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MINORITY SHAREHOLDERS WATCH GROUP

The Observer

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Jentayu Sustainables’ proposed substantial increase in directors' fees and allowances raised eyebrows, especially amid its ongoing losses and tight liquidity.

IF ONLY EARNINGS GREW AS FAST AS REMUNERATION

On 4 December 2025, Jentayu Sustainables Berhad will convene its Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) — a critical moment for the Group as it navigates strategic repositioning amid prolonged financial challenges.

While most resolutions are routine, we closely watch the Board's proposal to substantially increase directors' fees and allowances amid ongoing losses, liquidity pressures, and multiple stalled projects.

This raises a fundamental question - is it appropriate for remuneration to rise when performance continues to deteriorate?

A Transformation Transition to RE

Formerly known as Ipmuda Berhad, the Company began as a building materials trading company before diversifying into industrial and property-related activities.

A major reshaping took place in 2021 – 2022 with a change in substantial shareholders and a pivot toward renewable energy (RE). In March 2023, the Company adopted the name Jentayu Sustainables to reflect its new identity.

Today, Jentayu is led by a nine-member board - up from six in FY2023 – comprising seven independent non-executive directors led by the independent chairman, Abdul Halim Jantan, and two executive directors — Group Managing Director (GMD), Datuk Haji Beroz Nikmal Mirdin, and Datin Noor Afzalina Mohd Afzal Khan.

Following Baevinraj Thiagarajah's departure as CEO in May 2025 to assume the role as the Company's internal advisor, Datuk Beroz Nikmal took up his current role from his earlier post of executive chairman, to oversee the business. Throughout the FY, two new INEDs joined the Board and one INED departed.

Despite its repositioning, the enlarged Board and new strategic focus have yet to translate into improved financial outcomes. Revenue declined sharply from RM81.44 million in FY2020 to RM17.04 million in FY2025 — a 79% decline over a course of five years.

Administrative expenses increased by 50% over the same period, widening the structural mismatch between shrinking operations and rising overheads. Operating losses remained persistent, from RM36.3 million in FY2020 to RM30.97 million in FY2025, illustrating core profitability issues despite its strategic transition.

Against this backdrop of prolonged losses and tight liquidity, the Board is proposing sizeable increases in board compensation:

- 40.30% increase in directors' fees for FY2026;

- 157% increase in directors' allowances for FY2026; and
- An additional RM102,000 in allowances for FY2025, exceeding the previously approved RM70,000 cap.

Notably, executive directors' salaries increased by between 13% and 25% in FY2025. GMD Datuk Haji Beroz Nikmal Mirdin drew RM1.23 million in FY2025, while Datin Noor Afzalina Mohd Afzal Khan took home RM680,000.

These proposals come at a time when FY2025 ended with just RM1.52 million in cash and RM18.8 million in total borrowings (excluding lease liabilities).

As it is, the notice of AGM offers little explanation for the proposed increases, nor does it provide any performance-based rationale. The resolution sought for overshooting allowance limits also raises governance concerns, suggesting weak internal controls and adherence to shareholder mandates.

Collectively, the leadership reshuffling, growing board size and escalating remuneration—against weak financial performance and delayed project execution—raise valid concerns about cost discipline, governance priorities and alignment with shareholder interests.

Termination, Postponement, and Weak Revenue Pipeline

A review of Jentayu's operational track record may explain why shareholders are questioning the timing and quantum of proposed remuneration hikes.

Jentayu's Project Young, which started in 2021 and involved the proposed acquisition of RE assets, was terminated early this year after the Securities Commission rejected the extension request to complete the deal. The termination resulted in RM7.46 million in professional fees being expensed, and RM16.0 million in refundable deposits remain outstanding.

The abandonment of the Telekosang Hydro 1 & 2 acquisition further dampens the Group's prospects for recurring income. The engineering, procurement, construction, and commissioning (EPCC) earnings from Telekosang have already been fully recognised, leaving no further contribution to support the Group's results.

Project Oriole, the Group's 162 MW flagship run-of-river hydro venture, also faced delays. Its commercial operation date was pushed from December 2028 to September 2029 due to delays in finalising the power purchase agreement with Sabah Electricity Sdn. Bhd.

The deferment impacts earnings visibility and the broader state of the RE segment, whose pipeline is now effectively limited to Project Oriole and the proposed Jentayu Solar acquisition, leaving no recurring income. The RE segment incurred losses of RM2.77 million in FY2025.

Beyond RE, legacy operations also struggled. Performance of the trading segment, the largest revenue contributor in FY2025, further deteriorated despite management's claims of "positive momentum." Its performance is hinged upon the supply opportunities for Project Oriole, which now faces a delayed financing timeline.

