

**OTHERS Order Secured by KHH Infrastructures Sdn Bhd amounting to approximately RM57.77 million from Sinopec Engineering Group Malaysia Sdn Bhd**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Order Secured by KHH Infrastructures Sdn Bhd amounting to approximately RM57.77 million from Sinopec Engineering Group Malaysia Sdn Bhd

**1. Introduction**

KNM Group Berhad (“**KNM**”) is pleased to announce that KHH Infrastructures Sdn Bhd (“**KHHI**”), a 50:50 owned joint venture company between Ho Hup Construction Company Berhad (“**Ho Hup**”) and KNM Process Systems Sdn Bhd (a wholly-owned subsidiary of KNM), had on 22 March 2016, accepted the award of a sub-contract job from SINOPEC Engineering Group Malaysia Sdn Bhd (“**SEGM**”) to undertake the Work of Civil and Underground Piping in the RAPID PROJECT – PACKAGE 2 - Area 2, including Process Unit ARDS-1 (Unit 1211), the Buildings 6850-SUB-121 and 6750-FAR-121 (hereinafter defined as the “**Sub-Contract**”) for a sum of approximately RM57.77 million.

The scope of supply and work of KHHI shall generally include, but not limited to, general building works for Electrical Substation and Field Auxiliary Room, foundations, superstructures, internal roads, paving, underground piping, trenches, manholes, pits, basins and related civil work.

SEGM is a subsidiary under Sinopec Group in the Peoples Republic of China (“**PRC**”). The Sinopec Group is the leading oil refining, petrochemical and chemical engineering group in the PRC.

The duration of the Sub-Contract is for 24 months and is expected to commence on 30 March 2016.

**2. Directors' and major shareholders' interest**

None of the directors and/or major shareholders of KNM, and/or any persons connected to them, have any direct or indirect interest in the Sub-Contract.

**3. Effect of the Sub-Contract**

The Sub-Contract is expected to contribute positively to KNM Group's earnings for the financial years ending 31 December 2016, 2017 and 2018.

**4. Risk Factors**

The Sub-Contract is subject to certain risks mainly in the infrastructure and civil engineering, power, and oil and gas industries. These include changes in general economic conditions such as, but not limited to inflation, taxation, foreign exchanges, interest rates, labour and material supply, changes in business and operating conditions such as, but not limited to government and statutory regulations and deterioration in prevailing market conditions.

The Sub-Contract does not alter the risk profile of KNM as KNM Group is already operating in these industries and hence would continue to be exposed to risk factors that they currently face whilst operating in these industries.

Although KNM Group and Ho Hup with their vast experience may undertake efforts to mitigate the various risks, there is no assurance that any change in the above factors will not have a material adverse effect on the business and operations of KNM and/or KHHI.

This announcement is dated 23 March 2016.