

DELEUM BERHAD

Registration No.: 200501033500 (715640-T)
(Incorporated in Malaysia)

Minutes of the Seventeenth Annual General Meeting of the Company held fully virtual via online meeting platform of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on Thursday, 19 May 2022 at 10.00 a.m.

Present : Board of Directors

YBhg Dato' Izham bin Mahmud - *Non-Independent Non-Executive Chairman*

YBhg Datuk Vivekananthan a/l M.V. Nathan - *Non-Independent Non-Executive Deputy Chairman*

Mr Ramanrao bin Abdullah - *Group Chief Executive Officer ("GCEO")*

YBhg Datuk Ishak bin Imam Abas - *Independent Non-Executive Director*

Mr Lee Yoke Khai, Gary - *Independent Non-Executive Director*

Datuk Manharlal a/l Ratilal, George - *Senior Independent Non-Executive Director*

In Attendance : Ms Lee Sew Bee - *Company Secretary*

Ms Jayanthi a/p Gunaratnam - *Group Chief Financial Officer ("GCFO")*

Representatives from PricewaterhouseCoopers PLT

Ms Soo Kwai Fong - *Partner*

Mr Nguyen Ngoc Hieu - *Senior Manager*

Attendance of Shareholders (As per the Attendance Lists):

1. The number of shareholders logging in remotely at commencement of meeting was 61.
2. The number of proxies received appointing the Chairman was 7. The total number of proxies received was 18.

1. ADDRESS BY THE CHAIRMAN

The Chairman, on behalf of the Board of Directors, welcomed the shareholders, proxies, authorised representatives, and the members of the management team of the Company to the fully virtual Seventeenth Annual General Meeting (“AGM”) through live streaming. Thereafter, the Chairman introduced the members of the Board of Directors including the GCEO, the Company Secretary, the GCFO and the audit partner of PricewaterhouseCoopers PLT who were present at the meeting. The Chairman informed that the AGM was conducted in a fully virtual manner.

2. QUORUM

The Company Secretary confirmed that the quorum was present, i.e. at least three (3) members inclusive of those who had logged in at the start of the meeting, by proxy or representatives (for corporations), representing not less than one-third of the issued shares of the Company.

As the requisite quorum was present, the Chairman called the meeting to order.

3. NOTICE

The notice convening the meeting dated 18 April 2022 was taken as read.

The Chairman informed that the AGM was a principal forum for dialogue with shareholders and invited all shareholders to enquire about the agenda and the resolutions to be tabled at the AGM. The Chairman thereafter explained how questions may be raised during the meeting.

The Chairman advised that pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the AGM would be voted by poll which would be conducted electronically via the Remote Participation and Voting (“RPV”) facility provided by Tricor Investor and Issuance House Services Sdn. Bhd. (“Poll Administrator” or “TIH”), the appointed poll administrators, and would be verified by Asia Securities Sdn. Bhd. (“Scrutineers”), who had been appointed as the independent scrutineers. He further informed that voting on the resolutions could be done at any time throughout the meeting until the closure of the voting session and the result of the poll voting would be announced after the Scrutineer had verified the poll results after the voting session was closed. The Poll Administrator was invited to explain the voting procedures through the RPV facility.

AS ORDINARY BUSINESS

4. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Chairman then presented the Group's Audited Financial Statements for the financial year ended 31 December 2021 to the meeting. He informed that under Section 340(1)(a) of the Companies Act 2016 ("the Act"), the audited financial statements were required to be laid before the meeting and did not require a resolution to be put to vote.

The Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2021, had in accordance with the Act, been properly laid and received.

RESOLUTION 1:

5. RE-ELECTION OF DATO' IZHAM BIN MAHMUD AS A DIRECTOR OF THE COMPANY IN ACCORDANCE WITH CLAUSE 88 OF THE CONSTITUTION OF THE COMPANY

The meeting proceeded with the next item on the agenda which was the re-election of Dato' Izham bin Mahmud as Director of the Company in accordance with Clause 88 of the Company's Constitution. The Chairman had shared that he was eligible for re-election and had confirmed his willingness to be re-elected.

