

**OTHERS Multiple Contracts awarded to KNM Group Berhads subsidiary companies amounting to approximately RM27.713 million**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
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**1. Introduction**

KNM Group Berhad (“KNM”) is pleased to announce the following:

**Contract from Dangote Oil Refining Company Limited**

FBM Hudson Italiana S.p.A (“FBM”), an indirect wholly-owned subsidiary of the Company, had today signed-off acceptance on the General Purchase Conditions dated 14 June 2019 (“GPC”), for the design, fabrication and supply of Air Cooler Heat Exchangers in respect of the Petroleum Refinery And Polypropylene Plant in Lekki Free Trade Zone, Nigeria amounting to USD4.550 million (equivalent to approximately RM18.974 million based on the exchange rate of USD1.00 : RM4.17) from Dangote Oil Refining Company Limited and Dangote Petroleum Refinery & Petrochemicals Free Zone Enterprise (both employers are collectively referred to as “Dangote”).

The supply and delivery duration is for a period of 12 months from the date of the GPC.

**Contract from Basrah Gas Company**

FBM-KNM FZCO (“FZCO”), an indirect wholly-owned subsidiary of the Company, had been awarded a Purchase Order dated 12 June 2019 (“PO”), for the supply and delivery of replacement heat exchangers to the Khor Al Zubair’s gas processing plant located in the Basrah Province, Iraq amounting to USD2.096 million (equivalent to approximately RM8.739 million based on the exchange rate of USD1.00 : RM4.17) from Basrah Gas Company (“Basrah”).

The supply and delivery duration is for a period no later than 14 January 2020.

Both above-mentioned described contracts shall be referred to collectively as the “Awards”. The total contracted and provisional value of the Awards is approximately RM27.713 million.

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

FBM and FZCO were both incorporated as a private limited company under the laws of Italy and the laws of United Arab Emirates respectively. Both FBM and FZCO are 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.

Dangote is Nigeria’s most diversified business conglomerates, a multi-billion Naira company operating in sectors encompassing agriculture, petroleum refinery & petrochemicals, fertilizer, cement and telecom in Nigeria and across the African continent.

Basrah is a public / private joint venture incorporated under the laws of the Republic of Iraq, majority owned by the state-owned South Gas Company together with Shell and Mitsubishi and was setup to manage and operate Basrah Province’s abundant endowment of natural gas.

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

The Awards are 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 Awards are 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.

## **5. Approvals**

The Awards are 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 Awards, the Board of Directors is of the opinion that the Awards 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 Awards.

## **8. Documents for Inspection**

Details of the Awards 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 14 June 2019.