

**NOTICE OF PROVISIONAL ALLOTMENT**

All abbreviations used herein shall have the same meaning as those defined in the "Definition" page of the Abridged Prospectus dated 18 October 2012 ("AP") issued by our Company unless stated otherwise. The Provisional Rights Shares with Warrants as contained in this NPA are prescribed securities pursuant to Section 14(5) of the SICDA. Therefore, the SICDA and the Rules of Bursa Depository shall apply in respect of dealings in the Provisional Rights Shares with Warrants.



**KNM GROUP BERHAD**

(Company No.: 521348-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 488,920,659 NEW KNM SHARES AT AN ISSUE PRICE OF RM1.00 FOR EACH RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING KNM SHARES HELD AT 5.00 P.M. ON 18 OCTOBER 2012 TOGETHER WITH 488,920,659 DETACHABLE WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, OF WHICH THE FIRST CALL OF RM0.40 IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.60 IS TO BE CAPITALISED FROM KNM'S SHARE PREMIUM ACCOUNT**

Principal Adviser, Managing Underwriter, Joint Lead Underwriter & Co-Underwriter



**RHB Investment Bank Berhad**

(Company No.: 19663-P)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**Joint Lead Underwriter  
& Co-Underwriter**

**TA Securities Holdings Berhad**  
(Company No.: 14948-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)



**Co-Lead Underwriter &  
Co-Underwriter**



**Mercury Securities Sdn Bhd**  
(Company No.: 113193-W)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**Co-Underwriters**



**M&A Securities Sdn Bhd**  
(Company No.: 15017-H)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)



**OSK Investment Bank Berhad**  
(Company No.: 14152-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: Our Shareholders

Dear Sir/Madam,

Your Board has provisionally allotted to you the number of Rights Shares with Warrants as indicated below, in accordance with the approval of our shareholders at the EGM held on 20 September 2012, the approval of Bursa Securities via its letter dated 14 August 2012 and the approval of BNM via its letter dated 10 August 2012 in relation to the Rights Issue.

We wish to advise that the Provisional Rights Shares with Warrants have been confirmed by Bursa Depository and upon acceptance, the Rights Shares with Warrants will be credited into your CDS Account(s) subject to the terms and conditions as stated in the AP and the RSF issued by our Company.

Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares with Warrants are prescribed securities and as such, all dealings in the Provisional Rights Shares with Warrants will be by book entry through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository.

**ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND WARRANTS INTO THE CDS ACCOUNTS OF ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATE OR WARRANT CERTIFICATE WILL BE ISSUED TO ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) NOR WILL ANY PHYSICAL SHARE CERTIFICATE BE ISSUED FOR THE NEW KNM SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS..**

Your Board will allot Excess Rights Shares with Warrants, if any, subject always to such allocation being made on a fair and equitable basis, and that the intention of your Board set out in (i) to (iii) below are achieved on such basis as it may deem fit or expedient and in the best interest of our Company. The basis for the allotment of the Excess Rights Shares with Warrants is as follows:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings on the Entitlement Date; and
- (iii) thirdly, for allocation to Entitled Shareholders and/or their renounee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis, calculated based on the quantum of their respective Excess Rights Shares with Warrants application.

Nevertheless, your Board reserves the right to allot the Excess Rights Shares with Warrants in respect of any Excess Rights Shares with Warrants application, in part only, without assigning any reason thereof.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER			
NUMBER OF KNM SHARES HELD AT 5.00 P.M. ON 18 OCTOBER 2012	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.40 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES AND TIMES	
Entitlement Date.....	Thursday, 18 October 2012 at 5.00 p.m.
<b>LAST DATES AND TIMES FOR:-</b>	
Sale of Provisional Rights Shares with Warrants .....	Thursday, 25 October 2012 at 5.00 p.m.
Transfer of Provisional Rights Shares with Warrants.....	Wednesday, 31 October 2012 at 4.00 p.m.
Acceptance and Payment for Rights Shares with Warrants .....	Monday, 5 November 2012 at 5.00 p.m.*
Application and Payment for Excess Rights Share with Warrants.....	Monday, 5 November 2012 at 5.00 p.m.*

\* or such later date and time as your Board may decide in its absolute discretion and announce not less than 2 Market Days before the stipulated date and time.

