



20 AUG, 2025

KNM proposes regularisation plan to exit PN17 status after nearly three years

The Edge CEO Morning Brief, Malaysia

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KUALA LUMPUR (Aug 19): KNM Group Bhd (KL:KNM) has proposed a regularisation plan to exit its Practice Note 17 status after being classified as financially troubled for nearly three years.

KNM's regularisation plan includes selling Deutsche KNM GmbH (which owns crown jewel Borsig GmbH) for €270 million (RM1.3 billion), cutting its share capital to RM275.97 million to erase accumulated losses and combining every four shares into one, the group's bourse filing on Tuesday showed.

KNM's plan to cut its share capital will erase RM1.42 billion in accumulated losses at the group level into RM432.73 million retained earnings.

KNM will combine every four shares into one to improve its share structure, reducing its total shares from 4.05 billion to 1.01 billion.

KNM had agreed to sell Deutsche KNM to Japanese company NGK Insulators Ltd in February. For the financial year ended Dec 31, 2024 (FY2024), Deutsche KNM earned RM253.95 million in revenue and RM23.96 million in profit after tax.

The regularisation plan announced is subject to shareholders' approval.

KNM's regularisation plan will go hand in hand with a debt settlement scheme for the group and its unit, KNM Process Systems (KNMPS).

The plan, approved by creditors on August 11, 2025, involves creditors waiv-

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ing RM320 million in interest and penalties (as of December 2024) and settling for RM1.19 billion in reduced (compromised) debt.

An earlier RM182 million debt write-off was based on a June 30, 2023 cut-off date.

The company slipped into PN17 status in October 2022 after its external auditor highlighted material uncertainties on its ability to continue as a going concern.

Commenting on the plan's impact on its business operations, KNM said selling Deutsche KNM will mean losing its main source of revenue. Without Deutsche KNM and FBM Hudson Italiana, the group's remaining operations only brought in RM4.91 million in revenue for FY2024.

"However, the management of the company is fully aware of the situation and has laid plans to rebuild operations rapidly. The group's core competency going forward will be the Malaysian-based process equipment manufacturing business, which historically generated about RM63.21 million in revenue in the 18-month financial period ended Dec 31, 2023," KNM said.

"By concentrating on this core segment and leveraging the group's owned existing fabrication facilities in Gebeng, Pahang and Tanjong Minyak, Melaka, the board intends to grow a new order book in domestic and regional market to replace the revenue lost from Deutsche KNM," it added.

Shares in KNM ended unchanged at three sen on Tuesday, valuing the group at RM121.38 million.



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SUMMARIES

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