

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

MINUTES OF THE FORTY-EIGHTH ANNUAL GENERAL MEETING (“48TH AGM”) OF THE COMPANY HELD FULLY VIRTUAL VIA REMOTE PARTICIPATION AND VOTING AT THE ONLINE MEETING PLATFORM OF TIIH ONLINE ON TUESDAY, 29 JUNE 2021 AT 1.00 P.M.

PRESENT : As per the Attendance List

AGM48/1 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 External Auditors and the Company Secretaries were also in the Meeting.

The Chairman highlighted that the virtual Annual General Meeting (“**AGM**”) 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.

AGM48/2 QUORUM

With the requisite quorum being present pursuant to Article 63 of the Company's Constitution, the Chairman declared the Meeting duly convened at 1.05 p.m. and informed that shareholders of 266,584,635 shares have lodged their proxies within the stipulated time and the holders of 225,494,033 shares have appointed the Chairman of the meeting to be their proxy.

AGM48/3 NOTICE OF MEETING

The Notice of Meeting having been circulated to shareholders and published in “The Star” newspaper on 31 May 2021 was taken as read. Only members whose names appeared in the Record of Depositors on 18 June 2021 were eligible to attend the meeting.

AGM48/4 POLLING AND VOTING PROCEDURES

The Chairman informed the shareholders that in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions 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 Cooper Professional Scrutineers Sdn Bhd as the Scrutineer to verify the poll results.

Tricor proceeded to provide a video briefing on the voting procedures to the shareholders. The Chairman announced that the voting session has commenced since 1.00 p.m. today and will be closed at a later time to be informed by the Chairman.

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

AGM48/5 MINORITY SHAREHOLDERS WATCH GROUP Q&A

Mr. Mac Chung Jin (“**Mr. CJ Mac**”) presented to the shareholders the questions raised by the Minority Shareholders Watch Group (“**MSWG**”) via its letter dated 18 June 2021 along with the Company’s reply. A copy of the presentation is set out in “Annexure A” of this minutes.

ORDINARY BUSINESS

AGM48/6 AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND THE REPORTS OF THE DIRECTORS AND AUDITORS

The Company’s Audited Financial Statements (“**AFS**”) for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon, were tabled for discussion.

The Chairman informed the shareholders that the AFS for the financial year ended 31 December 2020 were intended for discussion only as the provision of the Section 340(1) of CA 2016 provides that the AFS are to be laid before the members at the AGM. There is no requirement for a formal approval of the shareholders and hence, it would not put for voting.

The Chairman declared that the Audited Financial Statements have been duly received and adopted by the shareholders.

**AGM48/7 ORDINARY RESOLUTIONS 1, 2, 3 AND 4
RE-ELECTION OF DIRECTORS RETIRING PURSUANT TO ARTICLE
85 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that resolutions no. 1, 2, 3 and 4 were on the re-election of Directors who retire pursuant to Article 85 of the Company's Constitution, and that the retiring Directors have offered themselves for re-election.

Ordinary Resolution 1 - Re-election of Mr. Ooi Sen Eng
Ordinary Resolution 2 - Re-election of Encik Abd Hamid bin Ibrahim
Ordinary Resolution 4 - Re-election of Encik Sobri bin Abu
Ordinary Resolution 4 - Re-election of Dato' Sri Khazali bin Haji Ahmad

The Chairman put each of the abovementioned motion to vote by poll later.

**AGM48/8 ORDINARY RESOLUTION 5
APPROVAL FOR THE PAYMENT OF DIRECTORS' FEES AND
BENEFITS PAYABLE OF UP TO RM2,300,000 FROM 30 JUNE 2021
UNTIL THE NEXT AGM OF THE COMPANY**

The Chairman proceeded to the next item on the Agenda, which was to approve the payment of directors' fees and benefits payable of up to RM2,300,000 from 30 June 2021 until the next AGM of the Company.

