

OTHERS Multiple Contracts awarded to KNM Group Berhads subsidiary companies amounting to approximately RM97.720 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 TPSK Consortium

KNM Process Systems Sdn Bhd (“KNMPS”), a wholly-owned subsidiary of the Company, had today signed-off acceptance on the purchase order dated 15 May 2019 (“PO”), for the supply of shop assembled large columns for the Petrochemical Complex in South of Vietnam – Package A1 – Olefins Plant, amounting to USD12.772 million (equivalent to approximately RM53.444 million based on the exchange rate of USD1 : RM4.1845) from TPSK Consortium.

The supply and delivery duration is for a period not exceeding 16 months commencing from the date of the PO.

Contract from Sinopec Engineering (Group) Co., Ltd.

FBM Hudson Italiana S.p.A (“FBM”), an indirect wholly-owned subsidiary of the Company, had today signed-off acceptance on the Notice of Award and Authorization To Proceed dated 24 May 2019 (“NOA”), for the supply of Reactor Effluent Air Condensers for the PETRONAS’s RAPID Project at Pengerang, Johor, amounting to USD4.465 million (equivalent to approximately RM18.684 million based on the exchange rate of USD1 : RM4.1845) from Sinopec Engineering (Group) Co., Ltd.

The supply and delivery duration is for a period from the date of the NOA and not exceeding 10 January 2020.

Contract from Borealis Kallo N.V.

FBM, an indirect wholly-owned subsidiary of the Company, had been awarded a Technical Goods and Works Purchase Contract dated 27 May 2019 (“TGWPC”), for the engineering, procurement, manufacturing, inspection, testing and delivery of Oleflex Reactors for the New European PDH Project at Borealis Production site in Kallo, Antwerp, Belgium amounting to EURO5.455 million (equivalent to approximately RM25.592 million based on the exchange rate of EURO1 : RM4.6915) from Borealis Kallo N.V.

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

All the above-mentioned described contracts shall be referred to collectively as the “Awards”. The total contracted and provisional value of the Awards is approximately RM97.720 million.

2. Information About the Parties

KNMPS and FBM were both incorporated as a private limited company under the laws of Malaysia and the laws of Italy respectively. Both KNMPS and FBM 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.

TPSK Consortium is a joint cooperation comprising of a consortium of Technip Geoproduction (M) Sdn Bhd, Technip Stone & Webster Process Technology, Inc. and SK Engineering & Construction Co., Ltd.

Sinopec Engineering (Group) Co., Ltd. is a wholly-owned subsidiary of China Petrochemical Corporation and is a renowned global engineering, procurement and construction service provider for the oil refining and petrochemical industries.

Borealis Kallo N.V., a Belgium based company, is a leading provider of polyolefins, base chemicals, and fertilizers in Europe and globally.

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 27 May 2019.