

General Announcement

Reference No **KG-100107-50471**

Company Name : **KNM GROUP BERHAD**
Stock Name : **KNM**
Date Announced : **07/01/2010**

Type : Announcement
Subject : **KNM GROUP BERHAD (“KNM OR THE COMPANY”) - PROPOSED INTERNAL RESTRUCTURING**
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Announcement Details :

1. INTRODUCTION

The Board of Directors of KNM wishes to announce that on 7 January 2010, KNM / KNM’s subsidiaries (“**Vendors**”) have entered into the relevant Shares Sale Agreements (“**SSA**”) with KNM / KNM’s subsidiaries (“**Purchasers**”) to implement the Proposed Internal Restructuring (“Proposed Internal Restructuring”). The Vendors and the Purchasers are wholly owned subsidiaries of KNM. The details of the Proposed Internal Restructuring are set out in Section 2 below.

2. DETAILS OF THE PROPOSED INTERNAL RESTRUCTURING

The Proposed Internal Restructuring shall entail the transfers by the Vendors of their equity interests in companies (“**Target Companies**”) to the Purchasers as summarised in Appendix I.

The transfer consideration in respect of the Proposed Internal Restructuring shall be determined based on the Vendors’ cost of investment (“Transfer Consideration”). The Transfer Consideration shall be satisfied via cash/debts owing by the Purchasers to the Vendors.

The Vendors shall transfer to the Purchasers the shares held in the Target Companies (“Sale Shares”) free from all charges, liens, restrictions against transfers, encumbrances and other third party rights of whatsoever nature together with all rights attached thereto with effect from 1 January 2010 (“Effective Date”). Voting rights on the Sale Shares shall be passed to the Purchasers on Completion Date.

Notwithstanding that the legal title in and to the Sale Shares shall be passed from the Vendors to the Purchasers only on the Completion Date of the SSA, the economic interests in the Sale Shares shall be passed and transferred to the Purchasers effectively from the Effective Date.

KNM and its subsidiaries (“KNM Group”) are not expected to record any gain/loss from the Proposed Internal Restructuring. The current KNM Group’s structure before and after the Proposed Internal Restructuring is depicted diagrammatically in Appendix II.

3. RATIONALE OF THE PROPOSED INTERNAL RESTRUCTURING

The Proposed Internal Restructuring is undertaken to streamline and realign the businesses and business units for the Caspian Region into the respective and distinct geographic locations. The Target Companies are presently dormant and will be activated to bid and undertake future projects in the Caspian Region.

4. EFFECTS OF THE PROPOSED INTERNAL RESTRUCTURING

The Proposed Internal Restructuring will not have any effect on KNM’s share capital, substantial shareholders’ shareholding, gearing, consolidated earnings and earnings per share for the financial year ending 31 December 2010. There is no impact to KNM’s consolidated net assets or net assets per share either resulting from the Proposed Internal Restructuring.

5. APPROVALS REQUIRED

The Proposed Internal Restructuring is not subject to the approvals of any governmental authority and/or the shareholders of KNM.

6. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTEREST

None of the Company’s Directors and/or major shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Internal Restructuring.

7. EXPECTED TIME OF COMPLETION

Barring any unforeseen circumstances, the Proposed Internal Restructuring is expected to be completed by the mid 2010.

8. DOCUMENTS FOR INSPECTION

The SSAs are available for inspection at KNM's registered office at No. 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) for three (3) months from the date hereof.

This announcement is dated 7 January 2010.