

Question and Answer

MHB 33rd Annual General Meeting (AGM) 2022

Pre-AGM Questions

Strategy, growth & business outlook

No.	Question
1.	<p>What the new business for upcoming 5 years?</p> <p>Answer</p> <ul style="list-style-type: none"> • Details of our business strategies are outlined in the IAR page 50-51. • We plan to diversify into modular and serial fabrication by securing onshore projects, securing a foothold in offshore windfarm market and exploring other opportunities in serial fabrication and 'Light Engineering'. • We are currently exploring: <ul style="list-style-type: none"> ○ Offshore windfarm facility fabrication opportunities through our partnership with Smulders and strategic partnerships with companies that can augment our value proposition in the area of serial production expertise for the Asia Pacific region i.e. Japan, South Korea and Europe. ○ Other upcoming opportunities within the Renewable Energy space such as Carbon Capture, Utilisation and Storage (CCUS) and onshore module for production & processing plant. ○ We are also reviewing opportunities in other new market segments that would appeal to us given our current expertise and strengths.
No.	Question
2.	<p>With higher oil price, do the company revise the existing contract value for more profit?</p> <p>Answer</p> <ul style="list-style-type: none"> • The existing contract prices are fixed in a lump sum turnkey mode at the point of award and as such are not tied to prevailing oil prices. This is normal practice in the oil and gas fabrication industry. • However, the higher oil price at present should incentivise O&G companies to increase CAPEX spend which would create more opportunities for MHB moving forward.
No.	Question
3.	<p>There is a potential Petronas FPSO project in Malaysia, how do the management see this as an opportunity?</p> <p>Answer</p> <ul style="list-style-type: none"> • The Limbayong FPSO project has been an on and off prospect in Malaysia for the past several years. Nevertheless, MHB continues to pursue this opportunity by having engagements with the relevant interested industry players. • All works under the scope for e.g., RLEC (repair, life extension and conversion), Topside, Turret and Transport & Installation (T&I) would be ideal to be executed from a single yard and if that is the preferred strategy by the client, MHB is in a good position to be able to execute the overall scope.

No.	Question
4.	As global oil price back to a high level, has Petronas show any signal or hints to increase their CAPEX, especially for those project that will benefited to MHB?
	Answer
	<ul style="list-style-type: none"> • In tandem with the surge in oil prices as of late, an increase in upstream CAPEX spending in 2022 is expected by oil majors including PETRONAS, though not to the pre-pandemic level in view of the lingering impact of the COVID-19 pandemic. For e.g., PETRONAS recently launched the Malaysia Bid Round 2022 (MBR 2022), offering investors 14 exploration blocks, six clusters of discovered resource opportunities and one cluster of late life assets and, based on the latest PETRONAS Activity Outlook also plans a total of fifteen (15) offshore fixed structures fabrication between FY2022 to FY2024. • Nevertheless, global supply chain disruptions and significant raw material such as steel price increases due to the pandemic and the recent Russia-Ukraine conflict may constrain clients' future CAPEX plans. • As such, we are cautiously optimistic on the prospect of our order book replenishments.
No.	Question
5.	After the opening of border on 1/4/22, is the management confident that the Marine segment able to turn profitable for FYE 2022 & how is the outlook for this segment for FYE 2023?
	Answer
	<p>We anticipate that more projects are available to be secured commencing 1 April 2022 in view of:</p> <ul style="list-style-type: none"> • Some foreign countries such as Japan (where most of the specialists related to LNGC projects) have eased restrictions on their nationals to travel to Malaysia starting 1 April by lifting Malaysia's status from level 3 to level 2. • More foreign clients and technical experts will consider us positively due to the removal of compulsory quarantine requirement for fully vaccinated travellers. • Additionally, other countries that are experiencing spike in COVID-19 cases and re-imposing targeted lockdowns may create opportunities for us as their clients would have to look for alternative shipyards to conduct repairs.
No.	Question
6.	Has MHB received the tribunal settlement amounting USD25.5 mil from EA Technique, as reported on Mar 2021?
	Answer
	<ul style="list-style-type: none"> • The Settlement Agreement sum of USD25.5 million is being paid in instalments over 2 years. • As of to-date we have been paid eight instalments amounting to USD15.75 mil in accordance with the settlement plan.
No.	Question
7.	There is a huge provision for the heavy engineering segment, what is the confidence level of the management to claim back this provision made due to Covid-19 from the customer? As according to the Quarter Report of MISC, the management team of MISC looks has high confident level to claim back this provision amount from client