**BY ORDER OF THE BOARD**

FARIZ BIN ABDUL AZIZ (LS 0007997)  
LAU BEE GEE (MAICSA 0817743)  
Company Secretaries

Share Registrar  
**Symphony Share Registrars Sdn Bhd**,  
Level 6, Symphony House,  
Pusat Dagangan Dana 1,  
JALAN PJU 1A/46,  
47301 Petaling Jaya,  
Selangor Darul Ehsan  
Tel. no.: (603) 7841 8000  
Helpdesk tel. no.: (603) 7849 0777  
Fax. no.: (603) 7841 8151 / 8152



## NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF

### THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE AP TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF. In accordance with the Capital Markets & Services Act, 2007 ("CMSA"), this RSF must not be circulated unless accompanied by the AP.

The Documents relating to the Rights Issue are only despatched to our shareholders who have a registered address in Malaysia and whose names appear in our Record of Depositors at 5.00 p.m. on 18 October 2012. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue and the Documents comply with the laws of countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of Entitled Shareholders and/or their renounee(s) (if applicable) who are residing in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and other professional adviser as to whether the acceptance, renunciation, sale or transfer of the Provisional Rights Shares with Warrants (as the case may be), would result in the contravention of any laws of such countries or jurisdictions.

Neither we nor RHB Investment Bank shall accept any responsibility or liability whatsoever to any party in the event that any acceptance, renunciation, sale or transfer of the Provisional Rights Shares with Warrants (as the case may be) made by Entitled Shareholders and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their renounee(s) (if applicable) is a resident.

A copy of the AP has been registered with the SC. The registration of the AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for their contents. Approval for the Rights Issue has been obtained from our shareholders at the EGM held on 20 September 2012. Approval has been obtained from Bursa Securities on 14 August 2012 for the admission of the Warrants to the Official List of Bursa Securities and the listing and quotation of the Rights Shares, Warrants and the new KNM Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities. The admission of the Warrants to the Official List of Bursa Securities and listing and quotation of the Right Shares, Warrants and the new KNM Shares to be issued upon exercise of the Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of Entitled Shareholders and/or their renounees (if applicable) have been duly credited and notices of allotment have been despatched to them. The admission of the Warrants to the Official List of Bursa Securities and listing and quotation of the Rights Shares, Warrants and the new KNM Shares to be issued upon exercise of the Warrants are in no way reflective of the merits of the Rights Issue.

Your Board has seen and approved all the documentation relating to the Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is RM and sen.

### INSTRUCTIONS:-

#### (I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 5 November 2012 or such later date and time as your Board may decide in its absolute discretion and announce not less than 2 Market Days before the stipulated date and time.

#### (II) FULL OR PART ACCEPTANCE OF THE RIGHTS SHARES WITH WARRANTS

The Rights Issue is renounceable in full or in part. If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants, please complete Parts I and III of this RSF and forwarding this RSF, together with the appropriate remittance(s) in RM in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "KNM RIGHTS ISSUE A/C" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number for the full amount payable for the Provisional Rights Shares with Warrants accepted, to be received by our Share Registrar at the address above not later than 5.00 p.m. on 5 November 2012 (or such later date and time as your Board may decide in its absolute discretion and announce not less than 2 Market Days before the stipulated date and time). Any excess or insufficient payment and other than in the manner stated in this RSF may be rejected at the absolute discretion of your Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

No acknowledgement will be issued by our Company or our Share Registrar for the receipt of the RSF or the application monies in respect of the Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. However, if your application is successful, the Rights Shares and Warrants shall be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address as stated in our Record of Depositors at your own risk within 8 Market Days from the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

You should note that all RSF and remittances lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially accepted applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you by ordinary post to the address as stated in our Record of Depositors at your own risk within 15 Market Days from the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants.