RESOLUTION 2:

6. RE-ELECTION OF MR LEE YOKE KHAI AS A DIRECTOR OF THE COMPANY IN ACCORDANCE WITH CLAUSE 88 OF THE CONSTITUTION OF THE COMPANY

The meeting proceeded with the next item on the agenda which was the re-election of Mr Lee Yoke Khai as Director of the Company in accordance with Clause 88 of the Company's Constitution. The Chairman shared that Mr Lee Yoke Khai, who was eligible for re-election had confirmed his willingness to be re-elected.

RESOLUTION 3:

7. RE-ELECTION OF MR RAMANRAO BIN ABDULLAH AS A DIRECTOR OF THE COMPANY IN ACCORDANCE WITH CLAUSE 86 OF THE CONSTITUTION OF THE COMPANY

The meeting proceeded with the next item on the agenda which was the re-election of Mr Ramanrao bin Abdullah as Director of the Company in accordance with Clause 86 of the Company's Constitution. The Chairman shared that Mr Ramanrao bin Abdullah, who was eligible for re-election had confirmed his willingness to be re-elected.

RESOLUTION 4:

8. DIRECTORS' FEES TO NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM1,300,000

The meeting then proceeded with the next item on the agenda pertaining to the payment of Directors' fees to Non-Executive Directors up to an amount of RM1,300,000 from 20 May 2022 until the next AGM of the Company to be held in 2023.

RESOLUTION 5:

9. DIRECTORS' BENEFITS TO NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM400,000

The meeting then proceeded with the next item on the agenda pertaining to the payment of Directors' benefits to Non-Executive Directors up to an amount of RM400,000 from 20 May 2022 until the next AGM of the Company to be held in 2023.

RESOLUTION 6

10. RE-APPOINTMENT OF AUDITORS

The motion on the re-appointment of PricewaterhouseCoopers PLT as the Auditors of the Company until the conclusion of the next AGM and to authorise the Board of Directors to fix their remuneration was tabled. The Chairman informed that PricewaterhouseCoopers PLT had expressed their willingness to continue in office.

AS SPECIAL BUSINESS

RESOLUTION 7

11. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT")

The Chairman informed that the passing of the proposed ordinary resolution 7 ("Proposed Resolution") would give authority to the Board of Directors to allot and issue ordinary shares not exceeding ten percent (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit pursuant to Sections 75 and 76 of the Act. The Chairman further explained that there was no corporate exercise or event requiring an issue of shares under this proposed resolution at the point of time of reporting and the Proposed Resolution was tabled merely to facilitate any such occasions, when a need arises. Such authority shall continue to be in force until the conclusion of the next AGM of the Company.

RESOLUTIONS 8 AND 9

12. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 18 APRIL 2022

The meeting proceeded with the proposed ordinary resolutions 8 and 9 on the agenda in relation to the Proposed Shareholders' Mandate for the Company's subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with certain related parties as set out in Sections 2.5(1) and 2.5(2) of the Company's Circular to Shareholders dated 18 April 2022. The full text of the proposed ordinary resolutions were set out in the Notice of Meeting and were taken as read.

13. ANY OTHER BUSINESS

The Chairman informed that no notice had been received to transact any other business at the Company's AGM.

14. PERFORMANCE REPORT

The Chairman then invited the GCEO, Mr Ramanrao bin Abdullah to present the Group's financial highlights and business activities for the financial year 2021.

The GCEO's presentation covered the following areas:

- (i) FY2021: A Year of Resilience and Transformation;
- (ii) Business Segments comprising Power and Machinery, Oilfield Services, Integrated Corrosion Solution;
- (iii) FY2021 Financial Performance;
- (iv) Performance Across Business Segments;
- (v) Business Highlights
- (vi) Deleum's Key Initiatives;
- (vii) Corporate Compliance;
- (viii) Human Capital Strategies; and
- (ix) Aspirations and Targets.

