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German billionaire throws in the towel for KNM battle?

The Malaysian Reserve, Malaysia

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Effective July 31, Heeschen ceased to be a substantial shareholder of the diversified multinational group after selling 61.6m shares

by HABHAJAN SINGH

GERMAN billionaire Andreas Heeschen may have thrown in the towel in attempts to wrest control of KNM Group Bhd, a financially troubled Malaysian public-listed company with a German subsidiary that has attracted attention of some investors.

Effective July 31, Heeschen ceased to be a substantial shareholder of the diversified multinational group after selling 61.56 million shares.

As at April 16, he held 259.73 million shares or a 6.42% stake in KNM after disposing of close to 73.87 million shares. He emerged as the second-largest shareholder in the group on Aug 29, 2023, controlling an indirect stake of 7.91% comprising 320 million shares.

In recent weeks, Bursa Malaysia Bhd filings showed that Tunku Datuk Yaacob Khyra has been steadily picking up shares in KNM, each time scooping about four million shares from the open market on, the latest being over Aug 5 and Aug 6. After those transactions, MAA Group Bhd now has 763.84 million shares or an indirect stake of

Borsig IPO has been looked at and is still on the cards. And so has been an outright sale, says Ravindrasingham



by Habhajan Singh



Heeschen (second from right) made corporate headlines last year when he teamed up with Tunku Kamariah (third from right), to wrest control of KNM

18.89% in KNM.

Heeschen made corporate headlines last year when he teamed up with local investors, led by Johor Princess Tunku Kamariah Aminah Maimunah Iskandariah Sultan Iskandar, to wrest control of KNM.

Their guns were trained at Tunku Yaacob, who was the largest shareholder via MAA Group. Since then, Tunku Yaacob has been steadily increasing his stake.

At an AGM in October 2023, Tunku Yaacob and the majority of the sitting directors of KNM had managed to thwart attempts to remove them by Tunku Kamariah and Heeschen.

The EGM, requisitioned by Heeschen and a clutch of shareholders to deliberate on the proposed management takeover, saw Tunku Yaacob and all but two directors keeping their positions, while the entire slate proposed by the opposing team were rejected, most of them by a slim majority of the shareholders' vote.

The tussle came to the open when Heeschen emerged as a substantial shareholder towards the end of August, having initially picked up between 3% to 4% stake in KNM in May.



The resolution to remove Tunku Yaacob was rejected with 62.18%, representing 1.04m shares, voting against it

By Aug 29, Heeschen had acquired 320 million shares or a 7.91% stake in KNM, making him the second-largest shareholder. Within a week, the German entrepreneur and eight other shareholders — collectively mustering a 10.68% stake — launched an attempt to remove Tunku Yaacob and other directors at the financially struggling engineering company.

Aside from Tunku Yaacob, they had proposed to remove all the other KNM directors, consisting of Yee Hong Ho, Steve Ho Soo Woon, Thulasy Suppiah, Datuk

Uwe Ahrens, James Beltran, Datuk Naresh Mohan and its CEO/MD Ravindrasingham Balasingham.

In their place, besides Tunku Kamariah and Heeschen, the other names nominated for directors were KNM former CEO Flavio Porro; Datuk Abd Ghani Yusof, former chairman of Magna Prima Bhd and Komakcorp Bhd; Edwin Silvester Das, currently the CEO of Jiankun International Bhd; Datuk Zaidi Mat Isa @ Hashim, who also serves as the ED of SMTrack Bhd; and William H Van Vliet II, who holds a similar position at CN Asia Corp Bhd.

The resolution to remove Tunku

Yaacob was rejected with 62.18%, representing 1.04 million shares, voting against it. Tunku Kamariah failed in her bid to replace Tunku Yaacob as a director when the eldest sister of the Sultan of Johor only managed to garner 47.66% of the votes.

Tunku Kamariah received 47.66% of the votes, almost crossing the halfway mark for the resolution to appoint her as a director to replace Tunku Yaacob.

The Selangor-based KNM is a diversified multinational group with core businesses in project management, engineering, manufacturing and construction for the renewable energy, power, utilities, refining and petrochemical industries.

In Germany, KNM indirectly controls Borsig GmbH, seen as its jewel in the crown. Boasting more than 185 years of company history, it offers customised solutions for process gas waste heat recovery systems, quench coolers, scraped surface exchangers, membrane technology, boiler systems, compressors and valves, as well as comprehensive industrial solutions and services.

In Italy, it controls FBM Hudson Italiana SpA and FBM-KNM FZCO, collectively as the FBM Group. Founded in 1941, FBM is said to have an established track record in thermal design for air-cooled heat exchangers, process gas waste heat recovery systems, and shell and tube heat exchangers.

KNM has made a number of attempts to sell the Italian business. In June, the Italian government once again rejected the proposed disposal of FBM Hudson when KNM failed to obtain the Golden Power clearance from the Italian government.

Aside from the Italian subsidiary, the KNM team is also actively working on how best to unbundle Borsig, its largest source of revenue at this point of time. They had earlier floated the idea of listing it at the Singapore stock exchange, a move that has yet to see daylight.

"IPO has been looked at and is still on the cards. And so has been an outright sale," KNM group CEO and ED Ravindrasingham told *The Malaysian Reserve*.

At 12.30pm last Friday, KNM shares were trading at 7.5 sen, valuing the company at RM303 million.



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SUMMARIES

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