

MUHIBBAH ENGINEERING (M) BHD
Registration No.: 197201001137 (12737-K)
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF THE COMPANY (“MEB”) HELD FULLY VIRTUAL VIA THE REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”) PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD VIA THE TIH ONLINE WEBSITE AT [HTTPS://TIH.ONLINE](https://TIH.ONLINE), ON MONDAY, 7 MARCH 2022 AT 11.00 A.M.

PRESENT : As per the Attendance List

EGM/1 PRELIMINARY

Tan Sri Zakaria bin Abdul Hamid (“**Tan Sri Zakaria**” or “the **Chairman**”), the Chairman of the Company took the Chair and he welcomed everyone to the Meeting. The Chairman then introduced the Board members to everyone and informed that the Company Secretary from Boardroom Corporate Services Sdn Bhd, the Principal Adviser from RHB Investment Bank Berhad, the representatives of Messrs. Azman Davidson & Co and the External auditors were also in the Meeting.

The Chairman highlighted that the fully virtual Extraordinary General Meeting (“**EGM**”) held through the online platform was in accordance with Section 327 of the Companies Act 2016 (“**CA 2016**”) and the Company’s Constitution.

The Chairman requested the shareholders to raise questions that are kept strictly to the agenda as specified in the notice of the meeting, and that recording of any form on today’s Meeting was prohibited.

EGM/2 QUORUM

With the requisite quorum being present pursuant to Article 63 of the Company's Constitution, the Chairman declared the Meeting duly convened at 11.00 a.m. The Joint Company Secretary reported that shareholders of 266,452,277 shares have lodged their proxies within the stipulated time and the holders of 218,895,772 shares have appointed the Chairman of the meeting to be their proxy.

EGM/3 NOTICE OF MEETING

The Notice of Meeting having been circulated to shareholders and published in “The Star” newspaper on 16 February 2022 was taken as read. Only members whose names appeared in the Record of Depositors on 23 February 2022 were eligible to attend the meeting.

EGM/4 POLLING AND VOTING PROCEDURES

The Chairman informed the shareholders that in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of the Meeting shall be put to vote by poll.

The Chairman added that the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) as the Poll Administrator to conduct the e-polling exercise and Coopers Professional Scrutineers Sdn Bhd as the Scrutineer to verify the poll result.

Tricor proceeded to provide a video briefing on the voting procedures to the shareholders. The Chairman announced that the voting session has commenced since 11.00 a.m. today and will be closed at a later time to be informed by the Chairman.

ORDINARY BUSINESS

EGM/5 PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 256,593,125 NEW ORDINARY SHARES IN MEB (“MEB SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING MEB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED RIGHTS ISSUE OF SHARES”)

The Chairman informed the Meeting that this Agenda was to approve the proposed rights issue of shares.

The Chairman welcomed the shareholders and proxies to send in their questions and the Board shall respond to the relevant questions under the Question & Answer (“**Q&A**”) session.

The Chairman then put the motion to vote by poll later.

EGM/6 QUESTIONS AND ANSWERS SESSION

Mr. Mac Chung Jin (“**Mr. CJ Mac**”) presented to the shareholders the Company’s responses to the questions received prior to the EGM, accordingly there were a few questions received in relation to the e-vouchers or Touch N Go’s reload pin. Mr. CJ Mac responded that in view of the streamlining exercise of the Company, the Company will not be providing any e-vouchers or Touch N Go’s credit to the shareholders.

Following, Mr. CJ Mac, the Deputy CEO & Executive Director of MEB and Ms. Shirleen Lee Poh Kwee (“**Ms. Shirleen Lee**”), the Group Finance Director of MEB addressed the live questions received from the shareholders/proxies as follows:-

LIVE QUESTIONS AND ANSWERS

A1: **Question:** (a) How was the country recovery? (b) Progress in the Company and the war impact on the Company?

Answer: (a) Malaysia was affected by Covid-19 in year 2020 and 2021 with most companies restricted to operating at 60% capacity. With ramp up of vaccination rate, Malaysia is progressing in accordance to National Recovery Plan which enabled most companies to resume operation at 100% capacity along with easing of Movement Control Order. Accordingly, Malaysia is on its path to recovery.

