

GENERAL MEETINGS: Outcome of Meeting

MUHIBBAH ENGINEERING (M) BHD

Type of Meeting Annual General Meeting

Indicator Outcome of Meeting

Date of Meeting 12 Jun 2019

Time 02:15 PM

Venue Concorde Hotel Shah Alam
Concorde I, Level 2,
No. 3, Jalan Tengku Ampuan Zabedah C9/C,
40100 Shah Alam,
Selangor Darul Ehsan.

Outcome of Meeting On behalf of the Board of Directors of Muhibbah Engineering (M) Bhd ("MEB"), we are pleased to announce that at the Forty-Sixth Annual General Meeting ("46th AGM") of MEB held on 12 June 2019, the shareholders of MEB had approved all the resolutions referred to in the Notice of 46th AGM dated 30 April 2019.

All the resolutions were determined by way of poll and the results of the poll were validated by Coopers Professional Scrutineers Sdn Bhd, the Independent Scrutineer appointed by the Company.

This announcement is dated 12 June 2019.

Voting Results

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1	270,128,560	100.000000	0	0.000000	Carried
Ordinary Resolution 2	211,597,450	89.454000	24,945,810	10.546000	Carried
Ordinary Resolution 3	261,065,660	99.088000	2,402,900	0.912000	Carried
Ordinary Resolution 4	264,439,388	99.103000	2,392,900	0.897000	Carried
Ordinary Resolution 5	246,608,560	91.293000	23,520,000	8.707000	Carried
Ordinary Resolution 6	269,964,260	100.000000	0	0.000000	Carried
Ordinary Resolution 7 (Tier 1)	73,501,416	100.000000	0	0.000000	Carried
Ordinary Resolution 7 (Tier 2)	138,252,334	70.371000	58,210,510	29.629000	Carried
Ordinary Resolution 8 (Tier 1)	73,501,416	100.000000	0	0.000000	Carried
Ordinary Resolution 8 (Tier 2)	138,432,434	70.462000	58,030,410	29.538000	Carried
Ordinary Resolution 9	215,521,560	91.050000	21,186,000	8.950000	Carried
Ordinary Resolution 10	236,672,560	99.985000	35,000	0.015000	Carried
Ordinary Resolution 11	169,505,144	100.000000	0	0.000000	Carried
Special Resolution	270,128,560	100.000000	0	0.000000	Carried

Announcement Info

Company Name	MUHIBBAH ENGINEERING (M) BHD
Stock Name	MUHIBAH
Date Announced	12 Jun 2019
Category	General Meeting
Reference Number	GMA-11062019-00013

MUHIBBAH ENGINEERING (M) BHD
(12737-K)

Forty-Sixth Annual General Meeting

Concorde Hotel Shah Alam, Concorde I, Level 2,

No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan

On **12-June-2019** at **02:15PM**

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	270,128,560	100.000	0	0.000	270,128,560	100.000
Ordinary Resolution 2	211,597,450	89.454	24,945,810	10.546	236,543,260	100.000
Ordinary Resolution 3	261,065,660	99.088	2,402,900	0.912	263,468,560	100.000
Ordinary Resolution 4	264,439,388	99.103	2,392,900	0.897	266,832,288	100.000
Ordinary Resolution 5	246,608,560	91.293	23,520,000	8.707	270,128,560	100.000
Ordinary Resolution 6	269,964,260	100.000	0	0.000	269,964,260	100.000
Ordinary Resolution 9	215,521,560	91.050	21,186,000	8.950	236,707,560	100.000
Ordinary Resolution 10	236,672,560	99.985	35,000	0.015	236,707,560	100.000
Ordinary Resolution 11	169,505,144	100.000	0	0.000	169,505,144	100.000
Special Resolution	270,128,560	100.000	0	0.000	270,128,560	100.000

MUHIBBAH ENGINEERING (M) BHD
(12737-K)

Forty-Sixth Annual General Meeting

Concorde Hotel Shah Alam, Concorde I, Level 2,
No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan
On **12-June-2019** at **02:15PM**