The Chairman put the motion to vote by poll later.

**AGM48/9 ORDINARY RESOLUTION 6
RE-APPOINTMENT OF AUDITORS**

The Chairman informed the Meeting that this Agenda was to approve the re-appointment of the retiring Auditors, Messrs. Crowe Malaysia PLT which had indicated their willingness to continue in office as Auditors of the Company for the ensuing year and for the Directors of the Company to fix their remuneration.

The Chairman put the motion to vote by poll later.

SPECIAL BUSINESS

**AGM48/10 ORDINARY RESOLUTIONS 7 AND 8
RETENTION OF INDEPENDENT DIRECTORS**

The Chairman proceeded to the first agenda item under special business which was to seek shareholders' approval on the retention of Independent Directors.

Ordinary Resolution 7 - Retention of Tan Sri Zakaria bin Abdul Hamid
Ordinary Resolution 8 - Re-appointment of Encik Abd Hamid Bin Ibrahim

As Tan Sri Zakaria was one (1) of the Directors seeking for retention, the Chairmanship was then handed to Mr. CJ Mac to chair this segment of the Meeting.

Mr. CJ Mac informed the shareholders that Tan Sri Zakaria and Encik Abd Hamid Bin Ibrahim have each served for more than 12 years as the Company's Independent Directors. The Board has considered them to be independent and recommend them to be retained as Independent Non-Executive Directors in light of their years of experience and invaluable contributions to the Company.

Mr. CJ Mac put the motion to vote by poll later.

**AGM48/11 ORDINARY RESOLUTION 9
AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN
THE COMPANY PURSUANT TO SECTION 75 OF THE COMPANIES
ACT, 2016**

The Chairman proceeded to the second item under special business which was to seek shareholders' approval on the authority for the Directors to issue and allot new shares up to an aggregate amount not exceeding 10% of the total issued share capital of the Company pursuant to Section 75 of the CA 2016.

This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The Chairman put the motion to vote by poll later.

**AGM48/12 ORDINARY RESOLUTION 10
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

The Chairman proceeded to the next item under special business which was to seek shareholders' approval on the Proposed Renewal of Authority for Share Buy-Back, as detailed in the Statement to Shareholders dated 31 May 2021.

The Chairman put the motion to vote by poll later.

**AGM48/13 ORDINARY RESOLUTION 11
PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE
OR TRADING NATURE**

The Chairman proceeded to the last item under special business which was to seek approval from shareholders for the proposed renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature, as detailed in the Circular to Shareholders dated 31 May 2021.

The Chairman put the motion to vote by poll later.

AGM48/14 QUESTION AND ANSWER SESSION

Mr. CJ Mac presented to the shareholders the Company's responses to the questions received prior to the AGM, a copy of the presentation is set out in "Annexure B" of this minutes.

Following, Mr. CJ Mac addressed the live questions received from the shareholders as follows:-

LIVE QUESTIONS AND ANSWERS

A1: **Question:** (a) In view that the Group's order book for its construction division has dropped by more than 50% from the financial year ("FY") 2019, has Muhibbah started seeing any recovery in FY2021 and what is the Management's comment on the current outlook for this division? (b) Muhibbah was in the red since FY2019, how likely can Muhibbah return to profit in the coming years? (c) How much is Muhibbah's current tender book?

Answer: (a) The Group has been actively participating in tenders for projects in the oil and gas as well as Marine and Infrastructure industry. Some of these projects were awarded to the Group, albeit it being at a smaller scale. The Management will continue their effort to participate in more tenders in hope for better order book replenishment. (b) As for the outlook in FY2021, the Group remains cautious in view of the evolving pandemic situation and will continue to monitor the situation and take the appropriate action. (c) The Group's current order book will sustain the Group until 2023.

A2: **Question:** (a) In view of the surge in demand for container-related vessels, will this benefit Muhibbah's shipbuilding and ship repair business? (b) Is there any possible merger and acquisition ("M&A") for the Group at current times?

