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KKB

ENGINEERING BERHAD

[Reg. No.: 197601000528 (26495-D)]

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APPROV. NO. 0049886-001, 002, 003, 004, 005

MINUTES OF THE FORTY-SEVENTH (47TH) ANNUAL GENERAL MEETING (“AGM”) OF KKB ENGINEERING BERHAD (“KKB” OR “THE COMPANY”) HELD AT ABELL HOTEL, NO. 22, 4TH FLOOR, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING, SARAWAK ON THURSDAY, 25 MAY 2023 AT 10.00 A.M.

Present: As per attendance lists

		ACTION/ REMARKS
1.	INTRODUCTION	
	<p>The Chairman, Dato Sri Kho Kak Beng welcomed all those present to the AGM of the Company. Dato Sri Chairman then delegated the conduct of the meeting to the Executive Director, Ms. Kho Poh Lin.</p> <p>On behalf of the Board of Directors (“Board”), Ms. Kho Poh Lin took the opportunity to extend a warm welcome to the shareholders and thanked all the valued shareholders for their continued invaluable support.</p> <p>Ms. Kho Poh Lin extended apology from Datin Mary Sa’diah binti Zainuddin for not being able to attend the AGM.</p> <p>Ms. Kho Poh Lin also informed that a shareholder, namely the Minority Shareholder Watch Group (“MSWG”) had raised some points and queries relating to the operational and financial matters of the Company. A written reply has been forwarded to MSWG, a copy of which was given to all the members upon registration. The queries raised by MSWG and responses from KKB are summarised in the Appendix 1, a copy as attached.</p>	

		ACTION/ REMARKS
2.	<p>QUORUM</p> <p>The Company Secretary, Ms. Voon Jan Moi reported that a quorum as prescribed by Clause 26.3 of the Company's Constitution is present represented by one (1) member present by corporate representative, 15 members present by proxies and 12 members present in person. Ms. Kho Poh Lin, on behalf of the Chairman, declared the AGM duly convened at 10.04 a.m.</p>	Noted
3.	<p>NOTICE OF MEETING</p> <p>The notice convening the AGM, having been circulated to all members and advertised in "The Star" within the prescribed period in accordance with the Company's Constitution, with the consent of all members present at the AGM, was taken as read.</p>	
4.	<p>AUDITED FINANCIAL STATEMENTS AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022</p> <p>The Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon were laid at the AGM. Ms. Kho Poh Lin informed that this agenda item was meant for discussion only and therefore, it will not be put forward for voting. Members present at the AGM were invited to raise questions which they may wish to ask on the said Audited Financial Statements.</p> <p>As there were no questions from the members present, the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of Directors and Auditors thereon were taken as noted and received.</p> <p>At this juncture, Ms. Kho Poh Lin informed members present that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions as set out in the AGM notice shall be voted by poll.</p> <p>In this connection, Tengis Corporate Services Sdn. Bhd. was appointed as Poll Administrator to conduct the polling procedure while Commercial Quest Sdn. Bhd. was appointed as the Independent Scrutineer to validate the votes cast at the AGM.</p>	
5.	<p>FIRST AND FINAL SINGLE TIER DIVIDEND (Resolution 1)</p> <p>Ms. Kho Poh Lin informed members present that a first and final single tier dividend of six (6) sen per ordinary share, in respect of the financial year ended 31 December 2022 was recommended by the Board of Directors for consideration by the members.</p> <p>On the proposal of Ms. Diwek Ak Dayus and seconded by Mr. Chuo Kuong Liong, the motion was to vote via poll at the end of the discussion of all resolutions.</p>	

		ACTION/ REMARKS
6.	<p>PAYMENTS OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 (Resolution 2)</p> <p>The members present were informed that the Directors' fees of RM372,855.00 for the financial year ending 31 December 2023 were proposed for members' approval. All Directors who are also the shareholders were reminded to abstain from voting.</p> <p>On the proposal of Madam Tok Choon Lan and seconded by Madam Ngu Hie Ding, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
7.	<p>PAYMENTS OF MEETING ALLOWANCES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 (Resolution 3)</p> <p>The members present were informed that the meeting allowances up to RM77,000.00 for the financial year ending 31 December 2023 were recommended for members' approval. All Directors who are also the shareholders were reminded to abstain from voting.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Mr. Phang Boo Huat, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
8.	<p>RE-ELECTION OF DIRECTOR (Resolution 4)</p> <p>The members noted that Mr. Lau Nai Pek is retiring pursuant to Clause 22.2 of the Company's Constitution, and shall be eligible for re-election.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Ms. Kho Poh Joo, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
9.	<p>RE-ELECTION OF DIRECTOR (Resolution 5)</p> <p>The members also noted that Mr. Chai Woon Chew is also retiring pursuant to Clause 22.2 of the Company's Constitution, and shall be eligible for re-election.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Mr. Phang Boo Huat, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
10.	<p>RE-ELECTION OF DIRECTOR (Resolution 6)</p> <p>The members noted that Mr. Yong Voon Kar is retiring pursuant to Clause 22.2 of the Company's Constitution, and shall be eligible for re-election.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Madam Tok Choon Lan, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	

