



KJTS

27 JANUARY 2026

Regional datacenters on the horizon

Update | Trading Buy | Energy

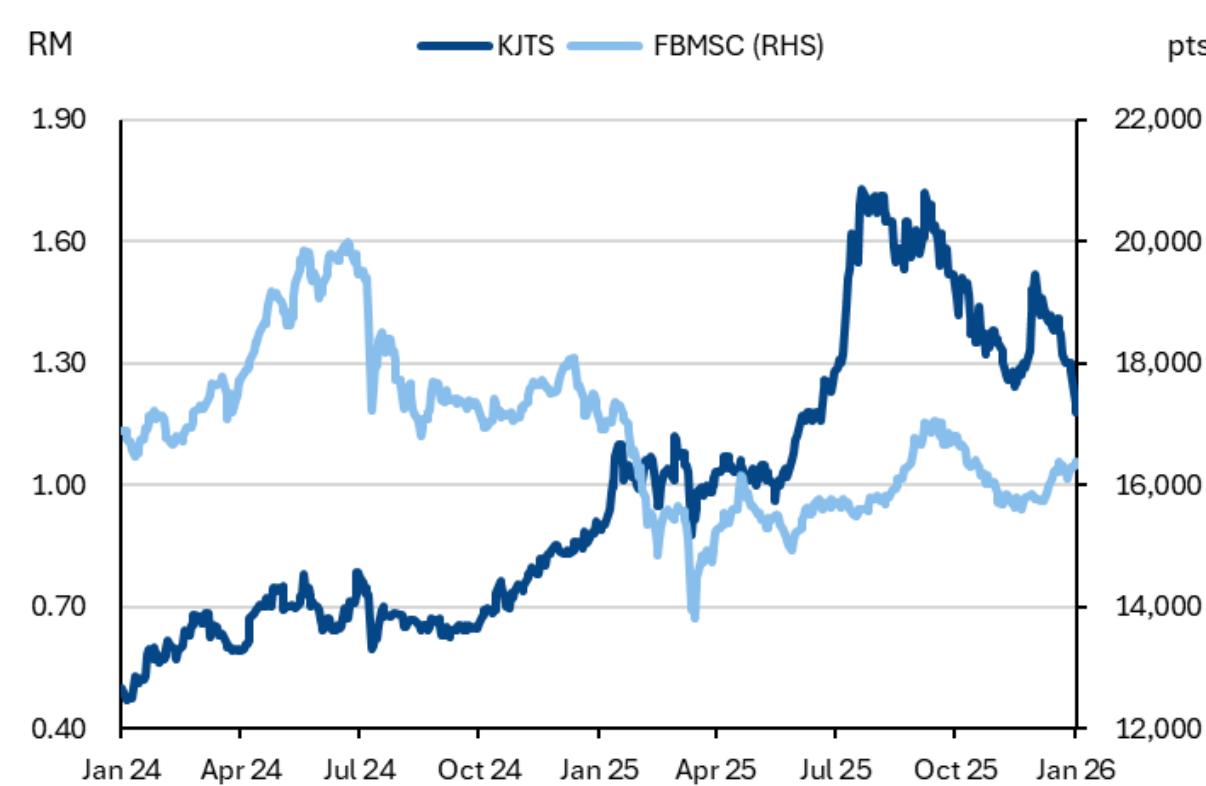
TRADING BUY

Target Price: RM2.00

Last Price: RM1.20

(as at 26 January 2026)

SHARE PRICE PERFORMANCE



STOCK INFORMATION

Market cap (RMm)	RM828m
Shares out	690m
52-week range	RM0.87/RM1.81
3M ADV	RM1.1m
T12M returns	34%

INVESTMENT FUNDAMENTALS

RMm	FY24A	FY25E	FY26E	FY27E
Revenue	138	186	222	280
Revenue Growth	15%	35%	20%	26%
EBITDA	12	28	35	44
EBITDA margin	9%	15%	16%	16%
PATAMI	15	21	30	42
PATAMI margin	11%	11%	13%	15%
ROA	10%	12%	13%	15%
ROE	13%	16%	19%	23%
PER	70	51	36	26
P/BV	9.2	8.2	7.0	5.9
Yield	0.0%	1.0%	1.0%	2.0%

Source: Company data, Bloomberg, NewParadigm Research, January 2026

KEY TAKEAWAYS:

- KJTS has signed a collaboration agreement with China Construction Third Engineering Bureau to pursue regional datacenter projects.
- We estimate several prospects are being pursued regionally with a combination of EPCC and/or project ownership.
- Securing a sizable project outside of Malaysia would be a re-rating catalyst for KJTS. Maintain Trading Buy.

