

## GENERAL MEETINGS: Outcome of Meeting

### MUHIBBAH ENGINEERING (M) BHD

Type of Meeting	Annual General Meeting
Indicator	Outcome of Meeting
Date of Meeting	26 Jun 2018
Time	03:00 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	<p>On behalf of the Board of Directors of Muhibbah Engineering (M) Bhd ("MEB"), we are pleased to announce that at the Forty-Fifth Annual General Meeting ("45th AGM") of MEB held on 26 June 2018, the shareholders of MEB had approved all the resolutions referred to in the Notice of 45th AGM dated 30 April 2018.</p> <p>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.</p> <p>Please refer to the attachment for the results of the poll.</p> <p>This announcement is dated 26 June 2018.</p>

Please refer attachment below.

#### Attachments

[MEB\\_Poll Results of AGM.pdf](#)  
334.6 kB

#### Announcement Info

Company Name	MUHIBBAH ENGINEERING (M) BHD
Stock Name	MUHIBAH
Date Announced	26 Jun 2018
Category	General Meeting
Reference Number	GMA-25062018-00008

# MUHIBBAH ENGINEERING (M) BHD

(12737-K)

## Forty-Fifth 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 26-June-2018 at 03:00PM

### Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<b>Resolution 1</b>	306,085,121	100.00000	0	0.00000	306,085,121	100.00000
<b>Resolution 2</b>	306,085,121	100.00000	0	0.00000	306,085,121	100.00000
<b>Resolution 3</b>	287,099,755	98.26763	5,061,300	1.73237	292,161,055	100.00000
<b>Resolution 4</b>	274,825,867	89.78740	31,259,254	10.21260	306,085,121	100.00000
<b>Resolution 5</b>	304,785,521	99.57541	1,299,600	0.42459	306,085,121	100.00000
<b>Resolution 6</b>	306,084,321	99.99974	800	0.00026	306,085,121	100.00000
<b>Resolution 7</b>	306,084,321	99.99974	800	0.00026	306,085,121	100.00000
<b>Resolution 8</b>	306,085,121	100.00000	0	0.00000	306,085,121	100.00000
<b>Resolution 11</b>	248,244,721	90.88379	24,900,500	9.11621	273,145,221	100.00000
<b>Resolution 12</b>	306,085,121	100.00000	0	0.00000	306,085,121	100.00000
<b>Resolution 13</b>	203,951,105	100.00000	0	0.00000	203,951,105	100.00000

**MUHIBBAH ENGINEERING (M) BHD**  
(12737-K)

**Forty-Fifth 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 **26-June-2018** at **03:00PM**

**Result On Voting By Poll - Two Tier**

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<b><u>Tier 1 - Large Holders</u></b>						
<b>Resolution 9</b>	73,501,416	100.00000	0	0.00000	73,501,416	100.00000
<b>Resolution 10</b>	73,501,416	100.00000	0	0.00000	73,501,416	100.00000
<b><u>Tier 2 - Other Holders</u></b>						
<b>Resolution 9</b>	159,461,247	68.56080	73,122,458	31.43920	232,583,705	100.00000
<b>Resolution 10</b>	159,519,333	68.58577	73,064,372	31.41423	232,583,705	100.00000



**MINORITY SHAREHOLDER WATCHDOG GROUP**  
*Shareholder Activism and Protection of Minority Interest*

7 June 2018

**BY FAX/HAND**

(Fax No.: 603- 3342 4327)

The Chairman and  
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

**Re: Forty-Fifth (45th) Annual General Meeting (AGM) of Muhibbah Engineering (M) Bhd (the Group)" on Tuesday, 26 June 2018**

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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) As at 30 March 2018, the outstanding secured order book for the construction and engineering division stands at approximately RM1.6 billion (page 8 of the Annual Report 2017).

How long is the current order book expected to last?