The GCEO's presentation slides would be uploaded to the Group's website.

15. QUESTIONS & ANSWERS

The GCEO addressed the questions received from the shareholders, which were submitted through the TIIH platform prior to the AGM and those received via the online query box. The questions raised and answers provided are listed in the Appendix I to the Minutes of the meeting.

The meeting proceeded to vote and was adjourned at 11.10 a.m. for the counting of votes.

16. DECLARATION OF THE RESULTS OF THE POLL

The meeting resumed at 11.25 a.m. when the results of the poll were ready. The results were projected on the screen, a copy of which is annexed to the minutes of the meeting.

The Chairman read out the results and declared the following Ordinary Resolution 1 to Ordinary Resolution 9 as carried:

ORDINARY RESOLUTION 1:

It was resolved:

“**THAT** Dato’ Izham bin Mahmud, the Director retiring by rotation pursuant to Clause 88 of the Company’s Constitution, being eligible and having offered himself for re-election, be hereby re-elected as Director of the Company.”

ORDINARY RESOLUTION 2:

It was resolved:

“**THAT** Mr Lee Yoke Khai, the Director retiring by rotation pursuant to Clause 88 of the Company’s Constitution, being eligible and having offered himself for re-election, be hereby re-elected as Director of the Company.”

ORDINARY RESOLUTION 3:

It was resolved:

“**THAT** Mr Ramanrao bin Abdullah, the Director retiring pursuant to Clause 86 of the Company’s Constitution, being eligible and having offered himself for re-election, be hereby re-elected as Director of the Company.”

ORDINARY RESOLUTION 4:

It was resolved:

“**THAT** the payment of Directors’ fees to Non-Executive Directors up to an amount of RM1,300,000 from 20 May 2022 until the next Annual General Meeting of the Company be hereby approved.”

ORDINARY RESOLUTION 5:

It was resolved:

“**THAT** the payment of Directors’ benefits to Non-Executive Directors up to an amount of RM400,000 from 20 May 2022 until the next Annual General Meeting of the Company be hereby approved.”

ORDINARY RESOLUTION 6:

It was resolved:

“**THAT** the retiring Auditors, PricewaterhouseCoopers PLT, having expressed their willingness to continue in office be hereby re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting **AND THAT** the Board of Directors be authorised to fix their remuneration.”

ORDINARY RESOLUTION 7:

AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

It was resolved:

“**THAT** subject always to the Companies Act 2016, the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and any other governmental/regulatory authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting.”

ORDINARY RESOLUTION 8:

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT UNDER SECTION 2.5(1) OF THE CIRCULAR TO SHAREHOLDERS DATED 18 APRIL 2022

It was resolved:

“**THAT** approval be and is hereby given for the renewal of the Shareholders’ Mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(1) of the Circular to Shareholders dated 18 April 2022 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms’ length basis and not to the detriment of minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which this shareholders’ mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate.”

ORDINARY RESOLUTION 9:

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT UNDER SECTION 2.5(2) OF THE CIRCULAR TO SHAREHOLDERS DATED 18 APRIL 2022

It was resolved:

“**THAT** approval be and is hereby given for the renewal of the Shareholders’ Mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(2) of the Circular to Shareholders dated 18 April 2022 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms’ length basis and not to the detriment of minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which this shareholders’ mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate.”

17. CLOSURE

There being no further business, the meeting was declared closed at 11.40 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD,

CHAIRMAN

Date:

Appendix I

QUESTIONS & ANSWERS – 17TH ANNUAL GENERAL MEETING

Q1. Shareholder asked the following questions:

- (i) What cause of action for the Company to increase its market capitalisation?
- (ii) What was the CAGR (Compound Annual Growth Rate) in term of net profit for the next 3 years?
- (iii) Was there any plan for the Company to venture in new business areas?