The Russia-Ukraine geopolitical tension would be the shortage of crude oil supply, which is evidenced from the spike in crude oil price to USD130 per barrel on the 6 Mar 2022. Malaysia as a crude oil producer stands to benefit from the rising crude oil price as a direct result of the potential sanction on oil produced from Russia. A high crude oil price environment along with need for diversifying crude oil supply (for risk management purposes) is likely to spur capital expenditure (“Capex”) investment in the global oil and gas sector. This scenario is likely to benefit Muhibbah Group in the following manner:

1. Muhibbah Construction being a niche oil and gas contractor is likely to benefit from Capex investment in oil and gas platform;
2. Muhibbah Marine Engineering, which is a qualified shipyard, stands to benefit from additional construction of offshore oil and gas vessel; and
3. Muhibbah’s listed subsidiary, Favelle Favco which is a world-renowned offshore oil and gas crane producer stands to benefit from additional demand for offshore oil and gas cranes.

All things considered and barring unforeseen circumstances, Muhibbah Group should be a beneficiary of the crude oil production cycle from the demand perspective in the mid to long term. .

- A2: **Question:** (a) How much does the Company spend on this virtual EGM?
(b) What is the rationale for this proposal of right issue?

Answer: (a) The cost of this virtual EGM is approximately RM17,000.
(b) Three (3) rationales for the proposed rights issue exercise includes:(i) strengthen the capital of the Company; (ii) to capture potential major Merger and Acquisitions opportunities; and (iii) to repay the bank borrowingd and save the interest cost at the same time.

- A3: **Question:** (a) Is China Mainland the main competitor of Company in oversea player competitor list? (b) How was overseas business growth, are Environment, Social and Governance (“**ESG**”) increase of rate of more foreign player participate in stakeholder and investment?

Answer: (a) China has presence in almost all geographical exposure that Muhibbah Group is participating in including domestically where Muhibbah Group has more exposure to. The Government of Malaysia has been supportive of domestic construction players for the past two (2) years and we expect this to be a boom to local players.

Favelle Favco Berhad’s (“**FFB Group**”) oversea business is relatively strong with approximately 70% revenue derived from overseas. Under the construction segment, Muhibbah Group is presently focusing on domestic market.

- A4: **Question:** How is the business outlook in the next 3 to 6 months?

Answer: In relation to the oil and gas division, we observe indication of impending projects award against the backdrop of rising crude oil price environment. The higher global covid vaccination rate has led to easing of travel restrictions and uptick in tourism activities. Our Cambodia Airport division stands to benefit from the pickup in traveling activities and we are observing recovery indication of this.

- A5: **Question:** I strongly disagree with the right share proposal which affect MEB’s share price performance. Is the money raised use to meet the FFB Group funding requirement?

Answer: As explained in the A2 above, the money raised is not to meet FFB Group funding requirement, FFB Group is in net positive cash position Company of which it does not require funding to be raised.

- A6: **Question:** How was the Company Dividend policies?

Answer: The Group does not have an existing fixed dividend policy. The dividend declaration is based on the Group’s performance from time to time.

A7: **Question:** How many participants are there in this virtual EGM?

Answer: As reported, there are 104 participants who logged in to this virtual EGM at the commencement of the Meeting.

A8: **Question:** Has the rights issues price been fixed?

Answer: The final issue price will be determined by the Board and announced at a later date. The theoretical ex-rights price will be based on five (5) days volume-weighted average share price immediate proceeding with the price listing date.

A9: **Question:** When will the right issue document be expected to be sent to the shareholders?

Answer: If rights issues are approved by the shareholders at this EGM, the Group expects to send the Abridged Prospectus by end of March 2022.

A10: **Question:** Recently MEB keep buying FFB's shares, if MEB needs money why still buying FFB's shares?

Answer: Favelle Favco Group has good prospects & MEB satisfied with FFB's performance.

A11: **Question:** Please advise the latest status of the Cambodian airport issues

Answer: As a result of the synchronized global travel restriction imposed over the last 2 years, the passenger volume of our Cambodia Airport has decreased substantially from pre-Covid level of 12 million per year to only 270,000 passengers in year 2021. Cargo volume is more resilient in comparison (to passenger volume) which experienced a decline of 20% in 2021. Despite low passenger volume, the Cambodia Airport business registered positive Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") on the back of cost rationalization efforts. For 2021, the Cambodia Airport business achieved EBITDA breakeven, before considering of depreciation, which is non-cash in nature. On 15 November 2021, the Government of Cambodia had announced reopening of its borders with relaxation of rules in respect of deposit and 14 days quarantine requirements from travellers with full vaccinations. Pursuant to this, the Cambodia Airport had experienced increase in the number of passengers' arrival in Cambodia. The monthly passenger' arrival in Cambodia have increased from approximately 24,000 a couple of months ago (November 2021) to approximately 58,000 presently (February 2022). Against the backdrop of easing travel restriction and increase in business activities, Muhibbah Group is sanguine on the outlook of recovery in passengers' arrival for Cambodia Airports in 2022.

