

GENERAL MEETINGS: Outcome of Meeting

MUHIBBAH ENGINEERING (M) BHD

Type of Meeting	Annual General Meeting
Indicator	Outcome of Meeting
Date of Meeting	02 Jun 2016
Time	03:45 PM
Venue	Concorde Hotel Shah Alam, Concorde II, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan
Outcome of Meeting	<p>MUHIBBAH ENGINEERING (M) BHD ("MEB" or "the Company")</p> <p>The Board of Directors of MEB wishes to announce that all the following resolutions tabled at the Forty-Third Annual General Meeting of the Company held on 2 June 2016, were decided on show of hands and were duly carried:-</p> <p>RESOLUTION 1 - ORDINARY Declaration of a First and Final tax exempt dividend of 10% (5 sen) per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2015.</p> <p>RESOLUTION 2 - ORDINARY Re-election of Mr. Mac Chung Jin as Director of the Company.</p> <p>RESOLUTION 3 - ORDINARY Re-election of Ms. Lee Poh Kwee as Director of the Company.</p> <p>RESOLUTION 4 - ORDINARY Re-appointment of Tan Sri Zakaria bin Abdul Hamid as Director of the Company.</p> <p>RESOLUTION 5 - ORDINARY Re-appointment of Mr. Mac Ngan Boon @ Mac Yin Boon as Director of the Company.</p> <p>RESOLUTION 6 - ORDINARY Re-appointment of Mr. Ooi Sen Eng as Director of the Company.</p> <p>RESOLUTION 7 - ORDINARY Re-appointment of Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.</p> <p>RESOLUTION 8 - ORDINARY Retention of Tan Sri Zakaria bin Abdul Hamid as Independent Non-Executive Director of the Company.</p> <p>RESOLUTION 9 - ORDINARY Retention of En. Abd Hamid bin Ibrahim as Independent Non-Executive Director of the Company.</p> <p>RESOLUTION 10 - ORDINARY Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965.</p> <p>RESOLUTION 11 - ORDINARY Proposed Renewal of Authority for Share Buy-Back.</p> <p>RESOLUTION 12 - ORDINARY Proposed Renewal of Shareholders' Mandate for Recurrent Related</p>

Party Transactions of a Revenue or Trading Nature.

This announcement is dated 2 June 2016.

Announcement Info

Company Name	MUHIBBAH ENGINEERING (M) BHD
Stock Name	MUHIBAH
Date Announced	02 Jun 2016
Category	General Meeting
Reference Number	GMA-23052016-00019



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

27 May 2016

BY FAX/EMAIL

(Fax No: 603-3342 4327)

The Board of Directors
Muhibbah Engineering (M) Berhad
Lot 579 & 586, 2nd Mile
Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan

Attention: Ms. Irene Choe Mee Kam @ Chow Mee Kam
Ms. Lim Suak Guak & Ms. Tia Hwei Ping
Joint Company Secretaries

Dear Sir,

Re: 43rd Annual General Meeting (AGM) of Muhibbah Engineering (M) Berhad

In the interest of minority shareholders and all other stakeholders of the Group and the Company, we would like to raise the following points and queries.

Strategy/Financials

1. The Chairman's Statement attributed the increase in the Group's pre-tax profit of RM165.06 million, up 14.9% from RM143.69 million reported in 2014 to improved performances of Favelle Favco Bhd Group and its airport concessions.
 - (a) What are the reasons for the improved performance of Favelle Favco Bhd Group with a group revenue of RM792.43 million at a pre-tax profit of RM118.28 million as compared to the Group revenue of RM1.60 billion reported in 2015 (2014: RM1.73 billion)?
 - (b) (i) What are the Board's strategies and measures to improve and enhance the Group's financial results with better margins and earnings in 2016 given the knowledge of the Group's outstanding secured order book of approximately RM1.73 billion as at 31 December 2015? (ii) What was the total contract sum of several projects secured by the Group in 2015?
 - (c) With the Concessions Division's improved results via its two 21%-owned associated companies in Cambodia in 2015, what is the expected contribution from this Division upon completion of new terminals at the airports and operational capacity doubled up?
 - (d) What is the expected contribution from Roadcare (M) Sdn Bhd, its 21%-owned associated company with another 10-year extension of the concession period?
2. The Chairman's Statement reported that the Company had a joint venture with VA Tech Wabag Limited ("WABAG") that successfully secured a contract valued at RM950 million for the design competition for ReFEED and Engineering, Procurement, Construction and Commissioning of the Effluent Treatment Plant from RAPID Project in Pengerang, Johor.

