

## **OTHERS Heads of Joint Venture Agreement**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Heads of Joint Venture Agreement

### **INTRODUCTION**

The Company wishes to announce that its wholly-owned subsidiary, KNM Process Systems Sdn Bhd (“KNMPS” or hereinafter referred to as “Second Party”) had on 6 July 2020 entered into a Heads of Joint Venture Agreement (“the Agreement”) with ADAP Capital Sdn Bhd (“ADAPC” or hereinafter referred to as “First Party”) in relation to a collaboration between the parties, to set up a Joint Venture Company (hereinafter referred to as “JVCO”) in respect of oil, gas and petrochemical projects in Sarawak pertaining to:

- a) EPC Contracts for Oil, Gas & Petrochemical plants;
- b) Manufacture and Supply of Process Equipment, Tanks, Piping and Structures for Oil, Gas & Petrochemical Plants; and
- c) Build, Own and Operate Strategic Projects (subject to feasibility and a separate project agreement).

### **INFORMATION ABOUT THE PARTIES**

#### **KNMPS**

KNMPS was incorporated as a private limited company under the laws of Malaysia on 28 June 1990 and it 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 inclusive of solar PV installation work and solar leasing.

## **ADAPC**

ADAPC is a Bumiputra-controlled company which was incorporated in Sarawak under the laws of Malaysia on 14 November 2019 and is principally involved in assets/portfolio management activities, as well as investment and private equity matters.

## **SALIENT TERMS**

The salient terms of the Agreement are as follows:

### **i) Duties of the First Party**

- a) The First Party shall subscribe 51% equity in the JVCO;
- b) The First Party shall be responsible for the business development with Clients and State Government of Sarawak to secure the Projects for the JVCO;
- c) The First Party shall be responsible for the Project Financing in proportion to its shareholding;  
and
- d) The First Party shall undertake the execution of the Project jointly with the Second Party and take the role of Project Execution Co-Lead.

### **ii) Duties of the Second Party**

- a) The Second Party shall subscribe the 49% equity in the JVCO;

- b) The Second Party shall be responsible for the technical proposal for the Projects;
  
- c) The Second Party shall jointly execute the Projects with the First Party and take the role of Project Execution Leader; and
  
- d) The Second Party shall be responsible for the Project financing proportioned to its shareholding.

#### **VALIDITY OF THE AGREEMENT**

This Agreement is valid for a period of 12 (twelve) months from the date of execution and may be extended for another period subject to written approval by both Parties herein.

#### **APPROVALS**

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

#### **DIRECTORS' STATEMENT**

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

#### **DOCUMENTS FOR INSPECTION**

Details of the Agreement 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 7 July 2020.