

OTHERS Peterborough Green Energy Ltd - Acceptance of an Oversea Project Financing (OPF) Facility for GBP35 million from Export-Import Bank of Malaysia Berhad

KNM GROUP BERHAD

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| Type | Announcement |
| Subject | OTHERS |
| Description | Peterborough Green Energy Ltd - Acceptance of an Oversea Project Financing (OPF) Facility for GBP35 million from Export-Import Bank of Malaysia Berhad |

KNM Group Berhad (“**KNM**”) is pleased to announce that its wholly-owned group subsidiary, Peterborough Green Energy Ltd (“**PGEL**”) has on 11 May 2016, accepted the offer from Export-Import Bank of Malaysia Berhad (“**EXIM**”) for an Oversea Project Financing (“**OPF**”) Facility for GBP35 million (about RM203.7 million).

1. DETAILS OF THE OPF FACILITY

The OPF Facility is to part finance the development and construction of Phase 1 - 18MW Waste-to-Energy Power Plant in Peterborough, UK (“**Peterborough Project**”).

The tenor for the OPF Facility is for a period of 11 years only and the OPF Facility will *inter alia*, be guaranteed by KNM.

2. FINANCIAL EFFECTS

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

The OPF Facility 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 OPF Facility will not have any material effect on the earnings for the financial year ending 31 December 2016 of KNM. The OPF Facility will be used to fund the Peterborough Project and upon completion, the Project is expected to generate recurring income and contribute positively to the earnings of KNM in future financial years.

2.3 Net assets and gearing

The OPF Facility is not expected to have any material effect on the net assets of KNM for the financial year ending 31 December 2016. However, it will increase the gearing of KNM for the financial year ending 31 December 2016. The gearing ratio of KNM Group based on its audited financial statements as at 31 December 2015 was 0.27 times.

For illustrative purposes, the gearing of KNM based on its latest audited financial statement as at 31 December 2015 is expected to increase marginally to 0.34 times after the OPF Facility 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 OPF Facility.

4. DIRECTORS' STATEMENT

Having considered all aspects of this transaction, the Board of Directors is of the opinion that the acceptance of the OPF Facility is in the best interest of the Group and the Company.

This announcement is dated 13 May 2016.