

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	Reply to Query
Reply to Bursa Malaysia's Query Letter - Reference ID	IQL-19112021-00002
Subject	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")
Description	Reference is made to the query letter from Bursa Malaysia Securities Berhad dated 19 November 2021 in respect of the Company's announcement dated 18 November 2021 in relation to the above matter. The Company hereby furnishes the following additional information for public release :
Query Letter Contents	We refer to your Company's announcement dated 18 November 2021 in respect of the aforesaid matter.

In this respect, kindly make an immediate announcement on the following information to the Exchange via Bursa LINK for public release:

1. the legal implications of the default in payment including the extent of the KNM Group's liability in respect of the obligations incurred under the agreements for the bonds.
2. the lines of action available to the guarantors or bondholders against KNM Group.
3. whether the default in payment will empower the bondholders to appoint a receiver or receiver and manager.
4. whether the default in payment constitutes an event of default under a different agreement for indebtedness (cross default) and the details for such other default, where applicable.
5. a statement as to whether KNM Group is solvent.

Yours faithfully

Listing

Regulation

c.c.: Market Surveillance Dept., Securities Commission Malaysia (via fax)

1. The legal implications of the default in payment including the extent of the KNM Group's liability in respect of the obligations incurred under the agreements for the bonds.

KNM Reply :

There is no event of default triggered as at the date hereof (as envisaged in the terms of the Thai Bonds) and no legal action has been taken by the bondholders' representative nor CGIF against KNM.

2. The lines of action available to the guarantors or bondholders against KNM Group.

KNM Reply :

Under the Guarantee Agreement dated 17 November 2016 between CGIF and the Bank of Ayudhya Public Company Limited (as 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.

Under the Reimbursement and Indemnity Agreement between KNM and CGIF dated 17 November 2016, following the occurrence of an event of default, CGIF may by notice to KNM and/or KNM Process Systems Sdn Bhd ("Obligor") and/or Impress Ethanol Co., Ltd. ("IECL") (as applicable) (an event of default notification (the "EoD Notification")) :

- i) request the Obligor to pay, and the Obligor must pay, an amount equal to the additional rate of 5 per cent per annum calculated on the Principal Amount for each day during the relevant default period (such amount, the Additional Guarantee Fee). On each Fee Payment Date, the Obligors shall pay the accrued Additional Guarantee Fee in respect of the relevant Guarantee Fee Payment Period;
- ii) specify certain additional informational, financial and/or non-financial undertakings with which it requires the Obligor and/or IECL to comply;

iii) enforce any of the security interests granted by any of the Obligor and/or IECL (as the case may be) under and in accordance with the terms of the relevant Security Documents;

iv) require the Obligor to provide or procure the provision in favour of CGIF of additional credit support in the form of guarantees, security or other forms of collateral up to 150% of the principal amount of the Thai Bonds, as specified in the EoD Notification. In particular, CGIF may require the Obligors to provide (or procure to be provided) to CGIF (at the Obligor's cost) such additional cash, bank guarantee, standby letter of credit or other security acceptable to CGIF in all respects together with such additional security documents and information as acceptable to CGIF in all respects duly executed in favour of CGIF.

3. Whether the default in payment will empower the bondholders to appoint a receiver or receiver and manager.

KNM Reply : No.

4. Whether the default in payment constitutes an event of default under a different agreement for indebtedness (cross default) and the details for such other default, where applicable.

KNM Reply :

This is not applicable as there is no event of default as of the date of the announcement on 18 November 2021 (as envisaged in the terms of the Thai Bonds). Nevertheless, as stated in the same announcement on 18 November 2021, the non-payment event may have an adverse impact on the financing facilities of KNM and its subsidiaries in the event their respective financial institutions suspend their financing facilities pending the resolution of the non-payment event. In this respect, 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.

5. A statement as to whether KNM Group is solvent.

KNM Reply :

At this stage, the Board of Directors of KNM is unable to provide to Bursa Malaysia Securities Berhad a solvency declaration pursuant to Chapter 9.19A(4) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Note :

Unless otherwise defined herein, all terms and acronyms used herein shall be the same as those defined in the Company's announcement dated 18 November 2021.

This announcement is dated 22 November 2021.