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>						
Ordinary Resolution 7	73,501,416	100.000	0	0.000	73,501,416	100.000
Ordinary Resolution 8	73,501,416	100.000	0	0.000	73,501,416	100.000
<u>Tier 2 - Other Holders</u>						
Ordinary Resolution 7	138,252,334	70.371	58,210,510	29.629	196,462,844	100.000
Ordinary Resolution 8	138,432,434	70.462	58,030,410	29.538	196,462,844	100.000



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

17 May 2019

BY FAX/HAND

(Fax No.: 603- 3342 4327)

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

**Attention: Irene Choe Mee Kam @ Irene Chow Mee Kam/ Lim Suak Guak/
 Tia Hwei Ping
 Company Secretaries**

Dear Directors,

Re: Forty-Sixth (46th) Annual General Meeting (AGM) of Muhibbah Engineering (M) Bhd ("the Company" or "the Group") to be held on Wednesday, 12 June 2019

In the interest of minority shareholders and all other stakeholders of the Group, we would like to raise the following:

Strategic and Financial Matters

1) Construction and Engineering Division

In January 2019, Bintulu Port Authority instructed the Company's 51% Muhibbah Viccana JV to cease the construction of a supply base wharf in the second harbour basin due to the Port Authority's review of its commercial and operational issues. Bintulu Port Authority is in discussions with Muhibbah Viccana JV for a fair compensation for such cessation (Page 8 of the Annual Report 2018).

What is the latest status of the discussion between the two parties on the compensation related to the cessation of the Contract? How much is the compensation expected to be?

2) Crane Division

(a) The global crane market has shifted dramatically to the crane rental segment. With this encouraging growth, the Company continues to penetrate into the crane rental market (Page 9 of the Annual Report 2018).

What is the targeted increase in income contribution to the Group in the future?

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
 E-Mail: mswatch@mswg.org.my Website: www.mswg.org.my


Muhibbah Engineering (M) Bhd

 46th AGM, 12 June 2019

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- (b) As at 30 March 2019, the outstanding total secured order book for the Crane and Intelligent Automation division stands at approximately RM563 million (Page 9 of the Annual Report 2018).

How long is the current order book expected to last? Please update on the replenishment status of the orderbook?

- 3) How will the Board address the negative share of results of associates from the following segments (Page 121 of the Annual Report 2018)?

		Infrastructure construction		Cranes	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share results of associates	of	(5,822)	34,348	(2,561)	(803)

- 4) Contingent liabilities -litigation (Group) (Page 139 of the Annual Report 2018)

Eisenmann Anlagenbau GmbH ("EIS") & Co. KG and Envac Scandinavia A.B. ("Envac") v Muhibbah Engineering (M) Berhad ("the Company")

What will be the impact of the litigation to the Group's financial performance in the future?

Has any provision been made in the financial statements in respect of this litigation?

Corporate Governance and Sustainability Matters

- 1) Under the Resolution 5, the Group is seeking shareholders' approval for the payment of directors' fees and benefits payable up to an amount of RM2,500,000 from 13 June 2019 until the next AGM of the Company.

Please provide the breakdown of the fees and benefits payable.

- 2) On sustainability, what are the areas for improvement that the Company has identified?



Muhlbah Engineering (M) Bhd

46th AGM, 12 June 2019

Page 3 of 3

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Devanesan Evanson', written in a cursive style.

Devanesan Evanson

Chief Executive Officer

DE/nhs/MuhlbahEngineering.AGM2019

MUHIBBAH ENGINEERING (M) BHD
46TH AGM – 12 JUNE 2019

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

Strategy/Financials

1) Construction and Engineering Division

In January 2019, Bintulu Port Authority Instructed the Company’s 51% Mhibbah Viccana JV to cease the construction of a supply base wharf in the second harbour basin due to the Port Authority’s review of its commercial and operational issues, Bintulu Port Authority is in discussions with Mhibbah Viccana JV for a fair compensation for such cessation (Page 8 of the Annual Report 2018).