- A1. (i) *The GCEO informed that in order to increase the market capitalisation, the Company would increase the profitability by expanding their portfolio of offerings by introducing new products & services, expanding into new markets and improving the operational efficiencies.*
- (ii) *The GCEO informed that the Group's CAGR had been negative during the pandemic in the past few years. Therefore, going forward the Group would strive to improve its performance year by year to achieve positive growth.*
- (iii) *The GCEO explained that the Company was keen to explore any new business opportunity for the benefits and growth of the Company.*

Q2. Shareholder raised the following questions:

- (i) What was the total amount of contract secured in FY2021?
- (ii) Total book order on hand and the total bidding value?
- (iii) Q4 FY2021 results were considered as “good” compared to the other 3 quarters in FY2021. Moving forward, would the FY2022 be better, similar or worse than previous FY2021?
- (iv) Crude oil price increased significantly this year. Does Deleum foresee an increase in profit margin as well as more work/order would be secured in the coming financial year (contract value on hand was shrinking).

- A2. (i) *The GCEO replied that the total amount of contract secured in FY2021 was approximately RM260 million.*
- (ii) *Total book order and the total bidding value were approximately RM400 million each.*
- (iii) *The Company was optimistic on the results. The activities of the Company were increasing in FY2022 and the Company was also exploring for new markets.*
- (iv) *The GCEO replied that as the country was moving to endemic stage and borders would be opening, the activities level was expected to increase, and the Company would endeavor to capitalise the position.*

Q3. Few shareholders enquired about the write off of “slow moving and obsolete stocks” in Oilfield Services and Integrated Corrosion Solution (“ICS”) segment in FY2021. The Company was requested to explain what this was and why the write off was needed.

- A3. *The GCEO explained that when there was an indication of slow moving or obsolescence of inventory, the provision of slow moving or write off would be made in the inventory as outlined in the Group's inventory policy adopted in FY2021. The Group assured that it was accepted in the accounting practices of most companies. For FY2021, certain inventories in Oilfield Services and ICS segment were slow moving and obsolete as a result of the deferment and reduction of activities due to the pandemic. However, when the activity level rises, the Company would maximise consumption of the inventory, which might need to be written back as part of the provisions.*
- Q4. Shareholder quoted from the new GCEO, Mr Ramanrao, in both BFM interview last year and The Edge interview, inefficiency was happening in oil and gas industries as well as Deleum group. Shareholder raised the following questions:
- (i) What was the inefficiency meant by Mr Ramanrao? Please describe the term inefficiency with examples and what problems has been found in Deleum group?
 - (ii) What were the strategies to address the inefficiency?
 - (iii) What plans were ongoing to improve the situation?
- A4. (i) *The GCEO explained that the inefficiency referred to inefficiency of resources and their utilisation.*
- (ii) *He added that the Company continues to look for ways to improve the inefficiency. This was an on-going practice by the Human Resource, managerial lines and all the teams.*
- (iii) *He explained that the Company would continue to find ways to maximise the utilisation of resources.*
- Q5. Shareholder stated that all contracts secured by Deleum Primera were expiring in 2022. In The Edge interview, it was understood that Deleum Primera was going to appeal to Petronas to lift up the licence suspension in the coming months. Shareholder asked the following questions:
- (i) What was the expected timeline to know the result of suspension?
 - (ii) What was the success rate of lifting out the license suspension? Was there any uncertainty for not being lifted out?
 - (iii) Was Deleum Primera going to meet the timeline to renew existing contracts?
- A5. (i) *The GCEO replied that the Company was working to submit an appeal on the license suspension, and he assured that hard work was being put on to resolve the issue.*
- (ii) *He hoped that the suspension would be lifted with all the steps taken to strengthen Deleum Primera's corporate governance and compliance structure, which was also stated in his presentation earlier.*
- (iii) *He explained that the Company was working on the renewal of the existing contracts within the timeline.*

Q6. Shareholder enquired about the total number of contracts and total contract values secured by the Company in FY2021.

