

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS KNM GROUP BERHAD ("KNM" OR "THE COMPANY") PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN FBM HUDSON ITALIANA S.P.A BY KNM EUROPA B.V., A SUB-SUBSIDIARY OF KNM ("PROPOSED DISPOSAL")

KNM GROUP BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	KNM GROUP BERHAD ("KNM" OR "THE COMPANY") PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN FBM HUDSON ITALIANA S.P.A BY KNM EUROPA B.V., A SUB-SUBSIDIARY OF KNM ("PROPOSED DISPOSAL")

Reference is made to KNM's announcement dated 9 November 2023 in relation to the Proposed Disposal of FBM Hudson Italiana S.p.A. ("**FBMHI**"), which one of the conditions precedent in the Share Purchase Agreement ("**SPA**") for the Proposed Disposal was rejected by the Italian Government. As such, the Company could not proceed with the completion of the Proposed Disposal to Petro Mat FZCO and therefore all parties mutually terminated the SPA.

Given the overall financial state of FBM Group (i.e. FBMHI and FBM-KNM FZCO) which needs immediate restructuring and investment, and the current lack of resources at the holding company level, KNM, a disposal at the best price under the current circumstances would be the best solution.

The Board of Directors of KNM wishes to announce that KNM Europa B.V. (Company No.: 34245340) ("**KNME**"), a wholly owned subsidiary of KNM Process Systems Sdn Bhd (Registration No.: 199001008569 (200140-X)), which in turn is a wholly owned subsidiary of KNM Group Berhad, had received two binding and irrevocable offers ("**the Offer**") from the following parties on a joint basis:

(i) BM Carpenterie Oil & Gas S.R.L. ("**BM Carpenterie**"), registered at Companies' Registry of Milan with number MI-2693046, represented by its legal representative and sole director Mr Domenico Colloca (tax code CLLDNC82H02F537W), for the acquisition of the shares representing 60% share capital of FBMHI, at an indicative consideration of up to EUR 9,900,000.00 (Nine Million Nine Hundred Thousand); and

(ii) Officine Piccoli S.p.A. ("**Officine Piccoli**"), registered at Companies' Registry of Verona with number VR-173358, represented by its legal representative pro tempore Mr Pierluigi Piccoli (Tax Code PCCPLG66C28L7810), for the acquisition of the shares representing 40% share capital of FBMHI, at an indicative consideration of up to EUR 6,600,000.00 (Six Million Six Hundred Thousand Only);

(collectively referred as "**the Potential Purchasers**").

It is further noted that the Potential Purchasers will each undertake to fund the working capital requirements of FBMHI in the following manner:

(i) BM Carpenterie undertakes to fund, between the acceptance of the Offer and the Closing Date (which is defined below), FBMHI's ordinary business and to maintain sufficient cash-flow to be able to carry on the latter and fulfil outstanding (current and future) obligations and trade orders on the basis of FBMHI's business operation, on terms acceptable to the relevant parties up to EUR 2,400,000.00 per month; and

(ii) Officine Piccoli undertakes to fund between the acceptance of the Offer and the Closing Date (which is defined below), FBMHI's ordinary business and to maintain sufficient cash-flow to be able to carry on the latter and fulfil outstanding (current and future) obligations and trade orders on the basis of FBMHI's business operation, on terms acceptable to the relevant parties up to EUR 1,600,000.00 per month.

The Potential Purchasers may, at their sole discretion, conduct a business, financial and legal due diligence investigation, business and operations of FBMHI to be completed within 15 business days from the acceptance of the Offer from them ("**Due Diligence**").

Upon completion of the Due Diligence, all parties shall negotiate the sale and purchase agreement in good faith and on the basis of the terms and conditions set forth in the Offer, with the objective of reaching the signing of the sale and purchase agreement in any event by two months from the acceptance by KNME of the Offer which is currently set at no later than end 30 April 2024 ("**the Closing Date**").

As KPMG Italy, the external auditor of FBMHI is unable to complete and finalise the audit of the financial statements of FBMHI, which is pending the valuation of FBMHI at this juncture, the Company is therefore unable to ascertain the need to convene an extraordinary general meeting for the Proposed Disposal. This will be updated upon receipt of the final audit report from KPMG Italy.

None of the directors and/or major shareholders of KNM and/or persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

The detailed announcement on the Proposed Disposal in accordance with Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad will be made upon execution of the sale and purchase agreement between KNME and the Potential Purchasers later which is dependent upon the completion of a satisfactory due diligence to be carried out on FBMHI by the Potential Purchasers.

This announcement is dated 16 February 2024.

Announcement Info

Company Name	KNM GROUP BERHAD
Stock Name	KNM
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