

GENERAL MEETINGS: Outcome of Meeting

MUHIBBAH ENGINEERING (M) BHD

Type of Meeting	General
Indicator	Outcome of Meeting
Date of Meeting	10 Sep 2020
Time	01:30 PM
Venue(s)	Broadcast Venue Muhibbah Engineering (M) Bhd Lekas Meeting Room, Lot 579 & Lot 586, 2nd Mile Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan Malaysia
Outcome of Meeting	<p>On behalf of the Board of Directors of Muhibbah Engineering (M) Berhad ("MEB"), we are pleased to announce that at the Forty-Seventh Annual General Meeting ("47th AGM") of MEB held on 10 September 2020, the shareholders of MEB had approved all the resolutions referred to in the Notice of 47th AGM dated 13 August 2020.</p> <p>All the resolutions were determined by way of poll and the results of the poll were validated by Cygnus IT Solutions PLT, the Independent Scrutineer appointed by the Company.</p> <p>This announcement is dated 10 September 2020.</p>

Voting Results

1. Ordinary Resolution 1

Description	To approve the declaration of a first and final tax exempt dividend of 2.5 sen per ordinary share.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	186	3
No. of Shares	277,240,738	10,701
% of Voted Shares	99.9961	0.0039
Result	Accepted	

2. Ordinary Resolution 2

Description	To re-elect Mr Mac Ngan Boon @ Mac Yin Boon as Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	169	14
No. of Shares	202,163,999	876,124
% of Voted Shares	99.5685	0.4315

Result	Accepted
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3. Ordinary Resolution 3

Description	To re-elect Dato' Mohamad Kamarudin bin Hassan as Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	167	16
No. of Shares	263,505,210	28,724
% of Voted Shares	99.9891	0.0109
Result	Accepted	

4. Ordinary Resolution 4

Description	To re-elect Encik Mazlan Bin Abdul Hamid as Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	160	23
No. of Shares	260,056,871	2,977,068
% of Voted Shares	98.8682	1.1318
Result	Accepted	

5. Ordinary Resolution 5

Description	To approve the payment of directors' fees and benefits payable of up to RM2,500,000 from 11 September 2020 until the next Annual General Meeting.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	156	29
No. of Shares	277,211,609	31,830
% of Voted Shares	99.9885	0.0115
Result	Accepted	

6. Ordinary Resolution 6

Description	To re-appoint Messrs Crowe Malaysia PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	181	7
No. of Shares	277,247,735	1,904
% of Voted Shares	99.9993	0.0007
Result	Accepted	

7. Ordinary Resolution 7 (First Tier)

Description	To retain Tan Sri Zakaria bin Abdul Hamid as an Independent Non-Executive Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	4	0
No. of Shares	74,201,416	0
% of Voted Shares	100.0000	0.0000
Result	Accepted	

8. Ordinary Resolution 7 (Second Tier)

Description	To retain Tan Sri Zakaria bin Abdul Hamid as an Independent Non-Executive Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	143	41
No. of Shares	123,902,838	79,145,385
% of Voted Shares	61.0214	38.9786
Result	Accepted	

9. Ordinary Resolution 8 (First Tier)

Description	To retain Encik Abd Hamid bin Ibrahim as an Independent Non-Executive Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	4	0
No. of Shares	74,201,416	0
% of Voted Shares	100.0000	0.0000
Result	Accepted	

10. Ordinary Resolution 8 (Second Tier)

Description	To retain Encik Abd Hamid bin Ibrahim as an Independent Non-Executive Director of the Company.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	142	42
No. of Shares	112,603,338	90,444,885
% of Voted Shares	55.4565	44.5435
Result	Accepted	

11. Ordinary Resolution 9

Description	To authorise the Directors to issue and allot shares pursuant to Section 75 of the Companies Act, 2016.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	161	26
No. of Shares	231,616,535	23,919,404
% of Voted Shares	90.6395	9.3605
Result	Accepted	

12. Ordinary Resolution 10

Description	To approve the Proposed Renewal of Authority for Share Buy-Back.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	176	12
No. of Shares	276,781,625	469,804
% of Voted Shares	99.8305	0.1695
Result	Accepted	

13. Ordinary Resolution 11

Description	To approve the Proposed Renewal of the Existing Shareholders Mandate and Proposed New Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	
Shareholder's Action	For Voting	
Voted	For	Against
No. of Shareholders	162	14
No. of Shares	175,942,519	23,004
% of Voted Shares	99.9869	0.0131
Result	Accepted	