Answer: (a) Our shipyard currently has a quite a number of ship repair works but is rather slow in shipbuilding activity. There are potential shipbuilding collaborations that the Group is looking at but is not able to reveal the details at the moment due to confidentiality. (b) As for M&A opportunities, the Group is always on a look out for good opportunities that will benefit the Group.

A3: **Question:** Is Muhibbah facing any deferment or cancellation of order due to the lockdown in Malaysia?

Answer: Due to the Movement Control Order ("MCO") in Malaysia, most of the Group's ongoing construction projects experienced delay, but none has been cancelled. Further details regarding impact on Muhibbah's projects are set out in MSWG's Q&A No. 5.

- A4: **Question:** (a) What is the profit margin erosion suffered by the Group arising from the current tough operating environment? (b) What is the Group's capital expenditure ("**Capex**") plan for the year 2021?

Answer: (a) In general, the Group suffered increased cost and prolongation costs due to tough operating environment. The quantum depends on the speed of recovery of economy and ability to recoup such cost from the client. (b) There is no major Capex plan for the Group in the year 2021 in view of the pandemic situation.

- A5: **Question:** (a) What are the jobs the Company is bidding and whether they are made up of concession contracts in majority? (b) Please provide an earnings guidance for FY2021.

Answer: (a) As mentioned earlier, the Group bids for both oil and gas and non-oil and gas projects like those in the marine and infrastructure industry as well as some construction and maintenance projects. (b) For FY2021 financial performance, the Group remains cautiously optimistic as the performance of Group is largely influenced by the evolving pandemic situation and economic development.

- A6: **Question:** As there are increasingly more construction and engineering related projects in the renewable energy sector locally as well as in the other regions, does the Group has the capability and skills to competitively bid for such projects? Is the Group undertaking any such project at the moment?

Answer: The Company's subsidiaries like Citech and Exact group of companies have track record in the renewable energy sector. Citech is in the business of waste heat recovery units (WHRU) and has continuously secure projects from all over the world. The Group is currently exploring ways to increase participation in such sector.

- A7: **Question:** How has Favelle Favco Group ("**FFB Group**") contribute to the Group's prospect?

Answer: At present, the order book contribution from FFB Group is almost equal or slightly more than the Group's order book for its construction division. In the past, FFB Group's order book contribution is about 30%. The contribution ratio between the Cranes and Construction divisions will largely be driven by the global and local economies which can be cyclical at times.

A8: **Question:** Please provide some details on how the Company plans to address its high gearing ratio during this challenging time.

Answer: In the second half of 2020, the Management has undertaken cost cutting measures such as implementing pay cut across the Group and introducing the voluntary separation scheme to eligible employees. This is expected to provide significant cost savings to the Group, with full year impact to be reflected in FY2021. The Group continues its efforts to secure orders, restructure and merge some of the Group's business segments to be more cost lean, as well as divesting some of the idle assets, as the management's initiatives in managing the Group's gearing.

A9: **Question:** What is the nature of the Group's new investment in associate in FY2020? Is this for M&G Sutera 8?

Answer: Yes, it is for M&G Sutera 8 Sdn Bhd.

A10: **Question:** Was there any impairment exercise conducted for the Group's airport associate in Cambodia? If yes, please provide details.

Answer: Based on the Group's assessment, no impairment has been made thus far on the Group's airport associate. The Group expects gradual rebound of air and passenger traffic starting this year in line with the easing of the COVID-19 restrictions. The recovery of air travels is closely dependent on the development of global vaccination programs and subsequent easing of COVID -19 travelling bans imposed by various countries.

A11: **Question:** (a) Has the Group's Cambodia airport concession affected the Group's results for FY2020? (b) What is the financial impact of the prolong MCO on Muhibbah's operation? (c) Is there potential recovery for Muhibbah's share price which has plunged significantly?

