

## **OTHERS Award of Contracts by China National Chemical Engineering Co., Ltd. to KNM Special Process Equipment (Changshu) Co., Ltd. amounting to RMB40 million**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Award of Contracts by China National Chemical Engineering Co., Ltd. to KNM Special Process Equipment (Changshu) Co., Ltd. amounting to RMB40 million

### **1. Introduction**

KNM Group Berhad (“**KNM**”) is pleased to announce that its indirect wholly-owned subsidiary, KNM Special Process Equipment (Changshu) Co., Ltd. (“**KNM Changshu**”), had on 31 October 2018 received the Letter of Awards from China National Chemical Engineering Co., Ltd. (“**CNCEC**”), a company registered in China for the supply of CS Vessels (“**Products**”) for the construction of an Integrated Petrochemical Complex in Atyrau, Republic of Kazakhstan amounting to RMB40 million (equivalent to approximately RM24 million based on the exchange rate of RMB1 : RM0.60)(the “**Award**”).

The supply and delivery duration of the Products is approximately 12 months commencing from the respective purchase order dates.

### **2. Information About the Parties**

KNM is a diversified multinational group with core businesses in process equipment manufacturing, provision of integrated solutions, project management, engineering and construction services for the renewable energy, power, utilities, refining and petrochemical industries.

KNM Changshu, a company incorporated in China is an indirect wholly-owned subsidiary of KNM Group Berhad. It is principally involved in the design, manufacture, assembly, commissioning and maintenance of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialized structural assemblies and module assembling for the oil, gas and petrochemical industries within the market in China.

CNCEC, a company incorporated in China engages in the general contracting of construction, infrastructure, and overseas projects in the fields of chemical, petrochemical, pharmaceutical, power, and coal industries in China and internationally.

### **3. Financial Effect of the Award**

The Award is expected to contribute positively to KNM Group’s earnings for the financial year ending 31 December 2018 and 31 December 2019.

### **4. Risk Factors**

The Award is subject to certain risks mainly in the power, oil, gas, petrochemical, and energy industries. These include changes in general economic conditions such as, but not limited to inflation,

environmental, health and safety regulations, 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.

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 with its vast experience may undertake efforts to mitigate the various risk factors, there is no assurance that any change in the above risk factors will not have a material adverse effect on the business and operations of KNM and/or KNM Changshu.

#### **5. Approvals**

The Award is not subject to the approval of the shareholders of KNM or any regulatory authority in Malaysia or China.

#### **6. Directors' Statement**

Having considered all aspects of the Award, the Board of Directors is of the opinion that the Award is in the best interest of the Company.

#### **7. Directors' and Major Shareholders' Interest**

None of the directors and/or major shareholders of KNM, and/or any persons connected with them, have any direct or indirect interest in the Award.

#### **8. Documents for Inspection**

Details of the Award are available for inspection at the registered office of KNM at 15 Jalan Dagang SB 4/1, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia for three (3) months from date of this Announcement during normal business hours from Mondays to Fridays.

This announcement is dated 1 November 2018.