

OTHERS Additional Award of Contract by PSS Netherlands B.V. Sharjah Branch to KNM

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Additional Award of Contract by PSS Netherlands B.V. Sharjah Branch to KNM

1. Introduction

KNM Group Berhad (“KNM”) is pleased to announce that its indirect wholly-owned subsidiary, FBM-KNM FZCO (“FZCO”), had today accepted the earlier received purchase order dated 31 October 2019 bearing Purchase Order No. S30028 (“PO”), for the supply of Shell and Tube Heat Exchanger-Lot-2 as per requirements of the PO for the Clean Fuels Project at the existing major oil refinery in Sriracha, Chonburi, on the east coast of Thailand as operated by Thai Oil Public Company Limited (“Clean Fuel Project – Thailand”), amounting to USD5.184 million (equivalent to approximately RM21.521 million based on the exchange rate of USD1.00 : RM4.1515) from PSS Netherlands B.V. Sharjah Branch (“**Transaction**”).

The supply and delivery duration of the Transaction is for a period not exceeding 10 October 2020.

This Transaction is additional and if combined with the earlier disclosed contract awards received by FZCO and KNM Process Systems Sdn. Bhd., another wholly-owned subsidiary company of KNM, as were announced on 20 September 2019 and 17 September 2019 respectively also from PSS Netherlands B.V. Sharjah Branch for the Clean Fuels Project – Thailand, brings the combined contract awards received by KNM to a current total amount of RM 97.15 million.

2. Information About the Parties

FZCO was incorporated as a private limited company in Jebel Ali Free Zone, Dubai, United Arab Emirates on 1 November 1990. FZCO is principally involved in the design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries.

PSS Netherlands B.V. Sharjah Branch is a consortium comprising of Saipem S.p.A., Samsung Engineering Co. Ltd. and Petrofac Limited.

3. Financial Effect of the Transaction

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

4. Risk Factors

The Transaction 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 FZCO.

5. Approvals

The Transaction 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 Transaction, the Board of Directors is of the opinion that the Transaction is in the best interest of KNM.

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 Transaction.

8. Documents for Inspection

Details of the Transaction 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 13 November 2019.