

OTHERS Award of Contract by Vattenfall Wärme Berlin AG to KNM Group Berhad's Indirect Wholly-Owned Subsidiary, BORSIG Service GmbH, Amounting to Approximately RM93,633,000.00

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Award of Contract by Vattenfall Wärme Berlin AG to KNM Group Berhad's Indirect Wholly-Owned Subsidiary, BORSIG Service GmbH, Amounting to Approximately RM93,633,000.00

1. Introduction

KNM Group Berhad (“KNM”) is pleased to announce that its indirect wholly-owned subsidiary, BORSIG Service GmbH (“BORSIG Service”), has been awarded by Vattenfall Wärme Berlin AG (“Vattenfall”) for the supply of overall Engineering, Delivery, Installation and Commissioning of equipment (static, rotary), piping systems, process control and integration of the energy/heat storage vessel for Vattenfall Energy Storage “Reuter-West”, Berlin Project, amounting to USD23,000,000.00 (equivalent to approximately RM93,633,000.00 based on the exchange rate of USD1.00 : RM4.071) (“**Transaction**”). The respective contract was entered into on 26 November 2020.

The duration of the entire Transaction comprising of design, supply, delivery, erection and installation is scheduled for a period of approximately 110 weeks including the early engineering work.

This project is a part of the general strategy of the city of Berlin to meet the climate neutrality target and the corresponding approach of Vattenfall to become independent from fossil fuels and to provide district heating by renewable energy sources.

2. Information About the Parties

BORSIG Service was incorporated on 25 November 2004 in Berlin, Germany as company with limited liability. It is principally involved in providing installation, maintenance and other industrial services of machines, plants and construction of apparatuses and other components.

Vattenfall, being an affiliated company of the leading European energy company Vattenfall AB, was incorporated in Germany and is a leading company in energy production.

3. Financial Effect of the Transaction

The Transaction is expected to contribute positively to KNM Group's earnings for the financial year ending 31 December 2021, 31 December 2022 and 31 December 2023.

4. Risk Factors

The Transaction is 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 Transaction is 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 Transaction, the Board of Directors is of the opinion that the Transaction 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 Transaction.

8. Documents for Inspection

Details of the Transaction 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 November 2020.