



Question and Answer during AGM 2021

No.	Shareholder's Name	Question
1.	Ong Leong Huat	<ol style="list-style-type: none"> 1) We won the court case against EAT. What is the impact on our bottom line? 2) What is the total value of our outstanding submitted tenders? 3) What is the prospect of us securing the Jerun project and how soon will this job be awarded? 4) The call-out agreement with Saudi Aramco has not landed us with any job. Your comments please and what is our chance of winning future jobs? 5) Could you please comment on the growth prospect of our venture into the "Plant Turnaround & Maintenance Services" business? 6) Our Marine business was negatively impacted by stricter SOP at home in the FY under review. How is the situation now? 7) Based on our track record, some analysts are sceptical of our ability to execute big projects efficiently and profitably. Your comments please and what initiatives have we taken to improve our execution capability and efficiency?
<p>Answer 1:</p> <ul style="list-style-type: none"> - The settlement sum is not expected to result in significant material upside or profit to the Group. <p>Answer 2:</p> <ul style="list-style-type: none"> - As of March 2021, our tender book for Heavy Engineering business is approximately RM3 billion and covers all segments. <p>Answer 3:</p> <ul style="list-style-type: none"> - The Group has secured an EPCIC Contract for SK408W Jerun Development Project, Offshore Sarawak worth around RM1 billion in March 2021. <p>Answer 4:</p> <ul style="list-style-type: none"> - In 2020, Saudi Aramco decided to defer a few of their bids due to the pandemic and market downturn. Bids received last year were only related to brownfield which is not part of our core business. - It is expected that Saudi Aramco will resume bids related to our core business this year. - In addition, many large projects in Middle East requiring fabrication services do exist and expected to be awarded this year or next. - We believe that we still have a fair chance of winning jobs under the Saudi Aramco call-out agreement. <p>Answer 5:</p> <ul style="list-style-type: none"> - There are some growth prospects in this business. - To date, we have clocked approximately 500,000 manhours of maintenance work. 		

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<ul style="list-style-type: none"> - As we gain more experience, PETRONAS may also use our services to support their other facilities. - We also aim to grow the business within the Pasir Gudang area covering other oil and gas and petrochemical facilities and power generation plants. <p>Answer 6:</p> <ul style="list-style-type: none"> - Despite the Malaysian Government gradually relaxing certain restrictions imposed since the start of the pandemic, the situation in Marine Business remains challenging due to the following: <ul style="list-style-type: none"> • Time required to apply for Entry Approval Letter ('EAL') and Professional Visitor Pass ('PVP') for clients and specialists to enter Malaysia • Quarantine period imposed before entering the yard to perform the work • Quarantine period imposed by the Singaporean government on returning specialists - These challenges result in additional costs which impact our competitiveness when bidding for marine repair jobs. <p>Answer 7 :</p> <ul style="list-style-type: none"> - On the operation front, we keep on driving towards increasing productivity through process improvement, digitalisation and automation. With several initiatives in place, we have accomplished higher operational efficiency and effective project management. These initiatives have facilitated improved project progress tracking, potential risks identification and operation cost optimisation. This focus on improving efficiency and driving costs down will put us in a good position to protect and increase profits on projects through higher productivity and more effective project management. 		
2.	Liew Ming Sheng	1) Business Outlook - Why does MISC LNG tanker drydock at China instead of MMHE? 2) Business Outlook - Is MMHE involve in MISC MERO3 project? If yes please advise and what's the impact to company business.
<p>Answer 1:</p> <ul style="list-style-type: none"> - LNG dry docking activities involving MISC and MMHE are related party transactions and hence are done on arms-length basis. As such, the selection of yards by MISC to send their LNG vessels for dry docking is done based on competitive tender which also takes into account yard availability and overall commercial proposition. <p>Answer 2:</p> <ul style="list-style-type: none"> - No, MMHE is not involved in the MERO3 project 		
3.	Mr. Cheok Teck Hwee	1) Since the IPO on 29/10/2010, the financial performance of MHB are actually more on down trend till now, over the past 10 years, MHB should be one of the worse performing listed Co for Petronas Co in Bursa. Did MHB boards propose any solutions strategy / restructure business model or etc in order to overcome these matters? 2) After the listing on 2010, MHB declared 5 times of dividend, last was on Feb'18, can boards consider to