Answer: (a) The financial performance of the Cambodia airports was badly hit by the COVID-19 restrictions and this has certainly affected the Group's results for FY2020, especially from the second half of 2020. (b) As to the impact of the various MCO implemented, the Group has always been adhering to the Government's Standard Operating Procedures ("SOP"). Some of the Group's projects in the infrastructure construction and oil and gas industries were able to operate although not at full capacity due to the SOPs enforced during those times. (c) On the Company's share price, the Group opined that it is largely due to the overall weak market sentiment which has caused valuation of companies in similar industry as the Group to deteriorate quite substantially but remain optimistic on the Group's future prospect.

A12: **Question:** Did the Group participate in any of Siem Reap Tourism development plan?

Answer: None at the moment.

A13: **Question:** What is the passenger traffic for the year 2021 as compared to 2020?

Answer: Cumulative passenger traffic for the Group's airport concession in Cambodia is approximately 115,000 from Jan 2021 to May 2021 as compared to 2.3 million passenger traffic in the full year 2020.

AGM48/15 POLLING PROCESS

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

The Chairman adjourned the 48th AGM for approximately 30 minutes for the voting and polling process.

AGM48/16 ANNOUCEMENT OF POLL RESULTS

The 48th AGM was re-convened and the Chairman called the meeting to order for the declaration of the results. The Chairman informed the shareholders that the Scrutineer had verified the poll voting results and that the poll voting results were as projected on the screen. The poll voting results is attached herewith as "Annexure C".

Based on the poll results verified by the Scrutineers, the Chairman announced that all the resolutions tabled at the 48th AGM of the Company had been duly carried.

AGM48/17 CONCLUSION

There being no further business, the Chairman declared the Meeting closed at 2.55 p.m. and thanked all present at the Meeting.

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

CHAIRMAN



ANNEXURE 1

Minority Shareholders Watch Group ("MSWG") Q&A





Minority Shareholders Watch Group (“MSWG”) Q&A

OPERATIONAL & FINANCIAL MATTERS

Question 1

As the Covid-19 pandemic continues to spread, what is the expected impact of the pandemic on Muhibbah’s operations and financial position in FY2021? How is the Board planning to mitigate the impact of the pandemic on the Group’s overall business activities?

MEB’s response:

The global pandemic outbreak in the first quarter of 2020 has caused a series of precautionary and movement control measures taken by governments worldwide. Since then, this has resulted in material adverse impact to the Group’s business activities especially on the airports operations, construction and crane manufacturing divisions.

The Group has taken and will continue to implement amongst others, various cost cutting and restructuring measures to readjust the Group’s cost base as well as undertaking strategic business practices to improve business efficiency and to adapt to the “new normal”.

Moving forward, the Group will continue its efforts to monitor the evolving situation of the pandemic and its effect on the economy, and take the appropriate strategic measures and actions to cater for the Group’s business needs and be ready for the economy recovery post the pandemic crisis.



MSWG Q&A - Operational & Financial Matters (cont'd)

Question 2

Financial Performance

	2016	2017	2018	2019	2020
Turnover (RM'000)*	2,272,084	2,004,356	2,077,281	2,024,324	1,460,371
(Loss)/Profit After Tax (RM'000)	160,955	191,327	231,549	116,860	(84,108)

* Group revenue include Group's share of revenue of associates
(Source: Page 2 of the Annual Report 2020)

In FY2020, the Group recorded the lowest top-line and bottom-line results since FY2016. How does the Board plan to address the Group's financial performance moving forward?

MEB's response:

The Group's plan to address its financial performance is set out in our reply in Question 1 above.

In addition, our long term strategy is to continue building the right mix of diversified business to complement and provide synergistic growth in the Group as the market evolves. On this note, we will continue to explore new revenue and business opportunities to complement our core revenue streams as we believe this strategy will improve total shareholders' return and help us build a more sustainable future business performance.