		ACTION/ REMARKS
11.	<p>RE-APPOINTMENT OF AUDITORS (Resolution 7)</p> <p>Ms. Kho Poh Lin informed that the retiring auditors, Ernst & Young PLT have expressed their willingness to continue in office until the conclusion of the next annual general meeting at a remuneration to be determined by the Board of Directors.</p> <p>On the proposal of Ms. Kho Poh Joo and seconded by Ms. Diwek Ak Dayus, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
12.	<p>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR (Resolution 8)</p> <p>Ms. Kho Poh Lin informed that this ordinary resolution is to comply with Principle A Practice 5.3 of the Malaysian Code on Corporate Governance 2021 to seek shareholders' approval to retain Dr. Arjunan Subramaniam as an Independent Non-Executive Director who has served the Company for more than nine (9) years. The justification to retain Dr. Arjunan is stated in the notice of AGM dated 19 April 2023.</p> <p>On the proposal of Madam Tok Choon Lan and seconded by Mr. Phang Boo Huat, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
13.	<p>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR (Resolution 9)</p> <p>Ms. Kho Poh Lin informed that this ordinary resolution is also to comply with Principle A Practice 5.3 of the Malaysian Code on Corporate Governance 2021 to seek shareholders' approval to retain Mr. Lau Nai Pek as an Independent Non-Executive Director who has served the Company for more than nine (9) years. The justification to retain Mr. Lau Nai Pek is stated in the Notice of AGM dated 19 April 2023.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Ms. Diwek Ak Dayus, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
14.	<p>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR (Resolution 10)</p> <p>Ms. Kho Poh Lin informed that this ordinary resolution is also to comply with Principle A Practice 5.3 of the Malaysian Code on Corporate Governance 2021 to seek shareholders' approval to retain Datin Mary Sa'diah Binti Zainuddin as an Independent Non-Executive Director who has served the Company for more than nine (9) years. The justification to retain Datin Mary Sa'diah Binti Zainuddin is stated in the Notice of AGM dated 19 April 2023.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Madam Tok Choon Lan, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	

		ACTION/ REMARKS
15.	<p>AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016 (Ordinary Resolution 11)</p> <p>Ms. Kho Poh Lin informed that the above ordinary resolution is to obtain the shareholders' approval on authority for the directors to issue and allot shares pursuant to Section 75 and Section 76 of the Companies Act 2016.</p> <p>As clarified in the Explanatory Notes to the AGM notice, the proposed resolution if passed, will give the Directors of the Company, authority to allot and issue shares up to 10% of the total number of issued shares of the Company for such purposes as the Directors may deem fit and in the interest of the Company.</p> <p>On the proposal of Ms. Kho Poh Joo and seconded by Mr. Phang Boo Huat, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
16.	<p>PROPOSED RENEWAL OF AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDER MANDATE") (Resolution 12)</p> <p>Ms. Kho Poh Lin briefed the members on the rationale for the Proposed Shareholder Mandate, details as set out in Section 3.2 to 3.4 of the Circular to Shareholders dated 19 April 2023.</p> <p>All interested directors, interested major shareholders and persons connected with them were reminded to abstain from voting.</p> <p>On the proposal of Mr. Chuo Kuong Liong and seconded by Ms. Chan Choon Sia, the motion was put to vote by poll at the end of the discussion of all resolutions.</p>	
17.	<p>POLLING PROCEDURES</p> <p>As no notice has been received to transact any other business, Ms. Kho Poh Lin put forward all resolutions for voting by poll via the polling slips.</p> <p>The Company Secretary, Ms. Voon Jan Moi then briefed the members present on the polling procedures before members cast their votes.</p>	
18.	<p>ADJOURNMENT OF AGM</p> <p>Upon completion of the polling process, on the proposal of Ms. Kho Poh Lin and seconded by Ms. Diwek Ak Dayus, with the consent of the members present at the AGM, the AGM was adjourned at 10.26 a.m. for counting and scrutinising of the votes cast.</p>	
19.	<p>ANNOUNCEMENT OF POLL RESULTS</p> <p>On completion of counting and scrutinising of poll votes, Ms. Kho Poh Lin, on behalf of Dato Sri Chairman, took the Chair and resumed the AGM proceedings.</p>	

