

General Announcement

Reference No **KG-050428-35704**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **28/04/2005**
Type : **Announcement**
Subject : **Acquisition of new companies**

Contents :

The Board of Directors of KNM Group Berhad (**KNM** or **Company**) is pleased to announce that KNM Process Systems Sdn Bhd (**KNMPS**), a wholly-owned subsidiary of the Company, had on 26 April 2005 acquired the entire issued and paid-up shares in the following companies for a cash consideration of RM2.00 each -

- (i) KNM Technical Services Sdn Bhd (**KNMTS**);
- (ii) KNM Plant (Melaka) Sdn Bhd, formerly known as Tipex Industries Sdn Bhd (**KNMMP**);
- (iii) KNM Plant (Gebeng) Sdn Bhd, formerly known as Tank Maintenance Services (Malaysia) Sdn Bhd (**KNMGP**); and
- (iv) KNM Plant (Bintulu) Sdn Bhd, formerly known as Incobeta Sdn Bhd (**KNMBP**).

(Acquisitions).

1. Information on KNMTS

KNMTS was incorporated in Malaysia on 24 March 2005 and has not commenced operations since its date of incorporation.

KNMTS has an authorised share capital of RM100,000.00 divided into 100,000 shares of RM1.00 each, of which 2 ordinary shares are issued and fully paid up. KNMPT is intended to be involved principally in the provision of engineering, design, technical services and other associated services related to the oil, gas and petrochemical industries.

2. Information on KNMMP

KNMMP was incorporated in Malaysia on 10 March 2005 and has not commenced operations since its date of incorporation.

KNMMP has an authorised share capital of RM100,000.00 divided into 100,000 shares of RM1.00 each, of which 2 ordinary shares are issued and fully paid up. KNMMP is intended to operate from the Company's plant in Bukit Rambai, Melaka, and be involved principally in the manufacture, assembly, commissioning and maintenance 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.

3. Information on KNMGP

KNMGP was incorporated in Malaysia on 10 July 1995 and has not commenced operations since its date of incorporation.

KNMGP has an authorised share capital of RM100,000.00 divided into 100,000 shares of RM1.00 each, of which 2 ordinary shares are issued and fully paid up (**KNMGP Shares**).

The Company wish to disclose that the KNMGP Shares were held equally by YBhg Dato' Abdul Rani bin Mohd Razalli and Lee Swee Eng, the Executive Chairman and Managing Director of the Company, from 10 July 1995 to 21 April 2005.

KNMGP is intended to operate from the Company's plant in Gebeng, Pahang, and be involved principally in the manufacture, assembly, commissioning and maintenance 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.

4. Information on KNMBP

KNMBP was incorporated in Malaysia on 16 February 2005 and has not commenced operations since its date of incorporation.

KNMBP has an authorised share capital of RM100,000.00 divided into 100,000 shares of RM1.00 each, of which 2 ordinary shares are issued and fully paid up. KNMBP is intended to operate from the Company's plant in Bintulu, Sarawak, and be involved principally in the manufacture, assembly, commissioning and maintenance 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.

5. Information on KNMPS

KNMPS is a Malaysian process equipment manufacturer and storage facilities provider with the capability to undertake the designing, manufacturing, fabricating, construction, assembly, commission and maintenance of process equipment, mounded bullets, pressure vessels, heat exchangers, skid mounded assemblies, process piping systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries. Its major products include process vessels, storage facilities, LPG mounded bullets, heat exchangers and air coolers, and specialised steel structural systems. KNMPS also provides its customers maintenance services as an after sales service.

6. Effect of the Acquisitions

The Acquisitions are not expected to have a material effect on the earnings or net tangible assets of the KNM Group for the year ending 31 December 2005.

7. Directors' and substantial shareholders' interest

Save as disclosed, none of the directors and/or substantial shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the Acquisitions.

This announcement is dated 28 April 2005.