A6. *The GCEO replied that a total of seven contracts extensions worth approximately RM256 million had been awarded and 3 new contracts secured by the Company worth approximately RM4 million.*

Q7. Shareholder said it was understood that Penaga Dresser Sdn. Bhd. (“PDSB”) had secured an order for the MERO3 FPSO project in Brazil in FY2021. Shareholders asked the following questions:

- (i) What kinds of services/products provided by PDSB in the project?
- (ii) How long the project was taking place?
- (iii) The revenue contribution of the project in FY2021?
- (iv) The contract value of the project.
- (v) Why there was no announcement regarding the project secured on Bursa Malaysia?

A7. (i) *The GCEO replied that PDSB was supplying of control valves for MERO3 FPSO project.*

(ii) *The GCEO explained that the project took place about 10 months with the delivery of the control valve in July 2022.*

(iii) & (iv) *The revenue projected in FY2022 when the goods were delivered, and the contract value was approximately RM15 million.*

(v) *The GCEO explained that it did not meet materiality threshold and hence, the Company did not make any announcement on Bursa Malaysia.*

Q8. Shareholder raised the following:

In the prospect part of the Annual Report, it was known that all 3 segments of Deleum Group were going to undertake geographical expansion. However, there were no solid/concrete plan explained in the Annual Report.

- (i) Please describe the geographical expansion plans for every single segment and which market would be targeted for expansion.
- (ii) What initiatives have been done for geographical expansion so far and what changes would be expected as a result of the initiatives?

A8. *The GCEO replied that the Company was looking for expansion in certain areas, regionally for the core segment. Announcement would be made accordingly when the plan has been materialised.*

Q9. Shareholder stated that downstream business was being identified as a key focus area of the group. Shareholder asked the following questions:

- (i) Were all the three segments of Deleum group going to penetrate into downstream business? What initiatives had been done in order to achieve the key focus area?

- (ii) In the prospect part of the Annual Report, only Oilfield Services segment was clearly mentioned that it would penetrate into downstream business. How did the Oilfield Services segment achieve the objective since the services provided were more prone to upstream business?
- A9. *The GCEO replied that the Company predominantly operate in the upstream except for the Power and Machinery, and about 65% of PDSB business year on year was on downstream oil and gas customers. For example, refining, petrol chemicals, gas and power. The Company was exploring further opportunity in downstream sector for the chemical business.*
- Q10. Shareholder raised that it was understood that Oilfield Services segment was currently exploring opportunities to expand its services with electro-mechanical tool and set & retrieve wellbore devices without explosives. Shareholder asked what solutions or benefits those services could be provided to potential customers and the synergistic effects of the services to the Oilfield Services segment.
- A10. *The GCEO replied that the benefit of those tools as its non-explosive in nature, was in terms of safety and it eliminates the requirements for special storage and a permit of handling. He added that both tools provided a better quality of service.*
- Q11. Shareholder stated that USD/RM movement was sensitive to the operation of Deleum group. In the Annual Report, there would be a foreign exchange loss of RM1.45 million for every 10% appreciation of USD against RM. Shareholder asked the following questions:
- (i) What initiatives would be done in order to mitigate the profit margin erosion as a result of unfavorable foreign exchange movement of USD/RM in FY2022?
- (ii) Does the Group foresee a significant foreign exchange loss in FY2022 since the USD/RM has come to 1:4.32 as of to date?
- A11. (i) *The GCEO explained that the Group would continue to manage the foreign currency exchange risk by using foreign currency exchange contracts to mitigate the exposure from fluctuation of exchange rate that impacts the profit margin.*
- (ii) *He explained that the Group was unable to speculate on foreign currency exchange movement in FY2022. However, the Group would strive its best effort to manage the exposure risk. There are occasions of mismatch between the USD receivables and payables due to the currency fluctuations, however the position can be evened out when the RM appreciates against USD.*
- Q12. Shareholder asked about the Board of Directors' view on the prospect of Deleum group in FY2022 in view of the ease of movement control restriction in Malaysia, reopening of Malaysia borders as well as stable and sustained high Brent oil price since the beginning of FY2022.
- A12. *The GCEO replied that if the oil price remains unchanged, there would be an uptake on the activity levels. The GCEO believed that the Group would have a better*

understanding and would know the position better in the later part of the year with all the inconsistencies that we are seeing globally and locally.

