

KELINGTON GROUP BERHAD
Registration No. 199901026486 (501386-P)
(Incorporated in Malaysia)

A summary of discussion on the Agenda of the Extraordinary General Meeting held on 15 June 2021

Mr Yap Shong Why raised the following questions:-

- Q1) The reason for the proposed diversification given that the Company has involved in industrial gas business.
- Q2) Whether the ongoing litigation cases between the Company and its contractor or sub-contractor was due to the nature of business of the Company.

Mr Ong Weng Leong ("**Mr Ong**"), the Chief Operating Officer of the Company replied that:-

- A1) The Board anticipated that the Industrial Gases Business would contribute 25% or more of the consolidated net profits and/ or result in the diversion of 25% or more of the consolidated net assets ("NA") of the Company moving forward.

Paragraph 10.13(1) of the Main Market Listing Requirements stated that a listed issuer must obtain its shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- i. the diversion of 25% or more of the NA of the listed issuer to an operation which differs widely from those operations previously carried on by the listed issuer; or
- ii. the contribution from such an operation of 25% or more of the net profits of the listed issuer.

In view thereof, the Board proceeded to seek approval from the shareholders for the Proposed Diversification.

- A2) The on-going litigation cases were not due to the nature of business, but the contract issue emerged on the projects. The impact of the litigation cases was insignificant as compared to the total revenue and profit of the Group. Management would try not to resolve the issue through litigation but would have to resort to legal action to protect the right and interest of the Company if necessary.

Mr Ler Zi Ang raised the following question:

- Q3) Whether KGB has the ability to produce oxygen.

Mr Ong replied that:-

- A3) The Company did not have the Air Separation Unit ("**ASU**") plant to produce oxygen. However, the Company would purchase the liquid of oxygen from the existing producer if there was any demand from the market.

Mr Muhammad Farhan Bin Muhammad Idris, raised the following question:-

- Q4) Whether the revenue generated from industrial gases business would overtake the current stream of revenue

Mr Ong replied that:-

- A4) Currently, the Company's revenue was mainly derived from the engineering segment and it would take time for the industrial business to increase its revenue contribution. The Company expected the industrial gases business to contribute at least one third of the total Group's profits in 3 to 5 years.

Mr Chew Ken Hong, raised the following question:-

- Q5) The reason of the Company undertaking bonus issue and warrant instead of private placement.

Mr Ong replied that:-

- A5) The main purpose of the corporate exercise was to reward shareholders and not fund raising.

Mr Lau Cho Lee, raised the following question:-

- Q6) The date of completion of the proposed bonus issue.

Mr Ong replied that:-

- A6) The proposed bonus issue and proposed free warrants were expected to be completed by end July 2021 and the details of which would be announced in due course.

Mr Pua Kok Cheong raised the following questions:-

- Q7) The utilisation of the proceeds raise from the bonus issue.
- Q8) The Current CO2 plant capacity and the need to expand at upstream or downstream
- Q9) The proceed of awarding subcontract works and whether it was via t tender or direct negotiation?

Mr Ong replied that:-

- A7) No proceeds would be raised from the Proposed Bonus Issue and Proposed free warrants. However, the proceeds raised from the exercise of warrants would be utilised for industrial gases business, working capital and repayment of bank borrowings, etc details of which were set out on page 6 of the Circular to shareholders.
- A8) Management expected that the demand for LCO2 would be increased in the future and thus would invest a new plant if the current plant had reached its full capacity.
- A9) The method of awarding of contract works was based on the size of the contract. The Company had an in-house tender committee to handle the tender for large contract. While for smaller size subcontract, the Company would go through direct negotiation.