

## AGM 20<sup>th</sup> December 2023 Chairman's Statement and Q&A

Chairman: I would like to speak about the more general affairs of the company. The situation is as follows:

Kaidi in Wuhan and other parts of China has gone through a restructure and the government has appointed its own nominee to effect that restructure. That restructure as we understand includes Kaidi and its subsidiaries and Zhongying. The restructure, I'm told, has almost completed. Our interest in our Zhongying joint venture, and so our original investment advanced to Kaidi originally, is supposedly being taken up by the new restructured company and we are waiting to see the value that they have been taken up. But it does appear that there is value even if we have to say it is just hope value still. And that is why LAC and its Board of Directors are continuing with the work we have been doing. It's very difficult until we have a face-to-face meeting in China again to work out exactly what this will mean for our shareholders. There has been some indication that it could be substantial. But I've put no faith in anything at this stage, other than to say that there is engagement from China with LAC. and we have signed various documents agreeing to the turnaround work that has been done in Wuhan. I am hopeful, having had communication with the Chairman, Mr. Chen in Wuhan, that there might be a meeting that in 2024. If that goes ahead that will give me a better idea as to where we stand. And that hopefully will give me a better idea to report to you as shareholders where we stand, and we will do that as soon as we can.

Chairman: There are no submitted written questions, so I will take questions from the floor and Zoom.

George Taylor: There are two issues for the long-suffering shareholders. One is the amount of any returns to them, and I understand it's very difficult to predict and frankly I think we've all probably effectively written it off. What would also be helpful would be the second issue about timing. Looking around the room and so on and other participants, none of us are very young anymore and I just wondered if you had any sense as to when we might bring the whole thing to conclusion, possibly with a few pennies back to the shareholders, and be able to wrap up the whole business?

Chairman: George, thank you for your questions. They are both good but very difficult ones. I have been waiting in 2023 for more information from China. The final completion of the turnaround was meant to be October of 2023. I have not heard whether that October date has been met or not. But originally it was October, and we were meant to go to China and have a discussion in December with Mr. Chen. However, that was put off until next year, which indicates that everything has not been completed yet. So, I have written again and I'm waiting to hear about a meeting for next year.

George Taylor: OK, we must be a bit of a nuisance to them at the moment and probably the only sensible tactic is to play on that fact, that we are a bit of a nuisance and hope they will at the end of the day put some money our way to make us essentially go away.

Chairman: I think George, that's a very fair interpretation. But I can't, at this moment, give you more comfort than what I know.

David F: I think it is fair to add, there has been some engagement. It went very quiet at the end of 2022, beginning of 2023, but this year there has been some engagement from China. So we all hope that it's more than just wishful thinking and that they are engaging with us. We will see.

Brian Tomlinson: When you say completed in October, this is the restructuring, right? And Mr. Chen, just for reminding, is he the chairman of Kaidi? That's where the communication has been, not with the government nominee, who is in charge of the restructuring?

Chairman: In a most peculiar way, the government nominee reports to Mr Chen.

Mark Field: The interconnection between government and businesses is sort of slightly Byzantine by our standards.

Chairman: Mark's role in the UK Government was as Minister for Asia Pacific, so he does know a bit about how China works, and that is why we brought him on board.

Mark Field: I'm just going to say, Mr Taylor, I think your realism is refreshing. It is entirely speculative as to whether we get nothing or we get something meaningful allowing for a decent payout to shareholders as a reward for their patience over the years.

On the geopolitical side, the one thing I would say is a lot now hinges, I think, on the outcome of the Taiwanese presidential election that takes place, the first round at least, in January next year. Will tensions between the West, US and UK and Europe and China deteriorate or will they go into a slightly more moderating phase? Obviously given what's happened geopolitically in Ukraine and more recently in the Middle East, the eye has been taken off the ball a little bit on the US - China relationship. But I think it is still fairly active. As I say, much depends upon the outcome in Taiwan. If the results are pro improving relations with China, we might be in a position where there will be more of a desire from the Chinese Government to try and normalise commercial relations with the West. And I think that could be our opportunity perhaps some time next year.

George Taylor: I am not sure that is reciprocated in the West, but never mind. One can hope. We have to get on with China at the end of the day.

Mark Field: Well, Mr Taylor, that's absolutely always been my view as well. And as you will gather in the current Government, there is a lot of tension, not least from our backbenchers. Things might change, but it seems today candidly that we are likely to have a change of government in the UK in the next 12 months. I suspect any Labour government would be a little more pragmatic about relations with China. So again, I think there are all sorts of opportunities and we are hopefully ready to try and take advantage of those as and when they play out.

George Taylor: Maybe my grandchildren will benefit.

Stephen Lee: My question really is the same as George's. First of all though, I'd like to thank you all for your patience in this. I'm a very small shareholder, bought some of these shares twenty years ago through Barclays. So I'm sort of their beneficiary and they are the nominee, they're the holders obviously. I read the emails we get from you regularly and I think, crikey, you know, you guys have got far more money invested in this than I have. I think I've got ten thousand shares in it, which is peanuts. I'm just interested and the chance of sitting in on the AGM via Zoom was one I couldn't resist. I'm surprised there aren't more independent people like myself here. George has asked the right questions. Obviously you know when and how much is speculative and I appreciate the work you're doing, and I appreciate all the political goings on and so on. So we just keep our fingers crossed and if we get something, it's a bonus. That's it. So keep up the good work, I say.