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		<p>propose any dividend in current year since MHB had reserve cash in hand?</p> <p>3) Any signal or recovery hope for MHB moving forward as it has been quite a while since MHB announced any new contract award?</p>
<p>Answer 1:</p> <ul style="list-style-type: none"> - MHB's financial performance, like many of its industry peers both locally and overseas, over the past 10 years have been significantly impacted by external factors beyond its control, i.e. the volatility and decline in oil price. This has affected the Group's ability to secure order intake of new jobs impacting our financial performance. This was made worse in 2020 due to the unprecedented COVID-19 pandemic and collapse in oil prices resulting in a huge financial loss to the Group. - Nevertheless, MHB Group has a clear strategy moving forward to achieve turnaround in its financial results. Firstly, the Group continues to push forward in its diversification efforts to penetrate the renewables market specifically in offshore windfarm, the onshore modular structures market as well as to grow its plant turnaround and maintenance services business. This will provide more opportunities to grow our order intake. On the Marine segment, our newly-built third dry dock will enable us to provide more flexibility to our LNG customers and to capture more of the higher-value LNG repair jobs. - One of the key strategies in our five-year business plan is internal capability building. Towards that end, we have established our own Transportation & Installation (T&I) core team. We are exploring to forge synergistic relationships with identified T&I partners to enhance our EPCIC services offering in view of the growing number of EPCIC projects while managing our risk exposure. This should also enhance our prospects to successfully secure new EPCIC jobs. - On the operation front, we keep on driving towards increasing productivity through process improvement, digitalisation and automation. With several initiatives in place, we have accomplished higher operational efficiency and effective project management. These initiatives have facilitated improved project progress tracking, potential risks identification and operation cost optimisation. This focus on improving efficiency and driving costs down will put us in a good position to protect and increase profits on projects through higher productivity and more effective project management. - We are also actively looking at upgrading and enhancing our assets, machinery and facilities in the yard to increase efficiency and productivity. With these in place, we will be able to improve our service offerings and provide more competitive pricing to our clients thereby capturing more job opportunities both locally and internationally. - Nevertheless, the volatile industry condition and the wider lingering effects of the COVID-19 pandemic remains a major risk moving forward and we continue to remain vigilant on the prospects amidst stiff competition and an uncertain outlook. <p>Answer 2:</p> <ul style="list-style-type: none"> - The Board has always intended to restore dividend payment once the Group achieved profitability. - Meanwhile, the Board and Management continue to search for diversification opportunities to increase the recurring income base of the Group. This will help to partially shelter the Group from market volatility of the O&G industry. Our cash in hand affords us a certain degree of leverage when such opportunities arise. 		

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<p>Answer 3:</p> <ul style="list-style-type: none"> - Aligned with the recent rebound in oil market and Brent price, some deferred projects have since been revived by oil majors in 2021. We have seen positive results in our efforts to replenish our order book with the award of Jerun recently. - The Group will continue to remain focused on our key strategies to grow our existing core businesses whilst also pursuing diversification into the renewables segment, modular structures market as well as the plant turnaround and maintenance services business. 		
4.	Zaidah Binti Mohd Said	How are MHB's vendors and subcontractors chosen/engaged?
<p>Answer:</p> <ul style="list-style-type: none"> - We continuously strive to develop more support and leverage with front-end strategic approach to prequalify and select value added vendors and subcontractors that can be adapted and aligned with client and our objectives. - We continue to review and improve existing agreements with vendors and subcontractors in parallel to develop new opportunities in the supply market, focusing on key spent categories. - Depending on the client requirements, currently vendors are engaged through both direct negotiation upon sound due diligent processes and through competitive bidding exercises. 		
5.	Ng Yan Khai	How will much the steel price impact the group profit and how to mitigate it?
<p>Answer:</p> <ul style="list-style-type: none"> - Rising steel prices, like other rising cost, increase the upfront costs we will have to put up in order to complete a project. Higher steel prices can also make it more difficult and more expensive to bid and secure projects. - We have Price and Frame Agreements with several steel mills, which should be sufficient to mitigate the risk of escalating steel price. 		
6.	Law Kung Hoo	Our company has been performing badly for past few years, even before covid-19. Revenue drop from height of RM2.45 billion back in FY2015 to only around RM1 billion in the past 4 years, and reporting losses most of the years. What is the root cause of these bad performance? Do our company losing out in the competition?
<p>Answer:</p> <ul style="list-style-type: none"> - MHB's financial performance, like many of its industry peers both locally and overseas, over the past 10 years have been significantly impacted by external factors beyond its control, i.e. the volatility and decline in oil price. This has affected the Group's ability to secure order intake of new jobs leading to poor financial performance. This was made worse in 2020 due to the unprecedented COVID-19 pandemic and collapse in oil prices resulting in a huge financial loss to the Group. 		
7.	Chua Song Yun	1) Page 41 and 42 of annual report mentioned that despite higher revenue from heavy engineering business segment, it reported higher operating loss mainly due to additional costs associated with the extended duration of major on-going projects.

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		<p>Considering the extension of time are caused by MCO, why our company have to absorb the additional cost, such as additional claims from subcontractors, and additional rental cost? Why the Covid relief bill, or force majeure clause are not applicable in this case? Do we have the lower hand when we dealing with customers and vendors?</p> <p>2) Page 162 of financial statement shown that our company have incurred RM230 million in FY2020 and RM178 million in FY2019 capex in PPE acquisition. Can management please provide the breakdown and rationale of these capex?</p>
<p>Answer 1:</p> <ul style="list-style-type: none"> - The Group continues to aggressively pursue change orders and claims from clients especially for costs related to COVID-19. - The timing of recovery is very much dependent on the completion of the affected projects and the negotiation process between the Group and the clients. <p>Answer 2:</p> <ul style="list-style-type: none"> - Increase in PPE spending was mainly due to completion of Dry-dock 3 (DD3). The completion of DD3 will provide the advantage of offering more flexible dry docking and enable MHB to capture more high value repair jobs. 		
8.	Poravi A/L S P Sithambaram Pillay	Some of our projects are in sail away status. Just wanted to know if the covid pandemic has had an impact on this status?
<p>Answer:</p> <ul style="list-style-type: none"> - As we were forced to temporarily close our operation as part of Government's ruling to contain spreading of the pandemic Covid-19, some of our projects' progress were affected during the period. Nevertheless, we managed to recover all delayed work scope for all affected ongoing projects within the granted EOT and new baseline. 		
9.	Lai Ying Yi	What would be target IRR/ margins for offshore wind farm projects?
<p>Answer:</p> <p>We always strive towards ensuring any bids/projects/business that we venture into is able to generate an acceptable rate of return which is commensurate with the level of risks of the bids/projects/business.</p>		