Question 3

In FY2020, the Group recorded a net loss on impairment of contract assets of RM42,108,000 (FY2019: Reversal of RM733,000) and a net loss on impairment of property, plant, and equipment of RM43,388,000 (FY2019: Nil) (Page 109 of the Annual Report 2020).

Impairment on Contract Assets

(a) What was the reason for the substantial increase in impairment on contract assets?

MEB's response:

The impairment on contract assets in FY2020 comprise mainly of expected credit loss for the Group's contracts asset which were assessed using the simplified approach as mentioned on page 122 of the Annual Report 2020 and the impairment losses on potential recoverability of contract assets for projects under the infrastructure construction segment, one of which is currently under legal dispute.



MSWG Q&A - Operational & Financial Matters (cont'd)

Question 3 (cont'd)

Impairment on Contract Assets (cont'd)

(b) What are the measures taken to recover the amount?

MEB's response:

The Group has taken various measures to recover the amount which includes legal action, legal demand letter and close monitoring by the Group's Senior Management.

(c) What is the amount recovered, to-date?

MEB's response:

As of now, the legal case to recover the amount owing to MEB Group is still ongoing.

(d) Given the substantial increase in impairment, is there a need to review the credit policy of the Group?

MEB's response:

The Group assesses the credit granted to each contract customer on a case-to-case basis as it is subject to various factors such as terms of each contract awarded and credit profile of the contract customers. The Group's exposure to credit risks is monitored on an ongoing basis.



MSWG Q&A - Operational & Financial Matters (cont'd)

Question 3 (cont'd)

Impairment on Property, Plant and Equipment (PPE)

(a) What are the PPEs that have been impaired?

MEB's response:

The Group's impairment on PPE in FY2020 of RM43.4 million pertained to the Group's vessels, such as anchor handling tug supply vessels that are mainly used in the oil and gas industry.

(b) What are the factors that triggered the impairment?

MEB's response:

The impairment made was largely attributed to the adverse change in market conditions caused by COVID-19 pandemic and the low fleet utilisation rate due to weakness in the oil and gas industry.

(c) What is the net book value of the assets after the impairment?

MEB's response:

The net book value of the vessels after impairment as at 31 December 2020 is RM43.4mil.



MSWG Q&A - Operational & Financial Matters (*cont'd*)

Question 3 (*cont'd*)

Impairment on Property, Plant and Equipment (PPE) (*cont'd*)

(d) Would there be any potential impairment in FY2021?

MEB's response:

The level of impairment on PPE in FY2021 would largely depend on the global and domestic economic situation as the assessment for PPE impairment is highly dependent on the ability of the assets to generate future cash flows to the Group and its resale value. The Group's assessment for impairment shall be made in accordance with the requirement of the applicable accounting standards.

However, as the local and global economies are showing signs of recovery in 2021 as compared to prior year due mainly to the rollout of the vaccination program to combat the COVID-19 pandemic, the Group hopes to prevent any significant impairment in FY2021.



Question 4

What are the main reasons for the sharp decline in share of profit of associates, net of tax from RM155,934,000 in FY2019 to RM12,482,000 FY2020 (Page 50 of the Annual Report 2020)?

MEB's response:

The Group's interests in its associates are mainly from its airport concessions in Cambodia, which were severely affected by the sudden fall in air travel demand as countries around the world imposed border controls and travel restrictions from first quarter of 2020 to prevent the spread of the virus. Total passenger traffic in the airports was down 81% from 11.6 million passengers in 2019 to 2.3 million passengers in 2020, hence significantly reduced the Group's share of profits in its associates in FY2020 as compared to prior year.



Question 5

Construction and Engineering Division

a) The division incurred losses in its project in Qatar due to cost overruns (Page 7 of the Annual Report 2020).

What are the reasons for the losses incurred in the project?

MEB's response:

The losses incurred in the Qatar project was mainly due to the 3-year embargo imposed by the Gulf state on Qatar in 2017 which had resulted in additional costs incurred associated mainly with the delay in obtaining construction materials to complete the project, the cost of which was not sufficiently compensated by the client.

