

MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

New Straits Times, Business Times – 2 December 2024 (Part 1)

MSWG AGM/EGM WEEKLY WATCH

2 – 6 DECEMBER 2024

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 2 - 6 December 2024.

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at www.mswg.org.my.

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Kim Teck Cheong Consolidated Berhad (AGM)	<p>Despite recording a 30% increase in revenue in FY2024, the Group's pre-tax profit declined 26% to RM25.5 million. The lower profit was mainly due to the higher selling and distribution expenses. This was caused by increased staff costs from recent staff adjustments and the Group's expansion into providing logistic services, which is still in the process of growing its customer base. (page 11 of AR 2024)</p> <p>(a) How much of the increase in the selling and distribution expenses was due to the expansion into the logistic services? When does the Group expect the logistics services to become profitable?</p> <p>(b) What is the targeted revenue growth for the distribution of the Consumer Package Goods (CPG) segment in FY2024? Which product categories will be the key growth drivers?</p> <p>(c) How much did the Group spend on capex in FY2024? What is the budgeted capex for FY2025?</p>
Destini Berhad (AGM)	<p>The following demonstrated the revenue and net profit of each business segment in the Group for FYE2022 and FPE2024.</p> <p>(a) The aviation segment faced widened losses, both in terms of the revenue and net profit in FPE2024. The increased loss in FPE2024 was primarily due to impairment of trade receivables amounting to RM24.5 million. (Source: Page 30 of the AR2024)</p> <p>(i) What is the main reason for the impairment of trade receivables? How much of these impairments have been recovered to-date? What percentage of these impairments are expected to be non-recoverable? Are impairments expected to increase going forward?</p> <p>(ii) The aviation segment secured two new contracts from MINDEF amounting to RM37.79 million. Briefly provide details on the contract value, job scope, duration, award date, and job commencement date.</p> <p>(iii) What is the outlook of the aviation segment in the next fiscal year? Can the aviation segment improve its topline and net profit next year?</p> <p>(b) Despite an increase in revenue attributed to higher rig activity in the energy segment, the business segment turned into red in FPE2024 due to impairment of receivables and investments amounting to RMNil. (Source: Page 31 of the AR2024)</p> <p>(i) Please verify how much was the impairment of receivables and investments in this business segment which led to the negative turnaround. Why were the receivables and investments impaired? How much has been recovered so far? What percentage is expected to be non-recoverable? Will impairments likely increase in the future?</p> <p>(ii) The Group expected an increased utilization of Destini Oil's assets in the prior AGM. Please update us on how much higher the current utilization rate of the oil assets in FPE2024 is compared to the prior year.</p> <p>(i) Given that Destini oil also participating in tenders both in Malaysia and international, how much is the outstanding order book and current tender book of this business segment?</p> <p>(c) There are no sales registered for the mobility segment in FYE2022 and FPE2024 as the contract execution only began in 2H2023. Additionally, the business segment registered a widen loss in FPE2024 compared to the prior year due to the commencement of MRO activities in December 2023. (Source: Page 32 of the AR2024)</p> <p>(i) Nevertheless, the Group expected operating profits from the division starting 2024 in the prior AGM. This is in consideration of the service and delivery schedules of the assets awarded under the contracts. Please explain why the Group is unable to reap profits for the division as per expected in the prior AGM.</p> <p>(ii) What is the revenue recognition trend for the secured contracts worth RM531.4 million and RM163.6 million over the contract period? Are the contributions expected to remain constant, or do they exhibit an upward trend as the contract progresses towards completion?</p> <p>(iii) Is there any current tender book or order book replenishment target for this business segment, apart from the contracts mentioned above?</p>
BCB Berhad (AGM)	<p>The Group reported a loss on lease termination of RM3.62 million in FY 2024 as compared to RM Nil in FY 2023. (Page 126 of Annual Report (AR) 2024).</p> <p>(a) Please explain why the Group has to terminate the lease, which resulted in a massive loss of RM3.62 million.</p> <p>(b) Please provide more details on the lease which was terminated including lease type, value of the lease and lease period prior to expiration of the lease upon termination.</p>
Divfex Berhad (AGM)	<p>The sales of computer, hardware, software and accessories have declined significantly from RM55.0 million in FYE2023 to RM29.9 million in FYE2024 (Source: Page 99 of the AR2024)</p> <p>What is the primary reason for the drop in sales of computers, hardware, software and accessories in FYE2024? Is this declining trend of sales expected to continue in the next fiscal year? What is the Group's strategic planning to mitigate this issue?</p>

