

OTHERS Lump Sum Turnkey Contract for the Engineering, Procurement and Construction of a LPG Receiving, Tanking, Storage And Bottling Facility at Kyaut Tan Township Thilawa, Republic of the Union of Myanmar

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Lump Sum Turnkey Contract for the Engineering, Procurement and Construction of a LPG Receiving, Tanking, Storage And Bottling Facility at Kyaut Tan Township Thilawa, Republic of the Union of Myanmar

1. Introduction

KNM Group Berhad (“KNM”) is pleased to announce that its wholly-owned subsidiary, KNM Process Systems Sdn. Bhd. [“KNMPS”], has today received the complete executed Lump Sum Turnkey Contract dated 31 December 2018 with CECA Gold Company Limited for the Engineering, Procurement and Construction of a Liquefied Petroleum Gas (“LPG”) Receiving, Tanking, Storage and Bottling Facility at Kyaut Tan Township Thilawa, Myanmar for a total contract value of US Dollars Twenty Four Million Eight Hundred and Seventy Two Thousand (USD 24.872 million) (equivalent to approximately RM101.353 million based on the exchange rate of USD1 : RM4.075) (collectively referred to as the “LST Contract”).

The LST Contract pertains to the engineering, procurement and construction of a turnkey LPG receiving, tanking, storage and bottling facility and further to test, pre-commission, commission and start-up the said facility within the period of years 2020 to 2021.

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.

KNMPS was incorporated as a private limited company under the laws of Malaysia on 28 June 1990 and is principally involved in the design, engineering, procurement and manufacturing of process

equipment, including without limitation pressure vessels, reactors, columns and towers, drums, heat exchangers, air finned coolers, process gas waste heat boilers and specialised shell and tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities as well as technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and renewable energy industries worldwide.

CECA Gold Company Limited (“CECA”), a private company, having its principal place of business at No. 163, 5th Floor, 47th Street Botataung Township, Yangon, Myanmar. CECA was incorporated by shareholders of Myat Golden Global, a leading Myanmar conglomerate which is in the business of manufacturing, trading and distribution and providing turnkey solutions together with Jofu Holdings, a reputable Singapore firm as a joint venture for LPG importation and distribution business in Myanmar.

3. Financial Effect of the LST Contract

The LST Contract is expected to contribute positively to KNM Group’s earnings for the financial year ending 31 December 2019, 31 December 2020 and 31 December 2021.

4. Risk Factors

The LST Contract is subject to certain commercial and financial 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 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 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 KNMPS.

5. Approvals

The LST Contract is not subject to the approval of the shareholders of KNM or any regulatory authority in Malaysia or in any other country.

6. Directors' Statement

Having considered all aspects of the LST Contract, the Board of Directors is of the opinion that execution of the LST Contract 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 LST Contract.

8. Documents for Inspection

Details of the LST Contract 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 a period of three (3) months from date of this Announcement during normal business hours from Mondays to Fridays.

This announcement is dated 1 March 2019.