In addition, there are many reworks on installed pipes and reinstatement of road due to ground settlement issue.



MSWG Q&A - Operational & Financial Matters (*cont'd*)

Question 5 (*cont'd*)

Construction and Engineering Division (*cont'd*)

b) Are there any of division's other projects facing cost overruns or other issues? If so, what are the drastic measures taken by Muhibbah to manage the issues?

MEB's response:

There are some cost overruns for our project in Myanmar and some local projects due mainly to the adverse impact of the COVID-19 pandemic conditions which have resulted in unexpected additional costs associated to the delay in completion and strict compliance of SOPs imposed in the respective countries.

The coup in Myanmar since February 2021 has further caused more time cost and disruption to the execution of our Yetagun Acid Gas Removal Unit (AGRU) project in Myanmar.

Our project teams and Management are actively engaging with our clients to negotiate for compensation of such costs. We are also conducting ongoing project review and engaging expert consultants, if needed, to manage the issues and provide professional solutions.

In addition, the Group has also implemented voluntary separation scheme to reduce substantial number of workforce besides pay cut across all level of management to reduce overhead. The team in the loss making construction division is also streamlined and restructured to be leaner, with more supervisory control and accountability measures.



Question 5 (*cont'd*)

Construction and Engineering Division (*cont'd*)

- c) **What is the current progress of the division's existing projects? Are the projects on track to be completed within the stipulated timeframe?**

MEB's response:

Most of our projects are local projects and to a certain extent have been delayed or extended as a result of the pandemic condition and MCOs.

There are also additional variation orders from clients from time to time and therefore the revision of the completion date with clients are ongoing.



MSWG Q&A - Operational & Financial Matters (*cont'd*)

Question 5 (*cont'd*)

Construction and Engineering Division (*cont'd*)

d) As at 3 May 2021, the outstanding secured order book for the construction and engineering division stands at approximately RM393 million (Page 7 of the Annual Report 2020).

(i) How long will the divisions' order books last?

MEB's response:

Based on our division's existing order book, it is estimated to last until 2023.

(ii) Given projects up for tender are low and at competitive pricing due to the Covid-19 pandemic (Page 7 of the Annual Report 2020), what is the targeted order book replenishment in FY2021?

MEB's response:

We are active in tendering for jobs with contract value hovering around RM2 to 3 billion for this division.

However, due to the competitive pricing and pandemic situation, we would continue to aim for a few hundred millions to replenish our order book annually.



Question 6

Crane and Automation Division

(a) The division with Exact Group has made first foray into Indonesia for a project to install a solar-wind-turbine hybrid solution for an offshore platform. This falls in line with Muhibbah's initial acquisition objectives to get Exact Group to be more of a global player (Page 9 of the Annual Report 2020).

(i) What is the current progress of the project?

MEB's response:

The Indonesian solar-wind turbine installation is due to be installed end of 2021 and is currently on track to meet these dates.

(ii) What is the targeted future earnings contribution to the Group's earnings from the solar-wind-turbine hybrid solution project?

MEB's response:

We hope to install 4 to 5 of these per year for the foreseeable future. We estimate more than a hundred platforms in South East Asia which could use a system like this.



MSWG Q&A - Operational & Financial Matters (*cont'd*)

Question 6 (*cont'd*)

Crane and Automation Division (*cont'd*)

(b) As at 3 May 2021, the outstanding total secured order book for the Crane and Automation division stands at approximately RM516 million (Page 9 of the Annual Report 2020).

(i) How long will the divisions' order books last?

MEB's response:

Based on our division's existing order book, it is estimated to give us some base work until early 2022.

(ii) Given the deferment and cancellation projects by the oil and gas operators (Page 8 of the Annual Report 2020), what is the Group's targeted order book replenishment in FY2021?