Q13. Shareholders had raised the below two questions:

- (i) In Q4 2021 when the movement control restriction in Malaysia was being lifted out, Oilfield Services segment however, still registered operating loss of RM3.63 million after excluding the provision of doubtful debt made on its trade receivables of RM4.1 million although 100% of workforces were allowed to operate and the quarantine measures were also being eased.
- (ii) The operating loss for Oilfield Services segment in FY2021 was RM3.6 million after excluding all the provisions on trade receivables (RM4.1 million), operating assets (RM3.2 million) and slow-moving inventories (RM4.5 million). It was worth noting that the performance of Oilfield Services segment was inconsistent at the operating level since FY2019 after being awarded a slew of slickline contracts in FY2018. The situation was worrying and please explain why Oilfield Services segment was loss making again in FY2021.

A13. *The GCEO explained that the segment loss for the Oilfield Services in FY2021 was due to the impairment made on a trade receivable of RM4.2 million, impairment of operating assets of RM3.2 million and allowances made for the slow-moving inventories of RM4.5 million. These impairment was made on prudent basis based on forecast of the activity level during the year end. However, the Company foresees better activity level. Hopefully the Company could recover from these impairments. Excluding these, the segment was at a lower loss of RM3.5 million, mainly due to deferment or reduction in activities impacted by the pandemic as well as the stringent quarantine requirements, which included well intervention and enhancement services, specialty chemicals and well stimulation services, as well as gas lift valve sales. Most of the projects and campaigns that were lined up for FY2021 had been deferred and postponed to FY2022. The Company also faced the monsoon season toward the end of fourth quarter 2021 where most of the slickline operation were affected. However, the Company are seeing some traction in the current year.*

Q14. Shareholder asked what the total order book and tender book were for that day, and the composition of order book contributed by each segment.

A14. *The GCEO replied that the order book was about RM410 million, mostly from Oilfield Services, whilst the tender book was about RM413 million, mainly for Power and Machinery. Therefore, the total order book was consistent with the projected revenue.*

Q15. Shareholder enquired about the progress of the partnership between Deleum Oilfield Services Sdn. Bhd. and Midad Holding to expand business in Saudi Arabia. Shareholder asked if the geographical expansion effort is still ongoing.

A15. *The GCEO explained that Deleum Oilfield Services was in the process of renewing the agency agreement with Midad Holding. The Company was exploring further opportunities in the Middle East such as Oman and the UAE.*

- Q16. Shareholder asked if any door gifts were given to the shareholder who attended the AGM.
- A16. *The GCEO replied that the Company had been diligently rewarding its shareholders by paying dividend in accordance with the Company's dividend policy.*
- Q17. Shareholder asked about the Company's future outlook. He further enquired on the token of appreciation for AGM attendees.
- A17. *The GCEO responded that he had addressed the Company's future plans in his earlier presentation.*
- Q18. Shareholder asked about the Company's expenses in the virtual AGM. He further enquired if the Company would reward its shareholders with bonus issue.
- A18. *The GCEO replied that the total cost of the AGM was approximately RM23,000. The Company has no plan to declare any bonus issue for the time being.*
- Q19. Shareholder highlighted that the Group's borrowings mostly comprised of Term Loans which were floating rate borrowings. With the latest increase in OPR by Bank Negara recently and more expected to come, the shareholder asked the following two questions:
- (i) Was the Company considering re-financing its loans due to expected increase in interest rate?
 - (ii) Was the Company considering its current borrowings options in order to minimize finance cost?
- A19. (i) *The GCEO replied that the Company would repay its borrowings by early 2024. There would be a cost involved on re-financing, therefore the Company had no plan to re-finance its borrowings.*
- (ii) *He explained that the Company would assess its borrowing options when the need arises, and the Company would ensure that the cost-effective options are available.*
- Q20. Shareholder stated that Oilfield Services segment, despite being the market leader, the development seemed to be quite worrying. The segment reported a big drop in revenue, turn to loss, and reported significant write down on assets, receivables and inventories over the past 2 years. Shareholder asked:
- (i) Was the business segment in trouble?
 - (ii) What caused the big drop in revenue and those big write downs over the past years?
 - (iii) Did management expect further writing down in coming years?
 - (iv) What was the outlook for the segment?

