

# KNM all set to expand into China's process equipment market

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PROCESS equipment maker KNM Steel Sdn Bhd (KNM) is set to expand into China's process equipment market for oil, gas and petrochemicals which is worth RM150 billion over the next 10 years.

Managing director Lee Swee Eng said KNM plans to invest up to RM40 million in a process equipment fabrication plant over the next five years in Changshu Port, Jiangsu province.

He said the proposed investment is expected to be accomplished in tranches of RM20 million over two phases.

A total of 15,000 sq metres would be built up in the first phase employing 200 workers and with a capacity of 10,000 tonnes of finished equipment. This is expected to double when the second phase is launched in 2004.

Lee said the plant would be operational by the end of this year.

He said the company is expected to generate an average revenue of up to RM80 million each year by

2005, with the first revenue generation starting next year. The China operations are expected to account for up to 60 to 70 per cent of total group revenue three years hence.

KNM's current export market, of which West Asia is the biggest, was affected by the Sept 11 terrorist attacks in the US.

"Some of our businesses were put on hold but things are now back to normal."

He said this after the signing ceremony in Serjembangan, Selangor yesterday for the purchase of 6.6 hectares of 50-year leased land in

China's Changshu Economic Development Zone.

The Administrative Committee of Jiangsu Province Changshu Economic Development Area director Wang Jian Feng represented the Changshu Economic Development Zone at the ceremony.

Lee said the Changshu facility is a strategic launching pad for KNM's global business.

"It is expected to enhance our competitiveness to strengthen our position as we aim to be among the top ten companies in process equipment manufacturing globally by

next year."

Leaders among the global competitive pack include Italian company ATB and Korean company Daekyung.

On the choice of Changshu as KNM's site in China, Lee said: "We wanted to be in close proximity to our clients and Changshu's port facilities are well planned and managed."

On the planned listing of KNM on the Kuala Lumpur Stock Exchange Second Board, Lee said he is hopeful of securing approval this year.