MEB's response:

We aim to receive approximately RM300 million worth of orders in the FY2021.



SUSTAINABILITY MATTERS

The Company is committed to pursue, implement and continuously improve its Environmental Management System in accordance with its certification in ISO 14001: 2015 for each and every project undertaken. Regulatory compliance related to decommissioning projects will be handled in accordance with ISO 30000:2009 Ship Recycling Management Systems (Page 40 of the Annual Report 2020).

What are the Company's plans for pursuing, implementing, and continuously improving its Environmental and Ship Recycling Management System in the next two financial years?

MEB's response:

In view of the current COVID-19 pandemic impact to the industry, currently there are no decommissioning projects for our decom yard. Hence, there is no impact to the environment at this juncture.

We are endeavouring to secure decommissioning projects as the economy recovers, to which we shall continue to comply with all applicable ISOs during project execution.



ANNEXURE 2

PRE-AGM QUESTIONS AND ANSWERS (Q&A)





PRE-AGM QUESTIONS AND ANSWERS

Question 1

There are shareholders who have requested for e-vouchers/TnG e-wallet reload pin.

MEB's response:

Consistent with the cost cutting & streamlining mission of the Group, the Group does not provide e-vouchers/TnG e-wallet reload pin for the AGM.

Question 2

How much costs is the virtual AGM?

MEB's response:

The cost is about RM18,000.



PRE-AGM QUESTIONS AND ANSWERS

Question 3 - Asked by Mr. Ma Lam Fatt

(a) What is the strategy to bring up the revenue and profit?

MEB's response:

Please refer to our reply in MSWG Q&A No 2.

(b) Why there is no reduction of management remuneration while there is 50% revenue drop with huge loss?

MEB's response:

There is 30% pay cut implemented on the Executive Directors' remuneration with effect from July 2020 and 30% cut on directors' fee with effect from December 2020.



PRE-AGM QUESTIONS AND ANSWERS

Question 4 - Asked by Ms Chian Rui Yi

(a) What will be the status of current Phnom Penh and Siem Reap airport in Cambodia once the construction of the new international airports are completed and put in services in 2023?

How would this impact the revenue contribution from the airport concession?

MEB's response:

The construction of these 2 new airports are progressing slow. There is not much progress on the discussion with Cambodia Government in this aspect due to the pandemic development. The impact on the development will be depending on the outcome from the discussion.



PRE-AGM QUESTIONS AND ANSWERS

Question 4 - Asked by Ms Chian Rui Yi (*cont'd*)

(b) Gross borrowing has seen approximately 20% incremental from RM515 mil to RM616 mil. What is the purpose for securing this long term borrowing?

MEB's response:

In actual fact, the Group's Year-on-Year net borrowings (gross borrowings net of cash) has decreased by RM69 mil, i.e. from RM636 mil in 2019 to RM567 mil as at Dec 2020.

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	RM mil	RM mil
Total borrowings	1,195.4	1,240.6
Cash and bank	628.4	605.0
Net borrowings	567.0	635.6



PRE-AGM QUESTIONS AND ANSWERS

Question 4 - Asked by Ms Chian Rui Yi (*cont'd*)

(c) Any potential business acquisition in coming 2-3 years? If yes, then in what sector?

MEB's response:

The Board continues to evaluate potential M&As. It will only be disclosed and announced when the deal is concluded and compliance with the confidentiality agreement and Bursa Malaysia Listing Requirements.

(d) What are the projects that Muhibbah are currently targeting at? Are these projects still predominantly from O&G sector? Any plan to shift the focus away from O&G to pursue renewable energy sector?

MEB's response:

The Group continues to tender projects related to our niche in oil and gas, infrastructure and marine construction industries in Malaysia. The Group is open to pursue renewable energy sector if the opportunities arise.

(e) What is the ratio of recurring income vs spot order in Muhibbah business revenue? Any specific target of this ratio to mitigate the risk during down time?