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia • Company No: 524989-M)
Tingkat 11, Bangunan KWSP, No: 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.
Tel: (603) 2070 9090 Fax: (603) 2070 9107
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- (a) What are the terms and conditions of the joint venture arrangements with WABAG and the profit-sharing ratio, and what is the duration of the joint venture?
- (b) What are the growth plans, strategies and budgets for capital expenditure that the Board put in place to take advantage of opportunities to build international business in waste water treatment industry in the near to long term?
3. The Chairman's Statement reported corporate development of the Group's new investment in Citech Energy Recovery Systems UK Ltd and its subsidiary, Citech Energy Recovery Solutions UK Ltd, both wholly owned since 2012 and registered as Approved Vendor under Petronas that had secured few new projects from international and multinational companies, resulting in its expansion into the after-sales and service market.
- (a) How does the Board classify this new investment as the Group's core business segment and what is the cost of investment and capital expenditure involved?
- (b) Where is the place of the business operations of this new investment, and how much of the revenue and bottom-line is expected from this new investment in 2016 and beyond?
4. Amid the decline in the oil and gas sectors, what are the Board's strategies and plans to boost up the performance of the Group's Shipyard Division upon the Group's successful breakthrough by securing an award from the Ministry of Transport for the marine department to construct, test and commission one (1) unit 85-metre Buoy Tender/Multi-Purpose Vessel at a contract value of RM92 million?

Corporate Governance

MSWG is promoting high standards of corporate governance best practices in PLCs. We hope the Board would address the following issues:

a) Long Serving Independent Directors – Malaysian Code on Corporate Governance 2012 ("the Code")
We noted that the Chairman of the Board/Senior Independent Director namely Tan Sri Zakaria bin Abdul Hamid and Encik Abd Hamid bin Ibrahim had both served the Board for more than 9 years. We hope the Board would look into the issue for its succession planning in compliance with Recommendation 3.3 of the Code.

b) Publication of AGM minutes

With reference to the recent amendments of the Main Board's Listing Requirements, we hope the Board would publish a summary of the proceedings of the Company's AGM at its website as required under the amendments.

We hope and appreciate if the Board could present the points raised and its related responses for shareholders present at the forthcoming AGM. At the same time, we look forward to a written reply for our records.

Thank you.

Yours sincerely,



Quah Ban Aik
Head, Corporate Monitoring

RBB/LLS/MuhibbahE/AGM2016

MUHIBBAH ENGINEERING (M) BHD
43TH AGM – 2 JUNE 2016

MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) – Q&A

Strategy/Financials

The Chairman’s Statement attributed the increase in the Group’s pre-tax profit of RM165.06 million, up 14.9% from RM143.69 million reported in 2014 to improve performances of Favelle Favco Bhd Group and its airport concessions.

Question 1 (a)

What are the reasons for the improved performance of Favelle Favco Bhd Group with a group revenue of RM792.43 million at a pre-tax profit of RM118.28 million as compared to the Group revenue of RM1.60 billion reported in 2015 (2014: RM1.73 billion)?

Answer to Question 1 (a)

Favelle Favco Bhd posted a revenue of RM792 million with profit before tax of RM118M in year 2015 compared to RM797M of the previous year with a profit before taxation of RM101M.

The improvement is mainly contributed by operational efficiencies in the Group’s operations. This division has also benefited from the US Dollar appreciation.

Question 1 (b) (i)

What are the Board’s strategies and measures to improve and enhance the Group’s financial results with better margins and earnings in 2016 given the knowledge of the Group’s outstanding secured order book of approximately RM1.73 billion as at 31 December 2015?

Answer to Question 1 (b) (i)

Our existing order book is expected to keep the Group working for the next couple of years. The Group is continuing to tender for projects.

MUHIBBAH ENGINEERING (M) BHD
43TH AGM – 2 JUNE 2016

MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) – Q&A

Question 1 (b) (ii)

What was the total contract sum of several projects secured by the Group in 2015?

Answer to Question 1 (b) (ii)

The total contract value secured in 2015 by the Group is RM1.43 billion.

Question 1 (c)

With the Concessions Division’s improved results via its 21%-owned associated companies in Cambodia in 2015, what is the expected contribution from this Division upon completion of new terminals at the airports and operational capacity doubled up?