Answer
<p>The Group continues to aggressively pursue the COVID-19 costs claims from clients. However, the recovery is very much dependent on clients' approval and may take longer than expected due various challenges. These include clients' strict internal review and approval processes. It should be noted that this issue of COVID-19 claims is also being faced by other industry players and not just MHB. Nevertheless, MHB continues to fully cooperate with clients in providing all the necessary evidence and detailed supporting materials in order to satisfy all their requirements.</p>

AGM Live Questions

Strategy, growth & business outlook

No.	Question
8.	<p>Given the reported liquidity problem that Sapura Group is now facing, what are the initiatives we have put in place to safeguard our position with regards to the JERUN project?</p>
	<p>Answer</p>
	<p>Our client on the Jerun project is NOT Sapura Energy Berhad, or any of its subsidiaries facing winding up petitions.</p> <p>Our client is Sapura OMV, which is 50% owned by OMV and Sapura owns the other 50%. Sapura OMV has sufficient operating cash flows to cover its working capital.</p> <p>The Group has not faced any collection issues from the client i.e. SOMVS. Since the start of the project, SOMVS has been making all the required milestone payments on time as per the stipulated payment terms in the EPCIC contract.</p> <p>Nevertheless, MHB will continue to monitor the situation closely and will undertake the necessary steps to mitigate any credit risks exposures accordingly. In any event, there are established legal principles on the recovery of any unpaid amount.</p>
No.	Question
9.	<p>The IPO price for MHB RM3.61 in year 2010, today only 40 cents. Will our company soon be a penny stock company?</p>
	<p>Answer</p>
	<p>Our share price performance reflects its financial performance and strategy execution throughout the year which are directly influenced by global economic growth, volatility of oil market, Brent price performance, supply and demand of oil and gas and geopolitical risks among others.</p> <p>Although the increasingly tight balance of supply and demand in the oil market coupled with lingering geopolitical and pandemic risks would still pose uncertainties on the outlook for our share price, we are cautiously optimistic of our Heavy Engineering and Marine business prospects throughout the year taking into consideration the following:</p> <ul style="list-style-type: none"> • Gradual increase in upstream capex spending in 2022 by oil majors which would lead to more projects be sanctioned • Reopening of international borders by the Government in April 2022 which would enable us to secure more marine repair projects from foreign clients

	<p>Additionally, we will continue to pursue opportunities in other space (i.e offshore windfarm market, energy transition opportunities, modular and serial fabrication and plant turnaround and shutdown maintenance segment) in line with the strategic focus to deliver sustainable solutions to our shareholders and broader stakeholders.</p> <p>We will also continue to focus on cost optimisation through reducing corporate overheads, minimising wastages and leakages in our operations as well as efficient manpower planning and resource optimization.</p>
--	--

AGM Live Questions

Dividend

No.	Question
10.	When will the company turn profitable and start to pay dividend?
11.	I have been a shareholder in a very long time. No dividends and making losses. How do you reward shareholders?
12.	I have been a shareholder long time ago. Share price from RM8.80 till today 30 cents. How are you going to reward shareholders?
13.	Hello. How are your Board to reward shareholders. No dividends and nothing good results.
14.	How do you reward the shareholders? Thank you
15.	How are your Board to reward shareholders. No Dividends and nothing good results.
	Answer
	<p>With regards to dividend, the Board has always intended to restore dividend payment once the Group achieved profitability.</p> <p>Due to the ongoing impact of the COVID-19 pandemic, it is important for the Company to maintain adequate cash reserves. The cash reserve serves as a contingency to navigate through this difficult time.</p> <p>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.</p> <p>The Board is mindful of the need to provide a reasonable return to the shareholders. As such, when the market recovers and the Group's business starts to show improvement, the Board shall take into consideration a dividend pay-out to shareholders.</p>

