> not less than twenty-four (24) hours before the time appointed for holding the meeting. Kindly refer to the procedure for Electronic Lodgement of Form of Proxy from the Administration Notes for the AGM.
- (v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- (vi) In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 June 2021 shall be eligible to attend the meeting or appoint proxies to attend and vote in his/her stead.
- (vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of the Extraordinary General Meeting will be put to vote by way of poll.



KNM GROUP BERHAD

Company No. 521348-H

(Incorporated in Malaysia)

Administrative Notes for the Extraordinary General Meeting ("EGM")

Meeting Platform	: https://web.lumiagm.com/
Day & Date	: Tuesday, 29 June 2021
Time	: 11.00 a.m. or immediately after the conclusion/adjournment of its 19 th Annual General Meeting, whichever is later
Broadcast Venue	: Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Mode of Communication	: Fully Virtual

Dear Valued Shareholders,

As a precautionary measure amid COVID-19 outbreak, the Company's forthcoming EGM will be conducted on fully virtual basis, as the safety of our members, Directors, employees and other stakeholders who will attend the EGM is of paramount importance to us.

In line with the Malaysian Code on Corporate Governance Practice 12.3, by conducting a virtual EGM, this would facilitate greater shareholders' participation as it facilitates electronic voting and remote shareholders' participation (RPEV). With the Virtual Meeting Facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the EGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual EGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Digital Copies of EGM Documents

As part of our commitment to reduce paper usage, the following documents are made available on our website, please view and download it for your own reference.

1. Notice of EGM and Proxy Form for EGM
2. Circular for Proposed Private Placement

Broadcast Venue

Due to the current Covid-19 pandemic, shareholders/proxies/corporate representatives are NOT allowed to participate in the AGM at the Broadcast Venue as the venue is only meant to facilitate the conduct of the virtual EGM. Shareholders who turn up at the Broadcast Venue would be requested to leave the venue politely.

Entitlement to Participate the EGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 June 2021 (General Meeting Record of Depositors) shall be eligible to participate in the EGM or appoint proxy(ies) to participate on his/her behalf.

Form(s) of Proxy

If you are unable to attend the EGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions stated therein.

Please ensure that the original Proxy Form is deposited at Registered Office of KNM at 15 Jalan Dagang SB 4/1 Taman Sungai Besi Indah 43300 Seri Kembangan Selangor Malaysia, not less than twenty-four (24) hours before the time appointed for holding the meeting.

Alternatively, the Proxy Form can also be lodged electronically via "Boardroom Smart Investor Portal" at <https://boardroomlimited.my> not less than twenty-four (24) hours before the time appointed for holding the meeting. Kindly refer to the procedure for Electronic Lodgement of Form of Proxy below.

Electronic Lodgement of Form of Proxy

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

[Note: If you have signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – eProxy Lodgement.]

- Access website <https://boardroomlimited.my>
- Click <<**Login**>> and click <<**Register**>> to sign up as a user.
- Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG,PNG or PDF format.
- Please enter a valid email address and wait for email verification from Boardroom.
- Your registration will be verified and approved within one (1) business day and email notification will be provided to you.

Step 2 – eProxy Lodgement

- Access website <https://boardroomlimited.my>
- Login with your User ID and Password given above.
- Go to "**E-PROXY LODGEMENT**" and browse the Meeting List for "**KNM GROUP BERHAD EXTRAORDINARY GENERAL MEETING**" and click "**APPLY**".
- Read the terms & conditions and confirm the Declaration.
- Enter your CDS Account Number and indicate the number of securities.
- Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies).
- Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
- Review and confirm your proxy(ies) appointment.
- Click submit.
- Download or print the eProxy Form acknowledgement.

REVOCAATION OF PROXY

The lodging of the Form of Proxy will not preclude you from personally participating remotely at EGM should you subsequently wish to do so.

If you have submitted your Proxy Form and subsequently decide to personally participate in the EGM, please write to bsr.helpdesk@boardroomlimited.com to revoke the earlier submitted Proxy Form not less than twenty-four (24) hours before the time appointed for holding the meeting. Upon revocation, your proxy(ies) will not be allowed to participate in the EGM. In such event, kindly advise your proxy(ies) accordingly.

Voting Procedure



Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

During the EGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

The Scrutineers will verify the poll result reports upon the closing of the poll session by the Chairman. The Chairman will announce the results and declare whether the resolutions put to the vote were successfully carried or not.

