

General Announcement

Reference No **MM-040727-61031**

Submitting Merchant Bank : **COMMERCE INTERNATIONAL MERCHANT BANKERS
BERHAD**
Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **27/07/2004**

Type : **Announcement**
Subject : **KNM GROUP BERHAD (“KNM” OR “COMPANY”)**

Contents :

- **PROPOSED PRIVATE PLACEMENT OF UP TO 4,400,000 NEW ORDINARY SHARES OF RM1.00 EACH IN KNM (“KNM SHARES”) (“PLACEMENT SHARES”), REPRESENTING UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF RM3.50 EACH (“PROPOSED PLACEMENT”);**
- **PROPOSED BONUS ISSUE OF UP TO 27,830,000 NEW ORDINARY SHARES OF RM1.00 EACH IN KNM (“BONUS SHARES”), TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING KNM SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”);**
- **PROPOSED SHARE SPLIT OF EVERY ONE (1) EXISTING KNM SHARE INTO TWO (2) NEW ORDINARY SHARES OF RM0.50 EACH (“SUBDIVIDED KNM SHARES”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED SHARE SPLIT”);**
- **PROPOSED EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) FOR ELIGIBLE EMPLOYEES AND DIRECTORS OF KNM AND ITS SUBSIDIARIES (“KNM GROUP”) (“PROPOSED ESOS”);**
- **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF KNM FROM RM50,000,000 COMPRISING 50,000,000 KNM SHARES TO RM200,000,000 COMPRISING 400,000,000 SUBDIVIDED KNM SHARES (“PROPOSED CAPITAL INCREASE”); AND**
- **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION TO ENABLE THE NON-EXECUTIVE DIRECTORS TO PARTICIPATE IN THE PROPOSED ESOS**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

We refer to the announcements dated 27 February 2004, 25 March 2004, 25 May

2004, 22 June 2004 and 23 June 2004 in relation to the Proposals.

On behalf of the Board of Directors of KNM, Commerce International Merchant Bankers Berhad ("CIMB") wishes to announce that the Company has decided to fix the maximum number of Placement Shares to be issued pursuant to the Proposed Placement as 4,400,000 Placement Shares. The maximum number of 4,400,000 Placement Shares to be issued hereunder is based on the authority given by the shareholders of KNM to issue up to 10% of the issued and paid-up share capital of KNM as at 17 June 2004 of RM44,000,000 comprising 44,000,000 KNM Shares pursuant to Section 132D of the Companies Act, 1965 at the Company's Second (2nd) Annual General Meeting held on 17 June 2004.

Further to the above, the gross proceeds to be raised from the issuance of the maximum of 4,400,000 Placement Shares will amount to RM15,400,000. Pursuant to the condition set out by the Securities Commission in its approval letter dated 15 June 2004, CIMB hereby announces on behalf of the Company that the said gross proceeds has been proposed to be utilised in the following manner:

	RM'000
Purchase of raw material for manufacture of process equipment	10,780
General working capital requirements	3,920
Estimated expenses of the Proposals	700
Total	15,400

This announcement is dated 27 July 2004.