Announcement Info

Company Name	MUHIBBAH ENGINEERING (M) BHD
Stock Name	MUHIBAH
Date Announced	10 Sep 2020
Category	General Meeting
Reference Number	GMA-09092020-00010
Corporate Action ID	MY200909MEET0010

The Chairman of the Meeting
MUHIBBAH ENGINEERING (M) BHD

10th September 2020

Dear Sir,

MUHIBBAH ENGINEERING (M) BHD
Forty-Seventh (47th) Annual General Meeting – Poll Voting Result

We hereby tabulate the polling result as below accordingly:-

		VOTE FOR			VOTE AGAINST				
ORDINARY RESOLUTIONS		NO. OF VOTES	NO. OF SHARES	%	NO. OF VOTES	NO. OF SHARES	%	HOLDERS	ABSTAINED
1.	TO APPROVE THE DECLARATION OF A FIRST AND FINAL TAX EXEMPT DIVIDEND OF 2.5 SEN PER ORDINARY SHARE.	186	277,240,738	99.9961	3	10,701	0.0039	0	0
2.	TO RE-ELECT MR MAC NGAN BOON @ MAC YIN BOON AS DIRECTOR OF THE COMPANY.	169	202,163,999	99.5685	14	876,124	0.4315	4	74,201,416
3.	TO RE-ELECT DATO' MOHAMAD KAMARUDIN BIN HASSAN AS DIRECTOR OF THE COMPANY.	167	263,505,210	99.9891	16	28,724	0.0109	0	0
4.	TO RE-ELECT ENCIK MAZLAN BIN ABDUL HAMID AS DIRECTOR OF THE COMPANY.	160	260,056,871	98.8682	23	2,977,068	1.1318	1	500,000
5.	TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND BENEFITS PAYABLE OF UP TO RM2,500,000 FROM 11 SEPTEMBER 2020 UNTIL THE NEXT ANNUAL GENERAL MEETING.	156	277,211,609	99.9885	29	31,830	0.0115	0	0
6.	TO RE-APPOINT MESSRS CROWE MALAYSIA PLT AS THE COMPANY'S AUDITORS AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION.	181	277,247,735	99.9993	7	1,904	0.0007	0	0
7.	TO RETAIN TAN SRI ZAKARIA BIN ABDUL HAMID AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY.	Tier 1 4	74,201,416	100.0000	0	0	0.0000	0	0
		Tier 2 143	123,902,838	61.0214	41	79,145,385	38.9786	0	0
8.	TO RETAIN ENCIK ABD HAMID BIN IBRAHIM AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY.	Tier 1 4	74,201,416	100.0000	0	0	0.0000	0	0
		Tier 2 142	112,603,338	55.4565	42	90,444,885	44.5435	0	0
9.	TO AUTHORISE THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016.	161	231,616,535	90.6395	26	23,919,404	9.3605	1	21,713,700
10.	TO APPROVE THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK.	176	276,781,625	99.8305	12	469,804	0.1695	0	0
11.	TO APPROVE THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE.	162	175,942,519	99.9869	14	23,004	0.0131	10	101,283,916

EUGENE TEOW
CYGNUS IT SOLUTIONS PVT



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

1 September 2020

BY FAX/E-MAIL/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 / Woo Siau Shen/ Tia Hwei Ping
Company Secretaries

Dear Directors,

Re: 47th Annual General Meeting (AGM) of Muhibbah Engineering (M) Bhd
("Muhibbah or the Group or the Company") to be held on Thursday, 10
September 2020

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

Strategy & Financial Matters

1. Covid-19 Pandemic

Given the Covid-19 pandemic, to what extent has it impacted Muhibbah's prospects?

2.

	Infrastructure construction	
	2019 RM'000	2018 RM'000
segment profit/(loss)	(45,883)	197,319

(Source: Page 120 of the Annual Report 2019)

- a) What are the reasons for the infrastructure construction segment to record a loss of RM45,883,000 in FY2019 as compared to a profit of RM197,319,000 in FY2018?
- b) What is the segment outlook in FY2020? Does the Board expect the segment to return to profitability in FY2020?