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JF Technology Berhad (AGM)	<p>Higher contribution from the test interface products division and manufacturing facility in Kunshan led to a change in product mix contribution of the Group as these businesses are still advancing towards their optimal level. As a result, the Group's gross profit margin (GPM) decreased to 62.2% in FY2024 from 66.2% a year ago. Meanwhile, revenue contribution from Malaysia fell 24% to RM11.4 million in FY2024. (page 10 of AR 2024).</p> <p>(a) Please provide more details on the changes in the product mix that affected the Group's GPM. (b) What is the expected timeline for the test interface products division and Kunshan facility to reach their optimal levels? (c) What were the key reasons for the 24% decline in revenue from Malaysia in FY2024? (d) What is the outlook for Malaysia operations in FY2025?</p>
Jentayu Sustainables Berhad (AGM)	<p>The following is the historical revenue contribution by each business segment of the Group.</p> <p>(a) The Group has requested an extension from the Securities Commission Malaysia until 26th March 2025, to finalize the acquisition of three companies proposed in 2021. These include Telekosang Hydro One Sdn Bhd and Telekosang Hydro Two Sdn Bhd, which operate a 40MW hydro power plant in Sabah, and Jentayu Solar Sdn Bhd, which runs a 5.99MW solar power plant in Kedah. (Source: Bursa announcement dated 2 September 2024)</p> <p>(i) Please provide the primary reasons for the extension request. (ii) Can the Group ensure the acquisitions be completed by the new deadline? Or are there any specific challenges or obstacles that will lead to the need for more time? Please specify. (iii) Operation wise, has Telekosang Hydro Two achieved its Commercial Operation Date by the end of December 2023? If yes, has it been overperforming like Telekosang Hydro One?</p> <p>(b) Project Oriole is expected to generate approximately RM270.0 million revenue per annum and as of 30 June 2024, the Group has invested RM81.2 million in the project. (Source: Pages 15-1 of the Annual Report (AR) 2024)</p> <p>(i) Is Project Oriole currently on track to meet its targeted Commercial Operation Date (COD) of December 2028? (ii) What is the annual expected profit after tax (PAT) of this project?</p> <p>(c) The healthcare segment has emerged as the second most contributing segment to the Group's revenue in FYE2024 with a 25% contribution. Nevertheless, the segment is still facing widened losses in FYE2024 of RM2.8 million compared to in FYE2023, losses of RM1.1 million.</p> <p>(i) Has the current utilisation rate of the Ohana Specialist Hospital grown from 20% in Q1FYE2024? What is the hospital's current monthly revenue? (ii) What is the Group's internal timeline to reach 60% utilisation or a monthly revenue of RM1.5 million before the business segment undergoes expansion by introducing a Special Care Nursery for newborns and an additional clinical discipline?</p>
Redtone Digital Berhad (AGM)	<p>At the 21st AGM, the board and management mentioned that the completion of the Universal Service Provision (USP) projects under the Managed Telecommunications Network Services (MTNS) segment would generate recurring revenue during the operating period.</p> <p>(a) Has the USP project been completed by June 2024? If yes, how much recurring revenue is anticipated during the operating period? (b) As of September 30, 2023, the order book for the MTNS ongoing project stands at approximately RM698 million. Has there been any growth in the order book over the past year? If so, by how much? Are there any new contracts expected to be added soon?</p>
Velocity Capital Partners Berhad (AGM)	<p>The secured financing receivables of RM220.7 million as of 30 June 2024 are entirely secured against properties and stocks quoted on Bursa Malaysia Securities Berhad and are subject to interest at 4% to 7%. (page 98 and 100 of AR 2024)</p> <p>(a) What proportion of the RM220.7 million secured financing receivables is backed by properties versus stocks? (b) Please disclose the name of the quoted stocks and their respective values as of 30 June 2024. (c) Is the interest rate on these financing receivables sufficient to generate a satisfactory return on investment given the collateral and the associated risks? (d) How often are the underlying assets (properties and quoted stocks) revalued to reflect market conditions?</p>