AGM Live Questions

Financial

No.	Question
16.	Will the Group turn the corner and be able to be at least EBIDTA positive in FY2022?
17.	Company had been suffering losses since FY2016. When the company expects a turnaround?
	Answer
	<p>For the past two years, the Group had been significantly impacted by the COVID-19. However, in recent months, the Group is starting to see signs of recovery e.g., the increase in marine repair jobs as the border reopened as well as more projects being sanctioned in line with the current positive level of oil price. We believe that the worst is behind us and we will strive to ensure we do everything possible to turnaround the company. Certainly, the positive signs are there and if the market continues on its upward trajectory, we are hopeful of a good result.</p> <p>The Group can be expected to be profitable when it has achieved sufficient level of revenue to cover all its overheads from both Heavy Engineering and Marine segments and recovers COVID-19 costs from clients.</p> <p>Nevertheless, industry conditions including impact of the lingering pandemic or any other unforeseen market events (geopolitical or macroeconomic upheavals) may adversely affect the Group's financial results as the Group is reliant on the oil and gas service sector / ecosystem and the global supply chain to execute and deliver projects on time, on schedule and at a profit.</p>
No.	Question
18.	Our HE segment chalked up significantly higher operating loss of \$209.1M vs \$92.3M in the previous year despite slightly higher revenue. What triggers the widening of the loss gap?
	Answer
	<p>Despite slightly higher revenue, Heavy Engineering segment reported wider operating loss mainly due to additional cost provisions resulting from the extended completion dates caused by the impact of COVID-19 pandemic as well as delay in offshore commissioning works.</p>
No.	Question
19.	Out of the \$13 to \$14 billions of tenders worth submitted, how much do we expect to clinch?
	Answer
	<p>We target to win an estimated of between RM1.5-2bil worth of contracts in FY2022. However, this is subject to going through the necessary negotiations with the clients on the terms and conditions to ensure the risks of the contracts are acceptable to us. We will only accept contracts with an acceptable level of risks that we can manage and allow us to generate reasonable profits commensurate with the level of risks.</p>

No.	Question
20.	How has the Board minimised/limited/managed possible exchange rate fluctuations?
	Answer
	The Group has put in place effective measures to manage and mitigate foreign exchange risks. This includes establishing a proper FX hedging program to hedge our foreign currency exposures for our major heavy engineering projects. Our FX hedging strategy was developed in consultation with the relevant subject matter experts and is in line with our overall MHB Financial Policy and subject to a thorough deliberation at the MHB Board prior to approval and execution.
No.	Question
21.	Does the Board plan for the future need working capital – how will it raise it? Current financial position?
	Answer
	Our working capital is still sustainable with the healthy cash balance that we have at the end of financial year 2021 and we expect this to continue moving forward.
	We also have sufficient lines of credit available in the unlikely event we need additional financing for working capital purposes.
No.	Question
22.	Have last year's investment plans been reviewed where/if the financials, liquidity, debt, valuations etc have changed?
	Answer
	Our investment plans are developed as part of our comprehensive Annual Planning & Budgeting exercise which involves developing business strategies for the next 5 years to achieve the Group's vision. This is reviewed annually taking into account current progress levels and other indicators including market conditions and business risks, as well as financial affordability, liquidity and our overall cash position.
	Our investment plans are mainly to upgrade our yard capabilities to cater for renewable and onshore modules, improve our bid competitiveness as well as enhance our ability to deliver new projects on top of the usual maintenance CAPEX.
No.	Question
23.	In your presentation on your largest rooftop solar panels just now, what is the total cost of installing them?
	Answer
	The solar panels were installed Capex-free with zero upfront investment for MHB by M+, a unit of PETRONAS. In addition to this benefit, we also get to enjoy savings arising from the difference in cost between electricity generation from solar as opposed to generation from the grid.
	Overall, we expect to generate savings of around RM30mil over the next 21 years. This new source of energy makes MMHE's electricity mix a lot more environmental friendly and demonstrates the possibility for clean energy to be used to power heavy and energy-intensive industries.

AGM Live Questions

Voucher & door gift

No.	Question
24.	Hopefully the boards will give e-vouchers to participants who attend virtual meeting as a token of appreciation. Thank you.
25.	Will the company be giving any door gifts/e vouchers to all its shareholders and proxies attending this RPV? Thank you
26.	Hope the company will consider giving some e vouchers/e wallet to all its shareholders and proxies attending this RPV as a token of appreciation for their attendance. Thank you
27.	Dear BOD, Please give us the same door gift as last year. Thank you.
28.	Please consider giving e voucher to participating shareholder. Thank you
29.	Door Gift pls
30.	Will there be any door gift for those attending this AGM?
31.	Give e voucher
32.	Good morning. Door Gift pls
33.	Hi. Don't forget the door gifts fir attendees of this virtual AGM. Thank you
34.	Chairman, please consider giving e-vouchers to those attending this AGM. Thanking you in advance
35.	What would the company be giving attendees as shareholders in this AGM today? Would the company be considering giving any bonus issue in the coming financial year as well?
36.	What is the door gift will be given in the AGM? For all who log in successfully?
37.	Would the board kindly consider giving shareholder with e-wallet as a token of appreciation for attending today's RPV
38.	Please consider giving e voucher to participating shareholder Thank you
	Answer
	As per the Admin Notes, shareholders and proxies who participate at the 33rd AGM would be eligible for e-vouchers. Eligible shareholders/proxies will be contacted via email within five working days
No.	Question
39.	Can we expect a higher value of eWallet? Thank you
40.	Please provide attendees with a higher amount of TnG Reload pin.
	Answer
	The value of an e-wallet is the amount approved by Management for the 33 rd AGM