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

3. On-going projects

- a) What is the current progress of the Group's existing projects? Are the projects on track to be completed within the stipulated timeframe?
- b) Are there any of the Group's current projects facing cost overruns or other issues? If so, what is Muhibbah 's strategy to manage the issues?

4. During the year 2019, the offshores cranes market was relatively neutral. On the contrary, the construction crane market was relatively good mainly driven by the Australian market. Additionally, the Group continued its penetration into smaller sized crane segment in other new markets in Europe continent with some new crane models. The Group has further invested RM55 million in its tower crane rental fleet in 2019 for this purpose (Page 8 of the Annual Report 2019).

- a) What is the outlook for the Group's offshore and construction cranes markets in FY2020?
- b) What are the new markets in the European continent for the smaller sized crane segment into which the Group has penetrated or intends to penetrate?
- c) Does the Group expect to invest in cranes in the next two financial years? If so, what is the capital expenditure budgeted for the investment?

5. As at 29 April 2020, the outstanding secured order book for the construction and engineering division stands at approximately RM897 million (Page 8 of the Annual Report 2019).

The outstanding total secured order book for the Crane and Automation division stands at approximately RM521 million (Page 10 of the Annual Report 2019).

How long will the divisions' order books last? What is the targeted order book replenishment in the next two financial years?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Company No:524989-M)

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50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

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MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

Corporate Governance Matters

1. Practice 4.2 of the Malaysian Code on Corporate Governance (MCCG) states that if the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board through Resolutions 7 & 8 is seeking shareholders' approval for two independent directors who have served for more than 12 years, to continue to act as Independent Non-Executive Directors of the Company. Is the Board going to implement the two-tier voting process at the upcoming AGM as per Practice 4.2? If the Board does not intend to implement the two-tier voting process, please explain why?

2. The Company in its Corporate Governance Report for FY2019 (Page 37) states that it has applied Practice 12.3 of MCCG. Practice 12.3 of MCCG refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company's AGM.

The Company's explanation on the application of Practice 12.3 of MCCG is as follows;

"The Company's general meetings have always been held at venue and manner which is easily assessable and are not in remote locations so as to encourage participation from all shareholders. Shareholders are also entitled to appoint proxy/proxies to vote on their behalf in their absence at the general meetings".

Practice 12.3 is not about the choice of venue or the availability of proxy-voting, as such the Company has not applied Practice 12.3 of MCCG.

Please take note.

Please present the questions raised above and your responses at the AGM. In the meantime, we also request a written response to us as soon as possible for our reference.

Yours faithfully,

DEVANESAN EVANSON
Chief Executive Officer

MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) – Q&A

STRATEGY & FINANCIAL MATTERS

1. Covid-19 Pandemic

Given the Covid-19 pandemic, to what extent has it impacted Muhibbah’s prospects?

MEB’s response:

Our Infrastructure Construction and Crane segments had experienced some delay in work progress due to the movement control order (“MCO”) imposed. This has resulted in lower work performed and hence decrease in revenue during the period. However, operation has thus far resumed.

As for our Airport concession, due to the air travel ban and restriction imposed by many countries, this has adversely affected the performance of our international airports in Cambodia.

Barring any unforeseen circumstances, post COVID-19 crisis, the Group is hopeful that the gradual easing of the lockdown worldwide in tandem with the recovery of COVID-19 pandemic will improve the economic conditions. The Government’s implementation of more monetary and fiscal stimulus packages will help to support the economy and the private sectors.

The Group continues to take appropriate measures and actions to cater for its business undertaking moving forward.

2.

	Infrastructure construction	
	2019 RM'000	2018 RM'000
segment profit/(loss)	(45,883)	197,319

(Source: Page 120 of the Annual Report 2019)

- α) What are the reasons for the infrastructure construction segment to record a loss of RM45,883,000 in FY2019 as compared to a profit of RM197,319,000 in FY2018?

MEB’s response:

The losses reported in our infrastructure construction segment for FY2019 were mainly due to the loss incurred for our Middle East project, which has experienced unexpected adverse soil conditions and cost overrun.

MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) – Q&A

- b) What is the segment outlook in FY2020? Does the Board expect the segment to return to profitability in FY2020?

MEB’s response:

The infrastructure construction industry is expected to remain soft. For the 6 months period ended 30 June 2020, the infrastructure construction segment has reported cumulative loss before tax of RM9 million due mainly to the adverse impact of the COVID-19 pandemic. The loss included a one-off provision for staff restructuring costs of RM11 million to streamline the overhead of this division. The construction activities have also mellowed nowadays pending further stimulus plan by the Government. The Board expects a challenging business environment for the year 2020.

