Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Mun Siong Engineering Limited

Stock code: MF6

Meeting details:
Date: 26 June 2020
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. On 6 May 2020, the company provided shareholders with an update on its operations and financial performance for the quarter ending 31 March 2020 ("1Q2020"). While revenue has increased to $13.0 million, gross profit was $(0.3) million.

In addition, the group has stated that with the down trend of crude oil prices, and with crude oil prices hovering below US$30 per barrel, the group's business partners are likely to review, downsize or defer their capital expenditure plans. This will impact the group's revenue.

Due to the pandemic, the group has had to make special arrangement for workers' accommodation. Even so, the group has been able to deploy just over 1/3 of its total direct workforce.

(i) **With just a limited workforce, how does the group prioritise the work to be carried out during the circuit breaker period?**

(ii) **How does management ensure that the safety aspect of the operations is not hampered by the lack of manpower?**

(iii) **What adjustments did the group have to make to its delivery timeline, service standards etc?**

(iv) **As the economy gradually re-opens, does the group see a permanent/structural shift in the industry? Does the group see any silver lining during this challenging period?**

(v) **Would management be evaluating the accommodation arrangement for its foreign workforce, as part of its review of its business continuity plan?**

Q2. As disclosed in the message to shareholder, the executive chairlady and executive director noted that the group had successfully expanded to overseas markets to reduce the reliance on the process industry in Singapore.

In Taiwan, the group completed an integrated turnaround project awarded in June 2019 by CPC Corporation ahead of schedule. Revenue from Taiwan was $7.9 million.

(i) **Can management help shareholders understand how it had managed to scale up and complete its project in Taiwan so quickly?**

(ii) **What is the size of the addressable market in Taiwan?**

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In addition, the group has a 49% interest in HIMS Integrated Services Sdn Bhd which was awarded a contract by Petronas for a period of 5 years with options to extend by Petronas for a further period of 3 years and thereafter, for an additional 2 years. The joint venture company will undertake maintenance and turnaround works for facilities and plants owned by Petronas, including those that Petronas owns with its joint venture partners, in southern West Malaysian (Johor). The timing and amount of work under the Contract Award is at the discretion of Petronas. Prior to the MCO in Malaysia, the joint venture was scheduled to take over and manage the entire plant's maintenance under the contract designated units in March 2020.

(iii) **Can management elaborate further on the group's contribution and level of involvement in HIMS?**

Q3. As the company celebrated its 50th year anniversary in 2019, it has made the leap from being a Singapore-centric integrated engineering process company to one with a global ambition, branching out to Malaysia, Taiwan, India, Myanmar and USA.

For most of the overseas activities, the group has teamed up with local partners.

(i) **How is the board/management adapting to this new way of doing business where the group is now a partner in a foreign land where professional standards, time horizon and working culture may not be fully aligned with the goals of the group 100% of the time?**

(ii) **What is the experience of the board in doing business overseas?**

(iii) **What guidance has the board given to management on managing the risks associated with its expansion?**

(iv) **Has the board set a target for the group in terms of revenue to be generated outside of Singapore?**

Additional comment: It is also noted that the executive directors/controlling shareholders have made a generous gesture to abstain on voting on the resolution on dividends at the annual general meeting. If the resolution is approved by minority shareholders, the abstaining shareholders will also forgo their dividends entitlement of $161,000 which will be retained by the company and to be used as working capital.

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)