

OTHERS PROPOSED CANCELLATION OF THE OPTIONS UNEXERCISED WITH AN EXERCISE PRICE OF RM0.65 UNDER EMPLOYEES SHARE OPTION SCHEME OF KNM GROUP BERHAD GRANTED ON 25 JULY 2014 ("THE PROPOSED OPTION CANCELLATION")

KNM GROUP BERHAD

Type Announcement
Subject OTHERS
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KNM GROUP BERHAD (521348-H) ("KNMGB" OR "THE COMPANY")

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1. INTRODUCTION

The Board of Directors of KNMGB wishes to announce that all the outstanding ESOS Options granted on 25 July 2014 ("ESOS Batch 1") and progressively exercisable pursuant thereto is hereby cancelled upon mutual agreement with the respective ESOS Option holders.

The Company's ESOS was approved by shareholders on 18 April 2014 with the effective date of implementation being 20 May 2014 for a period of eight (8) years and will expire on 19 May 2022. The total numbers of exercised and unexercised options of the ESOS Batch 1 granted on 25 July 2014 ("Grant Date") as at 24 September 2020, being the latest practicable date prior to this announcement ("LPD") are as follows :

Total no. of ESOS Batch 1 options exercised	Total no. of ESOS Batch 1 options unexercised (to be cancelled)
2,393,900	146,717,001

2. RATIONALE FOR THE PROPOSED OPTION CANCELLATION

Based on the circular to shareholders dated 19 March 2014 in respect of the ESOS, the ESOS is intended to amongst others, motivate, retain and reward eligible employees of the KNMGB and its subsidiaries (“the Group”) who would be given the opportunity to participate in the equity of KNMGB and thereby, relate directly to the performance of the KNMGB. The ESOS is designed to provide a continuing incentive to the eligible employees without adversely affecting the cash flow of the Group whilst at the same time, contributing positively to the Group’s continuing growth through the intended stimulation of greater commitment, productivity and efforts on the part of the eligible employees towards the Group.

However, KNMGB’s shares have predominantly been trading below the exercise price of RM0.65 per ESOS Option since the Grant Date up-to the LPD.

Accordingly, the unexercised ESOS Options no longer serve as effective tools to motivate, reward and retain eligible employees of the Group.

3. FINANCIAL EFFECTS

The Proposed Option Cancellation will not have any effect on KNMGB’s issued and paid-up ordinary share capital, substantial shareholders’ shareholdings, consolidated net assets, gearing, earnings and basic earnings per share of the Company.

4. APPROVAL REQUIRED FOR THE PROPOSED OPTION CANCELLATION

The Proposed Option Cancellation is not subject to the approval of the shareholders of KNMGB and/or relevant authorities.

This announcement is dated 25 September 2020.