

KNM to increase Chinese investments

PROCESS equipment manufacturer KNM Group Bhd (KNM) is increasing its investments in China from US\$6.2 million to US\$18.8 million (US\$1=RM3.80) to expand the group's operations there.

Its indirect wholly-owned subsidiary, KNM Overseas (China) Sdn Bhd (KNMOCC), signed yesterday a memorandum of understanding with the Administrative Committee of Jiangsu Province, Changshu Economic Development Zone China, to acquire a 3.3-hectare site for the group's second manufacturing plant there.

The second plant is located adjacent to its existing manufacturing facility and marks a substantial expansion in the group's operations in China, less than two years after it set up base there..

KNM group managing director Lee Swee Eng said with the completion of the second plant, the company will increase its manufacturing capacity by an additional 9,000 tonnes a year, bringing the group's total production output in China to 20,500 tonnes a year.

It will also increase the manpower to 500 workers from 200 currently and raise the production pressure vessels from 11,500 tonnes to 20,500 tonnes a year.

It will also begin to supply quality air coolers to the Chinese market.

"The second manufacturing facility will cater to the additional orders that the group is anticipated to receive and also manufacturers air-cooled heat exchangers and air-finned coolers in China," Lee said at the signing ceremony in Kuala Lumpur yesterday.

KNM has a commercial cooperation arrangement with FBM-Hudson Italiana SpA (FBM), to jointly manufacture exclusively and market FBM's air-cooled heat exchangers in China and the Asean region.

KNM group is currently bidding for projects in China with a total gross value of RM250 million. These include petrochemical projects by Exxon Mobil.

The total biddings for the group between 2005 and 2007 are worth about RM2 billion. Its order book is now some RM380 million.

"After two to three years, we will export from China to international markets. In the future, we will build internationally advanced process equipment and storage facilities and grow to be one of the top 10 process equipment and storage facilities producers in China," Lee said.

The group has five fabrication plants in Malaysia, located in Malacca, Gebeng, Bintulu, Shah Alam and Kuantan Port.

KNM has invested RM20 million to build the fabrication plant in Kuantan Port. It is expected to be completed in this quarter and will begin its operation by the third quarter of 2005.

It has a bigger assembly area as it will begin to cater the mineral refinery projects for an Australia company, Alcan South Pacific Pty Ltd.

Another fabrication plant in Dubai, a joint venture between the group and FBM-Hudson, the top air cooler and heat exchanger Italian producer, has commenced operation.

Second board-listed KNM is a leading worldwide process equipment manufacturer for the oil, gas and petrochemicals industries. It is listed with a market capitalization of about RM400 million.

The group's export market contributes about 75 per cent of its revenue for the financial year ended December 31 2004.