Answer to Question 1 (c)

The expansion is to cater for growth in passengers in the forth coming years and contributions from this Concession division is expected to grow in tandem with the passenger growth. FOREX gain is also a factor.

Question 1 (d)

What is the expected contribution from Roadcare (M) Sdn Bhd, its 21%-owned associated company with another 10-year extension of the concession period?

Answer to Question 1 (d)

Contribution from Roadcare has been consistent and is subject to degree of maintenance and raw material price.

MUHIBBAH ENGINEERING (M) BHD
43TH AGM – 2 JUNE 2016

MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) – Q&A

Question 2

The Chairman’s Statement reported that the Company had a joint venture (“JV”) with VA Tech Wabag Limited (“WABAG”) that successfully secured a contract valued at RM950 million for the design competition for ReFEED and Engineering, Procurement, Construction and Commissioning of the Effluent Treatment Plant from RAPID Project in Pengerang, Johor.

Question 2 (a)

What are the terms and conditions of the JV arrangements with WABAG and the profit-sharing ratio, and what is the duration of the JV?

Answer to Question 2 (a)

As announced earlier, the shareholding between Muhibbah and Wabag is 30:70. The duration of the JV is the contract period.

Question 2 (b)

What are the growth plans, strategies and budgets for capital expenditure that the Board put in place to take advantage of opportunities to build international business in waste water treatment industry in the near to long term?

Answer to Question 2 (b)

Wabag is the water treatment specialist listed in India Stock Exchanges. This is our first exposure to the waste water industry. We will explore future opportunities when the right opportunity arises.

MUHIBBAH ENGINEERING (M) BHD
43TH AGM – 2 JUNE 2016

MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) – Q&A

Question 3

The Chairman’s Statement reported corporate development of the Group’s new investment in Citech Energy Recovery Systems UK Ltd and its subsidiary, Citech Energy Recovery Solutions UK Ltd, both wholly owned since 2012 and registered as Approved Vendor under Petronas that had secured few new projects from international and multinational companies, resulting in its expansion into the after-sales and service market.

Question 3 (a)

How does the Board classify this new investment as the Group’s core business segment and what is the cost of investment and capital expenditure involved?

Answer to Question 3 (a)

Presently, the new investment is under the construction division.

Cost of investment is approximately RM2.3M to acquire the business and intellectual property. As with other similar business of this nature, the Company has to develop and promote the heat recovery system. We have secured and are delivering the first unit. We have secured a few orders so far.

MUHIBBAH ENGINEERING (M) BHD
43TH AGM – 2 JUNE 2016

MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) – Q&A

Question 3 (b)

Where is the place of the business operations of this new investment, and how much of the revenue and bottom-line is expected from this new investment in 2016 and beyond?

Answer to Question 3 (b)

The design and manufacturing are based in Klang. Our sales offices are in Malaysia and UK. We also have agents in other countries to market the product. Hopefully this new business can breakeven in few years' time.

Question 4

Amid the decline in the oil and gas sectors, what are the Board's strategies and plans to boost up the performance of the Group's Shipyard Division upon the Group's successful breakthrough by securing an award from the Ministry of Transport for the marine department to construct, test and commission one (1) unit 85-metre Buoy Tender/Multi-Purpose Vessel at a contract value of RM92 million?

Answer to Question 4

The Group is pursuing works from maritime agency and the Ministry of Defense. The order of the buoy tender/multi-purpose vessels is good entry.

MUHIBBAH ENGINEERING (M) BHD
43TH AGM – 2 JUNE 2016

MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) – Q&A

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- a) Long Serving Independent Directors – Malaysian Code on Corporate Governance 2012 (“the Code”)

We noted that the Chairman of the Board/Senior Independent Director namely Tan Sri Zakaria bin Abdul Hamid and Encik Abd Hamid bin Ibrahim had both served the Board for more than 9 years. We hope the Board would look into the issue for its succession planning in compliance with Recommendation 3.3 of the Code.

Answer to Part (a)

These 2 directors have contributed immensely to the Group and continued to do so. They have maintained their independence.

Succession planning for the Group is always ongoing and Independent Directors are valued for their effort and contributions.

- b) Publication of AGM minutes
With reference to the recent amendments of the Main Board’s Listing Requirements, we hope the Board would publish a summary of the proceedings of the Company’s AGM at its website as required under the amendments.

Answer to Part (b)

We have included the summary of the AGM proceedings in our Company website.