LOOKING AT REGIONAL OPPORTUNITIES

- KJTS's collaboration agreement with China Construction Yangtze River (Malaysia) Sdn Bhd (CCYR) paves the way for KJTS to break into regional datacenter projects, particularly in Thailand, Singapore and Turkey. The deal will tie up both parties to exclusively work with one another on selected projects.
- CCYR is a wholly-owned subsidiary of China Construction Third Engineering Bureau Co. Ltd. (CCTEB) that in turn a wholly-owned subsidiary of China State Construction Engineering Corp Ltd (601668 CH) - a RMB209bn market cap company.
- CCYR's scope will be for the civil and structural works related to cooling and building services, architectural and construction works, and integration of other systems.
- KJTS's scope will be on the EPCC of cooling/heating systems, energy management systems and potentially facilities management as well.
- We anticipate this MOU paves the way for KJTS to expand its funnel of prospective cooling projects, particular overseas and in the datacenter segment. Currently, KJTS does have some DC work, but nothing recurring.
- Details are scarce, but management has indicated that the scale of projects being pursued will be sizable. Furthermore, there is potential for projects with an asset ownership structure to be rolled into the Lestari Cooling Energy (LCE) associate.

STILL WAITING FOR NEWSFLOW

- Lack of constructive newsflow has weighed on KJTS stock and hurt our thesis. This is primarily due to delays in finalizing the additional anchor investors for LCE as well as new contract wins.
- We continue to position KJTS as a newsflow-driven stock first but one that is underpinned by a solid recurring cash flow operations.
- Key catalysts for the stock include the aforementioned signing of the anchor investor for LCE as well as new contract wins. Additionally, securing new projects regionally via the new collaboration with CCTEB should be a further re-rating catalyst. It would demonstrate KJTS' ability to expand outside of Malaysia as well as into the datacenter space
- Maintain Trading Buy with a target price of RM2.00.

Ben Shane Lim

benshane.lim@newparadigm.my

 www.newparadigm.my

About the Company

KJTS' core business is providing cooling energy services via large-scale district cooling systems. The company bears the capex to upgrade existing cooling systems to improve energy efficiency, offering clients immediate savings with no capital outlay. KJTS books the EPCC revenues as well as enjoying the surplus energy savings and the facilities management over a long-term contract. In turn, KJTS' secured business has direct leverage to energy prices and long-term growth is tied to securing new projects.

About the Stock

KJTS is a Shariah compliant stock that was listed in 2024 in the ACE market. In our view, KJTS is misclassified as an industrial products and services company. It might be better to think of KJTS as a utility or energy stock.

KJTS was originally the Asean arm of Dalkia Group, prior to a management buyout in 2014 by Lee Kok Choon and Sheldon Wee - both currently the key management and controlling shareholders (combined).