Virtual Meeting Facilities

Procedure		Action
Before the day of the EGM		
1.	Register Online with Boardroom Smart Investor Portal	<p><i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.] (Request for RPV User ID and Password.)</i></p> <ol style="list-style-type: none"> Access website https://boardroomlimited.my Click <<Login>> and click <<Register>> to sign up as a user. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format. Please enter a valid email address. Your registration will be verified and approved within one business day and an email notification will be provided.
Procedure		Action
Before the day of the AGM		
2.	Submit request for remote participation	<p>Registration for remote access will be opened on 14 June 2021. Please note that the closing time to submit your request is at 10.00 a.m. on 28 June 2021 (24 hours before the commencement of the EGM).</p> <p>Individual Members</p> <ol style="list-style-type: none"> Log in to https://boardroomlimited.my Select "VIRTUAL MEETING" from main menu and select the correct Corporate Event "KNM GROUP BERHAD EXTRAORDINARY GENERAL MEETING". Read and agree to the terms & condition . Enter your CDS Account and thereafter submit your request. <p>Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. Please provide a copy of Corporate Representative's MyKad (Front and Back) or Passport in JPEG, PNG or PDF format as well as his/her email address.
3	Email Notification	<ol style="list-style-type: none"> You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified. Upon system verification against the General Meeting Record of Depositories as at 22 June 2021, you will receive an email from Boardroom either approving or rejecting your registration for remote participation together with your remote access user ID and password. If your registration is approved, you will also receive your remote access user ID and password along with the email from Boardroom
On the day of the AGM		
4.	Login to Meeting Platform	<ol style="list-style-type: none"> The Meeting Platform will be open for login one (1) hour before the commencement of the AGM. The Meeting Platform can be accessed via one of the following : <ul style="list-style-type: none"> ➢ Scan the QR Code provided in the email notification; ➢ Navigate to the website at https://web.lumiagm.com/ Insert the Meeting ID No. and sign in with the user ID and password provided to you via the email notification in Step 3.

5.	Participate	<p><i>[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All question and messages will be presented with the full name and identity of the participant raising the question.]</i></p> <p>a. If you would like to view the live webcast, select the broadcast icon. </p> <p>b. If you would like to ask a question during the EGM, select the messaging icon. </p> <p>c. Type your message within the chat box, once completed click the send button.</p>
On the day of the AGM		
6.	Voting	<p>a. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices.</p> <p>b. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</p> <p>c. To change your vote, simply select another voting direction.</p> <p>d. If you wish to cancel your vote, please press "Cancel".</p>
7.	End of Participation	Upon the announcement by the Chairman on the closure of the EGM, the live webcast will end and the Messaging window will be disabled.

No Distribution of Door Gifts, Food & Beverage

Shareholders/proxies who turn up at the Broadcast Venue will not be distributed with door gifts, food and beverage.

No Recording or Photography

No recording or photography of the EGM proceedings is allowed without the prior written permission of the Company.

Enquiry

If you have any enquiries prior to the EGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30. p.m.):

Boardroom Share Registrars Sdn. Bhd.

Address : 11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

General Line : +603 7890 4700

Fax Number : +603 7890 4670

Email : bsr.helpdesk@boardroomlimited.com

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



KNM GROUP BERHAD
Company No. 521348-H
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.
No. of Ordinary Shares Held

*I/We _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a *member/members of **KNM GROUP BERHAD** hereby appoint (*full name as per NRIC and in block capitals*)

(i) _____ NRIC/Passport No.: _____
of (*full address*) _____

(ii) _____ NRIC/Passport No.: _____
of (*full address*) _____

or failing *him/her, the Chairman of the meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be conducted **fully virtual via remote participation and electronic voting** with the live streaming to be broadcasted from Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Tuesday, 29 June 2021** at 11.00 a.m. or immediately after the conclusion/adjournment of its 19th Annual General Meeting, whichever is later, in the manner indicated below:

No	Ordinary Resolutions	For	Against
1.	Proposed Private Placement		

Please indicate with an "x" in the space provided above how you wish to cast your vote. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

The proportions of *my/our holdings to be represented by my *proxy/proxies are as follows :

First Named Proxy	%
Second Named Proxy	%
Total	100%

Signed (and sealed) this _____ day of _____, 2021

Signature of Shareholder

Common Seal to be affixed here if
Shareholder is a Corporate Member

* Delete if not applicable

Notes :

- (i) A proxy may but need not be a member of the Company.
- (ii) A member shall not, subject to paragraph (iii) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- (iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iv) To be valid, the duly completed form of proxy must be deposited at the registered office of the Company at 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can also be lodged electronically via "Boardroom Smart Investor Portal" at <https://boardroomlimited.my> not less than twenty-four (24) hours before the time appointed for holding the meeting. Kindly refer to the procedure for Electronic Lodgement of Form of Proxy from the Administration Notes for the AGM.
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- (vi) In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 June 2021 shall be eligible to attend the meeting or appoint proxies to attend and vote in his/her stead.
- (vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Extraordinary General Meeting will be put to vote by way of poll.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

KNM GROUP BERHAD (521348-H)

15 Jalan Dagang SB 4/1
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia

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