

OTHERS Award of Purchase Order by Technip Italy S.p.A to FBM Hudson Italiana S.p.A amounting to RM36.142 million

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Award of Purchase Order by Technip Italy S.p.A to FBM Hudson Italiana S.p.A amounting to RM36.142 million

Introduction

KNM Group Berhad (“**KNM**”) is pleased to announce that its indirect wholly-owned subsidiary, FBM Hudson Italiana S.p.A (“**FBMHI**”), had today received an award from Technip Italy S.p.A (“**TECHNIP**”) via a purchase order dated 28 June 2019 issued by TECHNIP for the design, detailed engineering, fabrication and supply of air cooler heat exchangers amounting to EURO7.754 million (equivalent to approximately RM36.142 million based on the exchange rate of EURO1.00 : RM 4.6614) (the “**PO**”) as part of the expansion and modernization projects of the Middle East Oil Refinery located at Alexandria, Egypt as managed by the Middle East Refining Limited (“**MIDOR**”).

The design and supply duration of the PO is for a period not exceeding 14 months from the date of the PO.

Information About the Parties

FBMHI was incorporated as a private limited company under the laws of Italy 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.

TECHNIP is a company incorporated and duly existing under the laws of Italy and a subsidiary of TechnipFMC, a global leader in the oil and gas sectors of subsea, onshore, offshore, and surface

technologies who has been awarded the engineering, procurement and construction main contract for the expansion and modernization of MIDOR.

Financial Effect of the PO

The PO is expected to contribute positively to KNM's earnings for the financial year ending 31 December 2019 and 31 December 2020.

Risk Factors

The PO 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 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 FBMHI.

Approvals

The PO is not subject to the approval of the shareholders of KNM or any regulatory authority anywhere else.

Directors' Statement

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

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 PO.

Documents for Inspection

Details of the PO 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 4 July 2019.