Meanwhile, the healthcare segment, anchored by Ohana Specialist Hospital, showed operational improvement but remains loss-making. Revenue increased to RM7.4 million while segment losses narrowed meaningfully. Planned expansions, including specialist recruitment, nursery upgrades, and bed capacity, require new capital at a time when liquidity is already tight.

Yay or Nay?

In FY2025, Jentayu posted a widened net loss of RM31.53 million, largely attributable to a portfolio realignment exercise, one-off costs incurred during the year, and declining revenue across most segments.

With no segment generating consistent profits and most RE projects still years from commercial operation, the rationale for higher fees and allowances is hardly justified.

Shareholders must also consider whether board size and compensation levels are proportionate to the company's scale of business, stage of development and financial condition. Remuneration should rise with performance — not despite prolonged losses and weak cashflow visibility.

MSWG will vote against the three remuneration-related resolutions on grounds of financial prudence, performance alignment, and governance accountability.

Rejecting the proposals does not mean rejecting Jentayu's RE aspiration. It is a call for disciplined cost management, along with clearer and more transparent justification for directors' remuneration.

As Jentayu continues its transition toward financial close and the commercial operation of its renewable-energy assets, strengthening its governance foundations today will be critical to building a sustainable and credible platform for growth.

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MSWG AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
Kim Teck Cheong Consolidated Berhad (AGM)	KTC is mainly involved in the distribution and warehousing of a range of Consumer-Packaged Goods (CPG). In 2025, the Group expanded its distribution business to include tobacco products, following its entry into telecommunication product distribution in 2024. a) What differentiates KTC's distribution capabilities from existing tobacco and telecommunication distributors in East Malaysia? b) What market share does KTC aim to capture in both product categories within the first 2-3 years? c) Are there specific high-margin categories that the Group intends to further scale or prioritise for growth over the medium term?
Fintec Global Berhad (AGM)	For FY2025, Fintec reported lower revenue of RM19.60 million (FY2024: RM26 million) and slipped into a net loss of RM90.04 million (FY2024: RM23.88 million), largely due to losses in the investment segment. The decline in fair value of investments also reduced total assets and shareholders' equity by RM88.68 million and RM90.91 million, respectively. As an investment holding company, Fintec has recorded losses in four of the past five years, primarily due to fair value losses on quoted investments. All incubate companies also continue to be loss-making, some even for multiple consecutive years. Despite this trend, Fintec continues to invest more in quoted securities. From a corporate governance and fiduciary duty perspective, how does the Board justify continued investment in quoted shares when this strategy has repeatedly eroded shareholder value?

Company	Points/Issues to Be Raised
Dataprep Holdings Bhd (AGM)	At the 35th AGM, the Board stated that the Bandung telecommunication-infrastructure project would involve an investment of approximately RM95 million, likely financed through fundraising and bank borrowings, with a three-year construction timeline and revenue expected from Year 4. a) What is the current project status, how much funding has been secured and spent to date, and whether it remains on track within the initial budget and three-year schedule announced last year? b) What other projects or business pipelines do Dataprep currently have that can meaningfully contribute to revenue in FY2026 and beyond?
Microlink Solutions Berhad (AGM)	The Independent Auditors have issued a qualified opinion on the Group's FY2025 financial statements, stating that they were unable to obtain sufficient appropriate audit evidence regarding the recognition, classification, and write-off of software development expenditure amounting to a total of RM76.1 million during the financial period. (Source: Page 76 of Annual Report 2025) a) What type of audit evidence or documentation was unavailable to the external auditors, and why were such records not readily accessible or sufficient for verification? b) What governance, control, and reporting improvements have been implemented to strengthen the monitoring, approval, documentation, and accounting of software development projects, to prevent similar write-offs or irregular expenditures in the future?
OCK Group Berhad (AGM)	OCK has signed a 15-year leasing agreement with Best Telecom, where the Laos Ministry of Finance is a shareholder. (Page 33 of AR2025) a) Given Laos' sovereign-risk profile and opaque regulatory environment, has the Company conducted a comprehensive risk-return analysis? b) What is the country-risk mitigation plan specific to Laos?
Redtone Digital Berhad (AGM)	At the 22nd AGM, REDtone mentioned that the Starlink business expected to contribute positively in FY2025 given that several contracts have been secured from government agencies. a) How many government contracts have been secured, and what is their total estimated value or duration?