Chairman: Thank you. Your directors and officers have not been paid, but we've aligned ourselves with shareholders as a result of the shares that were held by the Employee Benefit Trust and which have been now distributed to directors. And so if there's anything that can

be beneficial for shareholders we will benefit, but obviously you will benefit and it seems to make sense at this stage when there is literally little to no money in the company to keep going and just trying to see whether a benefit could be there, and substantial or not, if it can be realised? And that is another point. It's not just the value of our contribution in the turnaround. It is also the ability to realise that value, whatever if anything it proves to be, and transfer funds out of China. So that we can then distribute funds. Is that a general problem, Mark?

Mark Field: I think at the moment, it is problematic. But one of the things that strikes me, given what leverage capital investments are in biomass and green energy, if relations do improve and become more organised between China and the US, you could see that this conglomerate Kaidi could well be an attractive proposition for U.S. investment or a US buyer. There would have to be all sorts of due diligence. And then people will ask, "what's this London Asia Capital, this joint venture, etc etc.", at which point there will obviously be a strong incentive on Kaidi's leadership to regularise the situation as far as we are concerned.

But again these are all speculative steps down the line. All that I think you know, is obviously in the realm of speculation and why we continue to invest time in essentially treading water because there is potentially some value tied up in what I think is a classic area where China and the West should be cooperating in the whole environmental science and innovation sphere. So it seems sensible, and I don't think whatever work we continue to do is akin to throwing good money after bad. I think it is worth us investing our time in the hope, and that is what it is just hope that things can turn around.

David Fordham: I would just like to add to that with getting on for a thousand shareholders actually there is quite a lot of ongoing administration as you can imagine.

Mark F: I agree, David, I know there's a huge amount of work behind the scenes.

David Fordham: There are all the usual governance reporting requirements but with our shareholders and nominee shareholders there are lots of admin requests regularly coming in that have to be dealt with. So, we all look serene here but actually, our little legs are paddling sometimes quite furiously. It doesn't add value, of course, but it's work that has to be done to keep the company shipshape, so that if value should appear, we are ready to take advantage of that.

Brian Tomlinson: So there seems like there are a number of steps, which we don't know about. But if an agreement on terms is reached and presumably accepted, how easy does that money get transferred across here?

Chairman: So that's the major question. There are a number of moving parts. First of all, we have to have confirmation that the debt, our investment in Zhongying if you like, owed to LAC has indeed been taken on by the new company under the restructuring. And if not, where has it gone? I am told that it has been, we've signed papers to the effect that it has been, but we'd like to know and have confirmation where it's gone.

Second of all, we have to understand what the value is. It could be pennies or it could be seven figures. We just don't know at this moment. And we just have to wait and see where that finalises out at.

Thirdly, we then have to work out whether we are stuck with shares in a company with our value in it or whether that value can be realised in cash.

And the fourth thing is that we have to work out that if there is meaningful value, if it can be

realised in cash, and actually transferred out of China. Because the exchange control regulations in China at the moment don't allow that. So, we've got a number of hurdles. But we're trying to do it one step at a time, and the first step is to try and get a meeting with Mr Chen and information from Mr. Chen and work out exactly where we are.

Brian Tomlinson: You said there's some indication that the payment could be substantial?.

Chairman: Well it's all anecdotal really. We have never been able to carry out due diligence that we would consider here to be the norm. Paul and I have tried very hard in the past to get a current valuation of what our stake was in Zhongying, which is now, if you like, thrown into the turnaround pot and so checking that value emerges somewhere else in the Kaidi Group.

We can't put any hard value on it. Zhongying did have an interest in land in an industrial area, that must have a value, and in coal mines and in factories, some of which we visited. But beyond that we have not been able to apply any test on it I'm afraid.

Brian Tomlinson: And can the company finance its financial obligations? I can't remember if there is any cash in the balance sheet, in London.

Chairman: It is actually with great difficulty. We are staying solvent, but there is no cash or rather there is negligible cash.

Brian Tomlinson: Are we paying out fees in shares or is there an arrangement for that?

Paul Bobroff: We have ensured that there is sufficient cash to pay the small obligations that we have and there is very little basically, other than fees, accountancy, statutory filings. But we are not doing anything, and all our time and effort is not charged. We are keeping it going.

Brian Tomlinson: So there is no need to raise any money for the next 12 or 18 months?

Paul Bobroff: If things stay as they are, I don't think it would be necessary and nor, frankly, would it be appropriate, unless there was some outcome that we were much more confident of achieving.

Brian Tomlinson: I mean it's chicken and egg, isn't it to some extent because if you believe that there is an outcome and you need the money, then you have to raise the money, you know, to achieve the outcome.

Paul Bobroff: We will have to see.

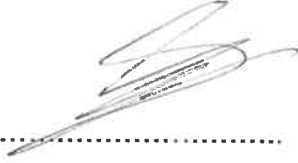
Chairman: There is nothing more we can do.

David Fordham: As Company Secretary, I am comfortable that the statutory obligations are currently being met. No one is currently being paid. Yes, there is the requirement for admin time, and also there is some director's time. But that's all very conditional on the company being in funds. We do need some third party professionals and that's really the accountancy and audit fees. After discussing with the directors I am currently satisfied that those costs can be covered for 12 months, even if that means that the company runs up a little bit of debt to pay that. The directors have arranged for some standby third part funding. So as we stand today, I think the directors are comfortable in saying, that the company can keep going from here for another 12 months.

Chairman: There being no more questions, ladies and gentlemen, I think our Q and A is done

and thank you very much indeed, for attending. I do appreciate it. I hope it was useful for you just to receive a bit more information. We will keep you posted, and if there is any news of substance, we will post it on the company website. Thank you very much indeed. This meeting is now at an end.

Annual General Meeting closed.

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Chairman