3. On-going projects

- a) What is the current progress of the Group’s existing projects? Are the projects on track to be completed within the stipulated timeframe?

MEB’s response:

Majority of MEB Group’s ongoing material projects have obtained the relevant extension of time from the clients due to the delay anticipated following the restriction imposed during the MCO or lockdown period. These projects have also since resumed work activity. As such, the Group does not foresee completion beyond the stipulated timeframe.

- b) Are there any of the Group’s current projects facing cost overruns or other issues? If so, what is Muhibbah’s strategy to manage the issues?

MEB’s response:

Due to the delay in work progress experienced as a result of the implementation of MCO, the Group has incurred unexpected costs associated to the delay. On this note, the Group is actively engaging with the clients to manage such costs and expects to continue submitting the appropriate claims associated with the delay.

In addition, the Management has also taken several cost savings measure to streamline the Group’s operational costs such as staff restructuring exercise to ensure continued efficiency in the Group’s business and operations.

MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) – Q&A

4. During the year 2019, the offshores cranes market was relatively neutral. On the contrary, the construction crane market was relatively good mainly driven by the Australian market. Additionally, the Group continued its penetration into smaller sized crane segment in other new markets in Europe continent with some new crane models. The Group has further invested RM55 million in its tower crane rental fleet in 2019 for this purpose (Page 8 of the Annual Report 2019).

- a) What is the outlook for the Group’s offshore and construction cranes markets in FY2020?

MEB’s response:

As a results of the COVID-19 pandemic and the drop in oil and gas prices, it is expected that the offshore and construction crane market to be also slow.

- b) What are the new markets in the European continent for the smaller sized crane segment into which the Group has penetrated or intends to penetrate?

MEB’s response:

The markets are in the 100-400mT segment and these are the segment in the Europe market.

- c) Does the Group expect to invest in cranes in the next two financial years? If so, what is the capital expenditure budgeted for the investment?

MEB’s response:

As a results of the COVID-19 pandemic, we expect to take a pause in our investment in cranes whilst we assess the market situation. Nevertheless, we already have some cranes being built midway and we shall be completing these. As such, you will still see some investments being booked in 2020. As for 2021, it will be selective and strategic in nature whether to invest or not. This will mostly depend on market conditions and factory workload.

MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) – Q&A

5. As at 29 April 2020, the outstanding secured order book for the construction and engineering division stands at approximately RM897 million (Page 8 of the Annual Report 2019).

The outstanding total secured order book for the Crane and Automation division stands at approximately RM521 million (Page 10 of the Annual Report 2019).

How long will the divisions’ order books last? What is the targeted order book replenishment in the next two financial years?

MEB’s response:

For construction and engineering division, the outstanding order book is expected to be completed between FY2020 to FY2023. The order book replenishment for the next 2 years is expected to be soft.

As for crane division, normal project delivery time ranges from 10-16 months; as for Automation division, most of the orders are to be completed within 12 months period. As a result from the COVID-19 pandemic and the resultant drop in oil and gas prices, we expect the crane order intake to be lower and expect steady/slightly low intake for Automation division.

CORPORATE GOVERNANCE MATTERS

1. Practice 4.2 of the Malaysian Code on Corporate Governance (MCCG) states that if the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders’ approval through a two-tier voting process.

The Board through Resolutions 7 & 8 is seeking shareholders’ approval for two independent directors who have served for more than 12 years, to continue to act as Independent Non-Executive Directors of the Company. Is the Board going to implement the two-tier voting process at the upcoming AGM as per Practice 4.2? If the Board does not intend to implement the two-tier voting process, please explain why?

MEB’s response:

Similar to our prior year’s AGM, a two-tier voting process will be implemented for Resolutions 7 and 8 in this AGM.

MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) – Q&A

2. The Company in its Corporate Governance Report for FY2019 (Page 37) states that it has applied Practice 12.3 of MCCG. Practice 12.3 of MCCG refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company’s AGM.

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Practice 12.3 is not about the choice of venue or the availability of proxy-voting, as such the Company has not applied Practice 12.3 of MCCG.

Please take note.

<p>MEB’s response: We will take note.</p>
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