- 2) On 28 March 2018, the Group's Crane subsidiary, Favelle Favco Berhad entered into a conditional share purchase agreement to acquire 70% controlling stake in each of Exact Automation Sdn Bhd, Sedia Teguh Sdn Bhd, Exact Analytical Sdn Bhd and Exact Oil & Gas Sdn Bhd (collectively to be known as the "Exact Group") for a total indicative initial cash purchase consideration of approximately RM90.7 million ("Proposed Acquisition") (page 10 of the Annual Report 2017).

This Proposed Acquisition is expected to enhance and widen the earnings base of the Group.

- a) How will the Proposed Acquisition add value to the Group? Please enlighten shareholders.
- b) What is the targeted return on investment of the acquisition of Exact Group's 70% equity interest?

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**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: watchdog@mswg.org.my Website: www.mswg.org.my

3) Receivables, Deposits and Prepayments (page 92 of the Annual Report 2017)

**Trade**

As at 31 December 2017, the Group's allowance for impairment stood at RM63,685,000 (2016: RM59,862,000), representing more than 12% of the trade receivables accounts.

These accounts comprise the trade receivables, progress billing receivable, amount due from subsidiaries, amount due from associates, and amount due from joint venture.

- a) Which component of the trade receivables are impacted by the allowance for impairment loss of RM63,685,000?
- b) What action is being taken to collect the receivables and percentage or amount of receivables that is expected to be collected?

**Corporate Governance Matters**

- 1) We accessed the Company's website on 1 June 2018 and note that there is no publication of the "Key Matters Discussed" at the Company's 44th Annual General Meeting held on 22 June 2017 as required by Paragraph 9.21(2)(b) of the Main Market Listing Requirements.

Please explain why the Company has not complied with the said Listing Requirement? What actions are being taken to comply with the Listing Requirement?

2) Meeting Attendance

Tan Sri Zakaria bin Abdul Hamid attended only 2 out of the 4 board meetings in FY2017. What are the reasons for him not being able to attend the other two board meetings during the financial year?

3) Practice 12.3

The Company in its Corporate Governance Report had stated that it had applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company's AGM. Based on the Company's explanation given on the application of Practice 12.3, we wish to highlight that the Company has not applied the Practice.

Please take note of this.

**Muhibbah Engineering (M) Bhd**

*45<sup>th</sup> AGM, 26 June 2018*

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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, and for posting on our website for the benefit of all stakeholders.

Thank you.

Yours sincerely,



**Devanesan Evanson**  
Chief Executive Officer

DE/QBA/nhs/MuhibbahEngineering.AGM2018

**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Strategy/Financials**

**Question 1**

As At 30 March 2018, the outstanding secured order book for the construction and engineering division stands at approximately RM1.6 billion ( Page 8 of the Annual Report 2017).

How long is the current order book expected to last?

**Answer to Question 1**

The order book is expected to be completed by end of 2020.

**Question 2**

On 28 March 2018, the Group’s Crane subsidiary, Favelle Favco Berhad entered into a conditional share purchase agreement to acquire 70% controlling stake in each of Exact Automation Sdn Bhd, Sedia Teguh Sdn Bhd, Exact Analytical Sbd Bhd and Exact Oil & Gas Sdn Bhd (collectively to be known as the “Exact Group”) for a total indicative initial cash purchase consideration of approximately RM90.7 million (“Proposed Acquisition”) (page 10 of the Annual report 2017).

This Proposed Acquisition is expected to enhance and widen the earnings base of the Group.

- a) How will the Proposed Acquisition add value to the Group? Please enlighten shareholders.
- b) What is the targeted return on investment of the acquisition of Exact Group’s 70% equity interest?

**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Answer to Question 2(a)**

The Proposed Acquisition will enhance and widen our Group’s earnings base which includes the following:

- (i) As part of our Group’s strategy and expansion plans, the Proposed Acquisition pave the way for us to tap into the market of industrial automation, both locally and internationally. Opportunities from this market is expected to be another driver for our future business;
- (ii) The business of Exact group will be synergistic with our global network. Our company financial strength and expertise together with the Exact Group’s expertise is a new market for Favelle Favco which has a singular product.

