

General Announcement

Reference No **KG-070330-63307**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **30/03/2007**

Type : **Announcement**
Subject : **Acquisition of new subsidiary**

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 30 March 2007 acquired the entire issued and paid up shares in KNM Industrial Boilers Sdn Bhd (formerly known as KNM Macchi Boilers Sdn Bhd) (**KNMIB**) for a cash consideration of Ringgit Malaysia (**RM**) 2.00.

1. Information on KNMIB

(a) Incorporation

KNMIB was incorporated on 5 July 2006 and has not commenced operations since its date of incorporation.

(b) Authorised, issued and paid-up share capital

KNMIB 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.

KNMPS had on 30 March 2007 acquired the entire issued and paid up capital in KNMIB at a consideration of Ringgit Malaysia (**RM**) 2.00 from parties not connected to any director and/or substantial shareholder of the Company and/or persons connected to any director and/or substantial shareholder of the Company.

(c) Registered address

KNMIB's registered address is at 15, Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

(d) Principal activities

KNMIB is the intended company that will undertake the joint venture effort between KNMPS and Sofinter SpA of Italy to undertake the sales and marketing, design, fabrication and manufacturing of high capacity industrial boilers, heat recovery steam generators and waste heat boilers for the oil, gas, petrochemicals, minerals processing and energy industries.

2. Information on KNMPS

(a) Incorporation

KNMPS was incorporated on 28 June 1990 and commenced operations the same year.

(b) Authorised, issued and paid-up share capital

(i) Authorised share capital

KNMPS has an authorised share capital of RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each.

(ii) Issued and paid-up share capital

KNMPS has an issued and fully paid up share capital of RM3,100,000.00 comprising 3,100,000 ordinary shares of RM1.00 each.

(c) Registered address

KNMPS's registered address is at 15, Jalan Dagang SB4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

(d) Principal activities

KNMPS is principally involved in the design, engineering, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, columns and towers, drums, heat exchangers, air finned coolers, process gas waste heat boilers and specialised shell and tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities as well as technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and energy industries worldwide.

3. Effect of the acquisition of KNMIB

(a) Issued and paid-up share capital

The acquisition of KNMIB is not expected to have a material effect on the issued and paid-up share capital of the KNM Group.

(b) Earnings

The acquisition of KNMIB is expected to contribute positively to KNM Group for the financial year ending 31 December 2007.

(c) Substantial shareholders' shareholding

The acquisition of KNMIB is not expected to have any effect on the shareholdings of the substantial shareholder of the Company.

(d) Net tangible assets (NTA)

The acquisition of KNMIB is not expected to have a material effect on the NTA of the KNM Group for the financial year ending 31 December 2007.

4. Directors' and substantial shareholders' interest

None of the directors and/or substantial shareholders of the Company and/or persons connected to directors and/or substantial shareholders of the Company have any interest, direct or indirect, in the acquisition of KNMIB.

This announcement is dated 30 March 2007.