

**OTHERS Award of Contract by Sapura Fabrication Sdn. Bhd. to KNM Process Systems Sdn. Bhd. amounting to RM17.986 million**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Award of Contract by Sapura Fabrication Sdn. Bhd. to KNM Process Systems Sdn. Bhd. amounting to RM17.986 million

**Introduction**

KNM Group Berhad (“**KNM**”) is pleased to announce that its wholly-owned subsidiary, KNM Process Systems Sdn. Bhd. (“**KNMPS**”), had today received the Letter of Award from Sapura Fabrication Sdn. Bhd. (“**SFSB**”) dated 26 April 2019 for the supply and delivery of shell and tube heat exchanger package process deck amounting to RM17.986 million (the “**Award**”) as part of the Pegaga Development Project.

The supply and delivery duration of the Award is for a period not exceeding 52 weeks from the date of the Letter of Award.

**Information About the Parties**

KNMPS was incorporated as a private limited company under the laws of Malaysia on 28 June 1990. KNMPS 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.

SFSB is a company incorporated and duly existing under the laws of Malaysia and a subsidiary of Sapura Energy Berhad who has been awarded the engineering, procurement, construction, installation and commissioning provision for the Pegaga Development Project.

## **Financial Effect of the Award**

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

## **Risk Factors**

The Award 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 Group 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 Group 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.

## **Approvals**

The Award is not subject to the approval of the shareholders of KNM or any regulatory authority in Malaysia.

## **Directors' Statement**

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

## **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 Award.

### **Documents for Inspection**

Details of the Award 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 30 April 2019.