

OTHERS KNM Capital (PIC) Sdn Bhd - Acceptance of Blanket Working Capital (BWC) Facilities of up to RM160.0 million from Affin Islamic Bank Berhad

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	KNM Capital (PIC) Sdn Bhd - Acceptance of Blanket Working Capital (BWC) Facilities of up to RM160.0 million from Affin Islamic Bank Berhad

KNM Group Berhad (“**KNM**”) is pleased to announce that its wholly-owned subsidiary, KNM Capital (PIC) Sdn Bhd (“**KNMPIC**”) has on 4 July 2016, accepted the offer from Affin Islamic Bank Berhad (“**Affin**”) for a Blanket Working Capital (“**BWC**”) Facilities of up to RM160.0 million.

1. DETAILS OF THE BWC FACILITIES

The BWC Facilities is to part finance the awarded contract(s) relating to the Refinery and Petrochemical Integrated Development project in Pengerang, Johor (“**RAPID Project**”) to KNM and/or its subsidiaries.

The BWC Facilities will be secured by, *inter alia*, an irrevocable and unconditional guarantee by KNM.

2. FINANCIAL EFFECTS

2.1 Issued and Paid-up Share Capital and shareholdings of substantial shareholders

The BWC Facilities is not expected to have any effect on the issued and paid-up share capital of KNM nor the shareholdings of KNM’s substantial shareholders.

2.2 Earnings

The BWC Facilities will not have any material effect on the earnings for the financial year ending 31 December 2016 of KNM. The BWC Facilities will be used to fund the contracts related to RAPID Project and upon completion, the contracts are expected to generate recurring income and contribute positively to the earnings of KNM in future financial years.

2.3 Net assets and gearing

The BWC Facilities is not expected to have any material effect on the net assets of KNM for the financial year ending 31 December 2016. However, the gearing of KNM for the financial year ending 31 December 2016 may increase, upon utilisation of the BWC Facilities. The gearing ratio of KNM based on its consolidated audited financial statements as at 31 December 2015 was 0.27 times.

For illustrative purposes, the gearing of KNM based on its latest consolidated audited financial statement as at 31 December 2015 is expected to increase to 0.32 times after the BWC Facilities is fully utilised.

3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of KNM and/or person connected with them have any interest, whether direct or indirect, in the BWC Facilities.

4. DIRECTORS' STATEMENT

Having considered all aspects of this transaction, the Board of Directors is of the opinion that the acceptance of the BWC Facilities is in the best interest of the Group and KNM.

This announcement is dated 4 July 2016.