

OTHERS Award of Contract by Saudi Basic Industries Corporation-SABIC to KNM Group Berhad's Indirect Wholly-Owned Subsidiary, FBM Hudson Italiana SpA amounting to approximately RM17.7 million

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Award of Contract by Saudi Basic Industries Corporation-SABIC to KNM Group Berhad's Indirect Wholly-Owned Subsidiary, FBM Hudson Italiana SpA amounting to approximately RM17.7 million

1. Introduction

KNM Group Berhad (“KNM”) is pleased to announce that its indirect wholly-owned subsidiary, FBM Hudson Italiana SpA (“FBM”), has on 28 October 2021 accepted a Purchase Order (“PO”) from Saudi Basic Industries Corporation – SABIC for the Supply of a Reactor Gas – Gas Exchanger, amounting to approximately RM17.7 million (“**Transaction**”).

The supply and delivery duration of the Transaction is for a period of approximately 55 weeks from the date of the PO.

2. Information About the Parties

FBM was incorporated as a private limited company under the laws of Italy on 27 October 1992. FBM is principally involved in the design, engineering, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, columns and towers, drums, heat exchangers, air finned coolers, process gas waste heat boilers and specialised shell and tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities as well as technical and project management services in relation to process equipment, plant facilities and general facilities for the oil, gas, petrochemicals, minerals processing and renewable energy industries worldwide.

Ranked among the world’s largest petrochemicals manufacturers, SABIC is a public company based in Riyadh, Saudi Arabia. 70% of the company’s shares are owned by Saudi Aramco, with the remaining 30% publicly traded on the Saudi stock exchange.

3. Financial Effect of the Transaction

The Transaction is expected to contribute positively to KNM Group's earnings for the financial years ending 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. Approval(s)

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 the date of this Announcement during normal business hours from Mondays to Fridays.

This announcement is dated 29 October 2021.