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**Issuer:** VibroPower Corporation Limited

**Stock code:** BJD

**Meeting details:**

Date: 27 Sep 2024

Time: 8.30 a.m.

Venue: 38 Tuas Crescent Singapore 638725

**Q1.** Would the board/management provide greater clarity on the following operational and financial matters? Specifically:

## FINANCIAL AND OPERATIONS REVIEW

### REVENUE

	FY2024		FY2023		Variance
	\$'000	%	\$'000	%	%
Projects	13,199	88.9	6,997	73.0	88.6
Power Plant	1,218	8.2	2,238	23.4	(45.6)
Others	428	2.9	341	3.6	25.5
<b>Total Revenue</b>	<b>14,845</b>	<b>100.0</b>	<b>9,576</b>	<b>100.0</b>	<b>55.0</b>

(Source: company annual report)

- (i) **Power generation solutions (Projects):** As noted in the chairman's statement, the group completed notable projects, including the delivery of generators and fuel systems to IOI Central Boulevard Towers, Immigration & Checkpoint Authority Building, Mindef NS Hub at Bukit Gombak, and Kim Chuan Depot Extension. **What is the group's value proposition in the projects segment? How does the group secure high margins projects?**
- (ii) **Power plant (Sludge oil processing):** Does the group have a proven track record in sludge oil processing? What is the current capacity of the upgraded biomass power plant? What is the size of the addressable market for sludge oil processing, and how is the group positioning itself to capture market share?
- (iii) **Power plant (Phase two upgrade):** What is the expected capital expenditure for the second phase of upgrading the biomass power plant to enable the sale of electricity to the national grid? How does the company assess the financial viability and return on investment from this initiative?

- (iv) **Performance bond:** As announced on 16 August 2024, the main contractor in the disputed project has called on the performance bond amounting to \$780,000. **Has the board reviewed the events leading to this dispute, and were any key internal gaps identified? What specific challenge is the group facing in providing the requested documentation related to the equipment supply? Furthermore, what guidance has the board given to management to prevent similar disputes from occurring in future projects?**

**Q2.** The company formed a joint venture with Interra Resources Ltd (“Interra”) to construct a 2-megawatt solar farm within its biomass power plant in Malaysia and to develop a renewable energy supply business. The company issued \$1.5 million in redeemable convertible bond to its joint venture partner, with conversion rights that may be exercised under certain default conditions. The bonds carry an interest rate of 8.5% per annum and the maturity period is 36 months commencing from 1 December 2023.

The conversion price is at a 10% discount to the 30-day weighted average price at the conversion date.

- (i) Can the board, especially the independent directors, help shareholders better understand the rationale of issuing the redeemable convertible bond under the current terms? Why was this structure chosen over other potential financing options?**
- (ii) Has the board/management explored cheaper sources of financing?**
- (iii) Has the board considered green bonds/green financing? Could these options provide a more cost-effective and long-term sustainable source of financing?**
- (iv) Specifically, what deliberations did the board have on the 10% conversion discount to the 30-day weighted average share price? Is there a risk that this has the potential to lead to a “death spiral” of the company’s shares?**
- (v) With the company’s shares trading at a 75% discount to its book value, has the board quantified the dilutive impact of the convertible bond if the conversion option is exercised?**
- (vi) What is the expected return on investment on the 2-megawatt solar farm and how does it compare to the cost of the convertible bond?**

**Q3.** At the annual general meeting scheduled to be held on 27 September 2024, Mr Ernest Yogarajah s/o Balasubramaniam will retire pursuant to the company's constitution and will be seeking re-election.

As disclosed in the Notice of annual general meeting, should Mr Ernest Yogarajah s/o Balasubramaniam be re-elected, the director shall remain as a member of the audit committee, nominating committee and remuneration committee.

Mr Ernest Yogarajah s/o Balasubramaniam was first appointed to the board on 10 May 2007.

The biography of the director can be found on page 6 of the annual report. Additional information on director seeking re-election can be found on pages 29 to 32.



(Source: <https://sg.finance.yahoo.com/quote/BJD.SI/>)

- (i) **What is the total shareholder return over the past 5, 10 and 17 years?**
- (ii) **Did the nominating committee (NC) consider if the nomination and re-election of Mr Ernest Yogarajah s/o Balasubramaniam would impede the pace of board renewal?**
- (iii) **Can the NC confirm that Mr Ernest Yogarajah s/o Balasubramaniam, if re-elected, would continue to serve as the non-independent non-executive chairman of the board? How does the board justify the decision in light of governance best practices regarding independence of the chairman?**
- (iv) **Can Mr Ernest Yogarajah s/o Balasubramaniam outline his key contributions and achievements as a director/chairman over the past 17 years? If re-elected, what fresh perspectives and value-added initiatives does he intend to bring to the board to enhance shareholder value?**

- (v) **Is Mr Ernest Yogarajah s/o Balasubramaniam satisfied with the board's performance in protecting the interests of its shareholders and creating long-term shareholder value?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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