

General Announcement

Reference No **OS-060413-52290**

Submitting Merchant Bank : AVENUE SECURITIES SDN BHD
Company Name : **KNM GROUP BERHAD**
Stock Name : KNM
Date Announced : 13/04/2006

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

**· PROPOSED FBM ACQUISITION; AND
· PROPOSED MANAGEMENT OPTION SCHEME
(COLLECTIVELY, THE “PROPOSALS”)**

Contents :

We refer to the announcements dated 3 January 2006, 16 February 2006 and 4 April 2006 wherein it was announced that as an integral part of the Proposed FBM Acquisition, KNM International Sdn Bhd, a wholly-owned subsidiary of KNM (“KNMI”) shall purchase the face value of debt owing by FBM-Hudson Italiana SpA (“FBM”), to its financial institution lenders for a cash consideration of 30% of the said debt (“FBM Debt Purchase”). Avenue Securities Sdn Bhd, on behalf of KNM wishes to announce that on 11 April 2006, the following agreements were entered into to effect the FBM Debt Purchase:-

(i) Debt settlement agreement between KNMI, Bear Stearns Bank Plc (“BSB”) and FBM wherein KNMI agreed to purchase the face value debt booked on 11 April 2006 (“Closing Date”) owing by FBM to BSB amounting to Euro Dollar (“Euro”)889,303.46 for a cash consideration of 30% of the said debt or Euro266,791.04;

(ii) Debt settlement agreement between KNMI, Unicredit Banca d’Impresa (“Unicredit”), Banc of America Securities Limited (“BASL”) and FBM wherein KNMI agreed to purchase the face value debt booked at the Closing Date owing by FBM to Unicredit and BASL amounting to Euro7,198,984.02 and Euro5,841,109.27 respectively for a cash consideration of 30% of the said debt or Euro2,159,695.21 and Euro1,752,332.78 respectively;

(iii) Debt settlement agreement between KNMI, Banca Popolare Commercio e Industria SpA (“BPCI”) and FBM wherein KNMI agreed to purchase the face value debt booked at the Closing Date owing by FBM to BPCI amounting to Euro2,655,150.56 for a cash consideration of 30% of the said debt or Euro796,545.17; and

(iv) Debt settlement agreement between KNMI, Banca Regionale Europea SpA (“BRE”) and FBM wherein KNMI agreed to purchase the face value debt booked at the Closing Date owing by FBM to BRE amounting to Euro390,748.73 for a cash consideration of 30% of the said debt or Euro117,224.62.

(Collectively, the “Debt Settlement Agreements”).)

In accordance with the terms of the Proposed FBM Acquisition, the Debt Settlement Agreements and the share sale agreement dated 31 December 2005 for the Proposed FBM Acquisition has been novated by KNMI to FBM Hudson Italiana BV, KNM’s special purpose vehicle to undertake the Proposed FBM Acquisition. The Proposed FBM Acquisition was completed on 12 April 2006.

The Debt Settlement Agreements may be inspected at the registered office of KNM at 15, Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from date of this announcement.

This announcement is dated 13 April 2006.