AGM Live Questions

Remote Participation Voting (RPV)

No.	Question
41.	<p>Kindly do not use Boardroom for future Virtual Meetings. Their system is not integrated and their service is very lousy. Have to hunt for their email just to get the login details and cannot vote when the meeting starts.</p> <p>There are only 2 Integrated Service Providers for RPV ie:- Tricor and SSHSB</p> <p>So far Tricor screwed up in YTLCORP/YTLPOWR AGM 2020 and MAYBANK AGM 2021 but it is still the better among the two.</p> <p>Note: I have no vested interest in any Service Providers. I just want the best experience for the Shareholders.</p>
	Answer
	We noted your concern and will communicate with Boardroom to improve shareholders' experience. So far, we have not encountered any problems with Boardroom Lumi AGM meeting platform and their meeting services are within our expectation. and they have had excellent track records at past AGMs including ours.
No.	Question
42.	What is cost of this RPV AGM
43.	How much does the Company spend on this virtual AGM?
	Answer
	Approximately RM70,000.

AGM Live Questions

Voting

No.	Question
44.	Can we vote now or do we have to wait?
45.	Why I cannot vote?
46.	When will the voting session open?
47.	Hi, had the e-voting page available for shareholder to cast their vote?
48.	When can start vote?
49.	No vote?
50.	Did not see any voting button?
51.	When can we submit our vote please?
52.	Why no vote option
53.	Voting open when. Not yet
54.	I am not able to vote
55.	Is voting open
56.	When is the time of voting as the resolutions for voting were not displayed?
57.	May I know why you did not announce voting?
No.	Question
58.	How do we vote when there is no voting column shown?
59.	Hi we still cannot vote
60.	Almost 1 hr - can we vote now?

61.	where voting link?
62.	Do the voting session end? so far i dont see any vote show up
63.	No vote button?
64.	When is voting session?
65.	Its 12pm why still cannot vote?
66.	Still no vote?
67.	When can vote?
68.	When can we start to vote as my internet data on my mobile phone is draining away apart from the battery power as well here?
69.	Can the BOD allows shareholders to vote now
70.	Where is your voting link? thank you
71.	pls start the voting session, i do not see any conflict to start it earlier?
72.	When is the time of voting as the resolutions for voting were not displayed?
73.	Almost 1 hr - can we vote now?
74.	Do the voting session end? so far I don't see any vote show up
75.	No vote button?
76.	When is voting session?
77.	When can vote?
78.	When can we start to vote as my internet data on my mobile phone is draining away apart from the battery power as well here? Thank you.
79.	Can the BOD allow shareholders to vote now
80.	Where is your voting link? Thank you
81.	Please start the voting session, i do not see any conflict to start it earlier?
82.	Please let the board know, the voting process can be bringing forward, no contrast with the ongoing meeting
83.	You are wasting our time for not letting people vote early, ok I will against it.
	Answer
	As stated per our Admin Notes, the voting will be opened after the Q&A, we may consider opening the voting session early moving forward subject to Management's approval

AGM Live Questions

Miscellaneous

No.	Question
84.	The Kenanga Investment proxy me (Lim Seong Hon and Tay Yong Liang) each 1 unit share but Mr Tay Yong Liang not receive the email notification for this MHB meeting? I'm dropped the email to BSR.Helpdesk@boardroomlimited.com, please adjust accordingly?
	Answer
	This issue had been highlighted to BoardRoom Limited for their assistance and subsequently resolved during the AGM
No.	Question
85.	Kindly send me a copy of the latest annual report. thank you
86.	I would like to request hardcopy of the annual report
87.	Pls send a printed copy to my address - XXXX

	<p>Answer</p> <p>Please submit your request to:- Boardroom Share Registrars Sdn Bhd Registration Number: 199601006647 (378993-D) 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia T: +60 3 7890 4700 F: +60 3 7890 4670 www.boardroomlimited.com</p> <p>Our share registrar will send over the printed copy of the Integrated Annual Report to you in due course.</p>
No.	Question
88.	Please hurry up with the Q&A - Lunchtime is approaching. I have not had my breakfast yet.
No.	Question
89.	Selamat Hari Raya to all Muslim fellow shareholders and directors