					ACTION/ REMARKS	
<p>19. ANNOUNCEMENT OF POLL RESULTS (CONT.)</p> <p>The poll results reported and confirmed by the scrutineer are as follows:</p>						
No.	Resolutions	Vote For		Vote Against		
		No. of shares	%	No. of shares	%	
1.	To approve a First and Final Single Tier Dividend of six (6) sen per ordinary share in respect of the financial year ended 31 December 2022 as recommended by the Directors.	166,938,860	100.00	0	0.00	
2.	To approve the payment of Directors' fees amounting to RM372,855 for the financial year ending 31 December 2023 (FYE 2022: RM333,900).	166,874,540	100.00	0	0.00	
3.	To approve the payment of Directors' meeting allowances up to RM77,000 for the financial year ending 31 December 2023 (FYE 2022: RM76,000).	166,874,540	100.00	0	0.00	
4.	To re-elect Mr. Lau Nai Pek who retires in accordance with Clause 22.2 of the Company's Constitution and being eligible, offers himself for re-election.	166,938,860	100.00	0	0.00	
5.	To re-elect Mr. Chai Woon Chew who retires in accordance with Clause 22.2 of the Company's Constitution and being eligible, offers himself for re-election.	166,874,540	100.00	0	0.00	
6.	To re-elect Mr. Yong Voon Kar who retires in accordance with Clause 22.2 of the Company's Constitution and being eligible, offers himself for re-election.	166,938,860	100.00	0	0.00	

						ACTION/ REMARKS
19.	ANNOUNCEMENT OF POLL RESULTS (CONT.)					
No.	Resolutions	Vote For		Vote Against		
		No. of shares	%	No. of shares	%	
7.	To re-appoint Ernst & Young PLT as auditors of the Company and to authorize the Directors to fix their remuneration.	166,938,860	100.00	0	0.00	
8.	To retain Dr. Arjunan Subramaniam as an Independent Non-Executive Director.	Tier 1				
		119,393,880	100	0	0	
		Tier 2				
		47,544,880	99.9998	100	0.0002	
9.	To retain Mr Lau Nai Pek as an Independent Non-Executive Director.	Tier 1				
		119,393,880	100	0	0	
		Tier 2				
		47,544,880	99.9998	100	0.0002	
10.	To retain Datin Mary Sa'diah binti Zainuddin as an Independent Non-Executive Director.	Tier 1				
		119,393,880	100	0	0	
		Tier 2				
		47,544,880	99.9998	100	0.0002	
11.	To empower the Directors to issue shares.	166,938,860	100.00	0	0.00	
12.	To approve the proposed renewal of and new Shareholder Mandate for recurrent related party transactions of a revenue or trading nature.	136,003,820	100.00	0	0.00	
<p>Based on the above results, Ms. Kho Poh Lin declared that all resolutions as set out in the notice of AGM dated 19 April 2023 were duly carried.</p>						

		ACTION/ REMARKS
20.	CONCLUSION As all businesses have been transacted, Ms. Kho Poh Lin, on behalf of the Chairman and all other Board members thanked all those present for their kind attendance. She then declared the AGM closed at 11.05 a.m. with a vote of thanks accorded to the Chair.	

Confirmed as correct record by,



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DATO SRI KHO KAK BENG
CHAIRMAN

Dated : 15 June 2023
Kuching



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KKB

ENGINEERING BERHAD

[Reg. No.: 197601000528 (26495-D)]

Date: 11 May 2023

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Dear Sir,

Re: Forty-Seven (47th) Annual General Meeting ("AGM") of KKB Engineering Berhad ("KKB" or "the Company") to be held on Thursday, 25 May 2023

We refer to your letter dated 2nd May 2023 pertaining to the abovementioned matter. We append below our reply to the points raised by MSWG:

OPERATIONAL & FINANCIAL MATTERS

Question 1

During the financial year under review, KKB registered a profit after taxation (PAT) of RM18,466,615 (Page 76 of the Annual Report 2022/AR2022). This represents a decrease of approximately 36% from the PAT of RM28,910,782 recorded in FY2021, with the engineering and construction segment's profit for the year decreased to RM19,547,624 (FY2021: RM27,297,079) and the manufacturing segment recorded a loss for the year of RM1,081,009 (FY2021: Profit of RM1,613,703) (Pages 100-101 of AR2022).

