

General Announcement

Reference No **KG-080820-43451**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **20/08/2008**

Type : Announcement

Subject : **KNM Group Berhad (KNM or Company)**
Proposed acquisition by KNM International Sdn Bhd (KNMI) and KNM Process Systems Sdn Bhd (KNMPS) of 80% equity interest in HZM Industrial Ltda, HZM Servicos Ltda and HZM S.A. Industria e Comercio de Equipmentos (HZM Companies) for a total consideration of Brazilian Real 27.0 million (Proposed Acquisition).

Contents : We refer to our announcements dated 12 December 2007 and 19 August 2008 on the above.

The Company is pleased to advise that all conditions for the Proposed Acquisition have been fulfilled prior to the entering into the SPAs on 19 August 2008, as follows -

(i) legal and financial due diligence on the HZM Companies have been completed to the satisfaction of KNMI and KNMPS;

(ii) fixed assets valuation of HZM Companies has been completed by an independent professional valuer acceptable to the advisors to KNMI and KNMPS;

(iii) the Company's Board of Directors has approved the Proposed Acquisition, whereas approval of the Company's shareholders is not required; and

(iv) all regulatory approvals in Malaysia, Brazil and elsewhere (if required), including approvals of other relevant authorities where applicable, have been obtained.

This announcement is dated 20 August 2008.