

## **OTHERS Maturity of the bonds in Thailand (the "Thai Bonds") guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("CGIF")**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Maturity of the bonds in Thailand (the "Thai Bonds") guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("CGIF")

### **1. Introduction**

Pursuant to Chapter 9.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of KNM Group Berhad ("**KNM**", the "**Issuer**") would like to announce that a non-payment event has occurred in relation to the payment of the principal sum and coupon on the bonds issued by KNM in Thailand amounting to THB 2,780 million (equivalent to approximately RM 352.57 million) (the "**Thai Bonds**"). The Thai Bonds are guaranteed by Credit Guarantee and Investment Facility, a trust fund managed by the Asian Development Bank (the "**Guarantor**" or "**CGIF**").

The Thai Bonds had matured on 18 November 2021 and under the terms and conditions of the Thai Bonds, KNM has up to 14 days after the maturity date, being 2 December 2021, to pay the principal sum and up to 21 days after the maturity date, being 9 December 2021, to pay the coupon arising therefrom ("**Grace Period**"), failing which, an event of default shall be deemed to have occurred.

### **2. The reasons for the non-payment**

KNM has encountered challenges and delays in refinancing the Thai Bonds due to the COVID-19 pandemic and unfavorable operating conditions of the KNM's subsidiary in Thailand namely Impress Ethanol Co. Ltd. ("**IECL**") which owns and operates an ethanol plant in Thailand.

### **3. The measures by the listed issuer to address the default in payment**

KNM is in the advanced stage of discussions with several financial institutions to secure new financing facilities to redeem the Thai Bonds. However, the final approval decisions of these new financing facilities are expected to occur only after the maturity date of the Thai Bonds.

In addition, KNM has also appointed consultants to monetise the investments of KNM, including disposal of assets / shares in IECL.

KNM is in close communication with CGIF on KNM's ongoing refinancing plans to address this non-payment event and where applicable, to reimburse CGIF the guaranteed amount paid by CGIF to the bondholders. Under the guarantee agreement between CGIF and the Bank of Ayudhya Public Company Limited who is the bondholders' representative for and on behalf of all bondholders, the bondholders have the rights to make a demand for payment of the guaranteed amount from CGIF within the demand period in the event that the non-payment event is continuing after the Grace Period.

#### **4. The business, financial and operational impacts of the default in payment on the listed issuer**

The non-payment event may have an adverse impact on the financing facilities of KNM and its subsidiaries ("**KNM Group**") in the event that the respective financial institutions suspend their financing facilities granted to KNM Group pending the resolution of the non-payment event. Nevertheless, KNM shall endeavour to continue its other remaining business operations notwithstanding the non-payment event and will engage with the lenders and suppliers for their continuing support.