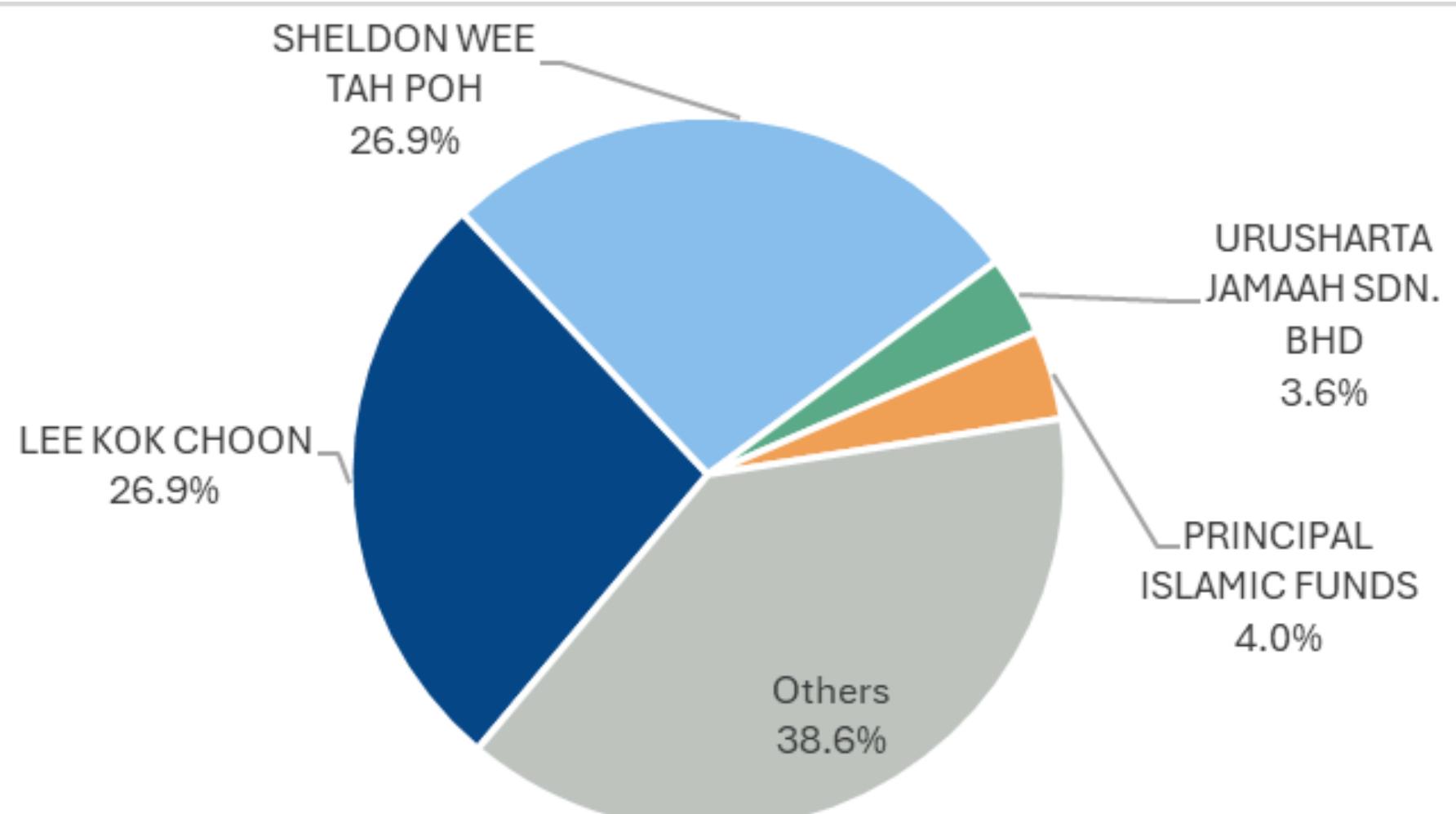
Investment Thesis

KJTS offers a unique exposure to energy efficiency for large scale cooling infrastructure, including datacenters. We see deep value in the group's long-term growth potential, against a backdrop of global warming and energy price inflation. The recent kicker for the group is the change in its capital model - from purely self-funding to relying on strategic partners like Stonepeak to supply capital, without significant compromise on earnings accretion. At this juncture, we recommend KJTS as a Trading Buy.

Key Risks:

- Failure to secure new projects - will severely limit growth. Acquisitions could be lumpy and intermittent.
- Dependency on partners - the joint venture with Stonepeak is a lynchpin to our thesis. If the partner(s) choose to withdraw from the joint venture, it would hurt KJTS' growth prospects.
- Execution risk - failure to meet expected energy efficiency targets could result in lower or even negative returns on a project.

Shareholding breakdown



Source: Company data, NewParadigm Research, January 2026

Important Disclosures

Recommendation definitions

Buy - Expected return of > +10% over the next 12 months.

Hold - Expected return between ±10%

Sell - Expected return of < -10% over the next 12 months

Trading Buy - Expected return of > +15% over the next 12 months, but LT prospects uncertain.

Not rated - No recommendation on stock performance.

Analysts

Ben Shane Lim

+603 2054 8120

benshane.lim@newparadigm.my

Note: Recommendations may fall outside of the aforementioned ranges from time to time due to share price volatility.

Disclaimer and Disclosure

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to NewParadigm Securities Sdn. Bhd. and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. NewParadigm Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events. Accordingly, neither NewParadigm Securities nor any of its related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. NewParadigm Securities has no obligation to update its opinion or the information in this report. This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments. NewParadigm Securities and its related companies, their associates, directors, connected parties, employees and/or agents may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions. This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to NewParadigm Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose. 30 This report may provide the addresses of, or contain hyperlinks to websites. NewParadigm Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to NewParadigm Securities' own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or NewParadigm Securities' website shall be at your own risk. This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located. The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

About Us

As Malaysia's sole universal broker, we take pride in our unwavering commitment to delivering exceptional financial advice and innovative solutions tailored to our clients' needs.

See: newparadigm.my

NewParadigm Financial Group

Contact us:

research@newparadigm.my

**D-12-8, Level 12, EXSIM Tower,
Millerz Square @ Old Klang Road, Megan Legasi,
No. 357, Jalan Kelang Lama,
58000 Kuala Lumpur, Malaysia.**