



Press Release

FOR IMMEDIATE RELEASE

**KELINGTON PROPOSES 1-FOR-1 BONUS ISSUE OF SHARES AND
1-FOR-3 WARRANTS TO REWARD SHAREHOLDERS**

Kuala Lumpur, 6 April 2021 – Integrated engineering solutions provider, Kelington Group Berhad (“Kelington” or “Group”) has proposed the issuance of bonus shares, together with free warrants, to reward its shareholders. The bonus issuance will be on the basis of one bonus share for every one existing Kelington share held (one-for-one) on an entitlement date to be determined and announced later. The free warrants, to be issued after the bonus issue, will be on the basis of one free warrant for every three existing shares held (one-for-three).

Ir. Raymond Gan, Chief Executive Officer of Kelington Group Berhad said, “We are grateful for the support from all our shareholders who have been with us through thick and thin. We believe that this is another avenue for us to reward our shareholders in addition to dividends. The proposed bonus issue of shares and warrants is an expression of our appreciation towards the confidence and patience given to us while we embark on our growth. Furthermore, this is expected to improve the marketability and trading liquidity of our shares and encourage greater participation by investors as well as potentially broadening the shareholder base.”

“Meanwhile, the free warrants serves to reward the shareholders by providing them the option to further increase their equity participation in the Group by exercising the warrants at a pre-determined price over the 5 year tenure of the warrants. From the Group’s perspective, this exercise would potentially provide additional funds to the Group for working capital needs as and when the warrants are exercised without the need of incurring interest costs as in the case of bank borrowings.” Raymond further added.



The proposed bonus issue of shares and warrants could involve the issuance of up to 322,623,476 bonus shares, and up to 215,082,317 warrants.

Based on the illustrative indicative exercise price of RM0.975, the gross proceeds to be raised upon full exercise of the warrants is approximately RM209.71 million. The proceeds will be utilised to part finance the acquisition of assets for the industrial gas business division, working capital, and partially repay bank borrowings, term loans and leases.

The Group also announced the proposed diversification to include manufacturing, distribution and trading of industrial gases. Kelington's foray into this new business started since March 2017 upon securing a 10-year on-site nitrogen gas supply contract from a Malaysian photovoltaic manufacturer. Subsequently, Kelington broadened its operations to include the manufacturing of liquid carbon dioxide which commenced in October 2019. Over the years, revenue contribution from the new division has grown about six-fold from RM3.6 million in FY2018 to RM22.1 million in FY2020. The Group expects the growth trajectory to continue as production ramps up and may contribute 25% or more of the consolidated net profits moving forward.

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the proposed bonus issue of shares and warrants is expected to be completed in the third quarter of 2021.

-End-

Kelington Group Berhad (501386-P)

3, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong Industrial Park,
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel : (603) 7845 5696 / 7848 3849 Fax : (603) 7845 7097



ABOUT KELINGTON GROUP BERHAD (“Kelington” or the “Group”)

Kelington is an integrated engineering solutions provider specializing in ultra-high purity (UHP) gas and chemical delivery systems, mechanical process engineering, mechanical systems and electrical systems. The Group provides end-to-end engineering solutions ranging from system design to fabrication and installation of equipment to testing and maintenance.

Established since 2000, the Group serves customers in the high technology industry across different sectors such as Industrial Gases, Wafer Fabrication, Solar Energy, TFT-LCT, Bioscience and Light Emitting Diode (LED). In line with its expansion plans, Kelington has also expanded its industry focus to include the pharmaceutical, healthcare and oil and gas sectors.

For more information, please log on to <http://kelington-group.com>

Released on behalf of Kelington Group Berhad by Capital Front Investor Relations.

Media Contact:

Keow Mei-Lynn
Capital Front Investor Relations
hp +6 (012) 250 5575
email meilynn@capitalfront.biz

Kelington Group Berhad (501386-P)

3, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong Industrial Park,
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel : (603) 7845 5696 / 7848 3849 Fax : (603) 7845 7097