

## **OTHERS Financing Facilities from Export-Import Bank of Malaysia Berhad**

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Financing Facilities from Export-Import Bank of Malaysia Berhad

### **Introduction**

KNM Group Berhad (“KNM” or “Company”) is pleased to announce that the Company has on 27 August 2021 entered into a Facility Agreement which consists of Advance Payment Guarantee (“APG”), Performance Bond Guarantee (“PBG”) and Warranty Bond (“WB”) not exceeding United States Dollar Twenty One Million (USD21,000,000.00) and Euro Eight Million (€8,000,000.00) respectively only (“Financing Facilities”) from Export-Import Bank of Malaysia Berhad (“the Bank”).

### **Salient Terms of the Transaction**

The salient terms of the Financing Facilities are as enunciated below :

#### **(a) Purpose of Financing Facilities**

The Financing Facilities shall be for the purpose of facilitating the issuance of bank guarantees for overseas projects / contracts undertaken by the Company and its subsidiary companies i.e. KNM Process Systems Sdn Bhd, FBM Hudson Italiana SpA and FBM-KNM FZCO.

#### **(b) Security**

The Financing Facilities are secured by :

(i) Placement of cash deposits into a designated collateral account as required by the Bank for each bank guarantee utilised under the Financing Facilities over a period of 12 months.

(ii) Bond Risk Insurance coverage for each bank guarantee issued/utilised.

### **(c) Tenure of the Financing Facilities**

The Financing Facilities is available within a period of 12 months from the date of the Master Facility Agreement or such other date which shall be deemed to include any extension thereof made by EXIM Bank at its sole and absolute discretion from time to time, provided that the first disbursement utilisation shall be made within 6 months from the date of the Master Facility Agreement.

The tenure of each bank guarantee shall be up to the requirement of the contract to be financed.

### **Rationale for entering into the Transaction**

The Financing Facilities will enable the Company and its respective subsidiary companies to enhance their capacity to secure more new contracts from the customers, to meet the contractual requirements on bank guarantees imposed by the customers and to improve liquidity of the Company and its respective subsidiary companies.

### **Financial Effects**

#### **(a) Issued and Paid-up Share Capital and Shareholdings of Substantial Shareholders**

The Financing Facilities are not expected to have any effect on the issued and paid-up share capital of the Company nor the shareholdings of the Company's substantial shareholders.

#### **(b) Earnings**

The Financing Facilities will not have any material effect on the earnings of the Company for the financial year ending 31 December 2021.

#### **(c) Net Assets & Gearing**

The Financing Facilities are not expected to have any material effect on the net assets and gearing of the Company for the financial year ending 31 December 2021.

### **Approval(s)**

The Financing Facilities are not subject to the approval of the shareholders of KNM or any other regulatory authority in Malaysia.

**Directors' Statement**

Having considered all aspects of this Financing Facilities, the Board of Directors is of the opinion that the acceptance of the Financing Facilities is in the best interest of the Company.

This announcement is dated 27 July 2021.