#### (III) APPLICATION OF EXCESS RIGHTS SHARES WITH WARRANTS

If you wish to apply for additional Rights Shares with Warrants in excess of those provisionally allotted to you, you may do so by completing Part II of this RSF (in addition to Parts I and III of this RSF) and forwarding this RSF, together with a SEPARATE remittance in RM made in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "KNM EXCESS SHARES A/C" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number for the full amount payable for the Excess Rights Shares with Warrants applied for, to be received by our Share Registrar at the address above not later than 5.00 p.m. on 5 November 2012 (or such later date and time as your Board may decide in its absolute discretion and announce not less than 2 Market Days before the stipulated date and time). Any excess or insufficient payment and other than in the manner stated in this RSF may be rejected at the absolute discretion of your Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

No acknowledgement will be issued by our Company or our Share Registrar for the receipt of the Excess Rights Shares with Warrants application or the application monies in respect thereof. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. However, if your application is successful, the Rights Shares with Warrants shall be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address as stated in our Record of Depositors at your own risk within 8 Market Days from the last date and time for excess application and payment for the Excess Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

You should note that all RSF and remittances lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn. In respect of unsuccessful or partially successful Excess Rights Shares with Warrants applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you by ordinary post to the address as stated in our Record of Depositors at your own risk within 15 Market Days from the last date and time for excess application and payment for the Excess Rights Shares with Warrants.

Your Board will allot Excess Rights Shares with Warrants, if any, subject always to such allocation being made on a fair and equitable basis, and that the intention of your Board set out in (i) to (iii) below are achieved on such basis as it may deem fit or expedient and in the best interest of our Company. The basis for the allotment of the Excess Rights Shares with Warrants is as follows:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date; and
- (iii) thirdly, for allocation to Entitled Shareholders and/or their renounee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants on a pro-rata basis, calculated based on the quantum of their respective Excess Rights Shares with Warrants application.

Nevertheless, your Board reserves the right to allot the Excess Rights Shares with Warrants in respect of any Excess Rights Shares with Warrants application, in part only, without assigning any reason thereof.

#### (IV) SALE/TRANSFER OF PROVISIONAL RIGHTS SHARES WITH WARRANTS

As an Entitled Shareholder, you may wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to 1 or more than 1 person, immediately through your stockbroker(s) without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account(s). To sell/transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares with Warrants.

In selling/transferring all or part of your entitlement to the Provisional Rights Shares with Warrants, you need not deliver any document, including this RSF to your stockbroker(s). You are however, advised to ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Account(s) for settlement of the sale/transfer.

Purchaser(s) of the Provisional Rights Shares with Warrants may obtain a copy of the AP and this RSF from all Malaysian stockbroking companies, Bursa Securities' website ([www.bursamalaysia.com](http://www.bursamalaysia.com)), our Registered Office or our Share Registrar.

If you have sold/transferred only part of your entitlement to the Provisional Rights Shares with Warrants, you may still accept the balance of your entitlement to the Provisional Rights Shares with Warrants by completing Parts I and III of this RSF and forwarding this RSF together with the appropriate remittance for the full amount payable for the balance of the Rights Shares with Warrants accepted to our Share Registrar in accordance with the instructions as set out in Section (ii) of this RSF.

#### (V) GENERAL INSTRUCTIONS

- (i) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seal.
- (ii) A Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on this RSF.
- (iii) The Provisional Rights Shares with Warrants subscribed by you and/or your renounee(s) (if applicable) will be credited into your and/or your renounee(s) respective CDS Accounts as stated in this RSF.
- (iv) Any interest or other benefit accruing on or arising from or in connection with any remittances shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
- (v) The contract arising from the acceptance of the Provisional Rights Shares with Warrants by you shall be governed by and construed in accordance with the laws of Malaysia and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdictions of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
- (vi) Your Board reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to or which are illegible.