



13 MAR, 2025

## KNM secures creditors meeting order to negotiate debt restructuring

The Edge CEO Morning Brief, Malaysia

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KUALA LUMPUR (March 12): KNM Group Bhd (KL:KNM) said it has obtained a court convened creditors meeting order (CO), paving the way for discussions on a proposed scheme of arrangement aimed at steering the financially troubled company towards recovery.

In a filing with Bursa Malaysia, KNM said the High Court found that the scheme of arrangement had “evolved positively”, offering a tangible opportunity for the Practice Note 17 (PN17) company to sustain business operations.

The court, however, declined to grant the accompanying restraining order (RO), which would have shielded the company from creditor legal actions during the restructuring process, KNM added.

The company stated it intends to file for an extension of the RO in the coming days to protect its assets and ongoing negotiations.

In April last year, KNM had obtained an automatic moratorium under the Companies (Amendment) Act 2024 for up to two months or until the High Court ruled on the application. An ad interim RO was granted the following month, pending the court’s final decision.

Under the ad interim RO, no winding-up order or resolution can be passed against the company and no receiver or manager may be appointed over its assets.



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BY EMIR ZAINUL  
theedgemalaysia.com

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

The CO now allows KNM to summon and hold meetings with its creditors to

present and deliberate on the scheme of arrangement. The outcome of these meetings could prove pivotal for the company’s restructuring efforts as it seeks to stabilise its financial position.

KNM was first classified as a PN17 company in October 2022 after its current liabilities exceeded current assets, which came after its initial plans to sell its German-based machinery and equipment unit, Borsig GmbH to pare down debt, faltered.

After a number of attempts to sell the group’s crown jewel, KNM in February announced plans to sell its entire stake in its German unit Deutsche KNM GmbH, the holding company for Borsig, to Japanese-based ceramic company NGK Insulators Ltd for €270 million (RM1.26 billion).

The company is currently exploring fresh options to sell its loss-making Italian subsidiary FBM Hudson Italiana SpA (FBMHI) following a third failed attempt.

As of Dec 31, 2024, KNM had total borrowings of RM1.32 billion, accumulated losses of some RM1.42 billion and total equity of RM294.91 million.

KNM’s share price closed unchanged at 4.5 sen on Wednesday, with a market capitalisation of RM182.07 million. Over the past year, the counter has lost over 43%.



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### SUMMARIES

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