



26 JUN, 2024

KNM gets temporary restraining order from High Court against its creditors

The Edge CEO Morning Brief, Malaysia

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KUALA LUMPUR (June 26): KNM Group Bhd (KL:KNM) has obtained an interim or temporary restraining order from the Kuala Lumpur High Court that will shield it from legal actions by its creditors, until the disposal of its application for a three-month restraining order and a court convened creditors meeting.

In filing with Bursa Malaysia, the cash-strapped company said under the ad interim restraining order, no winding-up order or resolution can be passed against the company and no receiver or receiver and manager may be appointed over its assets.

The order also provides that no proceedings may be commenced or continued against the applicants, and no execution, distress or other legal process may be commenced, continued or levied against any of its properties unless given permission by the court, it said.

KNM was classified as a Practice Note 17 (PN17) company in October 2022 due to financial difficulties as its initial plans to sell its German-based machinery and equipment unit, Borsig GmbH, faltered.

KNM had up to end-April this year to submit a plan to regularise its PN17 status, but failed to meet the deadline. It has sought for a 12-month extension till April 30, 2025. In its June 4 update on

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the issue, its board of directors said the application was being considered by the stock exchange.

Prior to that, KNM and KNM Process Systems Sdn Bhd jointly applied to the court for a restraining order and proposed scheme of arrangement.

As of March 31, 2024, KNM had total borrowings of RM2.57 billion, accumulated losses of some RM1.35 billion and total equity of RM410.77 million.

At Tuesday's market close, KNM shares remained unchanged at 8.5 sen, valuing the company at RM343.75 million.

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SUMMARIES

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