Company	Points/Issues to Be Raised
	b) What is the current scale and contribution of the Starlink business within the Telecommunication Services (TS) segment for FY2025 and to date? c) Have the equipment cost and pricing challenges for Starlink services improved, and how is REDtone addressing these to maintain sustainable profit margins?
Kamdar Group (M) Berhad (AGM)	The Group remains committed to investing in and expanding its online business to better align with current consumer shopping trends. The Group will also explore alternative business opportunities and consider leasing out or repurposing certain properties currently used for trading operations that have not achieved satisfactory profitability. (Source: Page 16 of AR 2025) a) What is the progress and performance of the Group's online business, and has it met expectations? b) Which areas of investment (e.g., e-commerce platform upgrades, digital marketing, IT infrastructure) does the Group plan to enhance in FY2026? Also, how much CAPEX has been allocated? c) Has the Group been able to make headway in alternative business opportunities? If yes, what specific types of businesses or revenue models is Management actively evaluating? d) Has the Group commenced leasing out or repurposing any underperforming properties, and if yes, how many properties and what rental income or savings does the Group expect to generate?
Edaran Berhad (AGM)	Ordinary Resolution 4 is to seek shareholders' approval on the payment of Directors' Fees of up to RM564,000 (a 57% year-on-year increase from RM360,000 approved at the 32nd AGM) for the period from 1 January 2026 until the conclusion of the next AGM. Please provide breakdown for the proposed increase of the Directors' Fees for each director. Justify the rationale for the proposed increase in Directors' Fees and how it aligns with the Company's operating performance and value creation.
MK Land Holdings Berhad (AGM)	As disclosed in Note 31(b) to the financial statements, the Group and its five (5) wholly owned subsidiaries, namely Saujana Triangle Sdn. Bhd., Segi Objektif (M) Sdn. Bhd., Dominant Star Sdn. Bhd., M K Land Resources Sdn. Bhd. and M.K. Development Sdn. Bhd. was served by Inland Revenue Board ("IRB") with Notices of Assessment for the years of assessments from 2018 to 2023 for additional

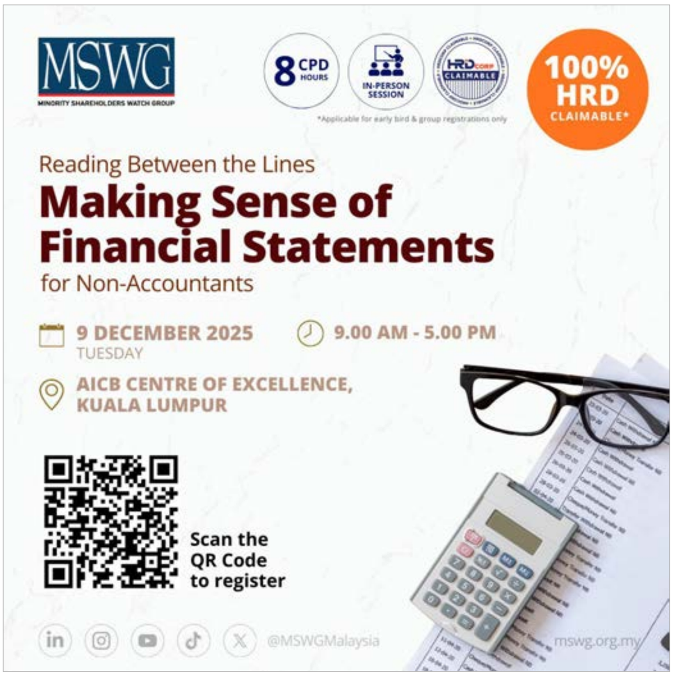
Company	Points/Issues to Be Raised
	income taxes of RM84.0 million. A provision of RM7.2 million has been made in the financial statements. (Source: Page 95 of AR2025) Why was a provision of only RM7.2 million recognised when the IRB's total assessments amounted to RM84.0 million? Please provide the probability assessment applied in determining that the RM7.2 million provision is sufficient.
Green Packet Berhad (AGM)	*"As at 30 June 2025, Packet Interactive Sdn Bhd (PISB) had disbursed approximately RM34 million in loans to nine borrowers across sectors such as investment holding and food & beverage. For the 15-month financial period ended 30 June 2025, this portfolio generated approximately RM0.9 million in interest income." (Page 14 of AR2025)* What is the economic rationale for sustaining a loan book that delivers a sub-commercial return, and how does this align with the Group's stated focus on profitability and capital efficiency?
YTL Power International Berhad (AGM)	With over two decades of experience in the UK water and sewerage business, the Group is working to harness synergies with its water business under the Ranhill Group to deliver the optimal outcome in Johor. Johor continues to see increasing demand for water, driven by the upsurge of industrial and economic development being drawn to the state by projects. (pages 8 and 9 of AR 2025) a) What synergies or transfer of technology that have materialised between Wessex and Ranhill? b) With the proliferation of data centres, please brief shareholders on how and to what extent Wessex and Ranhill have benefited. c) How much has Ranhill increased its capacity to cope with rising water demand?
SMRT Holdings Berhad (AGM)	Trade receivables past due over 120 days jumped sharply from RM0.47 million in FY2024 to RM15.0 million in FY2025, now representing almost half of total receivables, yet no impairment allowance has been recorded. (Source: Page 117 of Annual Report) a) What are the key factors that led to the significant increase in trade receivables past due by more than 120 days in FY2025? b) Why are these balances still considered fully recoverable and what is the profile of the customers involved?