MEB's response:

The Group aims to diversify its business sources to mitigate the concentration risk under various uncertainties.



PRE-AGM QUESTIONS AND ANSWERS

Question 5 - Asked by Ms Tan Swee Kim

What is the progress and status of 500 acres land acquisition at Gebeng, Mukim Sungai Karang, Kuantan in June 2016? What had happened to this acquisition?

MEB's response:

The Group is still pursuing the tax incentives and government grants with the relevant government authorities.

Question 6 - Asked by Mr Foong Siew Pung

US will roll out the Mega infra project in coming few years, would it benefit FAVCO's overseas subsidiaries (especially in Texas)?

MEB's response:

The demand of cranes is usually correlate with the economy activities of the countries; in the aspect of construction of high rise buildings and oil and gas platforms.



PRE-AGM QUESTIONS AND ANSWERS

Question 7 - Asked by Mr Pey Ly Tat

(a) How significant is the effect of new Phnom Penh Airport to Muhibbah Engineering Airport Concession income?

MEB's response:

Please refer to our reply in Question 4(a) above (asked by Ms Chian Rui Yi).

(b) Will FAVCO benefit from the US Mega Infrastructure Plan?

MEB's response:

Please refer to our reply in Question 6 above (asked by Mr Foong Siew Pung).

(c) What is the prospect on new maintenance contract from Ministry of Defence?

MEB's response:

Our Marine shipyard division has managed to secure some ship repair businesses and boat building contracts from MINDEF.



PRE-AGM QUESTIONS AND ANSWERS

Question 8 - Asked by Mr Pey Ly Tat

(a) How significant is the effect if existing airport in the Phnom Penh only handle domestic flights and cargo?

MEB's response:

Please refer to our reply in Question 4(a) (asked by Ms Chian Rui Yi).

(b) Will the company tender for MRT3 Project?

MEB's response:

Yes, we will submit tenders for some MRT 3 packages.

(c) What is the prospect on "Intelligent Automation Group" and how does this help to grow the group?

MEB's response:

Please refer to our reply in MSWG Q&A No. 6.

ANNEXURE 3

48th AGM

Poll Results

MUHIBBAH ENGINEERING (M) BHD
(12737-K)

Forty-Eighth (48th) Annual General Meeting

Online Meeting Platform via TIH Online website at

<https://tth.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

On 29-June-2021 at 01:00PM

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Resolution 1	255,440,995	99.8824	300,828	0.1176	255,741,823	100.0000
Resolution 2	198,873,497	73.7372	70,832,392	26.2628	269,705,889	100.0000
Resolution 3	269,586,358	99.9557	119,531	0.0443	269,705,889	100.0000
Resolution 4	269,218,514	99.8193	487,375	0.1807	269,705,889	100.0000
Resolution 5	269,507,426	99.9286	192,463	0.0714	269,699,889	100.0000
Resolution 6	269,672,348	99.9868	35,531	0.0132	269,707,879	100.0000
Resolution 9	233,643,530	92.5599	18,780,649	7.4401	252,424,179	100.0000
Resolution 10	259,943,751	96.3801	9,763,128	3.6199	269,706,879	100.0000
Resolution 11	168,366,332	99.9664	56,631	0.0336	168,422,963	100.0000



MUHIBBAH ENGINEERING (M) BHD
(12737-K)

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On **29-June-2021** at **01:00PM**

Result On Voting By Poll - Two Tier

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<u>Tier 1 - Large Holders</u>						
Resolution 7	74,201,416	100.0000	0	0.0000	74,201,416	100.0000
Resolution 8	74,201,416	100.0000	0	0.0000	74,201,416	100.0000
<u>Tier 2 - Other Holders</u>						
Resolution 7	107,582,781	55.0283	87,921,692	44.9717	195,504,473	100.0000
Resolution 8	107,581,881	55.0278	87,922,592	44.9722	195,504,473	100.0000

