



10 JUN, 2025

## KNM proposes scheme creditors waive RM182 mil interest and penalties, to meet them on Aug 11

The Edge CEO Morning Brief, Malaysia

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**KUALA LUMPUR (June 9):** Practice Note 17 (PN17) KNM Group Bhd (KL:KNM) has proposed that scheme creditors waive interest and penalties amounting to RM182.04 million, which will pare the amount its wholly owned KNM Process Systems Sdn Bhd owes them by 9.44% to RM1.75 billion from RM1.93 billion.

The group proposed this in a bourse filing after issuing an explanatory note on its scheme of arrangement, together with a notice to schedule a court-convened creditors meeting on Aug 11 to consider the proposed scheme of arrangement.

Post-waiver, KNMPS will owe an outstanding RM1.75 billion, including RM114.39 million of secured debt and RM1.07 billion in unsecured debt. KNMPS also has RM589.8 million in intercompany debt, of which RM33.54 million in interest will be waived, leaving RM556.27 million to be repaid after secured and unsecured debt is settled.

KNM Group, meanwhile, owes scheme creditors RM1.23 billion, which will be settled at KNMPS' level under the scheme's settlement ar-

rangement, except for RM4.24 million in other payables and RM10.85 million in intercompany debt.

Under the scheme, KNM proposes to pay off the scheme creditors using RM979.22 million of the expected €270 million (RM1.3 billion) proceeds from the sale of Deutsche KNM GmbH — the holding company of German-based machinery and equipment unit Borsig GmbH — and the issuance of RM204.8 million in new five-year zero-coupon redeemable non-convertible unsecured loan stock (RULS).

If the sale proceeds and RULS are insufficient to cover the sum — as the potential proceeds of the disposal may be lower due to potential claims — KNM plans to sell Italy-based FBM Hudson Italiana SpA, a parcel of development land in the UK and its bioethanol plant in Thailand to address any shortfall.

KNM said its regularisation plan is still being formulated but noted that the scheme of arrangement and the disposal of Deutsche KNM will form part of the plan.

The scheme of arrangement has to be approved by scheme creditors holding 75% of the debt, while the disposal of Deutsche KNM, the scheme and its proposed regularisation plan are subject to shareholders' approval.

KNM fell into PN17 in October 2022 when its current liabilities exceeded current assets after initial plans to sell Borsig to pare down its debt faltered.

Following several subsequent failed attempts to sell Borsig, KNM in February this year announced it has found a new buyer, Japan-based ceramic company NGK Insulators Ltd, for the proposed disposal for €270 million.

KNM shares were unchanged at three sen on Monday, valuing the group at RM121.38 million.



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### SUMMARIES

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