- A20. *The GCEO explained that most of the projects and campaigns lined up in FY2021 had been deferred to FY2022. This was a highly competitive market. However, the Company foresees some traction in the segment and do not anticipate any further big drop and write downs as the Company anticipated a recovery in its business.*
- Q21. Shareholder asked about the revenue derived from recurring income business such as maintenance for each of the reporting segments and the margin of those businesses.
- A21. *The GCEO replied that the revenue from recurring income was approximately 80% in FY2021. The margin of those businesses reported generally higher, between 5% to 30%.*
- Q22. Shareholder highlighted that among all the reporting segments, the power and machinery segment was the only segment that reported improved sales, and significantly higher margin than other segments. Shareholder asked if management should focus on the group's resources to drive the growth in the segment.
- A22. *The GCEO explained that Power and Machinery was the biggest contributor, Power and Machinery segment growth would have to come internally as the Company gains market shares and from other opportunities other than oil and gas sector. The opportunity for the growth was limited due to geographical factor as the segment only operates in Malaysia for the time being.*
- Q23. Shareholder asked about the value of existing and ongoing contracts that were still attended to by DPSB and when DPSB would know the result of its appeal to Petronas for the uplifting of suspension for its license.
- A23. *The GCEO replied that some of the DPSB's contracts were in Malaysia and the other was in Indonesia. The Indonesian contracts were ongoing. There was approximately RM40 million to RM50 million at the moment. As mentioned earlier, the Company was submitting an appeal on the license suspension, and he assured that hard work was being put on to resolve the issue.*
- Q24. Shareholder asked about the Company's business and profits growth outlook going forward given the improved oil and gas global prices and recovery. Meanwhile, Petronas had recently suspended the Company's subsidiary companies due to improper/corrupt practices. Shareholder asked about the impact since the Company's business depends on Petronas. Shareholder enquired where the corporate integrity was and how the Company/Board would ensure that there was check and balance and integrity at all corporate level management.
- A24. *The GCEO explained that with the increase in oil and gas global prices and recovery of the industry, the Company anticipated an increase in its activity level. The Company would take advantage of the increase in activity and look for expansion. A corporate compliance function was established in July 2021 to oversee the compliance initiatives. This was one of the Company's key initiatives as mentioned earlier. The*

Board and management continued to take necessary steps to oversee the integrity, ethical management and corrupt practices at all levels of management. Only Deleum Primera's license was suspended while the rest of the licenses were renewed as usual. The Company was working hard to resolve the issue.

Q25. Shareholder referred to the GCEO's reply that the total outstanding order book was only RM200 million, but in last year or the year before the outstanding order book was about RM900 million. Shareholder asked the Company to explain a big drop in the Company's order book.

A25. *The GCEO replied that the order book was about RM400 million whilst the tender book was about RM400 million. Deleum is hopeful to secure the tenders and turn into order book. The big difference from the previous year is due to the changes in the contract nature for gas turbine contracts. Previously it was a long-term service agreement and had recently converted to a shorter term.*