What is the latest status of the discussion between the two parties on the compensation related to the cessation of the Contract? How much is the compensation expected to be?

Answer to Question 1

Mhibbah Viccana JV has submitted our claims to Bintulu Port Authority in April 2019. Currently, the Port Authority is reviewing the claim. The Joint Venture expects a fair compensation from the authority.

MUHIBBAH ENGINEERING (M) BHD
46TH AGM – 12 JUNE 2019

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

2) Crane Division

Question 2A

The global crane market has shifted dramatically to the crane rental segment. With this encouraging growth, the Company continues to penetrate into the crane rental market (Page 9 of the Annual Report 2018).

What is the targeted increase in income contribution to the Group in the future?

Answer to Question 2A

We are expecting the crane rental's revenue will double from FY2018's RM53.9 million over next 5 years.

Question 2B

As at 30 March 2019, the outstanding total secured order book for the Crane and Intelligent Automation division stands at approximately RM563 million (Page 9 of the Annual Report 2018).

How long is the current order book expected to last? Please update on the replenishment status of the order book?

Answer to Question 2B

The order book will be completed in about 1 year. Based on current market activities, we expect that the order book will remain steady.

MUHIBBAH ENGINEERING (M) BHD
46TH AGM – 12 JUNE 2019

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

3) Construction and Engineering Division & Crane Division

How will the Board address the negative share of results of associates from the following segments (Page 121 of the Annual Report 2018)?

		Infrastructure construction		Cranes	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share of results of associates		(5,822)	34,348	(2,561)	(803)

Answer to Question 3

Infrastructure Construction

This represents reversal of some Joint Venture project profit recognized in prior years as the JV now reported lower estimated profit due to higher labour cost and rental of machinery.

Crane

Our joint venture in China is having gestation period. The losses consist of mainly depreciation of cranes and factory. Stripping out this depreciation, the unit is mostly neutral. Our plan is to increase rental rates where market forces allow.

MUHIBBAH ENGINEERING (M) BHD
46TH AGM – 12 JUNE 2019

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

4) Contingent liabilities-litigation (Group) (Page 139 of the Annual Report 2018)

Eisenmann Anlagenbau GmbH (Els) & Co. KG and Envac Scandinavia A.B. (“Envac”) v Muhibbah Engineering (M) Berhad (“the Company”)

What will be the Impact of the litigation to the Group’s financial performance in the future?

Has any provision been made in the financial statements in respect of this litigation?

Answer to Question 4

1) Envac vs MEB

Envac was only awarded QAR2.3 million out of its total claim of QAR32.6 million by the Tribunal. This has minimal impact as it was fully accounted for in prior year.

2) Eisenmann vs MEB

The alleged claim is around QAR 37.5 million. The case is still ongoing and the Company does not expect material impact from this case.

MUHIBBAH ENGINEERING (M) BHD
46TH AGM – 12 JUNE 2019

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

Corporate Governance and Sustainability Matters

Question 1

Under the Resolution 5, the Group is seeking shareholders’ approval for the payment of directors’ fees and benefits payable up to an amount of RM2,500,000 from 13 June 2019 until the next AGM of the Company.

Please provide the breakdown of the fees and benefits payable.

Answer to Corporate Governance and Sustainability Question 1

Breakdown of the directors’ fee and benefits payable **up to** RM2,500,000 as follow:

	RM’000
Director Fee	1,800
Other allowances	340
Benefit in kind	100
EPF	260
Total	2,500

Question 2

On sustainability, what are the areas for improvement that the Company has identified?

Answer to Corporate Governance and Sustainability Question 2

We’re committed on continuous improvement on many aspects which are material to the sustainability of our business. Presently we have put heavier weight on **operational management, risk management and talent retention** for tackling the current economic and financial landscapes. With a committed team, we are imposing internal control to improve efficiency on our operation processes and assets utilization. The company is also nurturing more talents and global partnerships to further expand our international businesses.