Company	Points/Issues to Be Raised
	c) How much of the more than 120 days receivables have been collected to date, and what is the expected recovery timeline for the remaining outstanding amounts?
BCB Berhad (AGM)	The Group showed net cash from operating activities of RM27.36 million (FY2024: RM52.74 million), but this was overshadowed by net cash used in investing activities of RM166.89 million, largely for land acquisition. (Pages 81 & 82 of AR 2025) How will the Group balance its aggressive land banking strategy with the need to maintain healthy operational cash flow, especially if market conditions soften?
Jentayu Sustainables Berhad (AGM)	1. Project Oriole is expected to create approximately 2,000 construction jobs and 150 skilled roles during operations, alongside training and knowledge transfer to build a local talent pipeline. (Source: Pages 33 & 34 Annual Report 2025) a) Given that Project Oriole is now on track to commence construction in mid-2026, what will be the incremental cost of hiring these specialised personnel and how does the Board intend to balance this with the Group's cost-optimisation measures, especially given the ongoing Group financial losses? b) In relation to Environmental, Social, and Governance (ESG) and community impact, what measurable outcomes will be delivered to local communities (i.e. jobs, apprenticeships, SME participation, etc)? How many of the 150 skilled roles and 2,000 construction jobs will be filled by Malaysians versus foreigners? 2. The termination of Project Young was due to the Securities Commission ("SC")'s decision not to grant the required extension of time. As a result, RM7.5 million in related professional costs were expensed, while RM16 million in deposits remain pending refund. (Source: Page 17 of Annual Report 2025) What specific regulatory concerns or compliance issues were raised by the SC that led to the non-approval? To date, has the Group received the RM16 million deposit refund? If no, what is causing the delay and when does the Board expect the RM16 million to be fully recovered?
Jentayu Sustainables Berhad (EGM)	PROPOSED PRIVATE PLACEMENT OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED SHARES OF JENTAYU SUSTAINABLES BERHAD TO THIRD PARTY INVESTOR(S) ("PROPOSED PRIVATE PLACEMENT")

Company	Points/Issues to Be Raised
	1. Sumitomo Corporation (Sumitomo) had advanced RM8.59 million out of its RM12.35 million commitment for Project Oriole but chose not to extend its Memorandum of Understanding (MOU) upon expiry. What are the reasons behind Sumitomo's withdrawal? 2. If Project Oriole's Commercial Operation Date (COD) is delayed beyond 2029, what interim growth drivers or revenue streams does the Board foresee to avoid prolonged losses for the Group?
YTL Corporation Berhad (AGM)	The Hotel Operations segment recorded higher revenue of RM1,643.6 million for the financial year ended 30 June 2025 compared to RM1,603.3 million for the previous financial year ended 30 June 2024 and higher profit before taxation of RM334.8 million for the year under review compared to RM286.7 million last year. The improvement was primarily driven by higher occupancy rates and stronger average room rates across key properties. (page 26 of AR 2025) What are the percentage improvements in occupancy rates and average room rates? What would be the outlook in FY2026 and can the good performance sustain?
Excel Force MSC Berhad (AGM)	Universal Capital Co. Ltd ("UCCL") was acquired for RM18.15 million, although its net assets were only RM14.16 million. Since the date of acquisition, the acquired subsidiary company has not contributed to the Group's revenue and profit for the financial year. (Source: Pages 86-87 of Annual Report 2025) What is the strategic purpose of this acquisition? And what exactly are the RM14.16 million 'Other investments' under UCCL? Given that UCCL is not audited by Messrs. TGS TW PLT, what procedures are taken to ensure audit quality and independent verification of the RM14.16 million 'Other investments'? The 7(d)(i) notes further mentioned that goodwill from the UCCL acquisition is attributed to 'skills and technical talent' and expected synergies. Since UCCL is an investment holding entity with minimal operating workforce and no revenue contribution, please clarify what specific skills, talent, or synergies justify the RM3.99 million goodwill?
Divfex Berhad (AGM)	From FYE2021 to FYE2025, the Group's revenue grew from RM10.0 million to RM82.0 million, while profit before tax ("PBT") improved from a loss of RM18.46 million to a PBT of RM9.71 million in same period. (Source: Page 24 of the Annual Report 2025)

Company	Points/Issues to Be Raised
	a) Given this five-year trajectory, is the Group's performance sustainable heading into FYE2026? If yes, which ongoing or new projects are anticipated to drive the Group's 2026 results? b) What is the current level of secured orderbook across the ICT subsidiaries, and what is the expected portion that will be recognised in FYE2026?

[END]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