- (a) How does the Board intend to address the decrease in the Group's bottom-line result?
- (b) What is the outlook of the Group's business segments in FY2023?

Answer

With the recent award of contracts from Samsung Engineering (M) Sdn Bhd for the Module Fabrication and supply of Steel Structures for Malaysia Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak in April 2023 and contract for the Provision of Engineering, Procurement and Construction of Standard Wellhead Platforms for MLNG FaS (F27, F22 and Selasih) Gas Field Development project from Sarawak Shell Berhad, KKB Group expects to achieve satisfactory results in FY2023 and FY2024, barring any unforeseen circumstances.

The Group is continuously focusing on replenishing its current order book with new bids where it has competitive advantages.

Question 2

The Group's gross profit margin (GPM) decreased from GPM of 18.29% [(RM71,649,761/RM391,636,135) X100] in FY2021 to GPM of 14.95% [(RM57,825,360/RM386,843,019) X100] in FY2022 (Page 76 of AR2022).

What are the measures taken by KKB to halt the diminishing of the GPM? What is the expectation of the GPM in FY2023?

Answer

The Group registered a lower Gross profit in FY2022 compared to FY2021, due to lower gross profit margin recorded from the Engineering sector, in particular the Civil Construction division. Margins of contracts secured pre-pandemic was impacted by inflationary pressure including an escalation in labour, construction material and supply chain costs.

The Group is actively participating in new business opportunities in the Major Onshore Fabrication, be it domestic or international, in collaboration with OceanMight Sdn Bhd (KKB's subsidiary) and other strategic partner(s) to increase its revenue base and earnings, with continued effort on prudent cost management and operational efficiency to remain competitive.

Barring any unforeseen circumstances, GPM in FY2023 is expected to be satisfactory.

Question 3

The Group's Engineering sector has been challenged by unprecedented delays and inflationary pressure in all parts of the supply chain including labour and materials. Prices of key construction materials like steel and cement increased (Page 7 of AR2022).

To what extent will the abovementioned factors impact the Group engineering and construction segment in FY2023, adversely?

Answer

Market remains impacted by rising material prices, logistic costs and higher interest rates which led to inflationary pressures and increasing operational costs. Notwithstanding, the Group continues to intensify its effort and resources to secure more projects in construction of infrastructure, with its proven experience and credibility.

Question 4

KKB's strong prospects are underpinned by a robust outstanding order book of approximately RM314.0 million as at 31 December 2022 (Page 8 of AR2022).

(a) How long will the current order book last?

(b) Is the Group currently facing difficulties in replenishing its orderbook? If so, how does the Group plan to overcome the challenges?

Answer

As at end of April 2023, the order book is worth an estimated RM762.0 million, scheduled to be completed in FY2023 until 2H2024.

In 2023, the Group has been awarded contracts from Samsung Engineering (M) Sdn Bhd for the Module Fabrication and Supply of Steel Structures for Malaysia Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak AND Contract for the Provision of Engineering, Procurement and Construction of Standard Wellhead Platforms for MLNG FaS (F27, F22 and Selasih) Gas Field Development project from Sarawak Shell Berhad ("SHELL Contract").

The SHELL Contract is the first of a Five (5) years Price Agreement awarded by Sarawak Shell Berhad and Sabah Shell Petroleum Co. Limited to OceanMight Sdn Bhd as the Primary Contractor, effective from 24th October 2022 until 23rd October 2027.

(c) What is the targeted replenishment orderbook in the next two years?

Answer

The Group will continue to target a Tender Book of approximately RM400.0 million, annually for 2023 and 2024. Subject to competitiveness, the Group is focused on a success rate of between 30% to 40% of Tender Book.

Question 5

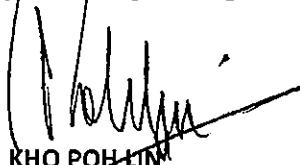
The Group remain focused on strengthening and boosting the value of its existing operations. The Group continues to explore and evaluate strategic business opportunities, including but not limited to strategic investment, partnerships, or acquisitions (Page 8 of AR2022).

What is the progress on exploring and evaluating strategic business opportunities? Is there a likely potential that the Group will enter into any strategic investment or partnership, or acquisitions in FY2023?

Answer

It is an on-going process. The Group continues to engage and identify local and/or foreign partners to cooperate with in the area of renewable green energy considering its potentials and future developments.

Yours faithfully,
for KKB Engineering Berhad



KHO POH LIN
Executive Director