**Answer to Question 2(b)**

The Exact Group has been profitable with net profit after tax of approximately RM16.2 million for the financial year 2016 and RM20.0 million for the financial year 2017. Thereafter, it targets to achieve annual net profit over RM20 million in the subsequent years.

Based on the above, the acquisition of the Exact Group is expected to provide a return on investment of approximately 10% to 12% per annum to the Group.



**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Question 3**

Receivables, Deposits and Prepayments (page 92 of the Annual Report 2017)

**Trade**

As at 31 December 2017, the Group’s allowance for impairment stood at RM63,685,000 (2016: RM59,862,000), representing more than 12% of the trade receivables accounts.

These accounts comprise the trade receivables, progress billing receivable, amount due from subsidiaries, amount due from associates, and amount due from joint venture.

- a) Which component of the trade receivables are impacted by the allowance for impairment loss of RM63,685,000?
- b) What action is being taken to collect the receivables and percentage or amount of receivables that is expected to be collected?

**Answer to Question 3(a)**

Allowance for impairment loss of RM63.685 million is largely from the provision made by Favelle Favco Berhad’s for trade receivables of RM63.097 million.

**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Answer to Question 3(b)**

The Company has prudently made allowance for impairment due to our clients in China whose contracts are on deferred payment basis. The Company monitors these payment schedules closely and do make assessment on a regular basis.

Upon collection of the debts, a reversal of the above will be made. In 2017, the reversal is amounted to RM6.6 million.

**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Corporate Governance Matters**

**Question 1**

We accessed the Company’s website on 1 June 2018 and note there is no publication of the “Key Matters Discussed” at the Company’s 44<sup>th</sup> Annual General Meeting held on 22 June 2017 as required by Paragraph 9.21(2) (b) of the Main Market Listing Requirements.

Please explain why the Company has not complied with the said listing Requirement? What actions are being taken to comply with the Listing Requirements?

**Answer to Corporate Governance Question 1**

All the key matters discussed at the Company’s Annual General Meeting (“AGM”) were covered under the Agenda of the AGM and was published on our Company’s website at <http://www.muhibbah.com>, Investor Relation Section immediately after the AGM.

We have also uploaded Minority Shareholder Watchdog Group’s Question and Answer in the same section.

**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Question 2**

**Meeting Attendance**

Tan Sri Zakaria bin Abdul Hamid attended only 2 out of the 4 board meetings in FY2017. What are the reasons for him not being able to attend the other two board meetings during the financial year?

**Answer to Corporate Governance Question 2**

Tan Sri Zakaria bin Abdul Hamid had a heart bypass operation and was on medical leave during our February and May 2017 Board Meeting.

We are pleased that Tan Sri has since fully recovered and is in good health.

**MUHIBBAH ENGINEERING (M) BHD**  
**45<sup>TH</sup> AGM – 26 JUNE 2018**

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

**Question 3**

**Practice 12.3**

The Company in its Corporate Governance Report had stated that it had applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company’s AGM. Based on the Company’s explanation given on the application of Practice 12.3, we wish to highlight that the Company has not applied the Practice.

Please take note of this.

**Answer to Corporate Governance Question 3**

Kindly take note that Practice 12.3 of MCCG 2017 is only applicable to company with large shareholders or company have meetings in remote location.

We are of the view that the Practice Note 12.3 is not applicable to our Company. As a small capital stocks and we do not have a large base of shareholders. Our current shareholders base comprise less than 5,000 shareholders instead of larger number of shareholders as in the large listed companies.

Our general meetings have always been held during reasonable hours and in venues which are easily accessible and not in remote locations.

For shareholders who are unable to attend, it is possible for them to appoint proxy or proxies to vote on their behalf. The proxy forms are provided.