A12: **Question:** Without China re-open the border for travelling, is Cambodia airport profit can be recovered without Chinese tourist? How many travelers required to breakeven the cost of airport operation?

Answer: Travellers from China account for approximately 30% of Cambodia's tourists arrival. Against the backdrop of borders reopening by many western countries and gradual transition from pandemic to endemic phase, passenger volume is expected to improve. For context, the Cambodia Airport division were able to break even operationally, generating sufficient cash to maintain its operation even during the lock-down period from April to November 2021.

A13: **Question:** How much additional new order book foresee for the infrastructure division for 2022?

Answer: The Group concentrates on a profitable infrastructure project with lower turnover rather than total order book size.

A14: **Question:** Is MEB having difficulty to borrow loan from the Bank or cash flow issue that caused MEB raise funds through Rights Issue?

Answer: No, the Group does not have difficulties to borrow loan from the Bank. However, the Company should not maximize its borrowing till resulting in high gearing level. As explained earlier, the Group is exploring opportunities for mergers and acquisitions.

A15: **Question:** The total money raised from right share is about 100 millions. However, the current liability is around 900 millions. After subtracting the money raised from right share and cash on (450 million), there is still around 400 million net debts. How to clear the debt which is expected to pay within one (1) year? (current liability)

Answer: This is not the right way of calculation. The current borrowing is for the working capital purpose to fund the business operations. The Group's gearing is at a comfortable level. The Group continues to have business to be financed by its working capital.

A16: **Question:** Since company is lacking of cash and high in current debt, why not converting the current liability to long term liability? Furthermore, what is the reason behind to acquire Favco (subsidiary) share with a high cost (1year high market price) even though the Company is lacking of cash?

Answer: Please refer to item A11. Currently, the Company has already a good combination of short-term borrowings and long-term borrowings.

A17: **Question:** Is it necessary for the company to conduct this massive rights issue when the share price was at a record low? The shareholders are better off without this rights issue when the Company has no immediate liquidity needs.

Answer: The shareholders have a fair and equal chance to subscribe for the rights on a pro-rate basis. There is no dilution to the shareholders' rights. The low rights issue price has low risk to shareholders. On the other hand, with the fund or proceeds from the right issue, the Company is able to acquire a profitable business with lower price under the current market sentiment. This will be a win-win situation for both the shareholders and the Company.

A18: **Question:** Why MEB's construction division still suffer lose in Quarter 4 result even though the Standard Operating Procedures ("SOP") is loosen and almost all construction is allowed?

Answer: The resumption of business activities following relaxation of Movement Control Order is not universally applied to all businesses and sectors. Due to the inherent nature of supply chain, supply disruption can occur when any one sector within the supply chain faces disruption. Some of the registered losses were attributable to reversal of profits recognized previously by certain affected projects while many of our other projects are profitable. Domestic market will be our primary focus as international market are generally more challenging and are less profitable than our domestic ones.

A19: **Question:** When is the management expects profit back to the black for MEB?

Answer: Barring unforeseen circumstances, the Group expects better results in the year 2022.

A20: **Question:** Since the intention of raising fund is for future merger and acquisition, does the Company already has a target in mind?

Answer: The Company does have some targets in mind and continue to look for the right target. The Company will announce to the shareholders if a deal is finalized.

A21: **Question:** Do you positive that MEB's share price will recover after the acquisition of the company from the rights issue proceeds.

Answer: Usually when there is a successful acquisition which creates value to the Group, the share price normally increase.

EGM/7 POLLING PROCESS

After having addressed all the relevant questions raised and that there was no notice of any other business for the EGM received by the Company, the Chairman declared the closure of the agenda and the Q&A session.

The Chairman adjourned the EGM for approximately 30 minutes for the voting and polling process.

EGM/8 ANNOUCEMENT OF POLL RESULT

The EGM was re-convened and the Chairman called the meeting to order for the declaration of the result. The Chairman informed the shareholders that the Scrutineer had verified the poll voting result and that the poll voting result were as projected on the screen. The poll voting results is attached herewith as "Appendix A".

Based on the poll result verified by the Scrutineers, the Chairman announced that the resolution tabled at the EGM of the Company had been duly carried.

EGM/9 CONCLUSION

There being no further business, the Chairman declared the Meeting closed at 12.20 p.m. and thanked all present at the Meeting.

**SIGNED AS A CORRECT RECORD
OF THE PROCEEDING THEREAT**

CHAIRMAN