

# KNM's board gives nod to Borsig's listing in Singapore, eyes market cap of up to US\$300 mil

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## Highlight

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KUALA LUMPUR (Dec 16): KNM Group Bhd plans to list its indirect wholly-owned subsidiary Borsig GmbH on the Main Board of the Singapore Stock Exchange Securities Trading Ltd (SGX-ST) by way of an initial public offering (IPO), with a view of achieving a market capitalisation of up to US\$300 million and a placement of 49% of the enlarged capital comprising vendor and/or new shares.

In a bourse filing on Friday (Dec 16), KNM said its board of directors has approved the proposed listing and has on Dec 15 appointed Singapore-based PrimePartners Corporate Finance Pte Ltd to act as the issue manager, underwriter and placement agent for the

proposed flotation.

The board has also appointed Manifold Partners to act as the arranger for the proposed flotation.

"The proposed flotation forms part of the group's regularisation plan, which is to be submitted to Bursa Malaysia in due course and to address the Practice Note 17 (PN17) status," said KNM.

The oil and gas process equipment maker added that details of the proposed flotation, financial effects to the group and any other development will be announced in due course after the prospectus of the proposed flotation has been finalised.

On Dec 1, KNM announced that the proposed €220.8 million (RM1.03 billion) sale of Borsig had fallen through, after KNM decided not to extend the deal's long-stop date from the latest Nov 30 deadline.

The move had raised questions on how the group will meet its debt obligations. It has term loans amounting to US\$23 million (RM106 million) and €68.5 million supposedly due at end-November, following a payment extension previously.

KNM had first announced the proposed disposal of Borsig by its wholly-owned unit Deutsche KNM GmbH (DKNM) on May 24. Both DKNM and GSV had then postponed the closing date of the disposal from Oct 31 to allow for additional time to fulfil the conditions precedent of the sale and purchase agreement.

Following the termination of the proposed sale, KNM had said then that it would consider other methods to monetise its investment in Borsig, either through sale to other purchasers or a potential listing.

At end-September, KNM had total borrowings of RM1.21 billion. Its cash balance stood at RM63.48 million.

In November, KNM slipped into PN17 status after its external auditors Messrs KPMG PLT had flagged a material uncertainty related to going concern in relation to its financial period ended June 30, 2022. As at end-June 2022, the group's current liabilities exceeded its current assets by RM110.78 million.

KNM shares closed unchanged at 4.5 sen on Friday, translating into a market capitalisation of RM165.52 million.

Kang Siew Li